

# Forward, Together



## 2024-2026 EXECUTIVE BUDGET

**Andy Beshear**  
GOVERNOR

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STATE BUDGET DIRECTOR

**TEAM**  
**KENTUCKY**<sup>®</sup>

Volume I

# TABLE OF CONTENTS

<b>EXECUTIVE BRANCH</b> .....	1
<b>GENERAL GOVERNMENT</b> .....	3
Office of the Governor .....	5
Office of State Budget Director .....	7
Homeland Security .....	9
Veterans' Affairs .....	11
Kentucky Infrastructure Authority .....	13
Military Affairs .....	16
Commission on Human Rights .....	19
Commission on Women .....	21
Department for Local Government .....	22
Local Government Economic Assistance Fund .....	25
Local Government Economic Development Fund .....	27
Local Government Regional Dev Agency Assistance Fund .....	29
Executive Branch Ethics Commission .....	30
Secretary of State .....	31
Board of Elections .....	33
Registry of Election Finance .....	35
Attorney General .....	36
Commonwealth's Attorneys .....	39
County Attorneys .....	41
Treasury .....	42
Agriculture .....	44
Auditor of Public Accounts .....	47
Personnel Board .....	49
Kentucky Public Pensions Authority .....	50
Occupational and Professional Boards and Commissions .....	52
Kentucky River Authority .....	55
School Facilities Construction Commission .....	57
Teachers' Retirement System .....	59
Judgments .....	61
Appropriations Not Otherwise Classified .....	62
KY Communications Network Authority .....	64
<b>ECONOMIC DEVELOPMENT</b> .....	66
Economic Development .....	66
<b>DEPARTMENT OF EDUCATION</b> .....	68
Support Education Excellence in Kentucky (SEEK) .....	70
Operations and Support Services .....	72
Commissioner's Office/Board of Education .....	74
Finance and Operations .....	75
Legal Services .....	77
Education Technology .....	78
West Ky State Aid Funding for Emergencies (SAFE) Fund .....	80

EKY SAFE Fund .....	81
Learning and Results Services .....	82
Continuous Improvement and Support .....	84
Special Education and Early Learning .....	86
Educator Licensure and Effectiveness .....	88
Teaching and Learning .....	89
Assessment and Accountability .....	91
State Schools .....	92
Career and Technical Education and Student Transition .....	94
Local District Health and Life Insurance .....	95
<b>EDUCATION AND LABOR .....</b>	<b>96</b>
General Administration and Program Support .....	98
Proprietary Education .....	101
Deaf and Hard of Hearing .....	102
Kentucky Educational Television .....	103
Environmental Education Council .....	105
Libraries and Archives .....	107
Libraries and Archives .....	109
Direct Local Aid .....	111
Workforce Development .....	113
Commissioners Office .....	115
Vocational Rehabilitation .....	116
Employer and Apprenticeship Services .....	119
Adult Education .....	120
Unemployment Insurance .....	121
Unemployment Insurance Commission .....	123
Career Development Office .....	124
Workforce Innovation and Opportunity Act .....	125
Workplace Standards .....	126
Workers' Claims .....	128
Occupational Safety and Health Review Commission .....	130
Workers' Compensation Funding Commission .....	131
Workers' Compensation Nominating Commission .....	133
Disability Determinations .....	134
<b>ENERGY AND ENVIRONMENT .....</b>	<b>135</b>
Secretary .....	137
Administrative Services .....	139
Environmental Protection .....	141
Commissioner .....	143
Water .....	144
Waste Management .....	146
Air Quality .....	148
Environmental Program Support .....	149
Enforcement .....	150
Petroleum Storage Tank Environmental Assurance Fund .....	151

Natural Resources .....	152
Commissioner .....	154
Forestry .....	155
Conservation .....	156
Oil and Gas .....	157
Mine Permits .....	158
Mine Reclamation and Enforcement .....	159
Abandoned Mine Lands .....	160
Mine Safety .....	162
Reclamation Guaranty Fund .....	164
Abandoned Mine Land Reclamation Projects .....	165
Mine Safety Review Commission .....	166
Energy Policy .....	167
Kentucky Nature Preserves .....	169
Public Service Commission .....	171
<b>FINANCE AND ADMINISTRATION .....</b>	<b>173</b>
General Administration .....	176
Controller .....	179
Debt Service .....	182
Facilities and Support Services .....	183
County Costs .....	186
Commonwealth Office of Technology .....	188
Revenue .....	190
Property Valuation Administrators .....	192
<b>HEALTH AND FAMILY SERVICES .....</b>	<b>193</b>
General Administration and Program Support .....	195
Administrative Support .....	197
Inspector General .....	199
Medicaid Services .....	201
Medicaid Administration .....	203
Medicaid Benefits .....	205
Behavioral Health, Developmental and Intellectual Disabilities .....	209
Community Developmental and Intellectual Disabilities .....	211
Community Substance Use Disorder Services .....	212
Community Mental Health Services .....	214
General Support .....	216
Residential .....	217
Public Health .....	219
General Health Support .....	222
Women's Health .....	224
Prevention and Quality Improvement .....	226
Epidemiology and Health Planning .....	228
Maternal and Child Health .....	230
Laboratory Services .....	232
Public Health Protection and Safety .....	234

Children’s Health Services .....	235
Family Resource Centers and Volunteer Services .....	240
Family Resource and Youth Services Center .....	241
Serve Kentucky .....	243
Income Support .....	244
Community Based Services .....	246
Family Support .....	248
Energy .....	251
Child Care .....	252
Family and Community Services .....	255
Guardianship .....	260
Aging and Independent Living .....	262
<b>JUSTICE AND PUBLIC SAFETY .....</b>	<b>265</b>
Justice Administration .....	267
Criminal Justice Training .....	271
Juvenile Justice .....	274
State Police .....	277
Corrections .....	280
Corrections Management .....	282
Adult Correctional Institutions .....	284
Community Services and Local Facilities .....	288
Local Jail Support .....	290
Public Advocacy .....	292
<b>PERSONNEL .....</b>	<b>294</b>
General Operations .....	296
Public Employees Deferred Compensation Authority .....	298
Workers' Compensation Benefits and Reserve .....	299
Fixed Allocation Non-Hazardous Pension Fund .....	300
State Salary and Compensation Fund .....	301
<b>POSTSECONDARY EDUCATION .....</b>	<b>302</b>
Council on Postsecondary Education .....	304
Agency Operations .....	306
Licensure .....	307
Pass Through Programs .....	308
Federal Programs .....	310
Strategic Investment and Incentive Funding Program .....	311
Kentucky Higher Education Assistance Authority .....	313
Postsecondary Education Institutions .....	317
Eastern Kentucky University .....	319
Kentucky State University .....	321
Morehead State University .....	323
Murray State University .....	325
Northern Kentucky University .....	327
University of Kentucky .....	329

University of Louisville .....	331
Western Kentucky University .....	333
Kentucky Community and Technical College System .....	335
Postsecondary Education Performance Fund .....	337
<b>PUBLIC PROTECTION .....</b>	<b>338</b>
Secretary .....	340
Claims and Appeals .....	342
Professional Licensing .....	344
Boxing and Wrestling Commission .....	346
Alcoholic Beverage Control .....	347
Charitable Gaming .....	349
Financial Institutions .....	350
Horse Racing Commission .....	352
Housing, Buildings and Construction .....	354
Insurance .....	356
<b>TOURISM, ARTS AND HERITAGE .....</b>	<b>358</b>
Secretary .....	360
Artisans Center .....	362
Kentucky Department of Tourism .....	363
Parks .....	365
Horse Park Commission .....	368
State Fair Board .....	370
Fish and Wildlife Resources .....	372
Historical Society .....	375
Arts Council .....	377
Heritage Council .....	379
Kentucky Center for the Arts .....	381
<b>TRANSPORTATION .....</b>	<b>382</b>
General Administration and Support .....	384
Aviation .....	386
Debt Service .....	388
Highways .....	390
Research .....	392
Construction .....	393
Maintenance .....	396
Engineering Administration .....	398
Planning .....	400
Highway Operations .....	401
Equipment Services .....	402
Highway Safety .....	403
EKY SAFE Fund .....	404
Public Transportation .....	405
Revenue Sharing .....	407
Vehicle Regulation .....	409

**STATEWIDE**

Budget Reserve Trust Fund .....	411
Kentucky Permanent Pension Fund .....	412
West Ky State Aid Funding for Emergencies (SAFE) Fund .....	413
East Ky State Aid Funding for Emergencies (EKSAFE) Fund .....	414

	Executive Branch				
	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,501,237,400	13,724,645,400	13,553,948,300	16,651,984,200	15,749,166,800
State Salary and Compensation Allocation			103,851,800		
Postsecondary Ed Performance Fund					
Surplus Expenditure Plan	1,162,652,172	1,013,525,521	1,452,921,400		
Special Appropriation	961,519,300	290,090,900	(22,245,900)		
Current Year Appropriation	846,376,400		90,790,800		
Continuing Approp-General Fund	678,057,088	2,059,289,484	2,942,668,000	3,713,949,600	3,713,780,000
Mandated Allotments	34,792,567	286,425,453			
Other	(417,522,682)	(455,158,362)	12,596,200		
<b>Total General Fund</b>	<b>14,767,112,245</b>	<b>16,918,818,396</b>	<b>18,134,530,600</b>	<b>20,365,933,800</b>	<b>19,462,946,800</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	104,785,700	107,687,400	106,078,200	99,118,000	94,224,700
Continuing Approp-Tob Settlement	75,854,912	102,888,221	167,783,400		
Other	26,567,750	9,872,349			
<b>Total Tobacco Fund</b>	<b>207,208,363</b>	<b>220,447,970</b>	<b>273,861,600</b>	<b>99,118,000</b>	<b>94,224,700</b>
<b>Restricted Funds</b>					
Balance Forward	1,021,385,624	1,454,718,464	2,004,320,391	1,641,058,091	1,028,341,791
Current Receipts	8,282,032,199	10,286,941,136	11,537,583,400	12,552,443,700	13,480,589,300
Non-Revenue Receipts	801,434,276	1,373,529,383	1,655,750,700	1,157,622,600	1,178,600,600
Fund Transfers	(72,077,833)	(1,449,600)	(3,267,000)	(12,490,200)	(7,466,600)
<b>Total Restricted Funds</b>	<b>10,032,774,266</b>	<b>13,113,739,383</b>	<b>15,194,387,491</b>	<b>15,338,634,191</b>	<b>15,680,065,091</b>
<b>Federal Fund</b>					
Balance Forward	1,469,873,970	1,213,116,054	723,955,102	17,734,500	15,586,400
Current Receipts	21,558,046,003	20,198,060,183	22,235,447,698	22,383,540,500	22,909,879,000
Non-Revenue Receipts	(534,989,873)	(45,407,445)	(895,765,400)	9,581,300	9,605,600
Fund Transfers	693,541				
CRF Receipts	1,235,375				
<b>Total Federal Fund</b>	<b>22,494,859,016</b>	<b>21,365,768,792</b>	<b>22,063,637,400</b>	<b>22,410,856,300</b>	<b>22,935,071,000</b>
<b>Road Fund</b>					
Regular Appropriation	1,613,219,600	1,724,764,700	1,683,417,300	1,934,176,900	1,948,629,500
State Salary and Compensation Allocation			11,381,400		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Special Appropriation		1,000,000			
Current Year Appropriation	16,505,900		2,500,000		
Continuing Approp-Road Fund	613,457,963	678,330,961	43,811,800		
Other	1,679,218	(18,192,647)	42,462,200		
<b>Total Road Fund</b>	<b>2,342,129,970</b>	<b>2,456,274,174</b>	<b>1,839,077,300</b>	<b>1,934,176,900</b>	<b>1,948,629,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>49,844,083,860</b>	<b>54,075,048,714</b>	<b>57,505,494,391</b>	<b>60,148,719,191</b>	<b>60,120,937,091</b>



**EXPENDITURES BY CLASS**

Personnel Costs	9,009,065,594	8,966,113,361	9,993,757,500	10,373,965,900	10,912,593,900
Operating Expenses	3,875,401,510	4,891,304,436	5,817,395,300	6,331,968,200	6,731,443,500
Grants Loans Benefits	27,977,001,013	29,647,478,880	32,045,244,000	34,360,390,200	33,951,196,500
Debt Service	1,107,396,215	971,230,390	954,163,200	1,007,358,400	1,190,827,200
Capital Outlay	327,607,999	771,188,288	729,236,100	1,072,929,900	750,035,900
Construction	1,283,363,218	1,465,093,266	2,225,449,800	2,232,824,000	2,091,969,600
<b>TOTAL EXPENDITURES</b>	<b>43,579,835,547</b>	<b>46,712,408,620</b>	<b>51,765,245,900</b>	<b>55,379,436,600</b>	<b>55,628,066,600</b>

**EXPENDITURES BY FUND SOURCE**

General Fund	12,568,448,752	13,855,534,868	14,168,445,000	16,644,166,100	15,742,510,900
Tobacco Fund	102,428,422	107,732,498	158,491,300	97,800,000	93,100,000
Restricted Funds	7,991,287,755	10,201,156,201	13,553,329,400	14,310,292,400	14,926,799,000
Federal Fund	21,281,742,962	20,641,960,579	22,045,902,900	22,395,269,900	22,919,001,600
Road Fund	1,635,927,656	1,906,024,474	1,839,077,300	1,931,908,200	1,946,655,100
<b>TOTAL EXPENDITURES</b>	<b>43,579,835,548</b>	<b>46,712,408,620</b>	<b>51,765,245,900</b>	<b>55,379,436,600</b>	<b>55,628,066,600</b>

**EXPENDITURES BY UNIT**

General Government	2,912,013,137	2,687,689,963	2,601,678,600	3,692,169,800	3,453,687,500
Economic Development	59,838,085	483,810,882	329,818,600	199,728,700	87,582,400
Department of Education	6,242,146,030	6,326,995,797	6,558,652,500	7,403,851,200	6,602,645,800
Education and Labor	1,932,697,804	750,834,473	891,678,600	889,854,400	902,946,700
Energy and Environment	247,336,851	277,303,567	451,451,600	478,151,800	528,900,500
Finance and Administration	1,180,995,163	914,863,044	966,032,500	941,446,000	1,052,675,900
Health and Family Services	18,114,122,006	19,958,345,746	21,864,323,100	22,688,597,400	23,493,559,100
Justice and Public Safety	1,291,334,132	1,449,794,486	1,585,684,300	1,655,437,700	1,719,970,600
Personnel	153,319,190	141,175,373	151,514,200	147,023,200	144,452,200
Postsecondary Education	8,056,327,756	9,386,591,045	11,510,815,100	12,406,525,700	13,186,746,600
Public Protection	137,793,800	263,835,306	166,515,600	289,864,600	290,425,100
Tourism, Arts and Heritage	270,727,291	355,121,306	358,972,900	362,351,400	377,201,100
Transportation	2,795,324,002	3,128,411,950	4,156,826,300	3,853,054,400	3,730,642,300
Statewide	185,860,300	587,635,683	171,282,000	371,380,300	56,630,800
<b>TOTAL EXPENDITURES</b>	<b>43,579,835,548</b>	<b>46,712,408,620</b>	<b>51,765,245,900</b>	<b>55,379,436,600</b>	<b>55,628,066,600</b>

# **General Government**

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**General Government**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,181,420,100	1,550,686,100	1,510,117,400	2,555,433,800	1,752,415,500
State Salary and Compensation Allocation			9,547,000		
Surplus Expenditure Plan					
Special Appropriation	111,500,000	70,424,900	67,674,900		
Current Year Appropriation	709,266,200				
Continuing Approp-General Fund	7,677	24,811,243	48,504,300		
Reorganization Adjustment		1,799,700	1,799,700		
Mandated Allotments	27,885,900	283,093,872			
Other	19,332,677	33,406,510	10,406,300		
<b>Total General Fund</b>	<b>2,049,412,554</b>	<b>1,964,222,325</b>	<b>1,648,049,600</b>	<b>2,555,433,800</b>	<b>1,752,415,500</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	35,618,800	41,868,600	41,862,000	34,375,500	35,270,500
Current Year Appropriation					
Continuing Approp-Tob Settlement	33,974,007	48,261,844	113,871,400		
Other	13,283,875	4,936,174			
<b>Total Tobacco Fund</b>	<b>82,876,682</b>	<b>95,066,618</b>	<b>155,733,400</b>	<b>34,375,500</b>	<b>35,270,500</b>
<b>Restricted Funds</b>					
Balance Forward	142,078,984	231,777,171	326,427,891	165,679,591	120,797,091
Current Receipts	157,391,119	229,346,776	219,372,000	211,847,600	237,231,000
Non-Revenue Receipts	202,946,378	193,421,237	151,107,100	144,150,100	102,755,300
Fund Transfers	(10,275,600)				
<b>Total Restricted Funds</b>	<b>492,140,880</b>	<b>654,545,184</b>	<b>696,906,991</b>	<b>521,677,291</b>	<b>460,783,391</b>
<b>Federal Fund</b>					
Balance Forward	1,325,308,142	1,330,117,889	907,384,200	10,408,200	7,202,700
Current Receipts	607,423,685	28,573,446	389,825,500	694,115,000	1,294,293,900
Non-Revenue Receipts	(9,580)	(39,097,844)	(906,261,900)		
<b>Total Federal Fund</b>	<b>1,932,722,247</b>	<b>1,319,593,491</b>	<b>390,947,800</b>	<b>704,523,200</b>	<b>1,301,496,600</b>
<b>Road Fund</b>					
Regular Appropriation					
<b>Total Road Fund</b>					
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,557,152,363</b>	<b>4,033,427,618</b>	<b>2,891,637,791</b>	<b>3,816,009,791</b>	<b>3,549,965,991</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	434,590,763	459,826,273	534,729,000	560,381,100	598,952,000
Operating Expenses	152,305,269	402,450,794	162,445,700	155,582,600	165,671,100
Grants Loans Benefits	2,143,024,205	1,647,654,987	1,754,376,700	2,833,392,600	2,551,587,100
Debt Service	164,558,510	149,024,752	132,395,900	121,571,200	126,483,100
Capital Outlay	17,394,936	28,605,052	17,731,300	21,242,300	10,994,200
Construction	139,455	128,105			
<b>TOTAL EXPENDITURES</b>	<b>2,912,013,137</b>	<b>2,687,689,963</b>	<b>2,601,678,600</b>	<b>3,692,169,800</b>	<b>3,453,687,500</b>

**EXPENDITURES BY FUND SOURCE**

General Fund	2,014,536,252	1,909,414,848	1,648,049,600	2,555,433,800	1,752,415,300
Tobacco Fund	34,508,819	37,929,946	41,862,000	34,375,500	35,270,500
Restricted Funds	260,363,709	328,011,341	531,227,400	405,040,000	370,049,000
Federal Fund	602,604,358	412,333,827	380,539,600	697,320,500	1,295,952,700
Road Fund					
<b>TOTAL EXPENDITURES</b>	<b>2,912,013,137</b>	<b>2,687,689,963</b>	<b>2,601,678,600</b>	<b>3,692,169,800</b>	<b>3,453,687,500</b>

**EXPENDITURES BY UNIT**

Office of the Governor	7,189,126	6,943,700	7,489,100	7,479,100	7,658,200
Office of State Budget Director	27,551,148	3,958,827	4,403,800	4,427,400	4,540,300
Homeland Security	7,464,984	8,919,018	10,958,600	50,939,300	16,023,900
Department of Veterans' Affairs	75,733,339	84,461,552	103,697,100	124,760,400	136,469,000
Kentucky Infrastructure Authority	35,743,032	55,958,166	77,470,800	826,006,800	948,358,100
Military Affairs	239,587,954	713,954,730	318,103,300	137,936,000	141,807,200
Commission on Human Rights	2,190,788	2,310,846	2,498,700	2,762,900	2,840,200
Commission on Women				357,500	357,500
Department for Local Government	393,845,758	132,532,460	293,868,900	415,756,600	199,105,800
Local Government Economic Assistance Fund	29,090,943	47,154,010	38,929,800	42,972,200	37,614,700
Local Government Economic Development Fund	26,415,742	52,192,380	45,822,200	56,092,000	41,687,200
Local Government Regional Development Agency Assistance Fund	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Executive Branch Ethics Commission	979,329	994,153	1,084,300	1,090,200	1,121,300
Secretary of State	4,756,624	5,215,716	6,576,200	6,619,300	6,755,200
Board of Elections	7,164,742	10,352,259	8,381,400	8,524,600	8,565,400
Registry of Election Finance	1,605,700	1,609,733	1,773,700	1,771,400	1,820,800
Attorney General	39,001,276	52,222,393	91,388,200	92,986,200	153,122,900
Unified Prosecutorial System	127,623,693	139,064,339	148,635,500	157,868,300	162,979,300
Treasury	5,256,166	5,351,866	6,772,200	7,051,800	7,039,300
Agriculture	72,628,253	77,139,821	87,623,100	80,325,500	81,984,500
Auditor of Public Accounts	24,474,972	27,166,126	36,580,400	35,805,600	36,798,000
Personnel Board	866,709	894,154	941,200	1,252,200	1,266,100
Kentucky Public Pensions Authority	255,482,558	280,985,400	290,440,800	257,554,800	159,465,700
Occupational & Professional Boards & Commissions	24,837,859	27,875,589	33,480,700	35,706,500	36,396,900
Kentucky River Authority	6,520,194	6,100,002	5,673,200	16,305,600	6,609,200
School Facilities Construction Commission	213,990,056	136,170,619	138,773,000	374,928,500	113,885,000
Teachers' Retirement System	1,211,005,468	740,508,771	747,771,100	868,010,500	1,059,997,900
Judgments	4,242,667	977,674	17,279,700		
Appropriations Not Otherwise Classified	20,161,828	18,355,169	20,526,400	20,526,400	20,526,400
KY Communications Network Authority	40,602,228	42,320,490	48,735,200	50,352,200	52,891,500
<b>TOTAL EXPENDITURES</b>	<b>2,912,013,137</b>	<b>2,687,689,963</b>	<b>2,601,678,600</b>	<b>3,692,169,800</b>	<b>3,453,687,500</b>

**General Government  
Office of the Governor**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,105,800	6,446,700	6,476,300	6,684,000	6,863,100
State Salary and Compensation Allocation			217,800		
Current Year Appropriation	206,500				
<b>Total General Fund</b>	<b>6,312,300</b>	<b>6,446,700</b>	<b>6,694,100</b>	<b>6,684,000</b>	<b>6,863,100</b>
<b>Restricted Funds</b>					
Balance Forward	79,250	44,392	160,800		
Non-Revenue Receipts	212,500	261,400	134,200	295,100	295,100
<b>Total Restricted Funds</b>	<b>291,750</b>	<b>305,792</b>	<b>295,000</b>	<b>295,100</b>	<b>295,100</b>
<b>Federal Fund</b>					
Balance Forward	(81,504)	(53,374)			
Current Receipts	657,599	465,548	500,000	500,000	500,000
<b>Total Federal Fund</b>	<b>576,094</b>	<b>412,175</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,180,144</b>	<b>7,164,667</b>	<b>7,489,100</b>	<b>7,479,100</b>	<b>7,658,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,041,793	5,798,083	6,276,500	6,243,600	6,422,700
Operating Expenses	1,147,333	1,145,617	1,212,600	1,235,500	1,235,500
<b>TOTAL EXPENDITURES</b>	<b>7,189,126</b>	<b>6,943,700</b>	<b>7,489,100</b>	<b>7,479,100</b>	<b>7,658,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,312,300	6,386,521	6,694,100	6,684,000	6,863,100
Restricted Funds	247,358	144,965	295,000	295,100	295,100
Federal Fund	629,468	412,214	500,000	500,000	500,000
<b>TOTAL EXPENDITURES</b>	<b>7,189,126</b>	<b>6,943,700</b>	<b>7,489,100</b>	<b>7,479,100</b>	<b>7,658,200</b>
<b>EXPENDITURES BY UNIT</b>					
Governor	4,857,943	5,085,247	5,492,900	5,502,200	5,640,600
Governor's Office Expense Allowance	37,138	33,228	31,300	28,700	28,400
Lieutenant Governor	904,598	999,897	1,083,600	1,064,300	1,096,700
Lieutenant Governor's Expense Allowance	20,751	18,555	17,400	16,000	15,800
Secretary of the Cabinet	437,252	136,439	30,400	30,500	30,500
Kentucky Commission on Military Affairs	931,442	602,485	666,500	664,100	667,900
Faith Based Initiatives		33,925	83,500	86,600	89,100
Office of Minority Empowerment		33,924	83,500	86,700	89,200
<b>TOTAL EXPENDITURES</b>	<b>7,189,126</b>	<b>6,943,700</b>	<b>7,489,100</b>	<b>7,479,100</b>	<b>7,658,200</b>

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

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

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

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

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

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 \$276,300 in fiscal year 2025 and \$465,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Office of State Budget Director**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,608,500	3,847,700	3,865,600	4,033,700	4,146,600
State Salary and Compensation Allocation			144,500		
Current Year Appropriation	136,300				
<b>Total General Fund</b>	<b>3,744,800</b>	<b>3,847,700</b>	<b>4,010,100</b>	<b>4,033,700</b>	<b>4,146,600</b>
<b>Restricted Funds</b>					
Balance Forward	332,623	458,423	568,400	417,000	265,600
Non-Revenue Receipts	125,800	110,000	110,000	110,000	110,000
<b>Total Restricted Funds</b>	<b>458,423</b>	<b>568,423</b>	<b>678,400</b>	<b>527,000</b>	<b>375,600</b>
<b>Federal Fund</b>					
Balance Forward	1,162,426,174	1,323,031,835	906,658,800	264,600	132,300
Current Receipts	184,600,568	(377,153,757)			
Non-Revenue Receipts		(39,097,824)	(906,261,900)		
<b>Total Federal Fund</b>	<b>1,347,026,742</b>	<b>906,780,253</b>	<b>396,900</b>	<b>264,600</b>	<b>132,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,351,229,965</b>	<b>911,196,377</b>	<b>5,085,400</b>	<b>4,825,300</b>	<b>4,654,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,763,196	3,481,002	4,074,400	4,105,100	4,218,000
Operating Expenses	22,787,953	477,825	329,400	322,300	322,300
Grants Loans Benefits					
<b>TOTAL EXPENDITURES</b>	<b>27,551,148</b>	<b>3,958,827</b>	<b>4,403,800</b>	<b>4,427,400</b>	<b>4,540,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,556,241	3,837,378	4,010,100	4,033,700	4,146,600
Restricted Funds			261,400	261,400	261,400
Federal Fund	23,994,907	121,449	132,300	132,300	132,300
<b>TOTAL EXPENDITURES</b>	<b>27,551,148</b>	<b>3,958,827</b>	<b>4,403,800</b>	<b>4,427,400</b>	<b>4,540,300</b>
<b>EXPENDITURES BY UNIT</b>					
Budget & Policy Analysis	26,654,609	2,949,241	3,239,500	3,253,300	3,331,900
Policy Research	368,607	377,505	514,900	522,500	535,300
Economic Analysis	527,933	632,081	649,400	651,600	673,100
<b>TOTAL EXPENDITURES</b>	<b>27,551,148</b>	<b>3,958,827</b>	<b>4,403,800</b>	<b>4,427,400</b>	<b>4,540,300</b>

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' 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 a biennial basis, incorporating the entirety of all statutory tax expenditures with specific computations of the amount of tax revenues foregone.

## **Policy**

The Governor's budget includes additional General Fund in the amount of \$117,400 in fiscal year 2025 and \$116,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$179,400 in fiscal year 2025 and \$302,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**General Government  
Homeland Security**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	578,200	611,400	618,700	5,633,200	5,651,100
State Salary and Compensation Allocation			26,600		
Current Year Appropriation	7,600				
<b>Total General Fund</b>	<b>585,800</b>	<b>611,400</b>	<b>645,300</b>	<b>5,633,200</b>	<b>5,651,100</b>
<b>Restricted Funds</b>					
Balance Forward	4,407,733	5,504,761	5,159,700	5,594,600	6,873,400
Current Receipts	2,411,644	3,772,985	4,920,000	5,763,300	4,911,300
Non-Revenue Receipts	1,161,022	(377,726)		35,000,000	
<b>Total Restricted Funds</b>	<b>7,980,399</b>	<b>8,900,019</b>	<b>10,079,700</b>	<b>46,357,900</b>	<b>11,784,700</b>
<b>Federal Fund</b>					
Balance Forward	(355,046)	(881,000)	(69,400)		
Current Receipts	3,892,264	5,378,901	5,897,600	5,821,600	5,869,900
<b>Total Federal Fund</b>	<b>3,537,217</b>	<b>4,497,901</b>	<b>5,828,200</b>	<b>5,821,600</b>	<b>5,869,900</b>
<b>Road Fund</b>					
Regular Appropriation					
<b>Total Road Fund</b>					
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,103,417</b>	<b>14,009,320</b>	<b>16,553,200</b>	<b>57,812,700</b>	<b>23,305,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,158,518	2,881,646	3,371,500	3,354,900	3,439,300
Operating Expenses	943,139	1,619,595	1,170,400	1,168,200	1,168,400
Grants Loans Benefits	1,984,540	4,385,128	6,356,100	46,356,100	11,356,100
Capital Outlay	378,787	32,649	60,600	60,100	60,100
<b>TOTAL EXPENDITURES</b>	<b>7,464,984</b>	<b>8,919,018</b>	<b>10,958,600</b>	<b>50,939,300</b>	<b>16,023,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	571,128	611,400	645,300	5,633,200	5,651,100
Restricted Funds	2,475,638	3,740,332	4,485,100	39,484,500	4,502,900
Federal Fund	4,418,218	4,567,285	5,828,200	5,821,600	5,869,900
Road Fund					
<b>TOTAL EXPENDITURES</b>	<b>7,464,984</b>	<b>8,919,018</b>	<b>10,958,600</b>	<b>50,939,300</b>	<b>16,023,900</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Homeland Security	3,290,600	5,178,685	6,473,500	6,454,800	6,521,000
Law Enforcement Protection Program	365,029	1,274,734	1,125,000	36,125,000	1,125,000
Commercial Mobile Radio Service	3,809,355	2,465,598	3,360,100	8,359,500	8,377,900
<b>TOTAL EXPENDITURES</b>	<b>7,464,984</b>	<b>8,919,018</b>	<b>10,958,600</b>	<b>50,939,300</b>	<b>16,023,900</b>

The Kentucky Office of Homeland Security (KOHS), administratively attached to the Office of the Governor in accordance with KRS 39G.010, was created to coordinate efforts with public and private partners on issues affecting homeland security. KOHS focuses on preparing Kentucky for acts of terrorism. Although 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 \$30 million annually in 911 user fees from wireless prepaid, postpaid, and Lifeline subscribers of the approximately 35 telecommunication carriers providing wireless telephone service in Kentucky. These fees are used to fund operations and technology upgrades at Kentucky's 116 Board-certified 911 emergency call centers.

### **Policy**

The Governor's budget includes \$35,000,000 in Restricted Funds in fiscal year 2025 for a grant program for the purchase of body armor for local law enforcement agencies and other first responders.

The Governor's budget includes funding for Next Generation 911, \$5,000,000 from the General Fund and \$1,100,000 in Restricted Funds in each fiscal year to complete the Next Generation 911 system, which will deploy statewide 911 call routing including wireless devices.

The Governor's budget includes additional funding in the amount of \$22,700 in fiscal year 2025 and \$22,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$6,100 and \$6,000 respectively.

The Governor's budget includes additional funding in the amount of \$122,700 in fiscal year 2025 and \$207,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$25,800 and \$43,500, respectively.

**General Government  
Veterans' Affairs**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	26,121,400	30,092,600	31,333,500	45,255,400	40,281,400
State Salary and Compensation Allocation			1,635,800		
Current Year Appropriation	765,100				
<b>Total General Fund</b>	<b>26,886,500</b>	<b>30,092,600</b>	<b>32,969,300</b>	<b>45,255,400</b>	<b>40,281,400</b>
<b>Restricted Funds</b>					
Balance Forward	19,164,357	20,191,450	24,330,800	19,393,500	20,426,700
Current Receipts	44,853,746	57,417,152	63,943,600	79,523,600	91,945,600
Non-Revenue Receipts	1,134,639	(689,356)	(200,000)		
<b>Total Restricted Funds</b>	<b>65,152,742</b>	<b>76,919,245</b>	<b>88,074,400</b>	<b>98,917,100</b>	<b>112,372,300</b>
<b>Federal Fund</b>					
Balance Forward	2,950,897	4,841,964	3,061,500	1,014,600	
Current Receipts	5,776,613				
<b>Total Federal Fund</b>	<b>8,727,510</b>	<b>4,841,964</b>	<b>3,061,500</b>	<b>1,014,600</b>	
<b>TOTAL SOURCE OF FUNDS</b>	<b>100,766,752</b>	<b>111,853,810</b>	<b>124,105,200</b>	<b>145,187,100</b>	<b>152,653,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	59,467,718	63,837,357	76,819,500	92,955,700	103,093,300
Operating Expenses	11,832,807	10,917,262	14,625,900	18,361,000	18,769,800
Grants Loans Benefits	3,545,698	5,553,037	7,916,700	10,215,900	11,030,100
Debt Service				649,000	1,297,000
Capital Outlay	887,116	4,153,897	4,335,000	2,578,800	2,278,800
Construction					
<b>TOTAL EXPENDITURES</b>	<b>75,733,339</b>	<b>84,461,552</b>	<b>103,697,100</b>	<b>124,760,400</b>	<b>136,469,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	26,886,500	30,092,600	32,969,300	45,255,400	40,281,400
Restricted Funds	44,961,293	52,588,480	68,680,900	78,490,400	96,187,600
Federal Fund	3,885,546	1,780,472	2,046,900	1,014,600	
<b>TOTAL EXPENDITURES</b>	<b>75,733,339</b>	<b>84,461,552</b>	<b>103,697,100</b>	<b>124,760,400</b>	<b>136,469,000</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Veterans' Centers	68,029,712	75,926,206	93,561,300	114,155,200	125,620,600
Veterans Cemeteries	3,218,245	3,395,909	3,867,600	4,326,600	4,430,000
Veterans Services	4,485,382	5,139,436	6,268,200	6,278,600	6,418,400
<b>TOTAL EXPENDITURES</b>	<b>75,733,339</b>	<b>84,461,552</b>	<b>103,697,100</b>	<b>124,760,400</b>	<b>136,469,000</b>

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

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

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

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

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

## **Policy**

The Governor's budget includes additional General Fund in the amount of \$12,116,000 in fiscal year 2025 and \$5,260,200 in fiscal year 2026 and Restricted Funds in the amount of \$10,000,000 in fiscal year 2026 to open and begin operations for the new Veterans Center in Bowling Green, slated to start admitting veterans in January 2025.

The base budget in each fiscal year includes General fund in the amount of \$93,700 for grants to the Brain Injury Association of America, Kentucky Chapter and \$93,700 for grants to the Epilepsy Foundation for Kentuckiana.

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

The base budget in each fiscal year includes General Fund in the amount of \$200,000 for the Homeless Veterans Programs.

The Governor's budget includes an additional amount of \$1,090,300 in fiscal year 2025 and \$1,078,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$708,700 and \$701,200, respectively.

The Governor's budget includes an additional amount of \$2,590,400 in fiscal year 2025 and \$4,374,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,683,800 and \$2,843,400, respectively.

The budget includes General Fund debt service in the amount of \$649,000 in fiscal year 2025 and \$1,297,000 in fiscal year 2026 to support new bonds for capital projects.

**General Government  
Kentucky Infrastructure Authority**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,057,200	18,280,800	1,925,600	532,780,400	3,870,600
State Salary and Compensation Allocation			11,500		
Current Year Appropriation	900				
<b>Total General Fund</b>	<b>1,058,100</b>	<b>18,280,800</b>	<b>1,937,100</b>	<b>532,780,400</b>	<b>3,870,600</b>
<b>Restricted Funds</b>					
Balance Forward	730,823	588,692	1,338,900	349,700	241,200
Current Receipts	951	22,731	30,000	30,000	30,000
Non-Revenue Receipts	1,303,260	1,642,204	1,918,800	2,770,700	2,915,100
<b>Total Restricted Funds</b>	<b>2,035,034</b>	<b>2,253,628</b>	<b>3,287,700</b>	<b>3,150,400</b>	<b>3,186,300</b>
<b>Federal Fund</b>					
Balance Forward	1	1	(793,300)		
Current Receipts	33,238,589	36,044,558	73,389,000	290,317,200	941,539,000
<b>Total Federal Fund</b>	<b>33,238,590</b>	<b>36,044,559</b>	<b>72,595,700</b>	<b>290,317,200</b>	<b>941,539,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>36,331,725</b>	<b>56,578,987</b>	<b>77,820,500</b>	<b>826,248,000</b>	<b>948,595,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,752,696	3,671,996	7,397,000	8,305,200	8,388,300
Operating Expenses	177,486	244,166	307,300	310,900	294,000
Grants Loans Benefits	32,511,364	35,724,504	69,745,700	816,993,800	938,163,200
Debt Service	284,000	467,500		375,000	1,466,000
Capital Outlay	17,485	15,850,000	20,800	21,900	46,600
Construction	1	(1)			
<b>TOTAL EXPENDITURES</b>	<b>35,743,032</b>	<b>55,958,166</b>	<b>77,470,800</b>	<b>826,006,800</b>	<b>948,358,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,058,100	18,205,575	1,937,100	532,780,400	3,870,600
Restricted Funds	1,446,342	914,721	2,938,000	2,909,200	2,948,500
Federal Fund	33,238,589	36,837,870	72,595,700	290,317,200	941,539,000
<b>TOTAL EXPENDITURES</b>	<b>35,743,032</b>	<b>55,958,166</b>	<b>77,470,800</b>	<b>826,006,800</b>	<b>948,358,100</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Infrastructure Authority	35,743,032	54,065,679	73,624,900	604,953,800	75,586,100
Broadband Development		1,892,487	3,845,900	221,053,000	872,772,000
<b>TOTAL EXPENDITURES</b>	<b>35,743,032</b>	<b>55,958,166</b>	<b>77,470,800</b>	<b>826,006,800</b>	<b>948,358,100</b>

The Kentucky Infrastructure Authority (KIA) pursuant to KRS Chapter 224A funds the acquisition and construction of infrastructure projects as defined in KRS 224A.011(16) and the remediation of property owned by governmental agencies. The Authority also coordinates regional infrastructure planning to promote higher levels of technical, managerial and financial capacity of water based utilities. The Authority with the assistance of the Area Development Districts coordinates water and wastewater planning by the Area Water Management Councils. The Councils establish water planning areas, develop and maintain the regional water management plan and identify and prioritize water and wastewater projects. KIA is the administrator for the US EPA's Clean Water and Drinking Water State Revolving Funds and Commonwealth funded revolving loan programs. 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. 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.

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

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

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

**Infrastructure for Economic Development Funds** – These funds were authorized by the 2005, 2006 and 2008 General Assembly for an array of water and sewer projects included in the 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 2008, 2010 and 2012 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

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 \$320 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. Of these funds, \$300 million is for broadband deployment projects and \$20 million is for utility pole replacement.

The Broadband Deployment Fund also 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 Governor's budget includes General Fund in the amount of \$500 million for a Drinking Water and Wastewater Grant program, which shall be allocated to each county based on population. The county's allocation shall be determined by each county's proportion of the state's population from the 2020 Census, with the exception of Jefferson County's share, which is discounted by 50 percent. A county's allocation shall be deducted by any amount awarded for drinking water or wastewater infrastructure from the General Fund appropriation in Part II, B. 1., 003. The allocation by county shall serve as a funding cap for projects within that county, and no county's share shall be reallocated unless by express authority of the General Assembly. The Kentucky Infrastructure Authority shall receive the application from each county and forward all qualifying applications, grouped by county, to the Interim Joint Committee on Appropriations and Revenue each year by November 1.

The Governor's budget includes General Fund in the amount of \$30 million in fiscal year 2025 for the Water and Wastewater Service Regionalization Account to provide assistance for capital and non-capital expenses of governmental entities that provide drinking water and wastewater services to the public.

Included in the capital budget is authorization for \$30,000,000 in Agency Bonds for the Drinking Water Revolving Loan Program (Fund F) and \$30,000,000 in Agency Bonds for the Federally Assisted Wastewater Program (Fund A).

The Governor's budget includes additional funding in the amount of \$60,900 in fiscal year 2025 and \$60,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$14,400 and \$14,200, respectively.

The Governor's budget includes additional funding in the amount of \$137,600 in fiscal year 2025 and \$232,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$32,500 and \$54,800, respectively.

The Governor's budget includes General Fund in the amount of \$375,000 in fiscal year 2025 and \$1,466,000 in fiscal year 2026 to support bonds included in the capital budget.

**General Government  
Military Affairs**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	15,006,800	17,502,000	17,457,300	31,679,700	36,589,100
State Salary and Compensation Allocation			436,700		
Special Appropriation	15,000,000				
Current Year Appropriation	308,300				
Continuing Approp.-General Fund		5,268,684	4,437,200		
Mandated Allotments	21,000,000	282,804,700			
<b>Total General Fund</b>	<b>51,315,100</b>	<b>305,575,384</b>	<b>22,331,200</b>	<b>31,679,700</b>	<b>36,589,100</b>
<b>Restricted Funds</b>					
Balance Forward	21,160,833	110,200,985	144,361,300	11,449,000	5,204,300
Current Receipts	33,871,174	31,937,430	21,218,800	13,475,200	13,515,000
Non-Revenue Receipts	121,133,914	112,068,601	54,019,100	(980,900)	(980,900)
<b>Total Restricted Funds</b>	<b>176,165,921</b>	<b>254,207,016</b>	<b>219,599,200</b>	<b>23,943,300</b>	<b>17,738,400</b>
<b>Federal Fund</b>					
Balance Forward	(14,118,793)	(9,517,200)	(15,189,400)		
Current Receipts	139,683,009	297,657,027	102,811,300	87,517,300	88,163,000
Non-Revenue Receipts	(9,600)				
<b>Total Federal Fund</b>	<b>125,554,616</b>	<b>288,139,828</b>	<b>87,621,900</b>	<b>87,517,300</b>	<b>88,163,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>353,035,637</b>	<b>847,922,228</b>	<b>329,552,300</b>	<b>143,140,300</b>	<b>142,490,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	45,750,549	50,248,057	63,965,400	55,681,000	56,100,300
Operating Expenses	33,941,591	302,670,135	32,180,700	35,560,600	34,500,800
Grants Loans Benefits	143,805,525	352,041,717	208,814,100	38,340,900	39,139,200
Debt Service	1,574,889	1,718,530	1,576,300	1,575,100	5,399,600
Capital Outlay	14,485,986	7,187,380	11,566,800	6,778,400	6,667,300
Construction	29,413	88,910			
<b>TOTAL EXPENDITURES</b>	<b>239,587,954</b>	<b>713,954,730</b>	<b>318,103,300</b>	<b>137,936,000</b>	<b>141,807,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	38,551,203	300,779,844	22,331,200	31,679,700	36,589,100
Restricted Funds	65,964,936	109,845,625	208,150,200	18,739,000	17,055,100
Federal Fund	135,071,815	303,329,261	87,621,900	87,517,300	88,163,000
<b>TOTAL EXPENDITURES</b>	<b>239,587,954</b>	<b>713,954,730</b>	<b>318,103,300</b>	<b>137,936,000</b>	<b>141,807,200</b>
<b>EXPENDITURES BY UNIT</b>					
Statutory State Operations	34,917,793	39,915,985	47,025,700	48,770,300	54,807,700
Emergency Management	127,043,514	284,919,765	56,433,200	59,594,300	59,107,400
National Guard Operations		177,259			
Emergency & Public Safety Operations	12,265,578	278,416,784	2,000,000	1,978,600	1,979,000
Bluegrass Station	12,399,752	13,569,296	14,384,100	14,847,100	15,118,800
Central Clothing Distribution	12,978,810	13,634,504	14,411,900	1,955,800	
EKY Safe Fund		72,341,144	107,658,900		



SAFE Fund	37,412,650	8,307,805	65,169,500		
Federal & Grant Operations	2,569,857	2,672,189	11,020,000	10,789,900	10,794,300
<b>TOTAL EXPENDITURES</b>	<b>239,587,954</b>	<b>713,954,730</b>	<b>318,103,300</b>	<b>137,936,000</b>	<b>141,807,200</b>

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

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

Pursuant to KRS 36.010 and KRS 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, Logistics Operations Division, Bluegrass Station Division, and the Youth Challenge Program.

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

The 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 has historically been the home to the Logistic Operations Division's Central Clothing Distribution Facility which employees over 200 employees that are responsible for the complete supply chain management and logistics for clothing to all military units of the Army National Guard, Air National Guard, U.S. Marine Corps Reserve and the U.S. Navy Reserve. The Central Clothing Distribution Facility will close in April 2024 after 25 years of operations. The contract with the federal Defense Logistics Agency has ended.

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 transfers \$75.0 million from the East Kentucky SAFE Fund to the Department of Military Affairs' Emergency Management program in the current fiscal year to shore up the Fund to provide further recovery resources to Eastern Kentucky impacted by the July 2022 flood.

The budget includes General fund in the amount of \$8,335,000 in fiscal year 2025 and \$7,840,000 in fiscal year 2026 to fund the Urban Search and Rescue program created in KRS 39A.245.

The budget includes an additional \$1,800,000 General Fund in each fiscal year for the two Youth Challenge Program locations in Kentucky. The Youth Challenge is a twenty-two-week course that focuses on educational excellence coupled with full scale character development. The program is designed to take sixteen- to eighteen-year-old Kentuckians and give them the tools necessary to see their dreams become reality. The funding will be equally split between the two locations: \$900,000 in each fiscal year to the Bluegrass Challenge Academy in Hardin County, and \$900,000 in each fiscal year to the Appalachian Youth Challenge Academy in Harlan County.

The recommended budget includes additional General Fund in each fiscal year for the following items:

- Operational Costs associated with the new Emergency Operations Center in Frankfort - \$500,000 each fiscal year.
- Utilities for armories statewide to replace unavailable Restricted Funds - \$1,500,000 each fiscal year.
- Minor maintenance and repair expenses for state owned armories - \$500,000 each fiscal year.

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

The base budget in each fiscal year includes General Fund Resources in the amount of \$50,000 for Military Burial Honor Guard duties.

The base budget in each fiscal year includes General Fund resources in the amount of \$100,000 for the Military Family Assistance Trust Fund to provide emergency financial assistance to Kentucky's military families who face financial problems due to a deployment overseas of a service/family member.

The Governor's budget includes additional funding in the amount of \$1,058,900 in fiscal year 2025 and \$1,048,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$318,700 and \$315,700, respectively.

The Governor's budget includes additional funding in the amount of \$2,077,400 in fiscal year 2025 and \$3,511,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$625,300 and \$1,056,800, respectively.

The budget includes General Fund in the amount of \$4,954,000 in fiscal year 2026 for debt service on new bonds included in the capital budget.

**General Government  
Commission on Human Rights**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,929,400	1,953,500	1,971,900	2,306,600	2,383,900
State Salary and Compensation Allocation			71,800		
Current Year Appropriation	71,900				
<b>Total General Fund</b>	<b>2,001,300</b>	<b>1,953,500</b>	<b>2,043,700</b>	<b>2,306,600</b>	<b>2,383,900</b>
<b>Restricted Funds</b>					
Balance Forward	15,940	13,233	18,600	8,600	
Current Receipts		6,466		1,400	10,000
<b>Total Restricted Funds</b>	<b>15,940</b>	<b>19,699</b>	<b>18,600</b>	<b>10,000</b>	<b>10,000</b>
<b>Federal Fund</b>					
Balance Forward	585,891	660,274	676,800	379,800	
Current Receipts	261,300	374,561	148,000	66,500	446,300
<b>Total Federal Fund</b>	<b>847,191</b>	<b>1,034,835</b>	<b>824,800</b>	<b>446,300</b>	<b>446,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,864,430</b>	<b>3,008,034</b>	<b>2,887,100</b>	<b>2,762,900</b>	<b>2,840,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,932,870	1,955,525	2,305,300	2,579,400	2,656,700
Operating Expenses	213,526	355,250	193,400	183,500	183,500
Grants Loans Benefits	44,104	71			
Construction	289				
<b>TOTAL EXPENDITURES</b>	<b>2,190,788</b>	<b>2,310,846</b>	<b>2,498,700</b>	<b>2,762,900</b>	<b>2,840,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,001,165	1,951,764	2,043,700	2,306,600	2,383,900
Restricted Funds	2,707	1,120	10,000	10,000	10,000
Federal Fund	186,917	357,962	445,000	446,300	446,300
<b>TOTAL EXPENDITURES</b>	<b>2,190,788</b>	<b>2,310,846</b>	<b>2,498,700</b>	<b>2,762,900</b>	<b>2,840,200</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	624,507	769,086	782,700	845,600	864,800
Enforcement Branch	652,582	429,686	692,100	777,400	801,100
Research and Information	430,900	438,937	451,400	604,000	621,500
Legal Affairs	482,800	673,137	572,500	535,900	552,800
<b>TOTAL EXPENDITURES</b>	<b>2,190,788</b>	<b>2,310,846</b>	<b>2,498,700</b>	<b>2,762,900</b>	<b>2,840,200</b>

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

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

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

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

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

## **Policy**

The budget includes additional General Fund in the amount of \$245,800 in fiscal year 2025 and \$249,300 in fiscal year 2026 for additional staff. This staff will include a support specialist, a research specialist, and a compliance enforcement officer. These staff are for compliance processing, development and filing of injuries, and data entry in both the state and federal case tracking systems.

The Governor's budget includes additional General Fund in the amount of \$54,800 in fiscal year 2025 and \$54,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$108,300 in fiscal year 2025 and \$182,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Commission on Women**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation				357,500	357,500
<b>Total General Fund</b>				<b>357,500</b>	<b>357,500</b>
<b>Restricted Funds</b>					
Balance Forward	44	44			
<b>Total Restricted Funds</b>	<b>44</b>	<b>44</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>44</b>	<b>44</b>		<b>357,500</b>	<b>357,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs				327,400	338,400
Operating Expenses				30,100	19,100
<b>TOTAL EXPENDITURES</b>				<b>357,500</b>	<b>357,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				357,500	357,500
<b>TOTAL EXPENDITURES</b>				<b>357,500</b>	<b>357,500</b>
<b>EXPENDITURES BY UNIT</b>					
Commission on Women				357,500	357,500
<b>TOTAL EXPENDITURES</b>				<b>357,500</b>	<b>357,500</b>

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

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

**Policy**

The Governor's budget includes General Fund in the amount of \$357,500 in each fiscal year to reinstate fiscal support for the Kentucky Commission on Women that was eliminated several years ago.

**General Government  
Department for Local Government**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,637,700	120,619,100	83,317,300	122,373,500	15,681,100
State Salary and Compensation Allocation			194,800		
Special Appropriation	10,000,000	250,000	2,000,000		
Current Year Appropriation	215,500				
Continuing Approp.-General Fund			25,000,000		
<b>Total General Fund</b>	<b>19,853,200</b>	<b>120,869,100</b>	<b>110,512,100</b>	<b>122,373,500</b>	<b>15,681,100</b>
<b>Restricted Funds</b>					
Balance Forward	2,605,061	3,044,599	3,593,100	3,593,100	3,578,800
Current Receipts	1,104,290	1,280,179	1,399,800	1,405,200	1,407,800
Non-Revenue Receipts				10,000,000	
Fund Transfers					
<b>Total Restricted Funds</b>	<b>3,709,350</b>	<b>4,324,778</b>	<b>4,992,900</b>	<b>14,998,300</b>	<b>4,986,600</b>
<b>Federal Fund</b>					
Balance Forward	158,572,229	1,032,777	2,910,800		
Current Receipts	216,621,765	38,927,050	179,046,200	281,963,600	182,002,700
<b>Total Federal Fund</b>	<b>375,193,994</b>	<b>39,959,827</b>	<b>181,957,000</b>	<b>281,963,600</b>	<b>182,002,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>398,756,544</b>	<b>165,153,705</b>	<b>297,462,000</b>	<b>419,335,400</b>	<b>202,670,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,088,755	6,850,183	8,217,700	8,170,700	8,385,800
Operating Expenses	1,749,907	2,039,288	2,049,200	2,086,300	2,086,400
Grants Loans Benefits	385,789,096	123,425,489	283,602,000	405,094,600	187,824,600
<b>Debt Service</b>	<b>218,000</b>	<b>217,500</b>		<b>405,000</b>	<b>809,000</b>
<b>TOTAL EXPENDITURES</b>	<b>393,845,758</b>	<b>132,532,460</b>	<b>293,868,900</b>	<b>415,756,600</b>	<b>199,105,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	19,019,790	94,751,776	110,512,100	122,373,500	15,681,100
Restricted Funds	664,752	731,645	1,399,800	11,419,500	1,422,000
Federal Fund	374,161,217	37,049,039	181,957,000	281,963,600	182,002,700
<b>TOTAL EXPENDITURES</b>	<b>393,845,758</b>	<b>132,532,460</b>	<b>293,868,900</b>	<b>415,756,600</b>	<b>199,105,800</b>
<b>EXPENDITURES BY UNIT</b>					
Operations	16,439,827	89,776,430	103,743,800	27,300,900	10,613,600
Grants	377,405,931	42,756,030	190,125,100	388,455,700	188,492,200
<b>TOTAL EXPENDITURES</b>	<b>393,845,758</b>	<b>132,532,460</b>	<b>293,868,900</b>	<b>415,756,600</b>	<b>199,105,800</b>

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. As the liaison between the Governor and local units of government, DLG coordinates and resolves local government issues and concerns, fulfills statutory obligations of the State Local Finance Officer and the State Local Debt Officer, and administers federal and state grants-in-aid and serves as the cognizant state agency for Kentucky's 15 Area Development Districts (ADD's).

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 420 cities, 1,500 special districts and the 15 Area Development Districts.

The Office of Federal Grants administers the Community Development Block Grant 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 eClearinghouse 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 closeout.

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 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. The office administers the Regional Development Agency Assistance Program, Flood Control Local Match Participation program, Area Development Funds, and the Joint Funding Administration.

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.

## **Policy**

The Governor's budget includes General Fund in the amount of \$100,000,000 in fiscal year 2025 for the Government Resources Accelerating Needed Transformation (GRANT) program that was created in the 2023 legislative session. The program will enable priority communities established by the Interagency Working Group to seek nonfederal matching funds for federal grant applications.

The Governor's budget includes \$10,000,000 for a Volunteer Fire Department Grant Program.

The Governor's budget includes General Fund appropriation for Community Development Projects as a one-time allocation in fiscal year 2025, and notwithstanding KRS 45.229, these funds shall not lapse and shall carryforward:

- (a) \$5,000,000 for the Green River Regional Detention Center;
- (b) \$475,000 for Kentucky Center for Grieving Children with Families;
- (c) \$45,000 for the Powell County jail for a skilled trades/storage building;
- (d) \$1,250,000 for the Grand Lyric Theater - Louisville; and
- (e) \$500,000 for start-up costs for an additional Life Learning Center.

The Governor's budget in each fiscal year includes General Fund resources in the base budget 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

The Governor's budget includes additional funding in the amount of \$136,100 in fiscal year 2025 and \$134,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$109,700 and \$108,600, respectively.

The Governor's budget includes additional funding in the amount of \$318,200 in fiscal year 2025 and \$537,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$256,500 and \$433,200, respectively.

The Governor's budget includes additional Federal Funds appropriation in the amount of \$100,000,000 in fiscal year 2025 for administering funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant Disaster Recovery (CDBG-DR) to rebuild areas affected by disasters; and administering construction grants as an Appalachian Regional Commission Registered State Basic Agency (ARC RSBA) by utilizing the federal platform of the CDBG program.

The Governor's budget includes General Fund debt service in the amount of \$405,000 in fiscal year 2025 and \$809,000 in fiscal year 2026 for new bonds included in the capital budget.



**General Government  
Local Government Economic Assistance Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	21,960,400	34,857,300	35,214,200	42,972,200	37,614,700
Continuing Approp-General Fund					
Other	7,130,543	12,296,710	3,715,600		
<b>Total General Fund</b>	<b>29,090,943</b>	<b>47,154,010</b>	<b>38,929,800</b>	<b>42,972,200</b>	<b>37,614,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>29,090,943</b>	<b>47,154,010</b>	<b>38,929,800</b>	<b>42,972,200</b>	<b>37,614,700</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	29,090,943	47,154,010	38,929,800	42,972,200	37,614,700
<b>TOTAL EXPENDITURES</b>	<b>29,090,943</b>	<b>47,154,010</b>	<b>38,929,800</b>	<b>42,972,200</b>	<b>37,614,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	29,090,943	47,154,010	38,929,800	42,972,200	37,614,700
<b>TOTAL EXPENDITURES</b>	<b>29,090,943</b>	<b>47,154,010</b>	<b>38,929,800</b>	<b>42,972,200</b>	<b>37,614,700</b>
<b>EXPENDITURES BY UNIT</b>					
County Coal Severance	10,140,715	20,083,221	17,626,100	21,635,500	16,079,300
Cities Coal Severance	1,126,746	2,231,371	1,958,400	2,403,900	1,786,600
County Mineral Severance	16,074,408	22,389,177	17,410,900	17,039,500	17,773,900
Cities Mineral Severance	1,749,074	2,450,242	1,934,400	1,893,300	1,974,900
<b>TOTAL EXPENDITURES</b>	<b>29,090,943</b>	<b>47,154,010</b>	<b>38,929,800</b>	<b>42,972,200</b>	<b>37,614,700</b>

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 Governor’s budget returns all of the coal severance tax revenues back to coal-producing counties. Previously, amounts related to the debt service of past bond issues have been deducted before returning the remaining portion to coal-producing counties. Thirty percent of these revenues are directed to the Local Government Economic Assistance Fund. This action adds \$5,744,000 in fiscal year 2025 and \$5,630,800 in fiscal year 2026 to the amounts returned to coal-producing counties from the Local Government Economic Assistance Fund. The budget suspends KRS 42.470(1)(a) 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.

**General Government  
Local Government Economic Development Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	18,511,800	37,467,000	39,816,600	56,092,000	41,687,200
Other	7,778,942	14,600,380	5,880,600		
<b>Total General Fund</b>	<b>26,290,742</b>	<b>52,067,380</b>	<b>45,697,200</b>	<b>56,092,000</b>	<b>41,687,200</b>
<b>Restricted Funds</b>					
Non-Revenue Receipts	125,000	125,000	125,000		
<b>Total Restricted Funds</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>26,415,742</b>	<b>52,192,380</b>	<b>45,822,200</b>	<b>56,092,000</b>	<b>41,687,200</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	26,415,742	52,192,380	45,822,200	56,092,000	41,687,200
<b>TOTAL EXPENDITURES</b>	<b>26,415,742</b>	<b>52,192,380</b>	<b>45,822,200</b>	<b>56,092,000</b>	<b>41,687,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	26,290,742	52,067,380	45,697,200	56,092,000	41,687,200
<b>TOTAL EXPENDITURES</b>	<b>26,290,742</b>	<b>52,067,380</b>	<b>45,697,200</b>	<b>56,092,000</b>	<b>41,687,200</b>
<b>EXPENDITURES BY UNIT</b>					
Economic Development Fund	26,415,742	52,192,380	45,822,200	56,092,000	41,687,200
<b>TOTAL EXPENDITURES</b>	<b>26,415,742</b>	<b>52,192,380</b>	<b>45,822,200</b>	<b>56,092,000</b>	<b>41,687,200</b>

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 \$56,092,000 in General Fund in fiscal year 2025 and \$41,687,200 in fiscal year 2026 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 Governor's budget returns all of the coal severance tax revenues back to coal-producing counties. Previously, amounts related to the debt service of past bond issues have been deducted before returning the remaining portion to coal-producing counties. This action adds \$13,402,700 in fiscal year 2025 and \$13,138,500 in fiscal year 2026 to the amounts returned to coal-producing counties from the Local Government Economic Development Fund. The Fund includes 70 percent of the severance and processing taxes on coal collected annually.

**Severance Tax Dedicated Programs 2024-2026 Biennium**  
Using Consensus Forecast Estimate

	FY 2024 Revised	FY 2025 Recommended	FY 2026 Recommended
<b>Coal Severance Tax Resources</b>			
<b>Coal Severance Tax</b>	<b>85,600,900</b>	<b>80,131,400</b>	<b>59,553,100</b>
Less: DLG LGEDF Admin cost	(669,700)		
Less: Debt Service (Past Bond Appropriations)	(19,649,500)		
<b>Total coal severance tax resources to be distributed</b>	<b>65,281,700</b>	<b>80,131,400</b>	<b>59,553,100</b>
<b>Local Government Economic Assistance Fund (LGEAF) Total Funds</b>			
Coal Severance Tax Revenue	19,584,500	24,039,400	17,865,900
Other Mineral Severance Tax Revenue	19,345,300	18,932,800	19,748,800
<b>Total LGEAF</b>	<b>38,929,800</b>	<b>42,972,200</b>	<b>37,614,700</b>
<b>Local Government Economic Development Fund (LGEDF)</b>			
Coal Severance Tax Revenue	45,692,300	56,092,000	41,687,200
<b>Total LGEDF</b>	<b>45,692,300</b>	<b>56,092,000</b>	<b>41,687,200</b>

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Current Receipts	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Non-Revenue Receipts					
<b>Total Restricted Funds</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,000,000	6,000,000			
Grants Loans Benefits			6,000,000	6,000,000	6,000,000
<b>TOTAL EXPENDITURES</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
<b>TOTAL EXPENDITURES</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
<b>EXPENDITURES BY UNIT</b>					
Regional Development Agency Assistance Fund	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
<b>TOTAL EXPENDITURES</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>

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

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

The funds will be distributed to Industrial Development Authorities (IDAs) established under KRS 154.50-301 to 154.50-346. Pursuant to KRS 96.895(5) \$6,000,000 of the Tennessee Valley Authority payment shall be transferred from the General Fund to the Regional Development Assistance Fund to be allocated among the eligible counties.

Pursuant to KRS 96.905(2), funds obtained under RDAAP shall be used for: Economic development and job creation activities; 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 through the RDAAF shall be made by the legislative bodies of one or more counties entitled to receive money from the fund; 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	563,000	618,900	624,600	671,300	702,300
State Salary and Compensation Allocation			39,200		
Current Year Appropriation	36,100				
<b>Total General Fund</b>	<b>599,100</b>	<b>618,900</b>	<b>663,800</b>	<b>671,300</b>	<b>702,300</b>
<b>Restricted Funds</b>					
Balance Forward	133,235	103,456	106,900	86,600	67,900
Current Receipts	350,450	378,683	400,200	400,200	400,200
<b>Total Restricted Funds</b>	<b>483,685</b>	<b>482,139</b>	<b>507,100</b>	<b>486,800</b>	<b>468,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,082,785</b>	<b>1,101,039</b>	<b>1,170,900</b>	<b>1,158,100</b>	<b>1,170,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	881,644	895,015	954,500	971,600	1,002,700
Operating Expenses	97,685	99,138	129,800	118,600	118,600
<b>TOTAL EXPENDITURES</b>	<b>979,329</b>	<b>994,153</b>	<b>1,084,300</b>	<b>1,090,200</b>	<b>1,121,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	599,100	618,900	663,800	671,300	702,300
Restricted Funds	380,229	375,253	420,500	418,900	419,000
<b>TOTAL EXPENDITURES</b>	<b>979,329</b>	<b>994,153</b>	<b>1,084,300</b>	<b>1,090,200</b>	<b>1,121,300</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Branch Ethics Commission	979,329	994,153	1,084,300	1,090,200	1,121,300
<b>TOTAL EXPENDITURES</b>	<b>979,329</b>	<b>994,153</b>	<b>1,084,300</b>	<b>1,090,200</b>	<b>1,121,300</b>

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

**Policy**

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

The Governor's budget includes additional General Fund in the amount of \$16,400 in fiscal year 2025 and \$16,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$48,300 in fiscal year 2025 and \$81,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Secretary of State**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	7,409,766	6,679,102	8,080,700	6,852,100	5,491,800
Current Receipts	6,025,961	6,617,276	5,347,600	5,259,000	5,370,700
Fund Transfers	(2,000,000)				
<b>Total Restricted Funds</b>	<b>11,435,727</b>	<b>13,296,378</b>	<b>13,428,300</b>	<b>12,111,100</b>	<b>10,862,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,435,727</b>	<b>13,296,378</b>	<b>13,428,300</b>	<b>12,111,100</b>	<b>10,862,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,647,408	3,884,814	5,036,000	5,165,000	5,370,800
Operating Expenses	1,070,363	1,302,755	1,305,200	1,444,300	1,384,400
Grants Loans Benefits					
Capital Outlay	26,548	16,829	235,000	10,000	
Construction	12,305	11,318			
<b>TOTAL EXPENDITURES</b>	<b>4,756,624</b>	<b>5,215,716</b>	<b>6,576,200</b>	<b>6,619,300</b>	<b>6,755,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	4,756,624	5,215,716	6,576,200	6,619,300	6,755,200
<b>TOTAL EXPENDITURES</b>	<b>4,756,624</b>	<b>5,215,716</b>	<b>6,576,200</b>	<b>6,619,300</b>	<b>6,755,200</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration	50,551	108,091	356,400	282,300	365,200
General Operations	4,706,073	5,107,626	6,219,800	6,337,000	6,390,000
<b>TOTAL EXPENDITURES</b>	<b>4,756,624</b>	<b>5,215,716</b>	<b>6,576,200</b>	<b>6,619,300</b>	<b>6,755,200</b>

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 \$69,200 in fiscal year 2025 and \$68,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$199,500 in fiscal year 2025 and \$336,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**General Government  
Board of Elections**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,326,600	6,971,000	6,361,000	6,546,600	6,587,400
State Salary and Compensation Allocation			42,400		
Current Year Appropriation	135,200				
Mandated Allotments	51,600	80,772			
<b>Total General Fund</b>	<b>3,513,400</b>	<b>7,051,772</b>	<b>6,403,400</b>	<b>6,546,600</b>	<b>6,587,400</b>
<b>Restricted Funds</b>					
Balance Forward	619,883	459,406	479,900	456,700	443,500
Current Receipts	137,150	87,019	125,000	135,000	130,000
<b>Total Restricted Funds</b>	<b>757,033</b>	<b>546,425</b>	<b>604,900</b>	<b>591,700</b>	<b>573,500</b>
<b>Federal Fund</b>					
Balance Forward	15,477,453	12,445,290	10,428,000	8,749,200	7,070,400
Current Receipts	322,485	1,234,288	151,000	151,000	151,000
Non-Revenue Receipts					
<b>Total Federal Fund</b>	<b>15,799,938</b>	<b>13,679,578</b>	<b>10,579,000</b>	<b>8,900,200</b>	<b>7,221,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,070,372</b>	<b>21,277,775</b>	<b>17,587,300</b>	<b>16,038,500</b>	<b>14,382,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,861,255	2,350,431	2,614,600	2,713,500	2,759,800
Operating Expenses	952,913	1,343,362	1,676,000	1,720,300	1,714,800
Grants Loans Benefits	4,350,574	6,658,467	4,090,800	4,090,800	4,090,800
<b>TOTAL EXPENDITURES</b>	<b>7,164,742</b>	<b>10,352,259</b>	<b>8,381,400</b>	<b>8,524,600</b>	<b>8,565,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,512,466	7,034,086	6,403,400	6,546,600	6,587,400
Restricted Funds	297,627	66,592	148,200	148,200	148,200
Federal Fund	3,354,648	3,251,581	1,829,800	1,829,800	1,829,800
<b>TOTAL EXPENDITURES</b>	<b>7,164,742</b>	<b>10,352,259</b>	<b>8,381,400</b>	<b>8,524,600</b>	<b>8,565,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,775,327	2,136,314	2,190,600	2,333,800	2,374,600
State Share of County Election Expenses	50,745	1,947,052	1,883,000	1,883,000	1,883,000
State Share of Voter Registration Expenses	1,736,121	1,717,800	1,717,800	1,717,800	1,717,800
Election Fund	3,602,548	4,551,093	2,590,000	2,590,000	2,590,000
<b>TOTAL EXPENDITURES</b>	<b>7,164,742</b>	<b>10,352,259</b>	<b>8,381,400</b>	<b>8,524,600</b>	<b>8,565,400</b>

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

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

## **General Administration and Support**

The General Administration and Support program objectives are to maintain 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.

## **State Share of County Election Expenses**

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

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

## **State Share of Voter Registration Expenses**

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

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

## **Election Fund**

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

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

## **Policy**

The Governor's Budget includes additional General Fund for the following election needs:

- Presidential Electors - \$5,600 in fiscal year 2025.
- Election Law Books - \$30,000 in fiscal year 2025 and 2026.
- Training Development Specialist - \$106,700 in fiscal year 2025 and \$111,200 in fiscal year 2026.

The Governor's Budget includes additional General Fund in the amount of \$19,300 in fiscal year 2025 and \$19,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's Budget includes additional General Fund in the amount of \$61,000 in fiscal year 2025 and \$103,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Registry of Election Finance**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,543,300	1,703,200	1,713,600	1,771,400	1,821,000
State Salary and Compensation Allocation			60,100		
Current Year Appropriation	62,400				
<b>Total General Fund</b>	<b>1,605,700</b>	<b>1,703,200</b>	<b>1,773,700</b>	<b>1,771,400</b>	<b>1,821,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,605,700</b>	<b>1,703,200</b>	<b>1,773,700</b>	<b>1,771,400</b>	<b>1,821,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,504,316	1,428,499	1,658,700	1,658,700	1,708,100
Operating Expenses	101,384	181,234	115,000	112,700	112,700
<b>TOTAL EXPENDITURES</b>	<b>1,605,700</b>	<b>1,609,733</b>	<b>1,773,700</b>	<b>1,771,400</b>	<b>1,820,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,605,700	1,609,733	1,773,700	1,771,400	1,820,800
<b>TOTAL EXPENDITURES</b>	<b>1,605,700</b>	<b>1,609,733</b>	<b>1,773,700</b>	<b>1,771,400</b>	<b>1,820,800</b>
<b>EXPENDITURES BY UNIT</b>					
Registry of Election Finance	1,605,700	1,609,733	1,773,700	1,771,400	1,820,800
<b>TOTAL EXPENDITURES</b>	<b>1,605,700</b>	<b>1,609,733</b>	<b>1,773,700</b>	<b>1,771,400</b>	<b>1,820,800</b>

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

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

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

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

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

**Policy**

The Governor's Budget includes additional General Fund in the amount of \$31,000 in fiscal year 2025 and \$30,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's Budget includes additional General Fund in the amount of \$71,900 in fiscal year 2025 and \$121,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Attorney General**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	12,860,100	18,660,800	18,727,200	20,673,900	34,857,900
Special Appropriation	1,500,000				
State Salary and Compensation Allocation			626,200		
Current Year Appropriation	438,500				
Mandated Allotments	476,300	208,400			
<b>Total General Fund</b>	<b>15,274,900</b>	<b>18,869,200</b>	<b>19,353,400</b>	<b>20,673,900</b>	<b>34,857,900</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	150,000	150,000	150,000	150,000	150,000
<b>Total Tobacco Fund</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Restricted Funds</b>					
Balance Forward	7,928,079	3,278,528	44,333,200	38,642,600	14,230,700
Current Receipts	4,071,806	58,186,886	47,801,800	25,199,900	39,213,800
Non-Revenue Receipts	8,121,574	9,417,902	10,603,500	10,498,900	10,522,600
<b>Total Restricted Funds</b>	<b>20,121,459</b>	<b>70,883,316</b>	<b>102,738,500</b>	<b>74,341,400</b>	<b>63,967,100</b>
<b>Federal Fund</b>					
Balance Forward	(719,982)	(249,662)	(401,300)		
Current Receipts	7,203,745	6,501,447	8,190,200	7,891,800	55,484,900
Non-Revenue Receipts	20	(20)			
<b>Total Federal Fund</b>	<b>6,483,783</b>	<b>6,251,766</b>	<b>7,788,900</b>	<b>7,891,800</b>	<b>55,484,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>42,030,142</b>	<b>96,154,282</b>	<b>130,030,800</b>	<b>103,057,100</b>	<b>154,459,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	28,451,304	31,127,041	36,762,300	38,141,800	54,674,600
Operating Expenses	3,213,687	3,453,742	3,990,900	4,242,300	11,762,000
Grants Loans Benefits	7,328,346	17,580,597	50,389,400	50,602,100	86,677,900
Capital Outlay	7,938	61,013	245,600		8,400
<b>TOTAL EXPENDITURES</b>	<b>39,001,276</b>	<b>52,222,393</b>	<b>91,388,200</b>	<b>92,986,200</b>	<b>153,122,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,274,900	18,869,200	19,353,400	20,673,900	34,857,900
Tobacco Fund	150,000	150,000	150,000	150,000	150,000
Restricted Funds	16,842,931	26,550,133	64,095,900	64,270,500	62,630,100
Federal Fund	6,733,445	6,653,060	7,788,900	7,891,800	55,484,900
<b>TOTAL EXPENDITURES</b>	<b>39,001,276</b>	<b>52,222,393</b>	<b>91,388,200</b>	<b>92,986,200</b>	<b>153,122,900</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	2,748,569	2,538,878	3,529,700	3,526,900	3,624,300
Criminal Services	13,155,860	13,609,228	15,166,100	16,330,100	16,788,600
Uninsured Employers Fund	5,922,670	6,318,753	7,074,500	7,092,900	7,118,500
Solicitor General	4,316,200	4,477,800	4,775,400	4,801,800	4,915,600
Civil Division	9,152,997	10,276,781	13,410,800	11,989,000	12,270,800

Opioid Abatement Advisory Commission		10,500,000	42,250,800	43,923,500	23,981,000
Administrative Hearings	3,704,980	4,500,952	5,180,900	5,322,000	5,491,700
Child Support					78,932,400
<b>TOTAL EXPENDITURES</b>	<b>39,001,276</b>	<b>52,222,393</b>	<b>91,388,200</b>	<b>92,986,200</b>	<b>153,122,900</b>

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

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

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.

**Policy**

The General Assembly passed Senate Bill 48 in the 2023 legislative session and authorized the reorganization of functions from the Cabinet for Health and Family Services to the Office of Attorney General. The budget for those functions have been relocated accordingly.

Effective July 1, 2024, the Division of Administrative Hearings for the Cabinet for Health and Family Services will be moved to the Office of the Attorney General. The Governor's budget includes \$5,322,000 in fiscal year 2025 and \$5,491,700 in fiscal year 2026 for the reorganized Division of Administrative Hearings from the Cabinet for Health and Family Services.

Effective July 1, 2025, the Child Support Enforcement program will be carried out by the Office of the Attorney General. The Governor's budget includes \$78,932,400 in fiscal year 2025-2026, and Restricted Funds in the amount of \$884,000 and Federal Funds in the amount of \$1,716,000 in fiscal year 2026 to support increased operational costs for Child Support Enforcement operations supported by state TANF collections. The Child Support Enforcement program under Title IV-D of the Social Security Act (PL 93-647) is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program.

The Governor's budget includes additional General Fund appropriation of \$1,011,700 in each fiscal year to replace declining Restricted Funds used as match for the federal grants in the Medicaid Fraud Control Unit.

The Governor's budget includes additional Restricted Fund of \$25,400 in each year for the training incentive stipend for Attorney General investigators. The stipend will increase \$500 for a total stipend of \$4,800 for each investigator. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor's budget includes additional General Fund of \$33,900 in fiscal year 2025 and \$35,300 in fiscal year 2026 to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan.

The Governor's budget includes additional funding in the amount of \$523,100 in fiscal year 2025 and \$518,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$355,700 and \$352,500, respectively.

The Governor's budget includes additional funding in the amount of \$1,401,500 in fiscal year 2025 and \$2,368,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$953,000 and \$1,610,500, respectively. Also, with the transfer of the Child Support Enforcement program starting in fiscal year 2026, \$990,000 is included for the 4% salary increment in that year.

The Governor's budget includes additional funding in the amount of \$254,000 in fiscal year 2025 and \$429,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year for the Division of Administrative Hearings.

The Governor's budget includes additional funding in the amount of \$210,400 in fiscal year 2025 and \$208,200 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years for the Division of Administrative Hearings.

The Governor's budget includes additional funding in the amount of \$287,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years for Child Support Enforcement.

**General Government  
Commonwealth's Attorneys**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	60,494,200	69,532,100	69,940,100	76,069,800	78,626,200
State Salary and Compensation Allocation			2,608,100		
Current Year Appropriation	2,541,100				
<b>Total General Fund</b>	<b>63,035,300</b>	<b>69,532,100</b>	<b>72,548,200</b>	<b>76,069,800</b>	<b>78,626,200</b>
<b>Restricted Funds</b>					
Balance Forward	4,003,396	4,245,257	4,702,800	3,493,800	2,777,700
Current Receipts	4,585,645	4,508,647	5,107,900	5,380,000	5,038,600
Non-Revenue Receipts	58,540	56,101	44,200	51,600	51,600
<b>Total Restricted Funds</b>	<b>8,647,580</b>	<b>8,810,005</b>	<b>9,854,900</b>	<b>8,925,400</b>	<b>7,867,900</b>
<b>Federal Fund</b>					
Balance Forward	(311,525)	(226,395)	(219,400)		
Current Receipts	892,363	703,404	893,200	655,900	655,900
<b>Total Federal Fund</b>	<b>580,838</b>	<b>477,009</b>	<b>673,800</b>	<b>655,900</b>	<b>655,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>72,263,718</b>	<b>78,819,114</b>	<b>83,076,900</b>	<b>85,651,100</b>	<b>87,150,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	62,269,983	66,007,300	71,561,700	75,080,700	77,586,400
Operating Expenses	5,906,890	8,233,077	8,010,900	7,792,700	7,843,400
Grants Loans Benefits		972	10,500		
Capital Outlay	67,984	94,345			
<b>TOTAL EXPENDITURES</b>	<b>68,244,856</b>	<b>74,335,694</b>	<b>79,583,100</b>	<b>82,873,400</b>	<b>85,429,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	63,035,300	69,532,100	72,548,200	76,069,800	78,626,200
Restricted Funds	4,402,324	4,107,202	6,361,100	6,147,700	6,147,700
Federal Fund	807,233	696,392	673,800	655,900	655,900
<b>TOTAL EXPENDITURES</b>	<b>68,244,856</b>	<b>74,335,694</b>	<b>79,583,100</b>	<b>82,873,400</b>	<b>85,429,800</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth's Attorneys	68,244,856	74,335,694	79,583,100	82,873,400	85,429,800
<b>TOTAL EXPENDITURES</b>	<b>68,244,856</b>	<b>74,335,694</b>	<b>79,583,100</b>	<b>82,873,400</b>	<b>85,429,800</b>

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 General Fund of \$4,775,600 in fiscal year 2025 and \$5,049,600 in fiscal year 2026 for Marsy's Law victims' advocates in each Commonwealth's Attorney office.

The Governor's budget includes additional General Fund in the amount of \$3,391,900 in fiscal year 2025 and \$5,726,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

The Governor's budget includes additional Restricted Fund of \$7.400 in each year for the training incentive stipend for Commonwealth Attorney detectives. The stipend will increase \$500 for a total stipend of \$4,800 for each investigator. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.



**General Government  
County Attorneys**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	56,153,400	64,528,600	65,134,300	73,377,700	75,932,300
State Salary and Compensation Allocation			2,301,300		
Current Year Appropriation	2,442,300				
<b>Total General Fund</b>	<b>58,595,700</b>	<b>64,528,600</b>	<b>67,435,600</b>	<b>73,377,700</b>	<b>75,932,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,023,689	1,174,525	1,338,600	1,178,800	980,100
Current Receipts	689,677	834,233	803,500	764,600	768,800
<b>Total Restricted Funds</b>	<b>1,713,365</b>	<b>2,008,758</b>	<b>2,142,100</b>	<b>1,943,400</b>	<b>1,748,900</b>
<b>Federal Fund</b>					
Balance Forward	(86,265)	6,424	118,200		
Current Receipts	1,137,818	799,384	535,300	653,900	653,900
<b>Total Federal Fund</b>	<b>1,051,553</b>	<b>805,808</b>	<b>653,500</b>	<b>653,900</b>	<b>653,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>61,360,619</b>	<b>67,343,166</b>	<b>70,231,200</b>	<b>75,975,000</b>	<b>78,335,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	57,870,826	61,767,289	66,055,700	71,916,000	74,469,900
Operating Expenses	1,508,010	2,961,079	2,996,700	3,078,900	3,079,600
Capital Outlay		276			
<b>TOTAL EXPENDITURES</b>	<b>59,378,837</b>	<b>64,728,645</b>	<b>69,052,400</b>	<b>74,994,900</b>	<b>77,549,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	57,794,867	63,370,820	67,435,600	73,377,700	75,932,300
Restricted Funds	538,840	670,197	963,300	963,300	963,300
Federal Fund	1,045,130	687,627	653,500	653,900	653,900
<b>TOTAL EXPENDITURES</b>	<b>59,378,837</b>	<b>64,728,645</b>	<b>69,052,400</b>	<b>74,994,900</b>	<b>77,549,500</b>
<b>EXPENDITURES BY UNIT</b>					
County Attorneys	59,378,837	64,728,645	69,052,400	74,994,900	77,549,500
<b>TOTAL EXPENDITURES</b>	<b>59,378,837</b>	<b>64,728,645</b>	<b>69,052,400</b>	<b>74,994,900</b>	<b>77,549,500</b>

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 General Fund of \$7,037,700 in fiscal year 2025 and \$7,441,400 in fiscal year 2026 for Marsy's Law victims' advocates in each County Attorney office.

The Governor's budget includes additional General Fund in the amount of \$3,008,500 in fiscal year 2025 and \$5,081,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Treasury**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,664,600	3,503,700	3,520,000	3,712,200	3,679,700
State Salary and Compensation Allocation			93,700		
Current Year Appropriation	115,400				
<b>Total General Fund</b>	<b>2,780,000</b>	<b>3,503,700</b>	<b>3,613,700</b>	<b>3,712,200</b>	<b>3,679,700</b>
<b>Restricted Funds</b>					
Balance Forward	234,511	195,247	374,200	204,600	226,800
Current Receipts	25,380	21,735	22,200	22,200	22,200
Non-Revenue Receipts	1,456,500	1,525,700	1,747,700	2,123,100	2,157,500
<b>Total Restricted Funds</b>	<b>1,716,391</b>	<b>1,742,682</b>	<b>2,144,100</b>	<b>2,349,900</b>	<b>2,406,500</b>
<b>Federal Fund</b>					
Balance Forward	46,787	47,407	215,400		
Current Receipts	964,323	1,261,956	1,003,600	1,216,500	1,202,100
<b>Total Federal Fund</b>	<b>1,011,109</b>	<b>1,309,364</b>	<b>1,219,000</b>	<b>1,216,500</b>	<b>1,202,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,507,501</b>	<b>6,555,746</b>	<b>6,976,800</b>	<b>7,278,600</b>	<b>7,288,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,819,031	3,615,420	4,355,300	4,706,400	4,844,200
Operating Expenses	919,222	1,004,451	1,625,600	1,483,800	1,486,300
Grants Loans Benefits	508,169	682,508	700,800	710,500	686,800
Capital Outlay	9,744	48,946	90,500	151,100	22,000
Construction		541			
<b>TOTAL EXPENDITURES</b>	<b>5,256,166</b>	<b>5,351,866</b>	<b>6,772,200</b>	<b>7,051,800</b>	<b>7,039,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,771,321	2,871,968	3,613,700	3,712,200	3,679,700
Restricted Funds	1,521,144	1,368,497	1,939,500	2,123,100	2,157,500
Federal Fund	963,702	1,111,402	1,219,000	1,216,500	1,202,100
<b>TOTAL EXPENDITURES</b>	<b>5,256,166</b>	<b>5,351,866</b>	<b>6,772,200</b>	<b>7,051,800</b>	<b>7,039,300</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,710,744	1,818,765	2,248,100	2,333,700	2,266,400
Disbursements and Accounting	887,777	862,203	1,173,300	1,174,500	1,203,900
Abandoned Property Administration	1,521,144	1,368,497	1,939,500	2,123,100	2,157,500
Commonwealth Council on Developmental Disabilities	1,136,502	1,302,402	1,411,300	1,420,500	1,411,500
<b>TOTAL EXPENDITURES</b>	<b>5,256,166</b>	<b>5,351,866</b>	<b>6,772,200</b>	<b>7,051,800</b>	<b>7,039,300</b>

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

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

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

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

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

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

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

## **Policy**

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$2,123,100 in fiscal year 2025 and \$2,157,500 in fiscal year 2026. 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 General Fund of \$120,000 in fiscal year 2025 for the purchase of check printing equipment.

The Governor's budget includes additional funding in the amount of \$64,500 in fiscal year 2025 and \$63,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$46,300 and \$45,800, respectively.

The Governor's budget includes additional funding in the amount of \$174,100 in fiscal year 2025 and \$294,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$125,000 and \$211,200, respectively.

**General Government  
Agriculture**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	18,842,800	20,176,000	20,390,900	21,090,700	21,759,800
State Salary and Compensation Allocation			568,900		
Current Year Appropriation	637,400				
Continuing Approp-General Fund	7,677	3,790	6,000		
<b>Total General Fund</b>	<b>19,487,877</b>	<b>20,179,790</b>	<b>20,965,800</b>	<b>21,090,700</b>	<b>21,759,800</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	35,468,800	41,718,600	41,712,000	34,225,500	35,120,500
Current Year Appropriation					
Continuing Approp-Tob Settlement	33,974,007	48,261,844	113,871,400		
Other	13,283,875	4,936,174			
<b>Total Tobacco Fund</b>	<b>82,726,682</b>	<b>94,916,618</b>	<b>155,583,400</b>	<b>34,225,500</b>	<b>35,120,500</b>
<b>Restricted Funds</b>					
Balance Forward	16,093,858	18,685,014	20,002,447	17,061,347	14,330,747
Current Receipts	8,140,509	7,980,253	7,606,700	7,970,900	8,202,400
Non-Revenue Receipts	2,262,006	1,227,650	2,292,200	2,202,500	2,202,500
<b>Total Restricted Funds</b>	<b>26,496,373</b>	<b>27,892,917</b>	<b>29,901,347</b>	<b>27,234,747</b>	<b>24,735,647</b>
<b>Federal Fund</b>					
Balance Forward	921,827	(1,020,453)			
Current Receipts	9,031,708	12,208,943	12,105,300	12,105,300	12,152,600
<b>Total Federal Fund</b>	<b>9,953,535</b>	<b>11,188,490</b>	<b>12,105,300</b>	<b>12,105,300</b>	<b>12,152,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>138,664,468</b>	<b>154,177,815</b>	<b>218,555,847</b>	<b>94,656,247</b>	<b>93,768,547</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	23,715,936	23,824,396	27,623,200	27,598,400	28,356,400
Operating Expenses	5,914,862	6,639,367	8,522,400	8,588,600	8,587,300
Grants Loans Benefits	42,433,537	46,182,675	50,400,000	43,061,500	43,963,800
Capital Outlay	475,981	468,824	1,077,500	1,077,000	1,077,000
Construction	87,937	24,559			
<b>TOTAL EXPENDITURES</b>	<b>72,628,253</b>	<b>77,139,821</b>	<b>87,623,100</b>	<b>80,325,500</b>	<b>81,984,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	19,484,086	20,173,755	20,965,800	21,090,700	21,759,800
Tobacco Fund	34,358,819	37,779,946	41,712,000	34,225,500	35,120,500
Restricted Funds	7,811,359	7,890,516	12,840,000	12,904,000	13,058,000
Federal Fund	10,973,988	11,295,604	12,105,300	12,105,300	12,046,200
<b>TOTAL EXPENDITURES</b>	<b>72,628,253</b>	<b>77,139,821</b>	<b>87,623,100</b>	<b>80,325,500</b>	<b>81,984,500</b>
<b>EXPENDITURES BY UNIT</b>					
Strategic Planning and Administration	6,395,334	6,818,972	7,946,700	7,848,000	7,981,400
Motor Fuel Inspection and Testing	94,915	96,357	176,200	241,100	249,800
Consumer and Environmental Programs	18,323,169	18,952,090	21,999,400	22,053,200	22,228,900
State Veterinarian	4,486,970	4,435,579	5,966,300	5,959,400	6,064,600

Animal Control	100,656	87,855	84,000	78,000	78,000
Agriculture Development - Statewide MSA Admin	14,773,823	20,492,507	26,234,000	21,631,600	22,187,800
Agriculture Development - Counties MSA	19,092,956	16,205,661	14,478,000	11,593,900	11,907,200
Farmland Preservation	89,739	21,297	251,700	251,700	251,700
Agriculture Marketing and Product Promotion	9,270,675	10,029,504	10,486,800	10,668,600	11,035,100
Small Winery Support Fund	15				
<b>TOTAL EXPENDITURES</b>	<b>72,628,253</b>	<b>77,139,821</b>	<b>87,623,100</b>	<b>80,325,500</b>	<b>81,984,500</b>

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

The Office of the Commissioner provides leadership and management for the Department. 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. Its primary function is the prevention and eradication of animal disease, and to ensure the health of the state's multi-billion dollar animal agriculture industries. It enforces Kentucky's statutes on animal importation and movement, and provides numerous other services to the livestock and poultry industries. The Office 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 KDA 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 KDA 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 hires an Executive Director to carry out the duties of the board, while also serving as the Executive Director of the Kentucky Agricultural Finance Corporation.

The 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 at KOAP provide staffing for the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a de jure municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The mission of the Corporation board is to strengthen Kentucky agriculture by providing access to low interest loan programs through joint partnerships with local lending institutions. KAFRC 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 \$551,900 in fiscal year 2025 and \$546,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$430,500 and \$426,000, respectively.

The Governor's Budget includes additional funding in the amount of \$1,190,700 in fiscal year 2025 and \$2,010,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$928,700 and \$1,568,400, respectively.

**General Government  
Auditor of Public Accounts**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,788,900	11,608,700	11,335,300	11,619,200	11,996,100
State Salary and Compensation Allocation			322,400		
Special Appropriation		500,000			
Current Year Appropriation	689,100				
Continuing Approp.-General Fund			500,000		
<b>Total General Fund</b>	<b>8,478,000</b>	<b>12,108,700</b>	<b>12,157,700</b>	<b>11,619,200</b>	<b>11,996,100</b>
<b>Restricted Funds</b>					
Balance Forward	1,723,301	2,418,220	3,945,000	2,011,800	1,412,100
Current Receipts	8,306,380	6,210,713	9,220,300	10,720,600	11,015,000
Non-Revenue Receipts	5,245,976	6,802,462	8,301,200	7,754,500	7,749,400
<b>Total Restricted Funds</b>	<b>15,275,657</b>	<b>15,431,395</b>	<b>21,466,500</b>	<b>20,486,900</b>	<b>20,176,500</b>
<b>Federal Funds</b>					
Current Receipts	3,139,535	4,071,038	4,968,000	5,111,600	5,281,500
<b>Total Federal Funds</b>	<b>3,139,535</b>	<b>4,071,038</b>	<b>4,968,000</b>	<b>5,111,600</b>	<b>5,281,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>26,893,193</b>	<b>31,611,133</b>	<b>38,592,200</b>	<b>37,217,700</b>	<b>37,454,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	22,972,880	25,616,297	34,915,900	34,172,000	35,164,300
Operating Expenses	1,502,092	1,541,462	1,664,500	1,633,600	1,633,700
Capital Outlay		8,367			
<b>TOTAL EXPENDITURES</b>	<b>24,474,972</b>	<b>27,166,126</b>	<b>36,580,400</b>	<b>35,805,600</b>	<b>36,798,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,478,000	11,608,700	12,157,700	11,619,200	11,996,100
Restricted Funds	12,857,437	11,486,388	19,454,700	19,074,800	19,520,400
Federal Funds	3,139,535	4,071,038	4,968,000	5,111,600	5,281,500
<b>TOTAL EXPENDITURES</b>	<b>24,474,972</b>	<b>27,166,126</b>	<b>36,580,400</b>	<b>35,805,600</b>	<b>36,798,000</b>
<b>EXPENDITURES BY UNIT</b>					
Auditor of Public Accounts	2,184,400	1,895,800	2,013,500	1,967,700	2,027,900
State & Local Government Audits	12,753,461	13,339,526	19,799,500	19,215,200	19,669,300
Special Examinations	1,151,600	1,057,300	1,498,200	965,500	984,400
Ombudsman	8,385,511	10,873,500	13,269,200	13,657,200	14,116,400
<b>TOTAL EXPENDITURES</b>	<b>24,474,972</b>	<b>27,166,126</b>	<b>36,580,400</b>	<b>35,805,600</b>	<b>36,798,000</b>

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, Technology and Financial Audits, and Special Examinations.

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.

Technology and 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.

Special Examinations is responsible for performing special examinations of state, local, and other governmental entities. Staff in Special Examinations are responsible for managing the agency's toll-free tips hotline and addressing concerns of inappropriate or inefficient use of public funds.

## **Policy**

The General Assembly passed Senate Bill 48 in the 2023 legislative session and authorized the reorganization of functions from the Cabinet for Health and Family Services to the Auditor of Public Accounts. The budget for those functions have been relocated accordingly. Effective July 1, 2024, the Office of Ombudsman will move from the Cabinet for Health and Family Services and will be administratively attached to the Auditor of Public Accounts. The Governor's budget includes \$13,657,200 in fiscal year 2025 and \$14,116,400 in fiscal year 2026 for the Office of the Ombudsman.

The Governor's budget includes additional funding in the amount of \$435,100 in fiscal year 2025 and \$430,600 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General fund portion is \$307,600 and \$304,400, respectively.

The Governor's budget includes additional funding in the amount of \$815,600 in fiscal year 2025 and \$1,378,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$576,600 and \$974,200, respectively.

The Governor's budget includes additional funding for the Office of Ombudsman in the amount of \$568,900 in fiscal year 2025 and \$563,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding for the Office of the Ombudsman in the amount of \$686,900 in fiscal year 2025 and \$1,160,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**General Government  
Personnel Board**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	235,921		53,600	60,300	
Current Receipts	630,788	947,803	947,900	1,191,900	1,266,100
<b>Total Restricted Funds</b>	<b>866,709</b>	<b>947,803</b>	<b>1,001,500</b>	<b>1,252,200</b>	<b>1,266,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>866,709</b>	<b>947,803</b>	<b>1,001,500</b>	<b>1,252,200</b>	<b>1,266,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	725,585	771,604	788,600	1,081,600	1,118,700
Operating Expenses	131,880	122,550	152,600	170,600	147,400
Capital Outlay	2,786				
Construction	6,458				
<b>TOTAL EXPENDITURES</b>	<b>866,709</b>	<b>894,154</b>	<b>941,200</b>	<b>1,252,200</b>	<b>1,266,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	866,709	894,154	941,200	1,252,200	1,266,100
<b>TOTAL EXPENDITURES</b>	<b>866,709</b>	<b>894,154</b>	<b>941,200</b>	<b>1,252,200</b>	<b>1,266,100</b>
<b>EXPENDITURES BY UNIT</b>					
Personnel Board	866,709	894,154	941,200	1,252,200	1,266,100
<b>TOTAL EXPENDITURES</b>	<b>866,709</b>	<b>894,154</b>	<b>941,200</b>	<b>1,252,200</b>	<b>1,266,100</b>

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 \$62,500 in Restricted Funds in each fiscal year for increased hourly rates for hearing officers, and \$93,800 in Restricted Funds in each fiscal year for additional hours for hearing officers.

The budget includes Restricted Funds of \$130,300 in fiscal year 2025 and \$141,200 in fiscal year 2026 to fund an attorney position.

The Governor’s budget includes additional funding in the amount of \$15,000 in fiscal year 2025 and \$14,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor’s budget includes additional funding in the amount of \$38,600 in fiscal year 2025 and \$65,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		135,000,000	135,000,000	204,500,000	104,500,000
Special Appropriation		105,000,000	105,000,000		
Current Year Appropriation	215,000,000				
Surplus Expenditure Plan					
<b>Total General Fund</b>	<b>215,000,000</b>	<b>240,000,000</b>	<b>240,000,000</b>	<b>204,500,000</b>	<b>104,500,000</b>
<b>Restricted Funds</b>					
Current Receipts	1,114	974			
Non-Revenue Receipts	40,481,445	40,984,427	50,440,800	53,054,800	54,965,700
<b>Total Restricted Funds</b>	<b>40,482,558</b>	<b>40,985,400</b>	<b>50,440,800</b>	<b>53,054,800</b>	<b>54,965,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>255,482,558</b>	<b>280,985,400</b>	<b>290,440,800</b>	<b>257,554,800</b>	<b>159,465,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	36,650,488	37,626,890	43,718,000	46,288,800	48,199,400
Operating Expenses	3,832,071	3,353,710	6,722,800	6,766,000	6,766,300
Grants Loans Benefits	215,000,000	240,004,800	240,000,000	204,500,000	104,500,000
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	<b>255,482,558</b>	<b>280,985,400</b>	<b>290,440,800</b>	<b>257,554,800</b>	<b>159,465,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	215,000,000	240,000,000	240,000,000	204,500,000	104,500,000
Restricted Funds	40,482,558	40,985,400	50,440,800	53,054,800	54,965,700
<b>TOTAL EXPENDITURES</b>	<b>255,482,558</b>	<b>280,985,400</b>	<b>290,440,800</b>	<b>257,554,800</b>	<b>159,465,700</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Public Pensions Authority	255,482,558	280,985,400	290,440,800	257,554,800	159,465,700
<b>TOTAL EXPENDITURES</b>	<b>255,482,558</b>	<b>280,985,400</b>	<b>290,440,800</b>	<b>257,554,800</b>	<b>159,465,700</b>

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. Another 9 member board of trustees called the Kentucky Retirement Systems 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 budget directs \$104.5 million each fiscal year from the General Fund to the unfunded pension liability of the Kentucky Employees Retirement System Nonhazardous pension fund. This amount will ensure that the Executive branch contributes the same amount to the unfunded liability as provided during the current biennium.

The budget includes \$100 million from the General Fund for a one-time supplemental payment to retirees from the Kentucky Employees Retirement System and the State Police Retirement System who have retired before June 1, 2023. The supplemental payment will be the equivalent of a 13th monthly payment.

The Governor's budget includes additional Restricted Funds in the amount of \$1,075,800 in fiscal year 2025 and \$1,064,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional Restricted Funds in the amount of \$1,772,900 in fiscal year 2025 and \$2,989,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation				2,147,500	2,221,500
State Salary and Compensation Allocation			38,400		
Reorganization Adjustment		1,799,700	1,799,700		
<b>Total General Fund</b>		<b>1,799,700</b>	<b>1,838,100</b>	<b>2,147,500</b>	<b>2,221,500</b>
<b>Restricted Funds</b>					
Balance Forward	33,807,278	36,312,665	40,847,944	38,976,444	37,422,144
Current Receipts	27,342,508	30,782,122	29,596,800	31,861,900	30,740,600
Non-Revenue Receipts	739	431,328			
<b>Total Restricted Funds</b>	<b>61,150,525</b>	<b>67,526,116</b>	<b>70,444,744</b>	<b>70,838,344</b>	<b>68,162,744</b>
<b>Federal Fund</b>					
Balance Forward			(12,500)		
Current Receipts		99,096	186,800	142,800	191,100
<b>Total Federal Fund</b>		<b>99,096</b>	<b>174,300</b>	<b>142,800</b>	<b>191,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>61,150,525</b>	<b>69,424,912</b>	<b>72,457,144</b>	<b>73,128,644</b>	<b>70,575,344</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	21,419,927	23,251,553	27,373,200	28,347,000	29,035,900
Operating Expenses	3,145,343	4,221,809	4,776,400	6,034,000	6,035,500
Grants Loans Benefits	269,344	384,066	1,321,100	1,321,500	1,321,500
Capital Outlay	194	15,385	10,000	4,000	4,000
Construction	3,052	2,778			
<b>TOTAL EXPENDITURES</b>	<b>24,837,859</b>	<b>27,875,589</b>	<b>33,480,700</b>	<b>35,706,500</b>	<b>36,396,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		1,191,815	1,838,100	2,147,500	2,221,500
Restricted Funds	24,837,859	26,572,204	31,468,300	33,416,200	34,030,200
Federal Fund		111,570	174,300	142,800	145,200
<b>TOTAL EXPENDITURES</b>	<b>24,837,859</b>	<b>27,875,589</b>	<b>33,480,700</b>	<b>35,706,500</b>	<b>36,396,900</b>
<b>EXPENDITURES BY UNIT</b>					
Accountancy	548,614	561,397	710,700	706,800	722,600
Certification of Alcohol and Drug	163,988	193,190	210,200	235,800	235,800
Applied Behavior Analysis	36,196	33,879	70,600	70,700	70,700
Licensing					
Architects	404,960	420,995	473,200	485,000	497,400
Certification for Professional Art Therapists	9,848	9,242	11,200	11,300	11,300
Barbering	382,946	353,554	494,600	502,700	514,200
Chiropractic Examiners	273,735	261,513	300,000	318,900	318,900
Dentistry	783,126	760,500	993,600	987,400	1,006,700
Diabetes Educators	23,690	18,984	29,300	29,300	29,300

Emergency Medical Services		1,303,385	2,982,100	3,275,800	3,306,700
Licensure & Cert. for Dietitians & Nutritionists	78,696	76,329	93,900	104,200	104,200
Embalmers and Funeral Directors	331,735	459,295	531,400	591,200	613,000
Licensure for Prof. Engineers and Land Surveyors	1,411,808	1,348,980	2,007,100	2,172,100	2,226,000
Certification of Fee-Based Pastoral Counselors	2,321	2,135	3,600	3,600	3,600
Registration for Professional Geologists	99,984	96,904	112,000	112,200	112,200
Kentucky Board of Cosmetology Specialists in Hearing Instruments	1,951,178	2,017,300	2,415,500	2,515,200	2,571,800
Interpreters for the Deaf and Hard of Hearing	67,032	44,553	78,000	78,200	78,200
Examiners & Registration of Landscape Architects	35,962	42,739	49,200	56,300	56,300
Licensure of Marriage and Family Therapists	79,056	76,520	85,700	86,700	89,200
Licensure for Massage Therapy	106,148	120,919	133,600	134,000	134,000
Medical Imaging and Radiation Therapy	112,584	150,499	150,500	180,900	180,900
Medical Licensure	358,241	347,131	491,000	524,300	535,800
Nursing	3,413,546	3,705,669	4,075,200	4,502,300	4,809,900
Licensure for Nursing Home Administrators	8,404,595	9,225,685	10,389,900	10,352,200	10,631,100
Licensure for Occupational Therapy	82,836	78,029	101,100	101,300	101,300
Ophthalmic Dispensers	192,204	206,326	211,600	228,200	228,200
Optometric Examiners	67,912	64,318	71,400	71,600	71,600
Pharmacy	219,700	247,600	344,800	294,000	300,600
Physical Therapy	2,604,200	2,894,700	2,761,700	3,534,600	3,351,300
Podiatry	593,633	564,733	718,700	727,200	744,000
Private Investigators	41,165	39,010	50,400	53,300	53,300
Licensed Professional Counselors	81,666	84,790	113,700	113,900	113,900
Prosthetics, Orthotics and Pedorthics	279,764	385,771	390,800	440,900	440,900
Examiners of Psychology	40,727	41,482	46,200	46,300	46,300
Veterinary Examiners	248,506	283,859	306,400	307,000	307,000
Respiratory Care	441,352	459,965	576,600	780,000	788,200
Social Work	253,992	274,369	287,900	306,100	314,100
Speech-Language Pathology and Audiology	422,597	424,082	384,400	433,500	444,900
<b>TOTAL EXPENDITURES</b>	187,617	195,260	222,900	231,500	231,500
	24,837,859	27,875,589	33,480,700	35,706,500	36,396,900

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	288,300	307,900	311,400	316,800	325,000
State Salary and Compensation Allocation			9,900		
Current Year Appropriation	12,200				
<b>Total General Fund</b>	<b>300,500</b>	<b>307,900</b>	<b>321,300</b>	<b>316,800</b>	<b>325,000</b>
<b>Restricted Funds</b>					
Balance Forward	9,012,916	9,552,347	11,385,900	12,963,300	3,937,900
Current Receipts	6,758,184	7,625,706	6,929,300	6,963,400	6,988,800
Non-Revenue Receipts	942				
<b>Total Restricted Funds</b>	<b>15,772,041</b>	<b>17,178,053</b>	<b>18,315,200</b>	<b>19,926,700</b>	<b>10,926,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,072,541</b>	<b>17,485,953</b>	<b>18,636,500</b>	<b>20,243,500</b>	<b>11,251,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	910,025	830,722	859,500	976,800	1,011,400
Operating Expenses	251,542	269,373	344,200	367,800	367,800
Grants Loans Benefits	285,368	293,708	280,000	300,000	300,000
Debt Service	4,038,871	4,039,059	4,100,000	4,100,000	4,100,000
Capital Outlay	1,034,387	667,140	89,500	10,561,000	830,000
<b>TOTAL EXPENDITURES</b>	<b>6,520,194</b>	<b>6,100,002</b>	<b>5,673,200</b>	<b>16,305,600</b>	<b>6,609,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	300,500	307,900	321,300	316,800	325,000
Restricted Funds	6,219,694	5,792,102	5,351,900	15,988,800	6,284,200
<b>TOTAL EXPENDITURES</b>	<b>6,520,194</b>	<b>6,100,002</b>	<b>5,673,200</b>	<b>16,305,600</b>	<b>6,609,200</b>
<b>EXPENDITURES BY UNIT</b>					
General Operations	1,160,823	1,085,904	1,251,900	1,381,100	1,414,900
Locks and Dams Construction/ Maintenance	5,058,871	4,706,199	4,100,000	14,631,000	4,900,000
Locks and Dams Operations	300,500	307,900	321,300	293,500	294,300
<b>TOTAL EXPENDITURES</b>	<b>6,520,194</b>	<b>6,100,002</b>	<b>5,673,200</b>	<b>16,305,600</b>	<b>6,609,200</b>

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

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

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

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

### **Policy**

The Governor's budget includes additional funding in the amount of \$8,700 in fiscal year 2025 and \$8,600 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$2,500 and \$2,400, respectively.

The Governor's budget includes additional funding in the amount of \$38,500 in fiscal year 2025 and \$64,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$10,900 and \$18,400, respectively.



**General Government  
School Facilities Construction Commission**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	125,835,000	125,661,200	127,169,800	374,928,500	113,885,000
State Salary and Compensation Allocation			11,700		
Special Appropriation	85,000,000	4,000,000			
Current Year Appropriation	13,300				
Continuing Approp-General Fund		1,281,436	1,281,400		
Other	4,423,192	6,509,419	810,100		
<b>Total General Fund</b>	<b>215,271,492</b>	<b>137,452,055</b>	<b>129,273,000</b>	<b>374,928,500</b>	<b>113,885,000</b>
<b>Restricted Funds</b>					
Balance Forward	9,510,282	7,511,781	10,096,000	2,885,700	2,885,700
Non-Revenue Receipts	6,277,099	2,584,177	2,289,700		
Fund Transfers	(8,275,600)				
<b>Total Restricted Funds</b>	<b>7,511,781</b>	<b>10,095,958</b>	<b>12,385,700</b>	<b>2,885,700</b>	<b>2,885,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>222,783,273</b>	<b>147,548,013</b>	<b>141,658,700</b>	<b>377,814,200</b>	<b>116,770,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	376,600	405,800	423,200	420,900	432,900
Operating Expenses	44,800	38,700	38,700	40,500	40,600
Grants Loans Benefits	88,141,756	10,509,419	11,591,500	260,000,000	
Debt Service	125,426,900	125,216,700	126,719,600	114,467,100	113,411,500
<b>TOTAL EXPENDITURES</b>	<b>213,990,056</b>	<b>136,170,619</b>	<b>138,773,000</b>	<b>374,928,500</b>	<b>113,885,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	213,990,056	136,170,619	129,273,000	374,928,500	113,885,000
Restricted Funds			9,500,000		
<b>TOTAL EXPENDITURES</b>	<b>213,990,056</b>	<b>136,170,619</b>	<b>138,773,000</b>	<b>374,928,500</b>	<b>113,885,000</b>
<b>EXPENDITURES BY UNIT</b>					
School Facilities Construction Commission	125,848,300	125,661,200	136,681,500	114,928,500	113,885,000
SFCC Construction Grants	88,141,756	10,509,419	2,091,500	260,000,000	
<b>TOTAL EXPENDITURES</b>	<b>213,990,056</b>	<b>136,170,619</b>	<b>138,773,000</b>	<b>374,928,500</b>	<b>113,885,000</b>

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

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

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

## Policy

General Fund in the amount of \$100,000,000 in fiscal year 2025 is included for grants to support the renovation or improvement of secondary Area Vocational Centers on a competitive basis. In addition, General Fund of \$10,000,000 is included in fiscal year 2025 for the Clay County Area Technology Center.

A pool of funds in the amount of \$150,000,000 from the General Fund in fiscal year 2025 is included to fill the funding gaps in school district construction projects caused by inflation. The pool will be awarded based on criteria established by the Commission.

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

The Governor's budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2024-2026 biennium in anticipation of debt service availability during the 2026-2028 biennium.

New General Fund debt service in the amount of \$2,728,300 in fiscal year 2025 and \$4,092,400 in fiscal year 2026 is included to support \$85,000,000 in regular offers of assistance to fund commitments made by the 2022-2024 General Assembly.

The Governor's budget includes additional General Fund in the amount of \$7,400 in fiscal year 2025 and \$7,300 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$15,500 in fiscal year 2025 and \$26,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Teachers' Retirement System**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	715,293,700	761,425,500	767,731,100	846,740,700	1,037,231,200
Special Appropriation		(39,325,100)	(39,325,100)		
Current Year Appropriation	479,242,300				
Surplus Expenditure Plan					
<b>Total General Fund</b>	<b>1,194,536,000</b>	<b>722,100,400</b>	<b>728,406,000</b>	<b>846,740,700</b>	<b>1,037,231,200</b>
<b>Restricted Funds</b>					
Balance Forward	965,461	425,126	184,400		
Current Receipts	128,271	99,862			
Non-Revenue Receipts	15,800,914	18,067,986	19,180,700	21,269,800	22,766,700
<b>Total Restricted Funds</b>	<b>16,894,645</b>	<b>18,592,974</b>	<b>19,365,100</b>	<b>21,269,800</b>	<b>22,766,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,211,430,645</b>	<b>740,693,374</b>	<b>747,771,100</b>	<b>868,010,500</b>	<b>1,059,997,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,199,453	14,059,755	15,194,500	16,171,200	16,867,900
Operating Expenses	3,270,066	4,202,114	4,170,600	5,098,600	5,898,800
Grants Loans Benefits	1,161,520,100	704,881,439	728,406,000	846,740,700	1,037,231,200
Debt Service	33,015,849	17,365,463			
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	<b>1,211,005,468</b>	<b>740,508,771</b>	<b>747,771,100</b>	<b>868,010,500</b>	<b>1,059,997,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,194,535,949	722,100,163	728,406,000	846,740,700	1,037,231,200
Restricted Funds	16,469,519	18,408,608	19,365,100	21,269,800	22,766,700
<b>TOTAL EXPENDITURES</b>	<b>1,211,005,468</b>	<b>740,508,771</b>	<b>747,771,100</b>	<b>868,010,500</b>	<b>1,059,997,900</b>
<b>EXPENDITURES BY UNIT</b>					
Teachers' Retirement System	1,211,005,468	740,508,771	747,771,100	868,010,500	1,059,997,900
<b>TOTAL EXPENDITURES</b>	<b>1,211,005,468</b>	<b>740,508,771</b>	<b>747,771,100</b>	<b>868,010,500</b>	<b>1,059,997,900</b>

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. 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, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member contribution rate 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, the Cabinet for Workforce Development, and university employees is budgeted within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

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

### **Policy**

The Governor's budget fully funds the teachers' pension and medical benefits. An additional \$118,334,700 from the General Fund is provided in fiscal year 2025 over the current budget and an additional \$308,825,200 in fiscal year 2026.

The Governor's budget includes additional Restricted Funds in the amount of \$887,900 in fiscal year 2025 and \$1,479,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**General Government  
Judgments**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	22,500,000				
Continuing Approp-General Fund		18,257,333	17,279,700		
<b>Total General Fund</b>	<b>22,500,000</b>	<b>18,257,333</b>	<b>17,279,700</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>22,500,000</b>	<b>18,257,333</b>	<b>17,279,700</b>		
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	4,242,667	977,674	17,279,700		
<b>TOTAL EXPENDITURES</b>	<b>4,242,667</b>	<b>977,674</b>	<b>17,279,700</b>		
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,242,667	977,674	17,279,700		
<b>TOTAL EXPENDITURES</b>	<b>4,242,667</b>	<b>977,674</b>	<b>17,279,700</b>		
<b>EXPENDITURES BY UNIT</b>					
Judgments	4,242,667	977,674	17,279,700		
<b>TOTAL EXPENDITURES</b>	<b>4,242,667</b>	<b>977,674</b>	<b>17,279,700</b>		

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

**Policy**

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

**General Government  
Appropriations Not Otherwise Classified**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	14,526,400	20,526,400	20,526,400	20,526,400	20,526,400
Mandated Allotments	6,358,000				
<b>Total General Fund</b>	<b>20,884,400</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,884,400</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,216,490	12,977,208	14,948,000	14,948,000	14,948,000
Operating Expenses	6,945,338	5,377,961	5,578,400	5,578,400	5,578,400
<b>TOTAL EXPENDITURES</b>	<b>20,161,828</b>	<b>18,355,169</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	20,161,828	18,355,169	20,526,400	20,526,400	20,526,400
<b>TOTAL EXPENDITURES</b>	<b>20,161,828</b>	<b>18,355,169</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>
<b>EXPENDITURES BY UNIT</b>					
Attorney General Expense	290,218	243,916	625,700	625,700	625,700
Board of Claims	95,381	422,970	423,000	423,000	423,000
Guardian Ad Litem	12,838,271	12,622,742	14,179,200	14,179,200	14,179,200
Prior Year Claims			166,400	166,400	166,400
Unredeemed Checks Refunded	5,405,357	1,752,400	1,752,400	1,752,400	1,752,400
Involuntary Commitments-ICF/MR	88,000	110,550	143,100	143,100	143,100
Frankfort In Lieu of Taxes	195,000	846,000	846,000	846,000	846,000
Survivor Benefits	1,129,333	2,251,895	2,251,900	2,251,900	2,251,900
Med Malpractice Liability Ins Reimb	77,732	67,768	94,000	94,000	94,000
Blanket Employee Bonds	42,535	36,928	44,700	44,700	44,700
<b>TOTAL EXPENDITURES</b>	<b>20,161,828</b>	<b>18,355,169</b>	<b>20,526,400</b>	<b>20,526,400</b>	<b>20,526,400</b>

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

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

The 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 620.100, 625.080, 403.100, and 199.502 to represent minors in neglect and abuse cases and certain child custody cases are paid the statutory rate of \$500 per case from the General Fund.

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

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 allotted from the General Fund Surplus Account (KRS 48.700) or from any available balance in either the Judgments account or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the Appropriations Act.

**General Government  
KY Communications Network Authority**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	34,222,600	38,784,000	39,634,700	40,572,900	42,637,400
State Salary and Compensation Allocation			85,200		
Current Year Appropriation	6,188,800				
<b>Total General Fund</b>	<b>40,411,400</b>	<b>38,784,000</b>	<b>39,719,900</b>	<b>40,572,900</b>	<b>42,637,400</b>
<b>Restricted Funds</b>					
Balance Forward	880,745	689,916	964,700		
Current Receipts	1,955,491	4,627,922	7,950,600	9,779,300	10,254,100
Non-Revenue Receipts	(1,955,491)	(816,617)	100,000		
<b>Total Restricted Funds</b>	<b>880,745</b>	<b>4,501,221</b>	<b>9,015,300</b>	<b>9,779,300</b>	<b>10,254,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>41,292,145</b>	<b>43,285,221</b>	<b>48,735,200</b>	<b>50,352,200</b>	<b>52,891,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,141,516	4,662,389	7,458,800	8,299,700	8,357,800
Operating Expenses	36,460,713	37,658,101	41,276,400	42,052,500	44,533,700
<b>TOTAL EXPENDITURES</b>	<b>40,602,228</b>	<b>42,320,490</b>	<b>48,735,200</b>	<b>50,352,200</b>	<b>52,891,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	40,411,400	38,784,000	39,719,900	40,572,900	42,637,400
Restricted Funds	190,828	3,536,490	9,015,300	9,779,300	10,254,100
<b>TOTAL EXPENDITURES</b>	<b>40,602,228</b>	<b>42,320,490</b>	<b>48,735,200</b>	<b>50,352,200</b>	<b>52,891,500</b>
<b>EXPENDITURES BY UNIT</b>					
KY Communications Network Authority	40,602,228	42,320,490	48,735,200	50,352,200	52,891,500
<b>TOTAL EXPENDITURES</b>	<b>40,602,228</b>	<b>42,320,490</b>	<b>48,735,200</b>	<b>50,352,200</b>	<b>52,891,500</b>

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

KCNA, in conjunction with the Board of the Kentucky Communications Network Authority, 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 has been 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**

General Fund in the amount of \$823,600 in fiscal year 2025, and \$2,830,000 in fiscal year 2026 is included to fill the gap between network-generated revenues and expenses of the Authority and to fund increased availability payments.

Additional General Fund of \$80,000 per year is included to fund the impact on the authority's operating budget associated with projects included in the Capital Projects budget.

The Governor's budget includes additional General Fund in the amount of \$97,600 in fiscal year 2025 and \$164,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

# **Economic Development**

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**Economic Development  
Economic Development**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,040,800	285,495,200	28,784,200	196,298,400	84,071,400
State Salary and Compensation Allocation			259,800		
Special Appropriation	403,708,600				
Current Year Appropriation	50,268,300				
Continuing Approp-General Fund	10,984,213	434,034,659	272,076,500		
Reorganization Adjustment	103,200	230,000	230,000		
<b>Total General Fund</b>	<b>492,105,113</b>	<b>719,759,859</b>	<b>301,350,500</b>	<b>196,298,400</b>	<b>84,071,400</b>
<b>Restricted Funds</b>					
Balance Forward	1,492,024	26,094,783	26,711,200	1,711,200	1,749,000
Current Receipts	2,188,618	3,113,940	3,167,100	3,167,100	3,167,100
Non-Revenue Receipts	25,093,262				
<b>Total Restricted Funds</b>	<b>28,773,904</b>	<b>29,208,724</b>	<b>29,878,300</b>	<b>4,878,300</b>	<b>4,916,100</b>
<b>Federal Fund</b>					
Balance Forward	(21,079)	73,770	4,700		
Current Receipts	449,682	34,741,497	296,300	301,000	301,000
<b>Total Federal Fund</b>	<b>428,603</b>	<b>34,815,267</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>521,307,620</b>	<b>783,783,849</b>	<b>331,529,800</b>	<b>201,477,700</b>	<b>89,288,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	10,841,485	12,486,667	14,669,700	15,301,700	15,632,300
Operating Expenses	2,047,419	2,119,634	2,204,700	2,305,700	2,305,800
Grants Loans Benefits	43,596,680	468,638,581	312,944,200	180,858,300	65,858,300
Debt Service	3,352,500	566,000		1,263,000	3,786,000
<b>TOTAL EXPENDITURES</b>	<b>59,838,085</b>	<b>483,810,882</b>	<b>329,818,600</b>	<b>199,728,700</b>	<b>87,582,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	56,804,130	446,502,773	301,350,500	196,298,400	84,071,400
Restricted Funds	2,679,121	2,497,515	28,167,100	3,129,300	3,210,000
Federal Fund	354,833	34,810,593	301,000	301,000	301,000
<b>TOTAL EXPENDITURES</b>	<b>59,838,085</b>	<b>483,810,882</b>	<b>329,818,600</b>	<b>199,728,700</b>	<b>87,582,400</b>
<b>EXPENDITURES BY UNIT</b>					
Economic Development	59,838,085	483,810,882	329,818,600	199,728,700	87,582,400
<b>TOTAL EXPENDITURES</b>	<b>59,838,085</b>	<b>483,810,882</b>	<b>329,818,600</b>	<b>199,728,700</b>	<b>87,582,400</b>

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

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

## **Policy**

The Governor's budget includes additional General Fund in the amount of \$50 million in each fiscal year for The Kentucky Product Development Initiative (KPDI). The KPDI program allows the cabinet to work with communities and regions to assist with infrastructure improvements to grow the inventory of sites and buildings for future economic development growth in Kentucky. The new program funded in the current budget has been successful and this new funding will allow for additional rounds of funding.

The budget includes additional General Fund in the amount of \$100 million in fiscal year 2025 to support approved mega-development projects to assist companies in locating or expanding in Kentucky. The funding is required to close out a process in which a company chooses Kentucky over other states for creating jobs that fit within the Cabinet for Economic Development strategy.

To ensure that the Commonwealth is competitive now and into the future, significant strides must be taken to attract talent to Kentucky's workforce. The Governor proposes to fund this with \$15 million. The campaign will serve two purposes: a statewide marketing campaign through the Economic Development Cabinet, to showcase the quality-of-life benefits and career opportunities of Kentucky, and to assist localities and/or regions to execute a more targeted talent attraction campaigns for the specific workforce and industry needs in their areas.

The budget includes additional General Fund in the amount of \$500,000 in each fiscal year to contract with representation in South Korea. The representation will assist with the attraction of new projects, expansion opportunities, and retention efforts for South Korean companies located in or considering Kentucky.

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

The Governor's budget includes additional funding in the amount of \$183,500 in fiscal year 2025 and \$181,600 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$138,700 and \$137,300, respectively.

The Governor's budget includes additional funding in the amount of \$516,400 in fiscal year 2025 and \$871,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$390,400 and \$658,600, respectively.

The Governor's budget includes General Fund in the amount of \$1,263,000 in fiscal year 2025 and \$3,786,000 in fiscal year 2026 for new bonds included in the capital budget.

# **Department of Education**

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**Department of Education  
Department of Education**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,066,103,100	4,460,922,700	4,527,086,500	5,510,722,200	5,469,178,600
State Salary and Compensation Allocation			3,564,400		
Special Appropriation	170,000,000	(3,500,000)	(3,500,000)		
Current Year Appropriation	2,814,600				
Continuing Approp-General Fund	44,335	25,733,010	29,560,100		
Reorganization Adjustment			(2,500,000)		
Other	(4,423,192)	(6,509,419)	(810,100)		
<b>Total General Fund</b>	<b>4,234,538,843</b>	<b>4,476,646,291</b>	<b>4,553,400,900</b>	<b>5,510,722,200</b>	<b>5,469,178,600</b>
<b>Restricted Funds</b>					
Balance Forward	15,416,090	14,283,052	56,563,800	32,395,500	17,888,500
Current Receipts	2,069,722	3,971,573	5,717,200	7,228,100	8,277,000
Non-Revenue Receipts	16,779,804	56,255,501	20,462,900	21,779,600	22,069,300
Fund Transfers	(4,000,000)				
<b>Total Restricted Funds</b>	<b>30,265,616</b>	<b>74,510,126</b>	<b>82,743,900</b>	<b>61,403,200</b>	<b>48,234,800</b>
<b>Federal Fund</b>					
Balance Forward	3,203,933	1,375,045	2,879,600		
Current Receipts	2,063,188,726	1,911,715,137	1,982,023,600	1,849,614,300	1,086,066,300
<b>Total Federal Fund</b>	<b>2,066,392,660</b>	<b>1,913,090,182</b>	<b>1,984,903,200</b>	<b>1,849,614,300</b>	<b>1,086,066,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,331,197,119</b>	<b>6,464,246,599</b>	<b>6,621,048,000</b>	<b>7,421,739,700</b>	<b>6,603,479,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	127,929,048	134,661,448	161,396,900	172,318,700	171,105,300
Operating Expenses	64,610,660	66,501,213	69,438,000	75,733,800	54,923,400
Grants Loans Benefits	6,049,327,898	6,125,015,008	6,327,817,600	7,155,798,700	6,376,617,100
Debt Service	182,000	584,000			
Capital Outlay	96,424	234,128			
<b>TOTAL EXPENDITURES</b>	<b>6,242,146,030</b>	<b>6,326,995,797</b>	<b>6,558,652,500</b>	<b>7,403,851,200</b>	<b>6,602,645,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,161,145,851	4,398,814,371	4,523,400,900	5,510,722,200	5,469,178,600
Restricted Funds	15,982,564	17,946,430	50,348,400	43,514,700	47,400,900
Federal Fund	2,065,017,615	1,910,234,996	1,984,903,200	1,849,614,300	1,086,066,300
<b>TOTAL EXPENDITURES</b>	<b>6,242,146,030</b>	<b>6,326,995,797</b>	<b>6,558,652,500</b>	<b>7,403,851,200</b>	<b>6,602,645,800</b>
<b>EXPENDITURES BY UNIT</b>					
Support Education Excellence in Kentucky (SEEK)	3,016,409,205	3,158,228,421	3,165,868,600	3,845,316,900	3,720,801,700
Operations and Support Services	604,007,065	620,516,154	562,782,600	553,826,300	555,540,200
Learning and Results Services	2,621,729,760	2,548,251,222	2,830,001,300	3,004,708,000	2,326,303,900
<b>TOTAL EXPENDITURES</b>	<b>6,242,146,030</b>	<b>6,326,995,797</b>	<b>6,558,652,500</b>	<b>7,403,851,200</b>	<b>6,602,645,800</b>

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

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,922,857,900	3,205,077,100	3,195,808,600	3,845,316,900	3,720,801,700
Special Appropriation	140,000,000				
Other					
<b>Total General Fund</b>	<b>3,062,857,900</b>	<b>3,205,077,100</b>	<b>3,195,808,600</b>	<b>3,845,316,900</b>	<b>3,720,801,700</b>
<b>Federal Fund</b>					
Balance Forward		59,959	60,000		
Current Receipts	59,959				
<b>Total Federal Fund</b>	<b>59,959</b>	<b>59,959</b>	<b>60,000</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,062,917,859</b>	<b>3,205,137,059</b>	<b>3,195,868,600</b>	<b>3,845,316,900</b>	<b>3,720,801,700</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	3,016,409,205	3,158,228,421	3,165,868,600	3,845,316,900	3,720,801,700
<b>TOTAL EXPENDITURES</b>	<b>3,016,409,205</b>	<b>3,158,228,421</b>	<b>3,165,868,600</b>	<b>3,845,316,900</b>	<b>3,720,801,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,016,409,205	3,158,228,421	3,165,808,600	3,845,316,900	3,720,801,700
Federal Fund			60,000		
<b>TOTAL EXPENDITURES</b>	<b>3,016,409,205</b>	<b>3,158,228,421</b>	<b>3,165,868,600</b>	<b>3,845,316,900</b>	<b>3,720,801,700</b>
<b>EXPENDITURES BY UNIT</b>					
Base Funding	2,035,427,805	2,017,097,560	1,889,431,700	1,967,024,000	1,881,923,100
Pupil Transportation	214,752,800	274,446,300	399,446,300	398,884,500	398,884,500
Equalized Facilities	157,094,700	221,907,210	219,140,600	262,271,400	231,997,600
Tier I Equalization	168,881,500	192,487,724	194,519,400	199,116,400	180,295,900
National Board Certification Salary Supplement	2,750,000	3,790,239	4,655,500	4,655,500	4,655,500
Vocational Education Transportation	2,416,900	7,833,100	7,833,100	7,833,100	7,833,100
Audiologist & Speech Language Pathologists		1,996,288	2,312,000	2,312,000	2,312,000
Local District Teachers' Retirement Match	435,085,500	438,670,000	448,530,000	458,220,000	467,900,000
Certified and Classified Salary Increase				545,000,000	545,000,000
<b>TOTAL EXPENDITURES</b>	<b>3,016,409,205</b>	<b>3,158,228,421</b>	<b>3,165,868,600</b>	<b>3,845,316,900</b>	<b>3,720,801,700</b>

Over the 2024-2026 biennium, the funding for the SEEK program will increase by 18 percent over the enacted fiscal year 2024 budget. The majority of the increase is directed to three areas, certified and classified salaries, pupil transportation, and the per pupil base guarantee.

The Governor's budget calls for an unprecedented 11 percent salary increase for all school personnel, and an 11 percent increase in the minimum teacher salary. An additional \$545 million is provided each year to ensure that every school district has sufficient funding for this pay increase. The funding for school districts are within the SEEK budget, but they are not allocated through the SEEK formula funding – which guarantees enough money for every school district. This is the first identified pay increase in a state budget since the 2006-08 biennial budget.

The budget includes General Fund of \$126,374,100 in fiscal year 2025 and \$114,172,500 in fiscal year 2026 to increase the base per pupil guarantee by 4 percent, from \$4,200 per student to \$4,368 per student. This reflects a 9.2 percent increase in the base per pupil over the last two budgets.



The equalization of school district local tax levies dedicated to capital improvements continues to be a growing part of the SEEK budget. An additional \$43.1 million in fiscal year 2025 and \$12.9 million in fiscal year 2026 is included in Equalized Facilities Funding.

Building upon the increase in the 2022-2024 biennium, an additional \$125 million is provided in the current fiscal year and \$124.4 million in the next two years is provided to fully fund pupil transportation. The formula for pupil transportation has not been fully funded since 2004.

The following elements comprise the SEEK budget for fiscal years 2025 and 2026:

Category		FY 2025		FY 2026
Base Funding	\$	1,967,024,000	\$	1,881,923,100
Pupil Transportation	\$	398,884,500	\$	398,884,500
Tier I Funding	\$	199,116,400	\$	180,295,900
Teachers' Retirement Contributions	\$	458,220,000	\$	467,900,000
Equalized Facilities Funding	\$	262,271,400	\$	231,997,600
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
Certified and Classified Salary Increases	\$	545,000,000	\$	545,000,000

**Department of Education  
Operations and Support Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	58,459,100	63,901,300	63,438,600	72,180,700	73,084,100
State Salary and Compensation Allocation			850,900		
Special Appropriation	30,000,000	(3,500,000)	(3,500,000)		
Current Year Appropriation	603,800				
Continuing Approp-General Fund		25,331,276	12,364,700		
Other	(4,423,192)	(6,509,419)	(810,100)		
<b>Total General Fund</b>	<b>84,639,708</b>	<b>79,223,157</b>	<b>72,344,100</b>	<b>72,180,700</b>	<b>73,084,100</b>
<b>Restricted Funds</b>					
Balance Forward	2,813,420	2,845,666	42,618,300	21,862,400	11,246,400
Current Receipts	341	106,275	1,647,000	1,796,100	1,785,000
Non-Revenue Receipts	104,154	40,529,970	2,462,900	3,555,500	3,549,800
<b>Total Restricted Funds</b>	<b>2,917,916</b>	<b>43,481,911</b>	<b>46,728,200</b>	<b>27,214,000</b>	<b>16,581,200</b>
<b>Federal Fund</b>					
Balance Forward	242,231	61,825	165,400		
Current Receipts	544,487,927	552,898,960	465,407,300	465,678,000	465,951,100
<b>Total Federal Fund</b>	<b>544,730,158</b>	<b>552,960,785</b>	<b>465,572,700</b>	<b>465,678,000</b>	<b>465,951,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>632,287,782</b>	<b>675,665,853</b>	<b>584,645,000</b>	<b>565,072,700</b>	<b>555,616,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	18,887,818	19,661,718	22,870,700	25,449,200	26,971,500
Operating Expenses	21,370,467	21,486,486	25,033,000	26,194,300	26,385,900
Grants Loans Benefits	563,566,780	578,783,950	514,878,900	502,182,800	502,182,800
Debt Service	182,000	584,000			
<b>TOTAL EXPENDITURES</b>	<b>604,007,065</b>	<b>620,516,154</b>	<b>562,782,600</b>	<b>553,826,300</b>	<b>555,540,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	59,266,481	66,858,444	72,344,100	72,180,700	73,084,100
Restricted Funds	72,250	863,738	24,865,800	15,967,600	16,505,000
Federal Fund	544,668,333	552,793,972	465,572,700	465,678,000	465,951,100
<b>TOTAL EXPENDITURES</b>	<b>604,007,065</b>	<b>620,516,154</b>	<b>562,782,600</b>	<b>553,826,300</b>	<b>555,540,200</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office/Board of Education	2,757,000	2,943,500	3,219,600	3,442,600	3,563,600
Finance & Operations	562,133,833	572,004,610	488,305,800	491,208,000	492,515,300
Legal Services	1,170,700	1,350,700	1,315,600	1,451,600	1,528,200
Education Technology	37,700,000	37,760,200	38,387,000	47,724,100	47,933,100
West Ky State Aid Funding for Emergencies (SAFE) Fund	245,532	6,457,144	11,554,600		
EKY SAFE Fund			20,000,000	10,000,000	10,000,000
<b>TOTAL EXPENDITURES</b>	<b>604,007,065</b>	<b>620,516,154</b>	<b>562,782,600</b>	<b>553,826,300</b>	<b>555,540,200</b>

The Operations and Support Services program area consists of the Office of Finance and Operations, the Office of Education Technology, the Office of Legal Services, Commissioner of Education, 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 an additional amount of \$1,419,900 in fiscal year 2025 and \$1,415,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$1,206,900 and \$1,203,500, respectively.

The Governor's budget includes an additional amount of \$1,390,700 in fiscal year 2025 and \$2,312,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,182,100 and \$1,965,500, respectively.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,662,800	2,943,500	3,088,900	3,442,600	3,563,600
State Salary and Compensation Allocation			130,700		
Current Year Appropriation	94,200				
<b>Total General Fund</b>	<b>2,757,000</b>	<b>2,943,500</b>	<b>3,219,600</b>	<b>3,442,600</b>	<b>3,563,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,757,000</b>	<b>2,943,500</b>	<b>3,219,600</b>	<b>3,442,600</b>	<b>3,563,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,598,000	2,774,500	3,035,600	3,281,000	3,402,000
Operating Expenses	159,000	169,000	184,000	161,600	161,600
<b>TOTAL EXPENDITURES</b>	<b>2,757,000</b>	<b>2,943,500</b>	<b>3,219,600</b>	<b>3,442,600</b>	<b>3,563,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,757,000	2,943,500	3,219,600	3,442,600	3,563,600
Restricted Funds					
<b>TOTAL EXPENDITURES</b>	<b>2,757,000</b>	<b>2,943,500</b>	<b>3,219,600</b>	<b>3,442,600</b>	<b>3,563,600</b>

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 Workforce Development 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	17,136,300	18,346,900	17,540,500	19,668,300	20,165,100
State Salary and Compensation Allocation			445,000		
Current Year Appropriation	298,900				
<b>Total General Fund</b>	<b>17,435,200</b>	<b>18,346,900</b>	<b>17,985,500</b>	<b>19,668,300</b>	<b>20,165,100</b>
<b>Restricted Funds</b>					
Balance Forward	2,707,818	2,740,063	2,500,100	1,862,400	1,246,400
Current Receipts	341	93,718	1,647,000	1,690,200	1,679,100
Non-Revenue Receipts	104,154	529,970	2,462,900	3,555,500	3,549,800
Fund Transfers					
<b>Total Restricted Funds</b>	<b>2,812,313</b>	<b>3,363,751</b>	<b>6,610,000</b>	<b>7,108,100</b>	<b>6,475,300</b>
<b>Federal Fund</b>					
Balance Forward	240,803	60,397	165,400		
Current Receipts	544,487,927	552,898,960	465,407,300	465,678,000	465,951,100
<b>Total Federal Fund</b>	<b>544,728,730</b>	<b>552,959,357</b>	<b>465,572,700</b>	<b>465,678,000</b>	<b>465,951,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>564,976,244</b>	<b>574,670,008</b>	<b>490,168,200</b>	<b>492,454,400</b>	<b>492,591,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	10,671,718	11,028,918	13,395,100	15,219,300	16,335,000
Operating Expenses	3,333,367	3,439,386	6,960,900	8,180,400	8,372,000
Grants Loans Benefits	547,946,748	556,952,306	467,949,800	467,808,300	467,808,300
Debt Service	182,000	584,000			
<b>TOTAL EXPENDITURES</b>	<b>562,133,833</b>	<b>572,004,610</b>	<b>488,305,800</b>	<b>491,208,000</b>	<b>492,515,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,393,249	18,346,900	17,985,500	19,668,300	20,165,100
Restricted Funds	72,250	863,738	4,747,600	5,861,700	6,399,100
Federal Fund	544,668,333	552,793,972	465,572,700	465,678,000	465,951,100
<b>TOTAL EXPENDITURES</b>	<b>562,133,833</b>	<b>572,004,610</b>	<b>488,305,800</b>	<b>491,208,000</b>	<b>492,515,300</b>
<b>EXPENDITURES BY UNIT</b>					
Finance & Operations	8,448,950	9,657,540	11,911,000	14,045,600	14,575,000
District Support	6,136,289	6,181,613	7,311,900	7,745,500	8,331,300
School & Community Nutrition	547,548,593	556,165,457	469,082,900	469,416,900	469,609,000
<b>TOTAL EXPENDITURES</b>	<b>562,133,833</b>	<b>572,004,610</b>	<b>488,305,800</b>	<b>491,208,000</b>	<b>492,515,300</b>

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.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,115,300	1,350,700	1,155,000	1,345,700	1,422,300
State Salary and Compensation Allocation			42,400		
Current Year Appropriation	55,400				
Reorganization Adjustment					
<b>Total General Fund</b>	<b>1,170,700</b>	<b>1,350,700</b>	<b>1,197,400</b>	<b>1,345,700</b>	<b>1,422,300</b>
<b>Restricted Funds</b>					
Balance Forward	105,602	105,602	118,200		
Current Receipts		12,557		105,900	105,900
Non-Revenue Receipts					
<b>Total Restricted Funds</b>	<b>105,602</b>	<b>118,159</b>	<b>118,200</b>	<b>105,900</b>	<b>105,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,276,302</b>	<b>1,468,859</b>	<b>1,315,600</b>	<b>1,451,600</b>	<b>1,528,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,150,700	1,330,700	1,284,600	1,420,600	1,497,200
Operating Expenses	20,000	20,000	31,000	31,000	31,000
Grants Loans Benefits					
<b>TOTAL EXPENDITURES</b>	<b>1,170,700</b>	<b>1,350,700</b>	<b>1,315,600</b>	<b>1,451,600</b>	<b>1,528,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,170,700	1,350,700	1,197,400	1,345,700	1,422,300
Restricted Funds			118,200	105,900	105,900
<b>TOTAL EXPENDITURES</b>	<b>1,170,700</b>	<b>1,350,700</b>	<b>1,315,600</b>	<b>1,451,600</b>	<b>1,528,200</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	37,544,700	41,260,200	41,654,200	47,724,100	47,933,100
State Salary and Compensation Allocation			232,800		
Special Appropriation		(3,500,000)	(3,500,000)		
Current Year Appropriation	155,300				
Reorganization Adjustment					
<b>Total General Fund</b>	<b>37,700,000</b>	<b>37,760,200</b>	<b>38,387,000</b>	<b>47,724,100</b>	<b>47,933,100</b>
<b>Federal Fund</b>					
Balance Forward	1,428	1,428			
<b>Total Federal Fund</b>	<b>1,428</b>	<b>1,428</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>37,701,428</b>	<b>37,761,628</b>	<b>38,387,000</b>	<b>47,724,100</b>	<b>47,933,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,467,400	4,527,600	5,155,400	5,528,300	5,737,300
Operating Expenses	17,858,100	17,858,100	17,857,100	17,821,300	17,821,300
Grants Loans Benefits	15,374,500	15,374,500	15,374,500	24,374,500	24,374,500
<b>TOTAL EXPENDITURES</b>	<b>37,700,000</b>	<b>37,760,200</b>	<b>38,387,000</b>	<b>47,724,100</b>	<b>47,933,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	37,700,000	37,760,200	38,387,000	47,724,100	47,933,100
<b>TOTAL EXPENDITURES</b>	<b>37,700,000</b>	<b>37,760,200</b>	<b>38,387,000</b>	<b>47,724,100</b>	<b>47,933,100</b>
<b>EXPENDITURES BY UNIT</b>					
Education Technology	4,297,900	4,358,100	4,984,900	5,326,700	5,535,700
KETS	16,124,500	16,124,500	16,124,500	25,124,500	25,124,500
Kentucky Educational Network	17,277,600	17,277,600	17,277,600	17,272,900	17,272,900
<b>TOTAL EXPENDITURES</b>	<b>37,700,000</b>	<b>37,760,200</b>	<b>38,387,000</b>	<b>47,724,100</b>	<b>47,933,100</b>

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

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

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



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

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

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

### **Policy**

The budget includes General Fund of \$9,000,000 in each fiscal year for the Kentucky Education Technology System to increase Offers of Assistance for technology staffing, to refresh student instructional devices, offset inflation, increase bandwidth, and address the rapid increase/replacement of computers and other technical devices. Current funding is \$16.1 million, down from \$19.5 million in 2010.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Special Appropriation	30,000,000				
Continuing Approp-General Fund		25,331,276	12,364,700		
Other	(4,423,192)	(6,509,419)	(810,100)		
<b>Total General Fund</b>	<b>25,576,808</b>	<b>18,821,857</b>	<b>11,554,600</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>25,576,808</b>	<b>18,821,857</b>	<b>11,554,600</b>		
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	245,532	6,457,144	11,554,600		
<b>TOTAL EXPENDITURES</b>	<b>245,532</b>	<b>6,457,144</b>	<b>11,554,600</b>		
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	245,532	6,457,144	11,554,600		
<b>TOTAL EXPENDITURES</b>	<b>245,532</b>	<b>6,457,144</b>	<b>11,554,600</b>		

House Bill 5 from the 2022 Regular Session appropriated General Fund moneys in the amount of \$30,000,000 to the Kentucky 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 KY SAFE Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward			40,000,000	20,000,000	10,000,000
Non-Revenue Receipts		40,000,000			
<b>Total Restricted Funds</b>		40,000,000	40,000,000	20,000,000	10,000,000
<b>TOTAL SOURCE OF FUNDS</b>		40,000,000	40,000,000	20,000,000	10,000,000
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits			20,000,000	10,000,000	10,000,000
<b>TOTAL EXPENDITURES</b>			20,000,000	10,000,000	10,000,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds			20,000,000	10,000,000	10,000,000
<b>TOTAL EXPENDITURES</b>			20,000,000	10,000,000	10,000,000

House Bill 1 from the 2022 Special Session appropriated General Fund moneys in the amount of \$40,000,000 to the Kentucky 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,084,786,100	1,191,944,300	1,267,839,300	1,593,224,600	1,675,292,800
State Salary and Compensation Allocation			2,713,500		
Special Appropriation					
Current Year Appropriation	2,210,800				
Continuing Approp-General Fund	44,335	401,734	17,195,400		
Reorganization Adjustment			(2,500,000)		
Other					
<b>Total General Fund</b>	<b>1,087,041,235</b>	<b>1,192,346,034</b>	<b>1,285,248,200</b>	<b>1,593,224,600</b>	<b>1,675,292,800</b>
<b>Restricted Funds</b>					
Balance Forward	12,602,670	11,437,386	13,945,500	10,533,100	6,642,100
Current Receipts	2,069,380	3,865,298	4,070,200	5,432,000	6,492,000
Non-Revenue Receipts	16,675,650	15,725,531	18,000,000	18,224,100	18,519,500
Fund Transfers	(4,000,000)				
<b>Total Restricted Funds</b>	<b>27,347,700</b>	<b>31,028,215</b>	<b>36,015,700</b>	<b>34,189,200</b>	<b>31,653,600</b>
<b>Federal Fund</b>					
Balance Forward	2,961,702	1,253,261	2,654,200		
Current Receipts	1,518,640,840	1,358,816,177	1,516,616,300	1,383,936,300	620,115,200
<b>Total Federal Fund</b>	<b>1,521,602,542</b>	<b>1,360,069,438</b>	<b>1,519,270,500</b>	<b>1,383,936,300</b>	<b>620,115,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,635,991,478</b>	<b>2,583,443,687</b>	<b>2,840,534,400</b>	<b>3,011,350,100</b>	<b>2,327,061,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	109,041,230	114,999,730	138,526,200	146,869,500	144,133,800
Operating Expenses	43,240,193	45,014,727	44,405,000	49,539,500	28,537,500
Grants Loans Benefits	2,469,351,913	2,388,002,637	2,647,070,100	2,808,299,000	2,153,632,600
Capital Outlay	96,424	234,128			
<b>TOTAL EXPENDITURES</b>	<b>2,621,729,760</b>	<b>2,548,251,222</b>	<b>2,830,001,300</b>	<b>3,004,708,000</b>	<b>2,326,303,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,085,470,165	1,173,727,505	1,285,248,200	1,593,224,600	1,675,292,800
Restricted Funds	15,910,314	17,082,693	25,482,600	27,547,100	30,895,900
Federal Fund	1,520,349,281	1,357,441,024	1,519,270,500	1,383,936,300	620,115,200
<b>TOTAL EXPENDITURES</b>	<b>2,621,729,760</b>	<b>2,548,251,222</b>	<b>2,830,001,300</b>	<b>3,004,708,000</b>	<b>2,326,303,900</b>
<b>EXPENDITURES BY UNIT</b>					
Continuous Improvement & Support	1,338,266,438	1,173,379,012	1,305,718,000	1,196,355,900	432,556,500
Special Education & Early Learning	303,141,951	306,341,182	328,574,100	488,062,100	488,255,100
Educator Licensure and Effectiveness	3,186,556	4,052,617	5,649,800	6,361,300	8,449,400
Assessment & Accountability	19,384,496	21,987,835	25,763,700	25,405,100	25,536,100
Teaching and Learning	81,254,627	77,836,882	114,933,300	134,858,800	129,923,400
Career & Technical Education & Student Transition	103,293,345	166,145,286	178,144,000	180,446,100	182,262,300

Local District Health and Life Insurance	753,744,119	777,716,614	850,614,600	950,892,400	1,035,233,200
State Schools	19,458,228	20,791,794	20,603,800	22,326,300	24,087,900
<b>TOTAL EXPENDITURES</b>	<u>2,621,729,760</u>	<u>2,548,251,222</u>	<u>2,830,001,300</u>	<u>3,004,708,000</u>	<u>2,326,303,900</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 an additional amount of \$3,938,200 in fiscal year 2025 and \$3,931,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$2,835,500 and \$2,830,800, respectively.

The Governor’s budget includes an additional amount of \$5,189,900 in fiscal year 2025 and \$8,252,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$3,736,700 and \$5,942,000, respectively.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	69,989,500	71,626,200	73,181,400	83,912,100	84,038,500
State Salary and Compensation Allocation			138,500		
Current Year Appropriation	97,300				
<b>Total General Fund</b>	<b>70,086,800</b>	<b>71,626,200</b>	<b>73,319,900</b>	<b>83,912,100</b>	<b>84,038,500</b>
<b>Restricted Funds</b>					
Balance Forward				100,000	100,000
Current Receipts			200,000	200,000	200,000
<b>Total Restricted Funds</b>			<b>200,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Federal Fund</b>					
Balance Forward	(353,685)	(1,686,154)	(61,900)		
Current Receipts	1,266,847,170	1,103,377,139	1,232,360,000	1,112,243,800	348,218,000
<b>Total Federal Fund</b>	<b>1,266,493,484</b>	<b>1,101,690,985</b>	<b>1,232,298,100</b>	<b>1,112,243,800</b>	<b>348,218,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,336,580,284</b>	<b>1,173,317,185</b>	<b>1,305,818,000</b>	<b>1,196,455,900</b>	<b>432,556,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	18,316,153	21,628,629	20,865,100	26,650,200	20,818,800
Operating Expenses	32,284,952	28,998,360	28,014,500	32,483,400	10,532,700
Grants Loans Benefits	1,287,640,842	1,122,736,523	1,256,838,400	1,137,222,300	401,205,000
Capital Outlay	24,491	15,500			
<b>TOTAL EXPENDITURES</b>	<b>1,338,266,438</b>	<b>1,173,379,012</b>	<b>1,305,718,000</b>	<b>1,196,355,900</b>	<b>432,556,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	70,086,800	71,626,200	73,319,900	83,912,100	84,038,500
Restricted Funds			100,000	200,000	300,000
Federal Fund	1,268,179,638	1,101,752,812	1,232,298,100	1,112,243,800	348,218,000
<b>TOTAL EXPENDITURES</b>	<b>1,338,266,438</b>	<b>1,173,379,012</b>	<b>1,305,718,000</b>	<b>1,196,355,900</b>	<b>432,556,500</b>
<b>EXPENDITURES BY UNIT</b>					
School & Program Improvement	270,833,581	269,912,011	307,041,700	307,360,800	303,509,000
Continuous Improvement & Support	989,398,829	825,842,513	912,276,100	802,208,600	42,250,700
Community Education & Service	19,679,528	17,735,488	25,011,200	25,397,500	25,407,800
Family Resource and Youth Services Centers	48,889,000	48,889,000	48,889,000	48,889,000	48,889,000
Education of State Agency Children	9,465,500	11,000,000	12,500,000	12,500,000	12,500,000
<b>TOTAL EXPENDITURES</b>	<b>1,338,266,438</b>	<b>1,173,379,012</b>	<b>1,305,718,000</b>	<b>1,196,355,900</b>	<b>432,556,500</b>

The Office of Continuous Improvement and Support includes the Division of School and Program Improvement and its District 180 Branch as well as the Division of Student Success and its Alternative Learning 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 Office of Continuous Improvement and Support also includes the Division of Innovation, Community Education & Service, Education of State Agency Children and the Family Resource & Youth Services Centers (FRYSC).

## **Policy**

The Governor's recommended budget includes additional General Fund in each fiscal year for the following areas:

- \$4,000,000 to expand Education Recovery programs in schools. The funds will support greater access to professional learning for school leaders related to systems improvement and strategic planning and additional staffing to support improvement efforts underway in schools other than those identified for Comprehensive Support and Improvement status in an effort to prevent them from falling into that category, and the recovery of lost educational attainment due to the COVID-19 pandemic.
- \$6,215,000 for a Social Emotional Learning and Mental Health program. The funds will provide statewide staff and eight regional Social Emotional Learning institutes for access to training of educators. Two new grant programs providing \$50,000 to one-third of school districts to provide wrap-around services to students impacted by violence, substance abuse, child abuse or parental incarceration. A second grant program will provide \$50,000 to one-third of school districts to provide training, resources and technical assistance to reduce exclusionary discipline (suspensions, expulsions and alternative placements).

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

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	115,275,700	119,091,700	119,099,500	291,289,600	291,350,000
State Salary and Compensation Allocation			40,000		
Current Year Appropriation	28,400				
<b>Total General Fund</b>	<b>115,304,100</b>	<b>119,091,700</b>	<b>119,139,500</b>	<b>291,289,600</b>	<b>291,350,000</b>
<b>Federal Fund</b>					
Balance Forward	73,775	20,481	34,600		
Current Receipts	187,784,557	187,263,565	209,400,000	196,772,500	196,905,100
<b>Total Federal Fund</b>	<b>187,858,332</b>	<b>187,284,046</b>	<b>209,434,600</b>	<b>196,772,500</b>	<b>196,905,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>303,162,432</b>	<b>306,375,746</b>	<b>328,574,100</b>	<b>488,062,100</b>	<b>488,255,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,058,697	3,712,047	4,317,700	4,809,800	5,008,200
Operating Expenses	1,474,267	992,922	1,090,800	1,081,700	1,100,200
Grants Loans Benefits	297,608,987	301,636,214	323,165,600	482,170,600	482,146,700
<b>TOTAL EXPENDITURES</b>	<b>303,141,951</b>	<b>306,341,182</b>	<b>328,574,100</b>	<b>488,062,100</b>	<b>488,255,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	115,304,100	119,091,700	119,139,500	291,289,600	291,350,000
Federal Fund	187,837,851	187,249,482	209,434,600	196,772,500	196,905,100
<b>TOTAL EXPENDITURES</b>	<b>303,141,951</b>	<b>306,341,182</b>	<b>328,574,100</b>	<b>488,062,100</b>	<b>488,255,100</b>
<b>EXPENDITURES BY UNIT</b>					
Special Education & Early Learning	188,529,151	187,943,782	210,176,700	197,633,200	197,817,000
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	256,496,800	256,501,200
Gifted & Talented	6,215,400	10,000,000	10,000,000	10,015,800	10,020,600
<b>TOTAL EXPENDITURES</b>	<b>303,141,951</b>	<b>306,341,182</b>	<b>328,574,100</b>	<b>488,062,100</b>	<b>488,255,100</b>

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

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

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

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

The Preschool 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 recommendation includes \$172 million of General Fund in each fiscal year for universal preschool for all four-year-olds. Combined with the \$140 million provided in the fiscal year 2022 budget for all-day kindergarten, Kentucky will have provided school districts with the resources to fully implement a Preschool to 12th grade system. The Department of Education estimates that 34,000 four-year-old children that are not enrolled in public preschool or Head Start can be served.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,857,300	2,870,200	2,482,600	2,729,600	2,820,000
State Salary and Compensation Allocation			67,200		
Current Year Appropriation	82,900				
<b>Total General Fund</b>	<b>2,940,200</b>	<b>2,870,200</b>	<b>2,549,800</b>	<b>2,729,600</b>	<b>2,820,000</b>
<b>Restricted Funds</b>					
Balance Forward	7,415,506	4,537,784	4,883,500	3,783,500	2,644,500
Current Receipts	1,368,635	1,528,179	2,000,000	2,492,700	2,984,900
Non-Revenue Receipts					
Fund Transfers	(4,000,000)				
<b>Total Restricted Funds</b>	<b>4,784,140</b>	<b>6,065,963</b>	<b>6,883,500</b>	<b>6,276,200</b>	<b>5,629,400</b>
<b>Federal Fund</b>					
Balance Forward	(25,803)	(25,803)			
Current Receipts					
<b>Total Federal Fund</b>	<b>(25,803)</b>	<b>(25,803)</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,698,537</b>	<b>8,910,361</b>	<b>9,433,300</b>	<b>9,005,800</b>	<b>8,449,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,298,451	2,912,670	2,690,700	3,452,100	2,967,200
Operating Expenses	381,370	591,577	1,602,700	1,533,000	1,519,000
Grants Loans Benefits	506,736	548,370	1,356,400	1,376,200	3,963,200
<b>TOTAL EXPENDITURES</b>	<b>3,186,556</b>	<b>4,052,617</b>	<b>5,649,800</b>	<b>6,361,300</b>	<b>8,449,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,940,200	2,870,200	2,549,800	2,729,600	2,820,000
Restricted Funds	246,356	1,182,417	3,100,000	3,631,700	5,629,400
Federal Fund					
<b>TOTAL EXPENDITURES</b>	<b>3,186,556</b>	<b>4,052,617</b>	<b>5,649,800</b>	<b>6,361,300</b>	<b>8,449,400</b>
<b>EXPENDITURES BY UNIT</b>					
Educator Licensure and Effectiveness	3,186,556	4,052,617	5,649,800	6,361,300	8,449,400
<b>TOTAL EXPENDITURES</b>	<b>3,186,556</b>	<b>4,052,617</b>	<b>5,649,800</b>	<b>6,361,300</b>	<b>8,449,400</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	42,053,400	54,744,100	56,231,400	90,474,300	85,528,200
State Salary and Compensation Allocation			78,500		
Current Year Appropriation	31,900				
Continuing Approp-General Fund	44,335	401,734	17,195,400		
Reorganization Adjustment			(2,500,000)		
<b>Total General Fund</b>	<b>42,129,635</b>	<b>55,145,834</b>	<b>71,005,300</b>	<b>90,474,300</b>	<b>85,528,200</b>
<b>Federal Fund</b>					
Balance Forward	45,882	(129,213)	(436,300)		
Current Receipts	40,292,786	40,779,402	44,364,300	44,384,500	44,395,200
<b>Total Federal Fund</b>	<b>40,338,668</b>	<b>40,650,189</b>	<b>43,928,000</b>	<b>44,384,500</b>	<b>44,395,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>82,468,303</b>	<b>95,796,023</b>	<b>114,933,300</b>	<b>134,858,800</b>	<b>129,923,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,878,306	4,701,833	18,920,100	14,267,200	14,331,800
Operating Expenses	244,779	208,522	883,200	894,200	885,200
Grants Loans Benefits	76,131,542	72,926,527	95,130,000	119,697,400	114,706,400
<b>TOTAL EXPENDITURES</b>	<b>81,254,627</b>	<b>77,836,882</b>	<b>114,933,300</b>	<b>134,858,800</b>	<b>129,923,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	40,786,745	36,750,391	71,005,300	90,474,300	85,528,200
Federal Fund	40,467,882	41,086,491	43,928,000	44,384,500	44,395,200
<b>TOTAL EXPENDITURES</b>	<b>81,254,627</b>	<b>77,836,882</b>	<b>114,933,300</b>	<b>134,858,800</b>	<b>129,923,400</b>
<b>EXPENDITURES BY UNIT</b>					
Learning and Results Services					
Programs	19,200,000	20,200,000	20,000,000	25,102,500	20,103,000
Read to Achieve	14,923,603	11,006,795	17,189,200	15,936,600	15,936,600
Read to Succeed		132,093	21,867,900	13,000,000	13,000,000
Math Achievement	4,733,442	4,023,003	10,093,900	5,019,000	5,019,000
Textbooks				17,000,000	17,000,000
Teaching and Learning	42,397,582	42,474,991	45,782,300	58,800,700	58,864,800
<b>TOTAL EXPENDITURES</b>	<b>81,254,627</b>	<b>77,836,882</b>	<b>114,933,300</b>	<b>134,858,800</b>	<b>129,923,400</b>

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 Governor's budget recommendation includes additional General Fund in each fiscal year for the following programs:

- \$12,427,700 for Professional Development to restore past budget cuts
- \$2 million for Read to Succeed to provide statewide professional learning for early literacy and numeracy
- \$17 million for textbooks and instructional resources
- \$5 million for five Star Academy sites

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,921,400	15,699,700	19,357,400	19,913,100	20,044,100
State Salary and Compensation Allocation			160,600		
Current Year Appropriation	97,900				
<b>Total General Fund</b>	<b>17,019,300</b>	<b>15,699,700</b>	<b>19,518,000</b>	<b>19,913,100</b>	<b>20,044,100</b>
<b>Federal Fund</b>					
Balance Forward	813,856	699,398	753,700		
Current Receipts	2,250,738	6,342,413	5,492,000	5,492,000	5,492,000
<b>Total Federal Fund</b>	<b>3,064,593</b>	<b>7,041,811</b>	<b>6,245,700</b>	<b>5,492,000</b>	<b>5,492,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,083,893</b>	<b>22,741,511</b>	<b>25,763,700</b>	<b>25,405,100</b>	<b>25,536,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	19,280,324	21,929,426	25,705,700	25,347,000	25,480,100
Operating Expenses	55,586	58,408	58,000	58,100	56,000
Grants Loans Benefits	48,586				
<b>TOTAL EXPENDITURES</b>	<b>19,384,496</b>	<b>21,987,835</b>	<b>25,763,700</b>	<b>25,405,100</b>	<b>25,536,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,019,300	15,699,700	19,518,000	19,913,100	20,044,100
Federal Fund	2,365,196	6,288,135	6,245,700	5,492,000	5,492,000
<b>TOTAL EXPENDITURES</b>	<b>19,384,496</b>	<b>21,987,835</b>	<b>25,763,700</b>	<b>25,405,100</b>	<b>25,536,100</b>

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.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	18,433,700	20,149,800	18,983,600	21,367,200	22,093,200
State Salary and Compensation Allocation			1,120,200		
Current Year Appropriation	737,100				
Other					
<b>Total General Fund</b>	<b>19,170,800</b>	<b>20,149,800</b>	<b>20,103,800</b>	<b>21,367,200</b>	<b>22,093,200</b>
<b>Restricted Funds</b>					
Balance Forward	1,516,114	1,666,338	1,456,000	1,606,000	1,327,600
Current Receipts	437,651	431,642	650,000	680,700	702,200
Non-Revenue Receipts					
<b>Total Restricted Funds</b>	<b>1,953,766</b>	<b>2,097,980</b>	<b>2,106,000</b>	<b>2,286,700</b>	<b>2,029,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,124,566</b>	<b>22,247,780</b>	<b>22,209,800</b>	<b>23,653,900</b>	<b>24,123,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	17,893,008	17,913,239	18,882,000	20,067,700	21,013,400
Operating Expenses	1,589,702	2,776,966	1,721,800	2,258,600	3,074,500
Grants Loans Benefits	(24,482)	(35,584)			
Capital Outlay		137,173			
<b>TOTAL EXPENDITURES</b>	<b>19,458,228</b>	<b>20,791,794</b>	<b>20,603,800</b>	<b>22,326,300</b>	<b>24,087,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	19,170,800	20,149,800	20,103,800	21,367,200	22,093,200
Restricted Funds	287,428	641,994	500,000	959,100	1,994,700
<b>TOTAL EXPENDITURES</b>	<b>19,458,228</b>	<b>20,791,794</b>	<b>20,603,800</b>	<b>22,326,300</b>	<b>24,087,900</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky School for the Blind	8,198,259	8,918,227	8,677,600	9,298,300	10,065,900
Kentucky School for the Deaf	11,259,969	11,873,567	11,926,200	13,028,000	14,022,000
<b>TOTAL EXPENDITURES</b>	<b>19,458,228</b>	<b>20,791,794</b>	<b>20,603,800</b>	<b>22,326,300</b>	<b>24,087,900</b>

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

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

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

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

Students at the Kentucky School for the Deaf are housed in campus dormitories supervised by 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	65,282,800	129,822,900	127,888,800	132,646,300	134,185,600
State Salary and Compensation Allocation			1,108,500		
Current Year Appropriation	1,135,300				
<b>Total General Fund</b>	<b>66,418,100</b>	<b>129,822,900</b>	<b>128,997,300</b>	<b>132,646,300</b>	<b>134,185,600</b>
<b>Restricted Funds</b>					
Balance Forward	3,671,050	5,233,264	7,606,000	5,043,600	2,570,000
Current Receipts	263,094	1,905,477	1,220,200	2,058,600	2,604,900
Non-Revenue Receipts	16,675,650	15,725,531	18,000,000	18,224,100	18,519,500
<b>Total Restricted Funds</b>	<b>20,609,794</b>	<b>22,864,272</b>	<b>26,826,200</b>	<b>25,326,300</b>	<b>23,694,400</b>
<b>Federal Fund</b>					
Balance Forward	2,407,678	2,374,552	2,364,100		
Current Receipts	21,465,589	21,053,657	25,000,000	25,043,500	25,104,900
<b>Total Federal Fund</b>	<b>23,873,267</b>	<b>23,428,209</b>	<b>27,364,100</b>	<b>25,043,500</b>	<b>25,104,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>110,901,161</b>	<b>176,115,381</b>	<b>183,187,600</b>	<b>183,016,100</b>	<b>182,984,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	42,316,292	42,201,885	47,144,900	52,275,500	54,514,300
Operating Expenses	7,209,538	11,387,972	11,034,000	11,230,500	11,369,900
Grants Loans Benefits	53,695,583	112,473,973	119,965,100	116,940,100	116,378,100
Capital Outlay	71,933	81,456			
<b>TOTAL EXPENDITURES</b>	<b>103,293,345</b>	<b>166,145,286</b>	<b>178,144,000</b>	<b>180,446,100</b>	<b>182,262,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	66,418,100	129,822,900	128,997,300	132,646,300	134,185,600
Restricted Funds	15,376,530	15,258,282	21,782,600	22,756,300	22,971,800
Federal Fund	21,498,715	21,064,104	27,364,100	25,043,500	25,104,900
<b>TOTAL EXPENDITURES</b>	<b>103,293,345</b>	<b>166,145,286</b>	<b>178,144,000</b>	<b>180,446,100</b>	<b>182,262,300</b>
<b>EXPENDITURES BY UNIT</b>					
Area Technology Center State Funds	15,129,934	14,920,596	20,069,600	20,395,700	19,667,300
Career & Technical Education & Student Transition	88,163,412	151,224,690	158,074,400	160,050,400	162,595,000
<b>TOTAL EXPENDITURES</b>	<b>103,293,345</b>	<b>166,145,286</b>	<b>178,144,000</b>	<b>180,446,100</b>	<b>182,262,300</b>

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 51 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).



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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	753,972,300	777,939,700	850,614,600	950,892,400	1,035,233,200
Other					
<b>Total General Fund</b>	<b>753,972,300</b>	<b>777,939,700</b>	<b>850,614,600</b>	<b>950,892,400</b>	<b>1,035,233,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>753,972,300</b>	<b>777,939,700</b>	<b>850,614,600</b>	<b>950,892,400</b>	<b>1,035,233,200</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	753,744,119	777,716,614	850,614,600	950,892,400	1,035,233,200
<b>TOTAL EXPENDITURES</b>	<b>753,744,119</b>	<b>777,716,614</b>	<b>850,614,600</b>	<b>950,892,400</b>	<b>1,035,233,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	753,744,119	777,716,614	850,614,600	950,892,400	1,035,233,200
<b>TOTAL EXPENDITURES</b>	<b>753,744,119</b>	<b>777,716,614</b>	<b>850,614,600</b>	<b>950,892,400</b>	<b>1,035,233,200</b>
<b>EXPENDITURES BY UNIT</b>					
Local District Life Insurance	1,162,819	1,167,914	1,391,000	1,391,000	1,391,000
Local District Health Insurance	752,581,300	776,548,700	849,223,600	949,501,400	1,033,842,200
<b>TOTAL EXPENDITURES</b>	<b>753,744,119</b>	<b>777,716,614</b>	<b>850,614,600</b>	<b>950,892,400</b>	<b>1,035,233,200</b>

Local District Health Insurance

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

Local District Life Insurance Fund

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

**Policy**

The budget includes General Fund in the amount of \$949,501,400 in fiscal year 2025 and \$1,033,842,000 in fiscal year 2026 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage and \$1,391,000 in each fiscal year for life insurance benefits to qualified local district employees.

# **Education and Labor**

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**Education and Labor**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	72,492,500	84,790,400	84,992,800	103,072,700	109,591,000
State Salary and Compensation Allocation			1,937,500		
Special Appropriation		3,500,000	3,500,000		
Current Year Appropriation	1,607,000				
Continuing Approp-General Fund	6,667,651	6,047,028	7,487,300		
Reorganization Adjustment			2,500,000		
<b>Total General Fund</b>	<b>80,767,151</b>	<b>94,337,428</b>	<b>100,417,600</b>	<b>103,072,700</b>	<b>109,591,000</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Current Year Appropriation					
Continuing Approp-Tob Settlement	9,562,263	14,233,380	13,741,800		
Other	7,970,325	2,961,705			
<b>Total Tobacco Fund</b>	<b>18,932,588</b>	<b>18,595,085</b>	<b>15,141,800</b>	<b>1,400,000</b>	<b>1,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	31,977,909	31,540,745	33,143,300	26,944,900	20,143,100
Current Receipts	82,950,927	86,466,511	105,261,000	107,486,100	109,410,700
Non-Revenue Receipts	86,916,519	80,017,707	103,227,800	106,192,200	107,528,900
<b>Total Restricted Funds</b>	<b>201,845,356</b>	<b>198,024,963</b>	<b>241,632,100</b>	<b>240,623,200</b>	<b>237,082,700</b>
<b>Federal Fund</b>					
Balance Forward	7,272,922	(14,215,661)	(9,537,100)	265,200	229,400
Current Receipts	2,193,218,021	503,025,894	571,234,300	564,809,200	568,499,000
Non-Revenue Receipts	(531,681,114)	(2,893,127)		56,600	82,400
<b>Total Federal Fund</b>	<b>1,668,809,828</b>	<b>485,917,107</b>	<b>561,697,200</b>	<b>565,131,000</b>	<b>568,810,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,970,354,923</b>	<b>796,874,583</b>	<b>918,888,700</b>	<b>910,226,900</b>	<b>916,884,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,033,290,159	301,349,625	355,898,000	369,865,100	382,170,600
Operating Expenses	46,667,042	50,624,376	54,076,900	55,956,500	56,643,300
Grants Loans Benefits	852,037,789	396,457,026	480,077,700	462,306,800	462,406,800
Debt Service	27				
Capital Outlay	695,136	2,337,806	1,612,600	1,712,600	1,712,600
Construction	7,650	65,639		13,400	13,400
<b>TOTAL EXPENDITURES</b>	<b>1,932,697,804</b>	<b>750,834,473</b>	<b>891,678,600</b>	<b>889,854,400</b>	<b>902,946,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	74,668,497	85,645,351	100,417,600	103,072,700	109,591,000
Tobacco Fund	4,699,208	4,853,259	15,141,800	1,400,000	1,400,000
Restricted Funds	170,304,611	164,881,713	214,687,200	220,480,100	223,181,700
Federal Fund	1,683,025,489	495,454,149	561,432,000	564,901,600	568,774,000
<b>TOTAL EXPENDITURES</b>	<b>1,932,697,804</b>	<b>750,834,473</b>	<b>891,678,600</b>	<b>889,854,400</b>	<b>902,946,700</b>

**EXPENDITURES BY UNIT**

General Administration and Program Support	39,427,067	44,426,931	81,070,500	68,492,800	69,695,300
Commission on Proprietary	378,468	410,658	546,200	568,000	581,800
Deaf and Hard of Hearing	2,212,453	2,158,596	2,487,900	2,509,100	2,552,800
Kentucky Educational Television	17,165,530	17,879,473	18,798,000	19,986,300	20,492,800
Environmental Education Council	530,269	828,945	956,300	958,700	921,700
Libraries and Archives	16,422,030	16,024,231	19,648,700	22,244,500	22,432,900
Workforce Development	1,663,644,855	471,360,834	539,612,500	542,686,300	549,398,600
Workplace Standards	13,568,155	13,503,474	15,837,700	16,389,400	17,342,500
Workers' Claims	52,414,897	51,259,296	62,256,200	62,929,000	63,477,600
Occupational Safety and Health Review Commission	642,272	722,930	813,400	809,700	824,800
Workers' Compensation Funding Commission	77,568,969	75,345,737	92,874,200	94,965,200	96,583,300
Workers' Compensation Nominating Committee			1,100	1,100	1,100
Disability Determinations	48,722,840	56,913,365	56,775,900	57,314,300	58,641,500
<b>TOTAL EXPENDITURES</b>	<u>1,932,697,804</u>	<u>750,834,473</u>	<u>891,678,600</u>	<u>889,854,400</u>	<u>902,946,700</u>

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

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

The following agencies comprise the Education and Labor Cabinet:

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

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,208,700	18,156,400	18,005,900	21,568,900	22,251,600
State Salary and Compensation Allocation			94,900		
Special Appropriation		3,500,000	3,500,000		
Current Year Appropriation	125,600				
<b>Total General Fund</b>	<b>9,334,300</b>	<b>21,656,400</b>	<b>21,600,800</b>	<b>21,568,900</b>	<b>22,251,600</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Continuing Approp-Tob Settlement	9,562,263	14,233,380	13,741,800		
Other	7,970,325	2,961,705			
<b>Total Tobacco Fund</b>	<b>18,932,588</b>	<b>18,595,085</b>	<b>15,141,800</b>	<b>1,400,000</b>	<b>1,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	3,002,291	764,543	2,398,600	1,696,600	1,299,200
Current Receipts	492,437	1,421,290	1,421,400	1,421,400	1,421,400
Non-Revenue Receipts	19,700,292	15,955,703	23,543,800	24,987,800	25,474,700
<b>Total Restricted Funds</b>	<b>23,195,020</b>	<b>18,141,535</b>	<b>27,363,800</b>	<b>28,105,800</b>	<b>28,195,300</b>
<b>Federal Fund</b>					
Balance Forward	(98,134)	67,359	(164,500)		
Current Receipts	3,128,574	2,792,789	18,896,800	18,624,900	18,624,900
Non-Revenue Receipts		798		56,600	82,400
<b>Total Federal Fund</b>	<b>3,030,439</b>	<b>2,860,946</b>	<b>18,732,300</b>	<b>18,753,100</b>	<b>18,743,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>54,492,348</b>	<b>61,253,965</b>	<b>82,838,700</b>	<b>69,827,800</b>	<b>70,590,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	27,726,522	23,439,077	33,139,700	34,261,400	35,463,900
Operating Expenses	4,726,656	6,093,237	7,141,400	7,188,200	7,188,200
Grants Loans Benefits	6,973,889	14,894,618	40,789,400	27,043,200	27,043,200
<b>TOTAL EXPENDITURES</b>	<b>39,427,067</b>	<b>44,426,931</b>	<b>81,070,500</b>	<b>68,492,800</b>	<b>69,695,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,334,300	20,805,321	21,600,800	21,568,900	22,251,600
Tobacco Fund	4,699,208	4,853,259	15,141,800	1,400,000	1,400,000
Restricted Funds	22,430,478	15,742,931	25,667,200	26,806,600	27,300,600
Federal Fund	2,963,080	3,025,419	18,660,700	18,717,300	18,743,100
<b>TOTAL EXPENDITURES</b>	<b>39,427,067</b>	<b>44,426,931</b>	<b>81,070,500</b>	<b>68,492,800</b>	<b>69,695,300</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary	27,789,946	28,419,911	38,901,500	40,035,200	40,615,700
Governor's Scholars	1,758,700	1,758,700	1,758,700	1,758,700	1,758,700
Kentucky Center for Statistics	4,987,183	5,078,332	7,978,100	7,999,700	8,599,800
Early Childhood Development	4,891,238	5,021,067	27,432,200	13,702,000	13,707,300
Everybody Counts		4,148,921	5,000,000	4,997,200	5,013,800
<b>TOTAL EXPENDITURES</b>	<b>39,427,067</b>	<b>44,426,931</b>	<b>81,070,500</b>	<b>68,492,800</b>	<b>69,695,300</b>

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. It is responsible for policy and budget development and personnel transactions; legal services including legislative and regulatory development and oversight; a communications strategy with the public, business, and industry; economic analysis and research; accounting, purchasing, and facilities management; and information technology and other administrative support services. 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 in the Employment Services areas. 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 is responsible for the management of all state-owned/state-operated facilities, equipment, and property assigned to the Cabinet, The Division of Fiscal Management responsible for all central office purchasing, auditing and processing financial documents, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines. The Division of Human Resources is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees.
- The Office of Technology Services oversees and assists with the Cabinet's application development needs and serves as the central location for all Cabinet data processing programs statewide. The Office works with the Commonwealth Office of Technology to effectuate the Cabinet's information technology infrastructure objectives.
- The Office of 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 Workforce Development Cabinet, the secretary of the Cabinet for Health and Family Services and the CEO/Executive Director of the Kentucky Higher Education Assistance Authority. The board is charged with developing a detailed access and use policy for data and information request, overseeing the Office and establishing its research agenda, and overseeing compliance by the Office with the federal Family Educational Rights and Privacy Act and other relevant federal and state privacy laws.
- The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses. The Program served 1,078 students in the summer of 2017.

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

## **Policy**

The budget includes additional General Fund for \$558,000 in fiscal year 2026 to support the Kentucky Center for Statistics. This base addition is the last Federal Fund replacement needed to support the Kentucky Longitudinal Data System (SLDS). The Kentucky Center for Statistics collects and integrates education and workforce data so that policymakers, practitioners, and the public can make the best informed decisions possible.

The Governor's budget includes an additional amount of \$478,100 in fiscal year 2025 and \$473,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$95,600 and \$94,600, respectively

The Governor's budget includes an additional amount of \$938,200 in fiscal year 2025 and \$1,584,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$187,600 and \$316,800, respectively

**Education and Labor  
Proprietary Education**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	691,149	751,881	780,100	672,800	534,000
Current Receipts	439,201	438,834	438,900	429,200	434,500
<b>Total Restricted Funds</b>	<b>1,130,350</b>	<b>1,190,716</b>	<b>1,219,000</b>	<b>1,102,000</b>	<b>968,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,130,350</b>	<b>1,190,716</b>	<b>1,219,000</b>	<b>1,102,000</b>	<b>968,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	339,947	374,552	487,300	506,100	519,900
Operating Expenses	38,521	36,106	58,900	61,900	61,900
<b>TOTAL EXPENDITURES</b>	<b>378,468</b>	<b>410,658</b>	<b>546,200</b>	<b>568,000</b>	<b>581,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	378,468	410,658	546,200	568,000	581,800
<b>TOTAL EXPENDITURES</b>	<b>378,468</b>	<b>410,658</b>	<b>546,200</b>	<b>568,000</b>	<b>581,800</b>
<b>EXPENDITURES BY UNIT</b>					
Proprietary Education	378,468	410,658	546,200	568,000	581,800
<b>TOTAL EXPENDITURES</b>	<b>378,468</b>	<b>410,658</b>	<b>546,200</b>	<b>568,000</b>	<b>581,800</b>

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

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

**Policy**

The Governor's budget includes additional Restricted Fund of \$17,000 in fiscal year 2025 and \$28,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	971,700	1,037,100	1,051,500	1,077,000	1,106,600
State Salary and Compensation Allocation			31,000		
Current Year Appropriation	40,600				
<b>Total General Fund</b>	<b>1,012,300</b>	<b>1,037,100</b>	<b>1,082,500</b>	<b>1,077,000</b>	<b>1,106,600</b>
<b>Restricted Funds</b>					
Balance Forward	52,216	206,307	84,800		
Current Receipts	1,354,244	1,000,000	1,320,600	1,432,100	1,446,200
<b>Total Restricted Funds</b>	<b>1,406,460</b>	<b>1,206,307</b>	<b>1,405,400</b>	<b>1,432,100</b>	<b>1,446,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,418,760</b>	<b>2,243,407</b>	<b>2,487,900</b>	<b>2,509,100</b>	<b>2,552,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,312,079	1,345,032	1,573,900	1,594,500	1,638,100
Operating Expenses	900,374	813,564	914,000	914,600	914,700
<b>TOTAL EXPENDITURES</b>	<b>2,212,453</b>	<b>2,158,596</b>	<b>2,487,900</b>	<b>2,509,100</b>	<b>2,552,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,012,300	1,037,100	1,082,500	1,077,000	1,106,600
Restricted Funds	1,200,153	1,121,496	1,405,400	1,432,100	1,446,200
<b>TOTAL EXPENDITURES</b>	<b>2,212,453</b>	<b>2,158,596</b>	<b>2,487,900</b>	<b>2,509,100</b>	<b>2,552,800</b>
<b>EXPENDITURES BY UNIT</b>					
Commission on the Deaf and Hard of Hearing	2,212,453	2,158,596	2,487,900	2,509,100	2,552,800
<b>TOTAL EXPENDITURES</b>	<b>2,212,453</b>	<b>2,158,596</b>	<b>2,487,900</b>	<b>2,509,100</b>	<b>2,552,800</b>

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

**Policy**

The Governor's budget includes an additional amount of \$27,700 in fiscal year 2025 and \$27,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$20,300 and \$20,100, respectively

The Governor's budget includes an additional amount of \$52,600 in fiscal year 2025 and \$88,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$38,500 and \$65,000, respectively

**Education and Labor  
Kentucky Educational Television**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	15,074,600	16,090,800	16,200,000	17,930,300	18,436,800
State Salary and Compensation Allocation			561,000		
Current Year Appropriation	572,600				
<b>Total General Fund</b>	<b>15,647,200</b>	<b>16,090,800</b>	<b>16,761,000</b>	<b>17,930,300</b>	<b>18,436,800</b>
<b>Restricted Funds</b>					
Balance Forward		104,394			
Current Receipts	1,622,724	1,684,279	2,037,000	2,056,000	2,056,000
<b>Total Restricted Funds</b>	<b>1,622,724</b>	<b>1,788,673</b>	<b>2,037,000</b>	<b>2,056,000</b>	<b>2,056,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>17,269,924</b>	<b>17,879,473</b>	<b>18,798,000</b>	<b>19,986,300</b>	<b>20,492,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	14,465,586	14,891,786	15,872,400	16,631,200	17,312,400
Operating Expenses	2,619,562	2,804,159	2,752,800	3,082,300	2,907,600
Capital Outlay	80,382	183,528	172,800	272,800	272,800
<b>TOTAL EXPENDITURES</b>	<b>17,165,530</b>	<b>17,879,473</b>	<b>18,798,000</b>	<b>19,986,300</b>	<b>20,492,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,647,200	16,090,800	16,761,000	17,930,300	18,436,800
Restricted Funds	1,518,330	1,788,673	2,037,000	2,056,000	2,056,000
<b>TOTAL EXPENDITURES</b>	<b>17,165,530</b>	<b>17,879,473</b>	<b>18,798,000</b>	<b>19,986,300</b>	<b>20,492,800</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	4,509,100	5,127,500	6,202,800	5,947,200	6,083,100
Broadcasting and Education	10,852,930	10,896,604	10,602,300	11,714,800	12,046,600
Engineering	1,803,500	1,855,369	1,992,900	2,324,300	2,363,100
<b>TOTAL EXPENDITURES</b>	<b>17,165,530</b>	<b>17,879,473</b>	<b>18,798,000</b>	<b>19,986,300</b>	<b>20,492,800</b>

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

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

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

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

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

## **Policy**

Additional General Fund of \$750,000 each year was added to assist KET in meeting the demand for streaming video and other digital content. KET's cloud infrastructure requires ongoing maintenance and optimization to combat quickly evolving security threats, scale to meet increasing user demand, and improve accessibility for disabled users. Also, on-premises encoding infrastructure for streaming is 2015 technology, nine years old, is past end of life and needs to be replaced.

The Governor's budget includes an additional General Fund of \$426,200 in fiscal year 2025 and \$421,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund of \$752,600 in fiscal year 2025 and \$1,270,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Education and Labor  
Environmental Education Council**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	494,043	371,360	240,900	102,800	51,300
Current Receipts	12,500	(2,862)	15,000	17,300	17,300
Non-Revenue Receipts	150,000	150,000	373,300	460,000	460,000
<b>Total Restricted Funds</b>	<b>656,543</b>	<b>518,498</b>	<b>629,200</b>	<b>580,100</b>	<b>528,600</b>
<b>Federal Fund</b>					
Balance Forward	(4,683)	(827)	(21,500)		
Current Receipts	248,942	530,633	451,400	429,900	429,900
<b>Total Federal Fund</b>	<b>244,259</b>	<b>529,806</b>	<b>429,900</b>	<b>429,900</b>	<b>429,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>900,802</b>	<b>1,048,303</b>	<b>1,059,100</b>	<b>1,010,000</b>	<b>958,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	455,857	710,374	912,800	909,000	872,000
Operating Expenses	74,412	36,172	38,500	44,700	44,700
Grants Loans Benefits		82,400	5,000	5,000	5,000
<b>TOTAL EXPENDITURES</b>	<b>530,269</b>	<b>828,945</b>	<b>956,300</b>	<b>958,700</b>	<b>921,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	285,183	277,645	526,400	528,800	528,600
Federal Fund	245,086	551,300	429,900	429,900	393,100
<b>TOTAL EXPENDITURES</b>	<b>530,269</b>	<b>828,945</b>	<b>956,300</b>	<b>958,700</b>	<b>921,700</b>
<b>EXPENDITURES BY UNIT</b>					
Ky Environmental Education Council	530,269	828,945	956,300	958,700	921,700
<b>TOTAL EXPENDITURES</b>	<b>530,269</b>	<b>828,945</b>	<b>956,300</b>	<b>958,700</b>	<b>921,700</b>

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 an additional amount of \$2,300 in fiscal year 2025 and \$2,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$11,700 in fiscal year 2025 and \$19,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Education and Labor  
Libraries and Archives**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,583,100	10,890,700	10,944,900	16,218,900	16,355,000
State Salary and Compensation Allocation			146,700		
Current Year Appropriation	170,200				
Reorganization Adjustment			2,500,000		
<b>Total General Fund</b>	<b>10,753,300</b>	<b>10,890,700</b>	<b>13,591,600</b>	<b>16,218,900</b>	<b>16,355,000</b>
<b>Restricted Funds</b>					
Balance Forward	5,759,590	6,691,532	8,389,800	7,661,500	6,920,900
Current Receipts	2,237,420	2,481,614	2,267,900	2,214,800	2,223,700
Non-Revenue Receipts	14,635	1,411,060	11,000	11,000	11,000
<b>Total Restricted Funds</b>	<b>8,011,646</b>	<b>10,584,207</b>	<b>10,668,700</b>	<b>9,887,300</b>	<b>9,155,600</b>
<b>Federal Fund</b>					
Balance Forward	(404,487)	(147,327)	(24,100)	193,600	193,600
Current Receipts	4,657,402	3,416,042	3,267,600	3,059,200	2,904,700
<b>Total Federal Fund</b>	<b>4,252,915</b>	<b>3,268,715</b>	<b>3,243,500</b>	<b>3,252,800</b>	<b>3,098,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>23,017,861</b>	<b>24,743,622</b>	<b>27,503,800</b>	<b>29,359,000</b>	<b>28,608,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,105,920	6,020,615	6,754,000	7,221,800	7,410,000
Operating Expenses	3,157,652	3,549,081	3,396,400	3,574,000	3,574,200
Grants Loans Benefits	7,071,016	6,454,534	9,498,300	11,448,700	11,448,700
Capital Outlay	87,442				
<b>TOTAL EXPENDITURES</b>	<b>16,422,030</b>	<b>16,024,231</b>	<b>19,648,700</b>	<b>22,244,500</b>	<b>22,432,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,701,674	10,537,025	13,591,600	16,218,900	16,355,000
Restricted Funds	1,320,113	2,194,373	3,007,200	2,966,400	2,979,600
Federal Fund	4,400,242	3,292,833	3,049,900	3,059,200	3,098,300
<b>TOTAL EXPENDITURES</b>	<b>16,422,030</b>	<b>16,024,231</b>	<b>19,648,700</b>	<b>22,244,500</b>	<b>22,432,900</b>
<b>EXPENDITURES BY UNIT</b>					
Libraries and Archives	11,582,014	10,894,147	11,222,600	11,868,000	12,056,400
Direct Local Aid	4,840,015	5,130,084	8,426,100	10,376,500	10,376,500
<b>TOTAL EXPENDITURES</b>	<b>16,422,030</b>	<b>16,024,231</b>	<b>19,648,700</b>	<b>22,244,500</b>	<b>22,432,900</b>

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

The Department is directed by three goals:

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

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

**Education and Labor  
Libraries and Archives**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,253,500	6,561,100	6,615,300	6,889,300	7,025,400
State Salary and Compensation Allocation			146,700		
Current Year Appropriation	170,200				
<b>Total General Fund</b>	<b>6,423,700</b>	<b>6,561,100</b>	<b>6,762,000</b>	<b>6,889,300</b>	<b>7,025,400</b>
<b>Restricted Funds</b>					
Balance Forward	4,254,178	4,846,069	5,421,500	5,424,500	4,865,600
Current Receipts	1,335,329	1,604,549	1,402,700	1,349,600	1,358,500
Non-Revenue Receipts	14,635	11,060	11,000	11,000	11,000
<b>Total Restricted Funds</b>	<b>5,604,141</b>	<b>6,461,679</b>	<b>6,835,200</b>	<b>6,785,100</b>	<b>6,235,100</b>
<b>Federal Fund</b>					
Balance Forward	(404,487)	(147,327)	(24,100)	193,600	193,600
Current Receipts	4,657,402	3,416,042	3,267,600	3,059,200	2,904,700
<b>Total Federal Fund</b>	<b>4,252,915</b>	<b>3,268,715</b>	<b>3,243,500</b>	<b>3,252,800</b>	<b>3,098,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,280,757</b>	<b>16,291,493</b>	<b>16,840,700</b>	<b>16,927,200</b>	<b>16,358,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,105,920	6,020,615	6,754,000	7,221,800	7,410,000
Operating Expenses	3,157,651	3,548,725	3,396,400	3,574,000	3,574,200
Grants Loans Benefits	2,231,003	1,324,806	1,072,200	1,072,200	1,072,200
Capital Outlay	87,442				
<b>TOTAL EXPENDITURES</b>	<b>11,582,014</b>	<b>10,894,147</b>	<b>11,222,600</b>	<b>11,868,000</b>	<b>12,056,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,423,700	6,561,100	6,762,000	6,889,300	7,025,400
Restricted Funds	758,072	1,040,214	1,410,700	1,919,500	1,932,700
Federal Fund	4,400,242	3,292,833	3,049,900	3,059,200	3,098,300
<b>TOTAL EXPENDITURES</b>	<b>11,582,014</b>	<b>10,894,147</b>	<b>11,222,600</b>	<b>11,868,000</b>	<b>12,056,400</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	2,809,588	2,280,717	2,698,600	2,770,800	2,789,100
Field Services	4,324,633	3,354,100	3,102,900	3,634,500	3,701,000
Library Services	1,244,596	1,436,617	1,436,200	1,440,800	1,461,700
Archives & Records Management	3,203,197	3,822,713	3,984,900	4,021,900	4,104,600
<b>TOTAL EXPENDITURES</b>	<b>11,582,014</b>	<b>10,894,147</b>	<b>11,222,600</b>	<b>11,868,000</b>	<b>12,056,400</b>

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



The 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, Subsection 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 an additional amount of \$152,700 in fiscal year 2025 and \$151,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$110,100 and \$108,900, respectively

The Governor's budget includes an additional amount of \$253,000 in fiscal year 2025 and \$427,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$182,400 and \$308,000, respectively

**Education and Labor  
Direct Local Aid**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,329,600	4,329,600	4,329,600	9,329,600	9,329,600
Reorganization Adjustment			2,500,000		
<b>Total General Fund</b>	<b>4,329,600</b>	<b>4,329,600</b>	<b>6,829,600</b>	<b>9,329,600</b>	<b>9,329,600</b>
<b>Restricted Funds</b>					
Balance Forward	1,505,413	1,845,463	2,968,300	2,237,000	2,055,300
Current Receipts	902,092	877,065	865,200	865,200	865,200
Non-Revenue Receipts		1,400,000			
<b>Total Restricted Funds</b>	<b>2,407,504</b>	<b>4,122,528</b>	<b>3,833,500</b>	<b>3,102,200</b>	<b>2,920,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,737,104</b>	<b>8,452,128</b>	<b>10,663,100</b>	<b>12,431,800</b>	<b>12,250,100</b>
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	1	356			
Grants Loans Benefits	4,840,014	5,129,728	8,426,100	10,376,500	10,376,500
<b>TOTAL EXPENDITURES</b>	<b>4,840,015</b>	<b>5,130,084</b>	<b>8,426,100</b>	<b>10,376,500</b>	<b>10,376,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,277,974	3,975,925	6,829,600	9,329,600	9,329,600
Restricted Funds	562,041	1,154,159	1,596,500	1,046,900	1,046,900
<b>TOTAL EXPENDITURES</b>	<b>4,840,015</b>	<b>5,130,084</b>	<b>8,426,100</b>	<b>10,376,500</b>	<b>10,376,500</b>
<b>EXPENDITURES BY UNIT</b>					
Libraries Support	4,277,975	4,838,519	7,397,600	9,329,600	9,329,600
Public Records	562,040	291,565	1,028,500	1,046,900	1,046,900
<b>TOTAL EXPENDITURES</b>	<b>4,840,015</b>	<b>5,130,084</b>	<b>8,426,100</b>	<b>10,376,500</b>	<b>10,376,500</b>

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

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

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

**Policy**

The Governor's budget restores General Fund of \$2,500,000 in each fiscal year for per capita assistance required by KRS 171.2011 to local libraries, which was eliminated in the 2018-2020 budget.

**Education and Labor  
Workforce Development**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	34,879,100	36,717,300	36,878,600	44,313,500	49,426,700
State Salary and Compensation Allocation			1,046,400		
Current Year Appropriation	635,100				
Continuing Approp-General Fund	6,667,651	6,047,028	7,487,300		
<b>Total General Fund</b>	<b>42,181,851</b>	<b>42,764,328</b>	<b>45,412,300</b>	<b>44,313,500</b>	<b>49,426,700</b>
<b>Restricted Funds</b>					
Balance Forward	16,238,671	22,619,696	20,660,600	16,811,200	11,337,700
Current Receipts	4,945,506	6,791,315	6,904,600	6,897,100	6,978,000
Non-Revenue Receipts	6,242,207	(265,068)	5,394,300	5,087,000	4,793,500
<b>Total Restricted Funds</b>	<b>27,426,384</b>	<b>29,145,943</b>	<b>32,959,500</b>	<b>28,795,300</b>	<b>23,109,200</b>
<b>Federal Fund</b>					
Special Appropriation					
Balance Forward	8,712,565	(12,028,683)	(8,514,900)		
Current Receipts	2,133,643,211	434,006,146	486,566,800	480,915,200	483,306,300
Non-Revenue Receipts	(531,681,114)	(2,893,925)			
<b>Total Federal Fund</b>	<b>1,610,674,661</b>	<b>419,083,537</b>	<b>478,051,900</b>	<b>480,915,200</b>	<b>483,306,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,680,282,896</b>	<b>490,993,809</b>	<b>556,423,700</b>	<b>554,024,000</b>	<b>555,842,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	842,251,404	106,779,418	121,948,800	129,852,600	135,714,200
Operating Expenses	26,838,803	29,835,437	31,439,600	32,507,100	33,257,800
Grants Loans Benefits	794,067,613	332,711,404	384,839,300	378,941,800	379,041,800
Debt Service	27				
Capital Outlay	479,358	1,982,310	1,384,800	1,384,800	1,384,800
Construction	7,650	52,266			
<b>TOTAL EXPENDITURES</b>	<b>1,663,644,855</b>	<b>471,360,834</b>	<b>539,612,500</b>	<b>542,686,300</b>	<b>549,398,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,134,823	35,277,005	45,412,300	44,313,500	49,426,700
Restricted Funds	4,806,688	8,485,412	16,148,300	17,457,600	16,665,600
Federal Fund	1,622,703,345	427,598,418	478,051,900	480,915,200	483,306,300
<b>TOTAL EXPENDITURES</b>	<b>1,663,644,855</b>	<b>471,360,834</b>	<b>539,612,500</b>	<b>542,686,300</b>	<b>549,398,600</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office	632,515	946,934	2,325,200	2,357,500	2,384,400
Vocational Rehabilitation	74,343,102	94,960,671	101,671,500	103,778,500	105,353,300
Employer & Apprenticeship Services	2,236,302	2,058,901	2,881,100	4,397,500	4,441,700
Division of Adult Education	29,820,694	27,301,379	37,099,500	29,783,300	29,945,900
Workforce Innovation and Opportunity Act	47,457,838	54,851,613	59,125,000	59,213,400	59,297,400
Career Development Office	12,760,153	25,204,389	32,395,900	33,473,100	34,169,400
Unemployment Insurance	1,496,394,250	264,700,319	302,264,300	307,776,100	311,845,400
Unemployment Insurance Commission		1,336,630	1,850,000	1,906,900	1,961,100
<b>TOTAL EXPENDITURES</b>	<b>1,663,644,855</b>	<b>471,360,834</b>	<b>539,612,500</b>	<b>542,686,300</b>	<b>549,398,600</b>

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 Employer and Apprenticeship Services, Office of Adult Education, the Kentucky Apprenticeship Council, Division of Technical Assistance,

and Office of the Kentucky Workforce Innovation Board.

**Policy**

The Governor's budget includes an additional amount of \$3,372,800 in fiscal year 2025 and \$3,354,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$843,200 and \$838,600, respectively.

The Governor's budget includes an additional amount of \$4,665,200 in fiscal year 2025 and \$7,796,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,166,300 and \$1,949,000, respectively.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation					
<b>Total General Fund</b>					
<b>Restricted Funds</b>					
Balance Forward	(1)	(1)	66,600	57,800	58,500
Current Receipts		223,093	223,100	212,800	218,800
Non-Revenue Receipts	632,515	649,329	1,218,300	1,256,000	1,256,000
<b>Total Restricted Funds</b>	632,514	872,421	1,508,000	1,526,600	1,533,300
<b>Federal Fund</b>					
Balance Forward			(140,200)		
Current Receipts		881	1,015,200	889,400	903,000
<b>Total Federal Fund</b>		881	875,000	889,400	903,000
<b>TOTAL SOURCE OF FUNDS</b>	632,514	873,302	2,383,000	2,416,000	2,436,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	560,679	658,202	1,311,300	1,343,600	1,370,500
Operating Expenses	71,836	228,731	244,900	244,900	244,900
Grants Loans Benefits	(27)	60,000	769,000	769,000	769,000
Debt Service	27				
<b>TOTAL EXPENDITURES</b>	632,515	946,934	2,325,200	2,357,500	2,384,400
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	632,515	805,839	1,450,200	1,468,100	1,481,400
Federal Fund		141,095	875,000	889,400	903,000
<b>TOTAL EXPENDITURES</b>	632,515	946,934	2,325,200	2,357,500	2,384,400

The Office of the Commissioner provides leadership, policy direction, and management for the Department of Workforce Development. This Office also includes the RETAINing (Retaining Employment and Talent After Injury/Illness) Kentucky's Workforce through Universal Design project, which seeks to help workers stay at work and return to work in the event of injury or illness, using frameworks that are proving to be successful for states around the country.

**Education and Labor  
Workforce Development  
Vocational Rehabilitation**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	15,890,400	17,705,300	17,710,300	19,495,800	20,182,200
State Salary and Compensation Allocation			1,046,400		
Current Year Appropriation	619,700				
Other	1,000,000				
<b>Total General Fund</b>	<b>17,510,100</b>	<b>17,705,300</b>	<b>18,756,700</b>	<b>19,495,800</b>	<b>20,182,200</b>
<b>Restricted Funds</b>					
Balance Forward	1,346,356	2,599,319	3,195,700	2,174,800	1,142,700
Current Receipts	3,178,889	4,867,058	4,933,100	5,035,800	5,050,800
Non-Revenue Receipts	(4,488)	150,000	75,000	75,000	75,000
<b>Total Restricted Funds</b>	<b>4,520,756</b>	<b>7,616,378</b>	<b>8,203,800</b>	<b>7,285,600</b>	<b>6,268,500</b>
<b>Federal Fund</b>					
Balance Forward	(2,070,463)	(6,295,657)	(2,592,900)		
Current Receipts	55,887,722	71,527,634	79,478,700	78,139,800	79,002,600
Non-Revenue Receipts	(5,201,350)	5,009,850			
<b>Total Federal Fund</b>	<b>48,615,909</b>	<b>70,241,827</b>	<b>76,885,800</b>	<b>78,139,800</b>	<b>79,002,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>70,646,765</b>	<b>95,563,505</b>	<b>103,846,300</b>	<b>104,921,200</b>	<b>105,453,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	34,369,547	43,030,324	48,625,400	50,281,900	51,856,700
Operating Expenses	8,185,161	9,681,024	9,683,300	10,133,800	10,133,800
Grants Loans Benefits	31,704,418	41,680,962	43,362,800	43,362,800	43,362,800
Capital Outlay	79,127	522,112			
Construction	4,850	46,248			
<b>TOTAL EXPENDITURES</b>	<b>74,343,102</b>	<b>94,960,671</b>	<b>101,671,500</b>	<b>103,778,500</b>	<b>105,353,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,510,100	17,705,300	18,756,700	19,495,800	20,182,200
Restricted Funds	1,921,437	4,420,674	6,029,000	6,142,900	6,168,500
Federal Fund	54,911,566	72,834,697	76,885,800	78,139,800	79,002,600
<b>TOTAL EXPENDITURES</b>	<b>74,343,102</b>	<b>94,960,671</b>	<b>101,671,500</b>	<b>103,778,500</b>	<b>105,353,300</b>
<b>EXPENDITURES BY UNIT</b>					
Vocational Rehabilitation	59,856,942	74,802,075	79,614,000	81,170,400	82,221,900
Carl D Perkins Vocational Training Center	7,854,442	11,326,175	13,783,200	14,133,200	14,466,200
Division of Blind Services	4,065,026	5,966,384	5,363,000	5,530,700	5,689,900
Kentucky Business Enterprise	2,566,693	2,866,036	2,911,300	2,944,200	2,975,300
<b>TOTAL EXPENDITURES</b>	<b>74,343,102</b>	<b>94,960,671</b>	<b>101,671,500</b>	<b>103,778,500</b>	<b>105,353,300</b>

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

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

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

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

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

The Program Policy and Support Branch 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 Branch also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving Federal Funds.

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

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



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

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

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

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

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

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

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

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

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	581,100	604,400	581,100	2,069,400	2,086,800
Current Year Appropriation	15,400				
Reorganization Adjustment					
<b>Total General Fund</b>	<b>596,500</b>	<b>604,400</b>	<b>581,100</b>	<b>2,069,400</b>	<b>2,086,800</b>
<b>Federal Fund</b>					
Balance Forward	(683,133)	(1,075,125)	(907,700)		
Current Receipts	1,247,811	1,621,947	3,207,700	2,328,100	2,354,900
<b>Total Federal Fund</b>	<b>564,677</b>	<b>546,822</b>	<b>2,300,000</b>	<b>2,328,100</b>	<b>2,354,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,161,177</b>	<b>1,151,222</b>	<b>2,881,100</b>	<b>4,397,500</b>	<b>4,441,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,843,225	1,278,154	1,810,300	2,026,700	2,070,900
Operating Expenses	350,647	510,877	520,700	520,700	520,700
Grants Loans Benefits		269,870	550,100	1,850,100	1,850,100
<b>TOTAL EXPENDITURES</b>	<b>2,236,302</b>	<b>2,058,901</b>	<b>2,881,100</b>	<b>4,397,500</b>	<b>4,441,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	596,500	604,400	581,100	2,069,400	2,086,800
Federal Fund	1,639,802	1,454,501	2,300,000	2,328,100	2,354,900
<b>TOTAL EXPENDITURES</b>	<b>2,236,302</b>	<b>2,058,901</b>	<b>2,881,100</b>	<b>4,397,500</b>	<b>4,441,700</b>

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

**Policy**

The budget includes additional General Fund of \$1,470,100 in each fiscal year for the Registered Apprenticeship program. This will provide subsidies for 640 new apprenticeships, and to provide additional Registered Apprenticeship Support Services to 250 apprentices.

**Education and Labor  
Workforce Development  
Adult Education**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	18,407,600	18,407,600	18,587,200	18,758,300	18,920,900
Continuing Approp-General Fund	6,667,651	6,047,028	7,487,300		
Other	(1,000,000)				
<b>Total General Fund</b>	<b>24,075,251</b>	<b>24,454,628</b>	<b>26,074,500</b>	<b>18,758,300</b>	<b>18,920,900</b>
<b>Restricted Funds</b>					
Balance Forward	473,848	596,000	721,300	842,200	963,100
Current Receipts	145,565	145,870	145,900	145,900	145,900
<b>Total Restricted Funds</b>	<b>619,413</b>	<b>741,870</b>	<b>867,200</b>	<b>988,100</b>	<b>1,109,000</b>
<b>Federal Fund</b>					
Balance Forward	476,100		(964,500)		
Current Receipts	11,292,957	9,348,993	11,964,500	11,000,000	11,000,000
<b>Total Federal Fund</b>	<b>11,769,058</b>	<b>9,348,993</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>36,463,722</b>	<b>34,545,491</b>	<b>37,941,700</b>	<b>30,746,400</b>	<b>31,029,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,259,750	4,486,438	5,339,000	5,520,300	5,682,900
Operating Expenses	1,189,904	1,249,159	1,249,500	1,249,500	1,249,500
Grants Loans Benefits	23,371,039	21,490,425	30,511,000	23,013,500	23,013,500
Capital Outlay		75,357			
<b>TOTAL EXPENDITURES</b>	<b>29,820,694</b>	<b>27,226,022</b>	<b>37,099,500</b>	<b>29,783,300</b>	<b>29,945,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	18,028,223	16,967,305	26,074,500	18,758,300	18,920,900
Restricted Funds	23,413	20,581	25,000	25,000	25,000
Federal Fund	11,769,058	10,313,493	11,000,000	11,000,000	11,000,000
<b>TOTAL EXPENDITURES</b>	<b>29,820,694</b>	<b>27,301,379</b>	<b>37,099,500</b>	<b>29,783,300</b>	<b>29,945,900</b>

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

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

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

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

**Education and Labor  
Workforce Development  
Unemployment Insurance**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation				3,540,000	7,686,800
<b>Total General Fund</b>				3,540,000	7,686,800
<b>Restricted Funds</b>					
Balance Forward	12,149,321	16,848,308	14,848,900	11,848,900	7,816,900
Current Receipts	(402,784)	264,943	100,000	100,000	100,000
Non-Revenue Receipts	5,101,771	(196,667)	2,000,000	2,000,000	2,000,000
<b>Total Restricted Funds</b>	16,848,308	16,916,584	16,948,900	13,948,900	9,916,900
<b>Federal Fund</b>					
Balance Forward	11,671,350	(2,581,291)	880,800		
Current Receipts	2,008,573,677	274,046,211	296,283,500	298,104,100	298,996,000
Non-Revenue Receipts	(526,432,068)	(7,951,468)			
<b>Total Federal Fund</b>	1,493,812,959	263,513,452	297,164,300	298,104,100	298,996,000
<b>TOTAL SOURCE OF FUNDS</b>	1,510,661,267	280,430,035	314,113,200	315,593,000	316,599,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	791,484,018	36,644,281	38,614,800	43,523,900	46,842,500
Operating Expenses	12,476,576	12,277,008	11,877,200	12,479,900	13,230,600
Grants Loans Benefits	692,433,438	214,392,172	250,387,500	250,387,500	250,387,500
Capital Outlay	217	1,384,841	1,384,800	1,384,800	1,384,800
Construction		2,018			
<b>TOTAL EXPENDITURES</b>	1,496,394,250	264,700,319	302,264,300	307,776,100	311,845,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				3,540,000	7,686,800
Restricted Funds		2,067,710	5,100,000	6,132,000	5,162,600
Federal Fund	1,496,394,250	262,632,609	297,164,300	298,104,100	298,996,000
<b>TOTAL EXPENDITURES</b>	1,496,394,250	264,700,319	302,264,300	307,776,100	311,845,400
<b>EXPENDITURES BY UNIT</b>					
Unemployment Insurance Administration	804,330,461	49,338,058	86,902,000	92,413,800	96,483,100
Unemployment Insurance Benefits	692,063,789	215,362,260	215,362,300	215,362,300	215,362,300
<b>TOTAL EXPENDITURES</b>	1,496,394,250	264,700,319	302,264,300	307,776,100	311,845,400

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**

The budget funds the restoration of 90 staff positions eliminated in past budgets, phased in at 45 in fiscal year 2025 and another 45 in fiscal year 2026. They are being restored to provide in-person services to unemployed persons with their unemployment insurance claims at the twelve career centers across the state. The employees will be cross-trained to also provide employment-related services to employers and job seekers including employment counseling and job search assistance. The funding for the 90 positions is \$3,540,000 in fiscal year 2025 and \$7,686,800 in fiscal year 2026 from the General Fund.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Balance Forward			(15,600)		
Current Receipts		1,321,032	1,865,600	1,906,900	1,961,100
<b>Total Federal Fund</b>		1,321,032	1,850,000	1,906,900	1,961,100
<b>TOTAL SOURCE OF FUNDS</b>		1,321,032	1,850,000	1,906,900	1,961,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs		1,317,249	1,830,600	1,887,500	1,941,700
Operating Expenses		19,381	19,400	19,400	19,400
<b>TOTAL EXPENDITURES</b>		1,336,630	1,850,000	1,906,900	1,961,100
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund		1,336,630	1,850,000	1,906,900	1,961,100
<b>TOTAL EXPENDITURES</b>		1,336,630	1,850,000	1,906,900	1,961,100

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 12 employees and renders approximately 3,000 to 5,000 decisions each year.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation				450,000	550,000
<b>Total General Fund</b>				450,000	550,000
<b>Restricted Funds</b>					
Balance Forward	2,269,148	2,576,070	1,828,100	1,887,500	1,356,500
Current Receipts	2,023,835	1,290,351	1,502,500	1,402,600	1,462,500
Non-Revenue Receipts	512,409	(867,730)	2,101,000	1,756,000	1,462,500
<b>Total Restricted Funds</b>	4,805,392	2,998,691	5,431,600	5,046,100	4,281,500
<b>Federal Fund</b>					
Balance Forward	881,181	(1,418,700)	(1,327,700)		
Current Receipts	8,278,647	24,077,047	30,179,500	29,333,500	29,791,300
Non-Revenue Receipts	(47,696)	47,693			
<b>Total Federal Fund</b>	9,112,132	22,706,041	28,851,800	29,333,500	29,791,300
<b>TOTAL SOURCE OF FUNDS</b>	13,917,524	25,704,732	34,283,400	34,829,600	34,622,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,259,348	15,155,490	20,393,500	21,156,400	21,752,700
Operating Expenses	4,024,750	4,168,682	6,143,900	6,158,200	6,158,200
Grants Loans Benefits	4,073,241	5,876,216	5,858,500	6,158,500	6,258,500
Capital Outlay	400,014				
Construction	2,800	4,000			
<b>TOTAL EXPENDITURES</b>	12,760,153	25,204,389	32,395,900	33,473,100	34,169,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				450,000	550,000
Restricted Funds	2,229,322	1,170,607	3,544,100	3,689,600	3,828,100
Federal Fund	10,530,831	24,033,782	28,851,800	29,333,500	29,791,300
<b>TOTAL EXPENDITURES</b>	12,760,153	25,204,389	32,395,900	33,473,100	34,169,400

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.

**Policy**

The budget includes additional General Fund of \$450,000 in fiscal year 2025 and \$550,000 in fiscal year 2026 to support the Jobs on Day One Program. This program will coordinate with the Department of Corrections' reentry programs and focus on a system-wide approach to address the justice-involved reentry population by leveraging the collaboration, partnership, and complementary services offered by the Career Development Program.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Balance Forward	(1,562,470)	(657,911)	(3,447,100)		
Current Receipts	48,362,397	52,062,401	62,572,100	59,213,400	59,297,400
<b>Total Federal Fund</b>	<b>46,799,927</b>	<b>51,404,490</b>	<b>59,125,000</b>	<b>59,213,400</b>	<b>59,297,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>46,799,927</b>	<b>51,404,490</b>	<b>59,125,000</b>	<b>59,213,400</b>	<b>59,297,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,474,837	4,209,281	4,023,900	4,112,300	4,196,300
Operating Expenses	539,928	1,700,574	1,700,700	1,700,700	1,700,700
Grants Loans Benefits	42,443,074	48,941,758	53,400,400	53,400,400	53,400,400
<b>TOTAL EXPENDITURES</b>	<b>47,457,838</b>	<b>54,851,613</b>	<b>59,125,000</b>	<b>59,213,400</b>	<b>59,297,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	47,457,838	54,851,613	59,125,000	59,213,400	59,297,400
<b>TOTAL EXPENDITURES</b>	<b>47,457,838</b>	<b>54,851,613</b>	<b>59,125,000</b>	<b>59,213,400</b>	<b>59,297,400</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,775,300	1,898,100	1,911,900	1,964,100	2,014,300
State Salary and Compensation Allocation			57,500		
Current Year Appropriation	62,900				
<b>Total General Fund</b>	<b>1,838,200</b>	<b>1,898,100</b>	<b>1,969,400</b>	<b>1,964,100</b>	<b>2,014,300</b>
<b>Restricted Funds</b>					
Balance Forward	180,862	10,490			
Current Receipts	17,534	434			
Non-Revenue Receipts	7,410,007	7,385,650	9,258,600	9,813,600	10,590,500
<b>Total Restricted Funds</b>	<b>7,608,403</b>	<b>7,396,575</b>	<b>9,258,600</b>	<b>9,813,600</b>	<b>10,590,500</b>
<b>Federal Fund</b>					
Balance Forward	(29,349)	(1,298,834)	(33,400)		
Current Receipts	2,862,558	5,474,268	4,643,100	4,611,700	4,737,700
<b>Total Federal Fund</b>	<b>2,833,209</b>	<b>4,175,434</b>	<b>4,609,700</b>	<b>4,611,700</b>	<b>4,737,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,279,812</b>	<b>13,470,109</b>	<b>15,837,700</b>	<b>16,389,400</b>	<b>17,342,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	11,684,032	11,392,789	13,163,700	13,619,600	14,462,400
Operating Expenses	1,805,388	1,711,730	2,333,700	2,429,500	2,539,800
Grants Loans Benefits	78,735	267,788	340,300	340,300	340,300
Capital Outlay		131,168			
<b>TOTAL EXPENDITURES</b>	<b>13,568,155</b>	<b>13,503,474</b>	<b>15,837,700</b>	<b>16,389,400</b>	<b>17,342,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,838,200	1,898,100	1,969,400	1,964,100	2,014,300
Restricted Funds	7,597,912	7,396,576	9,258,600	9,813,600	10,590,500
Federal Fund	4,132,043	4,208,798	4,609,700	4,611,700	4,737,700
<b>TOTAL EXPENDITURES</b>	<b>13,568,155</b>	<b>13,503,474</b>	<b>15,837,700</b>	<b>16,389,400</b>	<b>17,342,500</b>
<b>EXPENDITURES BY UNIT</b>					
Wages & Hours	1,838,200	1,898,100	1,969,400	1,964,100	2,014,300
Occupational Safety and Health	10,976,770	10,786,437	13,089,800	13,665,000	14,562,000
Commissioner's Office	753,185	818,938	778,500	760,300	766,200
<b>TOTAL EXPENDITURES</b>	<b>13,568,155</b>	<b>13,503,474</b>	<b>15,837,700</b>	<b>16,389,400</b>	<b>17,342,500</b>

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

The Department is comprised of the 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 an additional amount of \$302,300 in fiscal year 2025 and \$299,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$41,100 and \$40,700, respectively.

The Governor's budget includes an additional amount of \$532,600 in fiscal year 2025 and \$899,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$72,400 and \$122,300, respectively.

**Education and Labor  
Workers' Claims**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	1,355,591	1,106	112,000		
Current Receipts	717,722	541,024	520,000	520,000	520,000
Non-Revenue Receipts	50,342,689	50,829,119	61,624,200	62,409,000	62,957,600
<b>Total Restricted Funds</b>	<b>52,416,002</b>	<b>51,371,248</b>	<b>62,256,200</b>	<b>62,929,000</b>	<b>63,477,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>52,416,002</b>	<b>51,371,248</b>	<b>62,256,200</b>	<b>62,929,000</b>	<b>63,477,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	14,845,368	17,145,845	19,932,700	20,496,300	21,044,700
Operating Expenses	2,022,572	1,992,952	1,930,800	2,117,600	2,117,800
Grants Loans Benefits	35,546,957	32,120,499	40,392,700	40,315,100	40,315,100
<b>TOTAL EXPENDITURES</b>	<b>52,414,897</b>	<b>51,259,296</b>	<b>62,256,200</b>	<b>62,929,000</b>	<b>63,477,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	52,414,897	51,259,296	62,256,200	62,929,000	63,477,600
<b>TOTAL EXPENDITURES</b>	<b>52,414,897</b>	<b>51,259,296</b>	<b>62,256,200</b>	<b>62,929,000</b>	<b>63,477,600</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Claims	52,414,897	51,259,296	62,256,200	62,929,000	63,477,600
<b>TOTAL EXPENDITURES</b>	<b>52,414,897</b>	<b>51,259,296</b>	<b>62,256,200</b>	<b>62,929,000</b>	<b>63,477,600</b>

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

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

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

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

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

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

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

**Policy**

The Governor's budget includes an additional amount of \$335,200 in fiscal year 2025 and \$331,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$838,000 in fiscal year 2025 and \$1,406,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	20,616	19,435	46,200		
Current Receipts	(71,498)	289			
Non-Revenue Receipts	712,589	749,448	767,200	809,700	824,800
<b>Total Restricted Funds</b>	<b>661,707</b>	<b>769,172</b>	<b>813,400</b>	<b>809,700</b>	<b>824,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>661,707</b>	<b>769,172</b>	<b>813,400</b>	<b>809,700</b>	<b>824,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	607,483	687,075	772,500	768,000	783,100
Operating Expenses	34,789	35,856	40,900	41,700	41,700
<b>TOTAL EXPENDITURES</b>	<b>642,272</b>	<b>722,930</b>	<b>813,400</b>	<b>809,700</b>	<b>824,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	642,272	722,930	813,400	809,700	824,800
<b>TOTAL EXPENDITURES</b>	<b>642,272</b>	<b>722,930</b>	<b>813,400</b>	<b>809,700</b>	<b>824,800</b>
<b>EXPENDITURES BY UNIT</b>					
Occupational Safety and Health Review Commission	642,272	722,930	813,400	809,700	824,800
<b>TOTAL EXPENDITURES</b>	<b>642,272</b>	<b>722,930</b>	<b>813,400</b>	<b>809,700</b>	<b>824,800</b>

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

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

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

**Policy**

The Governor's budget includes an additional amount of \$7,300 in fiscal year 2025 and \$7,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$22,700 in fiscal year 2025 and \$38,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	4,182,880		430,300		
Current Receipts	71,183,137	72,110,295	90,335,600	92,498,200	94,313,600
Non-Revenue Receipts	2,202,952	3,665,810	2,108,300	2,467,000	2,269,700
<b>Total Restricted Funds</b>	<b>77,568,969</b>	<b>75,776,105</b>	<b>92,874,200</b>	<b>94,965,200</b>	<b>96,583,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>77,568,969</b>	<b>75,776,105</b>	<b>92,874,200</b>	<b>94,965,200</b>	<b>96,583,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	76,258,731	75,170,629	92,698,700	94,716,100	96,334,200
Operating Expenses	1,310,237	175,109	175,500	249,100	249,100
<b>TOTAL EXPENDITURES</b>	<b>77,568,969</b>	<b>75,345,737</b>	<b>92,874,200</b>	<b>94,965,200</b>	<b>96,583,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	77,568,969	75,345,737	92,874,200	94,965,200	96,583,300
<b>TOTAL EXPENDITURES</b>	<b>77,568,969</b>	<b>75,345,737</b>	<b>92,874,200</b>	<b>94,965,200</b>	<b>96,583,300</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Funding Commission	2,166,265	2,183,092	2,692,200	2,719,500	2,772,200
Benefit Reserve	74,289,900	73,162,645	90,182,000	92,245,700	93,811,100
KCWP Fund	1,112,804				
<b>TOTAL EXPENDITURES</b>	<b>77,568,969</b>	<b>75,345,737</b>	<b>92,874,200</b>	<b>94,965,200</b>	<b>96,583,300</b>

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

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

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

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

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

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

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

**Policy**

The Governor's budget includes an additional amount of \$25,300 in fiscal year 2025 and \$25,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$84,400 in fiscal year 2025 and \$142,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Non-Revenue Receipts			1,100	1,100	1,100
<b>Total Restricted Funds</b>			1,100	1,100	1,100
<b>TOTAL SOURCE OF FUNDS</b>			1,100	1,100	1,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs			400	400	400
Operating Expenses			700	700	700
<b>TOTAL EXPENDITURES</b>			1,100	1,100	1,100
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds			1,100	1,100	1,100
<b>TOTAL EXPENDITURES</b>			1,100	1,100	1,100
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation			1,100	1,100	1,100
<b>TOTAL EXPENDITURES</b>			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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Non-Revenue Receipts	141,147	135,985	146,000	146,000	146,000
<b>Total Restricted Funds</b>	<b>141,147</b>	<b>135,985</b>	<b>146,000</b>	<b>146,000</b>	<b>146,000</b>
<b>Federal Fund</b>					
Balance Forward	(902,991)	(807,348)	(778,700)		
Current Receipts	48,677,336	56,806,018	57,408,600	57,168,300	58,495,500
<b>Total Federal Fund</b>	<b>47,774,345</b>	<b>55,998,670</b>	<b>56,629,900</b>	<b>57,168,300</b>	<b>58,495,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>47,915,492</b>	<b>56,134,654</b>	<b>56,775,900</b>	<b>57,314,300</b>	<b>58,641,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	37,237,232	43,392,433	48,641,100	49,288,100	50,615,300
Operating Expenses	3,138,076	3,540,975	3,853,700	3,745,100	3,745,100
Grants Loans Benefits	8,299,578	9,925,784	4,212,700	4,212,700	4,212,700
Capital Outlay	47,955	40,800	55,000	55,000	55,000
Construction		13,373	13,400	13,400	13,400
<b>TOTAL EXPENDITURES</b>	<b>48,722,840</b>	<b>56,913,365</b>	<b>56,775,900</b>	<b>57,314,300</b>	<b>58,641,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	141,147	135,985	146,000	146,000	146,000
Federal Fund	48,581,693	56,777,380	56,629,900	57,168,300	58,495,500
<b>TOTAL EXPENDITURES</b>	<b>48,722,840</b>	<b>56,913,365</b>	<b>56,775,900</b>	<b>57,314,300</b>	<b>58,641,500</b>
<b>EXPENDITURES BY UNIT</b>					
Disability Determinations	48,722,840	56,913,365	56,775,900	57,314,300	58,641,500
<b>TOTAL EXPENDITURES</b>	<b>48,722,840</b>	<b>56,913,365</b>	<b>56,775,900</b>	<b>57,314,300</b>	<b>58,641,500</b>

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 federal fiscal year 2022, DDS processed 76,465 disability claims. They expect to process 78,470 disability claims during federal fiscal year 2023. The DDS is funded solely by the Social Security Administration.

**Policy**

The General Assembly passed Senate Bill 48 in the 2023 legislative session and authorized the reorganization of functions from the Cabinet for Health and Family Services to the Education and Labor Cabinet. The Disability Determination services program has been reorganized into the Cabinet, effective July 1, 2024. The budget for those functions have been relocated accordingly.

The Governor's budget includes an additional amount of \$1,316,300 in fiscal year 2025 and \$1,302,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$1,948,000 in fiscal year 2025 and \$1,302,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

# **Energy and Environment**

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**Energy and Environment**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	90,176,800	99,387,000	95,953,200	105,489,500	108,801,200
State Salary and Compensation Allocation			2,704,000		
Current Year Appropriation	3,649,500		835,500		
Continuing Approp-General Fund	1,670,182	831,520	2,353,600		
Reorganization Adjustment					
Mandated Allotments	957,367	3,108,899			
Other					
<b>Total General Fund</b>	<b>96,453,849</b>	<b>103,327,419</b>	<b>101,846,300</b>	<b>105,489,500</b>	<b>108,801,200</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	3,423,400	3,400,000	3,400,000	3,400,000	3,400,000
Continuing Approp-Tob Settlement	9,838,829	8,712,392	7,523,400		
<b>Total Tobacco Fund</b>	<b>13,262,229</b>	<b>12,112,392</b>	<b>10,923,400</b>	<b>3,400,000</b>	<b>3,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	35,246,885	45,415,787	60,036,700	59,882,700	50,969,200
Current Receipts	45,585,192	32,889,762	38,018,500	36,419,700	37,790,700
Non-Revenue Receipts	71,110,335	70,971,821	73,222,000	84,854,400	85,634,500
Fund Transfers	(15,000,000)				
<b>Total Restricted Funds</b>	<b>136,942,413</b>	<b>149,277,369</b>	<b>171,277,200</b>	<b>181,156,800</b>	<b>174,394,400</b>
<b>Federal Fund</b>					
Balance Forward	(645,647)	(3,250,522)	(7,336,423)		10,700
Current Receipts	62,765,526	81,096,291	221,793,823	227,436,900	273,878,900
Non-Revenue Receipts	(2,547,141)	(2,681,577)	12,830,000	11,648,500	11,647,000
<b>Total Federal Fund</b>	<b>59,572,738</b>	<b>75,164,192</b>	<b>227,287,400</b>	<b>239,085,400</b>	<b>285,536,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>306,231,228</b>	<b>339,881,371</b>	<b>511,334,300</b>	<b>529,131,700</b>	<b>572,132,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	160,883,584	167,620,265	203,976,500	220,213,900	270,355,000
Operating Expenses	33,504,966	37,919,237	43,488,600	48,381,600	48,416,300
Grants Loans Benefits	33,783,563	33,428,036	58,914,500	51,847,800	52,160,400
Debt Service		492,500		789,000	1,577,000
Capital Outlay	5,841,192	8,959,279	10,903,800	10,175,900	9,396,800
Construction	13,323,546	28,884,251	134,168,200	146,743,600	146,995,000
<b>TOTAL EXPENDITURES</b>	<b>247,336,851</b>	<b>277,303,567</b>	<b>451,451,600</b>	<b>478,151,800</b>	<b>528,900,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	88,437,128	100,973,738	101,846,300	105,489,500	108,801,200
Tobacco Fund	4,549,837	4,588,982	10,923,400	3,400,000	3,400,000
Restricted Funds	91,526,626	89,240,480	111,394,500	130,187,600	131,162,700
Federal Fund	62,823,260	82,500,368	227,287,400	239,074,700	285,536,600
<b>TOTAL EXPENDITURES</b>	<b>247,336,851</b>	<b>277,303,567</b>	<b>451,451,600</b>	<b>478,151,800</b>	<b>528,900,500</b>

**EXPENDITURES BY UNIT**

Secretary	18,288,606	11,668,276	12,783,700	9,437,300	9,721,600
Environmental Protection	116,838,240	123,572,464	147,191,200	160,743,200	163,387,500
Natural Resources	83,130,338	112,594,937	244,668,900	250,670,600	252,615,400
Public Service Commission	13,370,370	13,210,873	19,643,500	18,195,000	18,586,300
Office of Administrative Services	10,908,115	11,791,853	13,732,500	14,345,200	14,690,200
Office of KY Nature Preserves	2,805,332	2,794,746	4,804,100	4,875,300	4,973,800
Office of Energy Policy	1,995,850	1,670,418	8,627,700	19,885,200	64,925,700
<b>TOTAL EXPENDITURES</b>	<u>247,336,851</u>	<u>277,303,567</u>	<u>451,451,600</u>	<u>478,151,800</u>	<u>528,900,500</u>

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

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

**Energy and Environment  
Secretary**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,772,600	4,155,900	4,202,700	4,849,200	5,022,900
State Salary and Compensation Allocation			140,200		
Current Year Appropriation	180,200				
Reorganization Adjustment					
<b>Total General Fund</b>	<b>3,952,800</b>	<b>4,155,900</b>	<b>4,342,900</b>	<b>4,849,200</b>	<b>5,022,900</b>
<b>Restricted Funds</b>					
Balance Forward	640,816	6,253,298	2,303,400	42,600	18,900
Current Receipts	17,056,431	90,154	2,423,700	580,300	580,300
Non-Revenue Receipts	1,157,788	1,751,353	1,815,800	2,041,600	2,100,900
<b>Total Restricted Funds</b>	<b>18,855,036</b>	<b>8,094,805</b>	<b>6,542,900</b>	<b>2,664,500</b>	<b>2,700,100</b>
<b>Federal Fund</b>					
Balance Forward	(67,882)	(85,143)	(32,000)		
Current Receipts	1,737,754	1,796,018	1,995,800	1,965,800	2,021,900
Non-Revenue Receipts	(20,946)	(21,842)	(23,300)	(23,300)	(23,300)
<b>Total Federal Fund</b>	<b>1,648,926</b>	<b>1,689,034</b>	<b>1,940,500</b>	<b>1,942,500</b>	<b>1,998,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>24,456,762</b>	<b>13,939,739</b>	<b>12,826,300</b>	<b>9,456,200</b>	<b>9,721,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,637,057	7,015,025	7,506,800	8,001,000	8,283,900
Operating Expenses	640,546	663,594	899,000	936,300	937,700
Grants Loans Benefits	11,011,002	3,989,658	4,377,900	500,000	500,000
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	<b>18,288,606</b>	<b>11,668,276</b>	<b>12,783,700</b>	<b>9,437,300</b>	<b>9,721,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,952,800	4,155,900	4,342,900	4,849,200	5,022,900
Restricted Funds	12,601,737	5,791,426	6,500,300	2,645,600	2,700,100
Federal Fund	1,734,069	1,720,951	1,940,500	1,942,500	1,998,600
<b>TOTAL EXPENDITURES</b>	<b>18,288,606</b>	<b>11,668,276</b>	<b>12,783,700</b>	<b>9,437,300</b>	<b>9,721,600</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Hearings	1,260,006	1,515,523	1,680,600	1,656,100	1,697,300
Ofc of Sec - Leg & Interg Aff - Gen Coun	17,028,599	10,152,753	11,103,100	7,781,200	8,024,300
<b>TOTAL EXPENDITURES</b>	<b>18,288,606</b>	<b>11,668,276</b>	<b>12,783,700</b>	<b>9,437,300</b>	<b>9,721,600</b>

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 General Funds in the amount of \$524,700 in fiscal year 2025 and \$562,900 in fiscal year 2026 for four additional positions to support an increased workload from coal bankruptcies, bankruptcy proceedings, reclamation enforcement, and collections.

The Governor's budget includes additional funding in the amount of \$129,600 in fiscal year 2025 and \$128,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$71,300 and \$70,500, respectively.

The Governor's budget includes additional funding in the amount of \$375,100 in fiscal year 2025 and \$633,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$206,300 and \$348,400, respectively.

**Energy and Environment  
Administrative Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,187,900	5,621,300	5,698,300	5,948,800	6,121,800
State Salary and Compensation Allocation			202,000		
Current Year Appropriation	187,000				
Reorganization Adjustment					
<b>Total General Fund</b>	<b>5,374,900</b>	<b>5,621,300</b>	<b>5,900,300</b>	<b>5,948,800</b>	<b>6,121,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,220,701	1,563,333	1,996,800	1,551,300	698,000
Current Receipts	5,589	1,383	1,300	1,300	1,300
Non-Revenue Receipts	4,174,547	4,282,239	4,536,000	4,666,300	4,924,800
<b>Total Restricted Funds</b>	<b>5,400,838</b>	<b>5,846,955</b>	<b>6,534,100</b>	<b>6,218,900</b>	<b>5,624,100</b>
<b>Federal Fund</b>					
Balance Forward	52,030	(8,100)	(41,000)		
Current Receipts	1,671,273	2,342,501	3,003,900	2,939,100	3,007,900
Non-Revenue Receipts	(35,693)	(55,073)	(113,500)	(63,600)	(63,600)
<b>Total Federal Fund</b>	<b>1,687,610</b>	<b>2,279,328</b>	<b>2,849,400</b>	<b>2,875,500</b>	<b>2,944,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,463,347</b>	<b>13,747,583</b>	<b>15,283,800</b>	<b>15,043,200</b>	<b>14,690,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	9,027,552	9,941,886	11,182,600	12,002,300	12,347,000
Operating Expenses	1,812,996	1,805,568	2,439,900	2,232,900	2,233,200
Grants Loans Benefits					
Capital Outlay	67,567	44,398	110,000	110,000	110,000
<b>TOTAL EXPENDITURES</b>	<b>10,908,115</b>	<b>11,791,853</b>	<b>13,732,500</b>	<b>14,345,200</b>	<b>14,690,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,374,900	5,621,300	5,900,300	5,948,800	6,121,800
Restricted Funds	3,837,505	3,850,202	4,982,800	5,520,900	5,624,100
Federal Fund	1,695,710	2,320,351	2,849,400	2,875,500	2,944,300
<b>TOTAL EXPENDITURES</b>	<b>10,908,115</b>	<b>11,791,853</b>	<b>13,732,500</b>	<b>14,345,200</b>	<b>14,690,200</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Administrative Services	10,908,115	11,791,853	13,732,500	14,345,200	14,690,200
<b>TOTAL EXPENDITURES</b>	<b>10,908,115</b>	<b>11,791,853</b>	<b>13,732,500</b>	<b>14,345,200</b>	<b>14,690,200</b>

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 included administrative, financial management, human resource and information service roles.

## **Policy**

The Governor's budget includes additional Restricted Funds in the amount of \$500,000 in each fiscal year to enhance the mobile inspection process across the Cabinet.

The Governor's budget includes additional funding in the amount of \$341,900 in fiscal year 2025 and \$338,300 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$170,900 and \$169,100, respectively.

The Governor's budget includes additional funding in the amount of \$503,400 in fiscal year 2025 and \$850,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$251,700 and \$425,200, respectively



**Energy and Environment  
Environmental Protection**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	25,314,500	27,672,200	27,866,300	32,525,700	33,720,800
State Salary and Compensation Allocation			893,900		
Current Year Appropriation	1,640,500				
Reorganization Adjustment					
Other					
<b>Total General Fund</b>	<b>26,955,000</b>	<b>27,810,993</b>	<b>28,760,200</b>	<b>32,525,700</b>	<b>33,720,800</b>
<b>Restricted Funds</b>					
Balance Forward	19,767,238	25,145,774	40,497,000	47,395,000	44,248,600
Current Receipts	22,782,764	24,546,256	26,656,400	26,963,600	27,131,200
Non-Revenue Receipts	63,234,789	63,130,658	61,206,100	60,364,500	60,749,500
Fund Transfers	(15,000,000)				
<b>Total Restricted Funds</b>	<b>90,784,792</b>	<b>112,822,688</b>	<b>128,359,500</b>	<b>134,723,100</b>	<b>132,129,300</b>
<b>Federal Fund</b>					
Balance Forward	(116,783)	(1,622,896)	(3,335,400)		
Current Receipts	24,564,866	23,577,746	42,944,000	40,002,400	40,641,500
Non-Revenue Receipts	(1,826,756)	(1,854,305)	(2,142,100)	(2,259,400)	(2,259,400)
<b>Total Federal Fund</b>	<b>22,621,327</b>	<b>20,100,544</b>	<b>37,466,500</b>	<b>37,743,000</b>	<b>38,382,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>140,361,118</b>	<b>160,734,225</b>	<b>194,586,200</b>	<b>204,991,800</b>	<b>204,232,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	76,370,456	77,242,877	94,835,900	101,770,900	103,780,800
Operating Expenses	19,920,518	22,875,711	26,500,000	31,774,700	31,815,400
Grants Loans Benefits	14,918,534	17,285,386	20,285,200	21,077,700	21,073,500
Debt Service		492,500		789,000	1,577,000
Capital Outlay	4,853,268	4,474,913	5,545,100	5,305,900	5,115,800
Construction	775,464	1,201,077	25,000	25,000	25,000
<b>TOTAL EXPENDITURES</b>	<b>116,838,240</b>	<b>123,572,464</b>	<b>147,191,200</b>	<b>160,743,200</b>	<b>163,387,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	26,955,000	27,810,993	28,760,200	32,525,700	33,720,800
Restricted Funds	65,639,017	72,325,594	80,964,500	90,474,500	91,284,600
Federal Fund	24,244,223	23,435,877	37,466,500	37,743,000	38,382,100
Road Fund					
<b>TOTAL EXPENDITURES</b>	<b>116,838,240</b>	<b>123,572,464</b>	<b>147,191,200</b>	<b>160,743,200</b>	<b>163,387,500</b>

**EXPENDITURES BY UNIT**

Commissioner	1,227,139	1,372,690	1,418,900	2,785,600	2,196,700
Water	31,103,441	31,642,446	40,986,600	43,809,400	44,961,100
Waste Management	35,181,564	37,490,079	39,789,900	42,860,200	43,889,300
Air Quality	18,796,512	18,889,220	23,178,000	23,187,000	23,714,300
Environmental Program Support	3,768,188	4,034,160	4,246,100	4,824,000	4,925,200
Enforcement	4,220,716	4,803,043	8,305,700	8,571,000	8,735,500
Petroleum Storage Tank					
Environmental Assurance Fund	22,540,680	25,340,826	29,266,000	34,706,000	34,965,400
<b>TOTAL EXPENDITURES</b>	<u>116,838,240</u>	<u>123,572,464</u>	<u>147,191,200</u>	<u>160,743,200</u>	<u>163,387,500</u>

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 \$2,621,000 in fiscal year 2025 and \$2,593,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$883,300 and \$874,100, respectively.

The Governor’s budget includes additional funding in the amount of \$3,953,400 in fiscal year 2025 and \$6,677,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,332,300 and \$2,250,200, respectively.

**Energy and Environment  
Environmental Protection  
Commissioner**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	886,300	946,300	947,400	2,303,900	1,797,400
State Salary and Compensation Allocation			170,200		
Current Year Appropriation					
Other					
<b>Total General Fund</b>	<b>886,300</b>	<b>946,300</b>	<b>1,117,600</b>	<b>2,303,900</b>	<b>1,797,400</b>
<b>Restricted Funds</b>					
Balance Forward	131,096	156,294	41,400	56,600	66,800
Non-Revenue Receipts	240,643	237,094	237,200	370,800	244,600
<b>Total Restricted Funds</b>	<b>371,739</b>	<b>393,388</b>	<b>278,600</b>	<b>427,400</b>	<b>311,400</b>
<b>Federal Fund</b>					
Balance Forward		(697)			
Current Receipts	133,840	80,697	85,000	126,800	133,700
Non-Revenue Receipts	(9,143)	(5,591)	(5,700)	(5,700)	(5,700)
<b>Total Federal Fund</b>	<b>124,697</b>	<b>74,409</b>	<b>79,300</b>	<b>121,100</b>	<b>128,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,382,736</b>	<b>1,414,097</b>	<b>1,475,500</b>	<b>2,852,400</b>	<b>2,236,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,158,623	1,304,923	1,343,600	2,528,500	2,018,700
Operating Expenses	68,516	67,767	75,300	177,100	178,000
Capital Outlay				80,000	
<b>TOTAL EXPENDITURES</b>	<b>1,227,139</b>	<b>1,372,690</b>	<b>1,418,900</b>	<b>2,785,600</b>	<b>2,196,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	886,300	946,300	1,117,600	2,303,900	1,797,400
Restricted Funds	215,444	351,984	222,000	360,600	271,300
Federal Fund	125,394	74,406	79,300	121,100	128,000
<b>TOTAL EXPENDITURES</b>	<b>1,227,139</b>	<b>1,372,690</b>	<b>1,418,900</b>	<b>2,785,600</b>	<b>2,196,700</b>

The Office of the Commissioner, pursuant to KRS 224.10-020(1), provides leadership, policy direction, and management for the Department for Environmental Protection.

**Policy**

The Governor's budget includes additional General Fund in the amount of \$1,307,400 in fiscal year 2025 and \$671,300 in fiscal year 2026 for additional staff to proactively address concerns and the upcoming regulatory framework for per- and polyfluoroalkyl substances (PFAS) by funding five additional positions. The positions will support efforts to evaluate the drinking water and wastewater systems across the Commonwealth.

**Energy and Environment  
Environmental Protection  
Water**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,622,100	14,697,300	14,874,900	16,480,200	18,039,500
State Salary and Compensation Allocation			250,000		
Current Year Appropriation	1,530,300				
Other			(500,000)		
<b>Total General Fund</b>	<b>15,152,400</b>	<b>14,697,300</b>	<b>14,624,900</b>	<b>16,480,200</b>	<b>18,039,500</b>
<b>Restricted Funds</b>					
Balance Forward	2,589,593	4,078,493	3,128,300	1,991,700	1,353,600
Current Receipts	1,435,638	1,512,218	1,252,900	2,127,800	1,227,600
Non-Revenue Receipts	753,307	589,142	1,131,800	1,131,800	1,131,800
<b>Total Restricted Funds</b>	<b>4,778,538</b>	<b>6,179,853</b>	<b>5,513,000</b>	<b>5,251,300</b>	<b>3,713,000</b>
<b>Federal Fund</b>					
Balance Forward	3,448,843	2,902,749	1,616,700		
Current Receipts	15,765,433	13,635,609	26,031,000	24,790,600	25,108,300
Non-Revenue Receipts	(1,060,531)	(1,028,005)	(4,807,300)	(1,359,100)	(1,359,100)
<b>Total Federal Fund</b>	<b>18,153,745</b>	<b>15,510,353</b>	<b>22,840,400</b>	<b>23,431,500</b>	<b>23,749,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>38,084,684</b>	<b>36,387,506</b>	<b>42,978,300</b>	<b>45,163,000</b>	<b>45,501,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	25,743,149	25,602,440	34,380,000	36,657,200	37,384,800
Operating Expenses	2,868,557	2,847,378	3,051,100	3,191,700	3,211,800
Grants Loans Benefits	2,271,832	2,536,214	3,496,500	3,496,500	3,496,500
Debt Service		289,000		405,000	809,000
Capital Outlay	219,903	367,415	59,000	59,000	59,000
<b>TOTAL EXPENDITURES</b>	<b>31,103,441</b>	<b>31,642,446</b>	<b>40,986,600</b>	<b>43,809,400</b>	<b>44,961,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,152,400	14,697,300	14,624,900	16,480,200	18,039,500
Restricted Funds	700,045	3,051,518	3,521,300	3,897,700	3,172,400
Federal Fund	15,250,996	13,893,628	22,840,400	23,431,500	23,749,200
Road Fund					
<b>TOTAL EXPENDITURES</b>	<b>31,103,441</b>	<b>31,642,446</b>	<b>40,986,600</b>	<b>43,809,400</b>	<b>44,961,100</b>

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.

**Policy**

The Governor's budget includes additional General Fund in the amount of \$658,400 in fiscal year 2025 and \$706,500 in fiscal year 2026 for six additional positions. These positions will support the division's efforts to increase dam safety inspections, provide technical assistance to water systems, timely review permit applications, aid in reviewing projects, support initiative related to per- and polyfluoroalkyl substances (PFAS), and support data collection from the division's drone unmanned aerial vehicle.

**Energy and Environment  
Environmental Protection  
Waste Management**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,974,800	6,454,300	6,398,800	7,535,400	7,250,200
Current Year Appropriation					
Mandated Allotments		138,793			
Other	(128,300)	(120,000)	793,200		
<b>Total General Fund</b>	<b>5,846,500</b>	<b>6,473,093</b>	<b>7,192,000</b>	<b>7,535,400</b>	<b>7,250,200</b>
<b>Restricted Funds</b>					
Balance Forward	5,068,276	5,164,769	6,920,300	5,182,000	3,590,900
Current Receipts	4,173,648	4,239,116	3,659,700	4,117,500	4,137,800
Non-Revenue Receipts	21,285,484	22,488,387	20,718,300	22,715,500	22,741,100
Fund Transfers	(2,000,000)				
<b>Total Restricted Funds</b>	<b>28,527,409</b>	<b>31,892,272</b>	<b>31,298,300</b>	<b>32,015,000</b>	<b>30,469,800</b>
<b>Federal Fund</b>					
Balance Forward	2,132,577	1,430,648	1,103,700		
Current Receipts	5,806,417	6,275,934	8,075,400	7,465,600	7,148,500
Non-Revenue Receipts	(535,922)	(557,823)	(2,697,500)	(564,900)	(564,900)
<b>Total Federal Fund</b>	<b>7,403,072</b>	<b>7,148,759</b>	<b>6,481,600</b>	<b>6,900,700</b>	<b>6,583,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>41,776,981</b>	<b>45,514,124</b>	<b>44,971,900</b>	<b>46,451,100</b>	<b>44,303,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	19,140,890	19,081,607	22,970,100	24,567,200	25,203,600
Operating Expenses	2,706,390	2,590,821	2,784,700	2,876,900	2,885,700
Grants Loans Benefits	12,440,020	14,372,170	13,470,700	14,320,700	14,320,700
Debt Service		203,500		384,000	768,000
Capital Outlay	876,995	1,241,980	539,400	686,400	686,300
Construction	17,269		25,000	25,000	25,000
<b>TOTAL EXPENDITURES</b>	<b>35,181,564</b>	<b>37,490,079</b>	<b>39,789,900</b>	<b>42,860,200</b>	<b>43,889,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,846,500	6,473,093	7,192,000	7,535,400	7,250,200
Restricted Funds	23,362,640	24,971,955	26,116,300	28,424,100	30,055,500
Federal Fund	5,972,424	6,045,031	6,481,600	6,900,700	6,583,600
<b>TOTAL EXPENDITURES</b>	<b>35,181,564</b>	<b>37,490,079</b>	<b>39,789,900</b>	<b>42,860,200</b>	<b>43,889,300</b>

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.

### **Policy**

The Governor's budget includes additional General Fund in the amount of \$264,600 in fiscal year 2025 and \$302,400 in fiscal year 2026 for two additional positions. Positions include an Environmental Scientist Consultant and a Geologist I to review engineering, geological, and programmatic environmental impacts related to large economically important construction projects.

The Governor's budget includes additional Restricted Funds in the amount of \$560,700 in fiscal year 2025 and \$581,000 in fiscal year 2026 to implement the requirements of House Bill 4 from the 2023 Regular Session for the Cabinet to perform required monitoring and enforcement of merchant electric generating facilities.

**Energy and Environment  
Environmental Protection  
Air Quality**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>Restricted Funds</b>					
Balance Forward	2,900,309	1,931,493	2,226,700	2,170,100	714,200
Current Receipts	16,147,319	16,988,891	19,907,800	19,143,900	19,934,400
Non-Revenue Receipts	(23,542)	(108)	(24,100)	(24,100)	(24,100)
<b>Total Restricted Funds</b>	<b>19,024,086</b>	<b>18,920,276</b>	<b>22,110,400</b>	<b>21,289,900</b>	<b>20,624,500</b>
<b>Federal Fund</b>					
Balance Forward	612,575	588,337	585,300		
Current Receipts	1,803,932	2,350,103	3,428,700	2,775,000	3,253,500
Non-Revenue Receipts	(124,251)	(157,461)	(776,300)	(163,700)	(163,700)
<b>Total Federal Fund</b>	<b>2,292,256</b>	<b>2,780,980</b>	<b>3,237,700</b>	<b>2,611,300</b>	<b>3,089,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,316,343</b>	<b>21,701,256</b>	<b>25,348,100</b>	<b>23,901,200</b>	<b>23,714,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	16,129,185	16,469,216	19,049,100	19,530,000	20,105,200
Operating Expenses	1,931,068	1,922,528	2,112,400	2,159,800	2,166,900
Grants Loans Benefits	126,978	271,109	602,800	602,800	602,800
Capital Outlay	609,282	226,367	1,413,700	894,400	839,400
<b>TOTAL EXPENDITURES</b>	<b>18,796,512</b>	<b>18,889,220</b>	<b>23,178,000</b>	<b>23,187,000</b>	<b>23,714,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	17,092,593	16,693,573	19,940,300	20,575,700	20,624,500
Federal Fund	1,703,919	2,195,647	3,237,700	2,611,300	3,089,800
<b>TOTAL EXPENDITURES</b>	<b>18,796,512</b>	<b>18,889,220</b>	<b>23,178,000</b>	<b>23,187,000</b>	<b>23,714,300</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,417,000	3,815,800	3,848,900	4,387,100	4,470,700
State Salary and Compensation Allocation			473,700		
Current Year Appropriation	110,200				
Reorganization Adjustment					
Other	128,300	120,000	(293,200)		
<b>Total General Fund</b>	<b>3,655,500</b>	<b>3,935,800</b>	<b>4,029,400</b>	<b>4,387,100</b>	<b>4,470,700</b>
<b>Restricted Funds</b>					
Balance Forward	31,397	45,791	38,400	102,800	47,800
Current Receipts	60,907	82,944	76,400	76,400	71,800
Non-Revenue Receipts	1,674		10,000	10,000	10,000
<b>Total Restricted Funds</b>	<b>93,979</b>	<b>128,735</b>	<b>124,800</b>	<b>189,200</b>	<b>129,600</b>
<b>Federal Fund</b>					
Balance Forward	(51,048)	(51,048)	(51,000)		
Current Receipts	66,174	8,000	204,700	305,500	334,900
Non-Revenue Receipts	(1,674)		41,000	(10,000)	(10,000)
<b>Total Federal Fund</b>	<b>13,453</b>	<b>(43,048)</b>	<b>194,700</b>	<b>295,500</b>	<b>324,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,762,932</b>	<b>4,021,488</b>	<b>4,348,900</b>	<b>4,871,800</b>	<b>4,925,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,622,247	2,728,017	3,181,600	3,388,500	3,495,700
Operating Expenses	1,102,198	1,295,887	1,062,700	1,429,500	1,427,700
Grants Loans Benefits	4,930	10,255	1,800	6,000	1,800
Capital Outlay	38,812				
<b>TOTAL EXPENDITURES</b>	<b>3,768,188</b>	<b>4,034,160</b>	<b>4,246,100</b>	<b>4,824,000</b>	<b>4,925,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,655,500	3,935,800	4,029,400	4,387,100	4,470,700
Restricted Funds	48,188	90,360	22,000	141,400	129,600
Federal Fund	64,500	8,000	194,700	295,500	324,900
<b>TOTAL EXPENDITURES</b>	<b>3,768,188</b>	<b>4,034,160</b>	<b>4,246,100</b>	<b>4,824,000</b>	<b>4,925,200</b>

The Division of Environmental Program Support provides centralized laboratory testing for the Department. Activities are conducted pursuant to KRS 224.10-100(7).

**Policy**

The Governor's budget includes additional General Fund in the amount of \$320,000 in fiscal year 2025 and \$350,000 in fiscal year 2026 to support inflationary costs and sampling demands for the required laboratory testing services to identify and characterize environmental pollutants.

**Energy and Environment  
Environmental Protection  
Enforcement**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,414,300	1,758,500	1,796,300	1,819,100	2,163,000
Other					
<b>Total General Fund</b>	<b>1,414,300</b>	<b>1,758,500</b>	<b>1,796,300</b>	<b>1,819,100</b>	<b>2,163,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,057,304	1,288,261	1,452,400	1,391,600	886,900
Current Receipts	758,745	741,555	811,300	549,700	811,300
Non-Revenue Receipts	1,151,639	1,247,981	1,004,500	1,314,600	1,314,600
<b>Total Restricted Funds</b>	<b>2,967,688</b>	<b>3,277,796</b>	<b>3,268,200</b>	<b>3,255,900</b>	<b>3,012,800</b>
<b>Federal Fund</b>					
Balance Forward	(6,259,731)	(6,492,886)	(6,590,100)		
Current Receipts	989,069	1,227,402	5,119,200	4,538,900	4,662,600
Non-Revenue Receipts	(95,234)	(105,425)	6,103,700	(156,000)	(156,000)
<b>Total Federal Fund</b>	<b>(5,365,897)</b>	<b>(5,370,909)</b>	<b>4,632,800</b>	<b>4,382,900</b>	<b>4,506,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>(983,909)</b>	<b>(334,612)</b>	<b>9,697,300</b>	<b>9,457,900</b>	<b>9,682,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,714,053	4,288,391	5,124,200	5,409,400	5,571,600
Operating Expenses	431,888	419,013	468,100	509,900	512,200
Grants Loans Benefits	74,775	95,639	2,713,400	2,651,700	2,651,700
<b>TOTAL EXPENDITURES</b>	<b>4,220,716</b>	<b>4,803,043</b>	<b>8,305,700</b>	<b>8,571,000</b>	<b>8,735,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,414,300	1,758,500	1,796,300	1,819,100	2,163,000
Restricted Funds	1,679,427	1,825,378	1,876,600	2,369,000	2,065,900
Federal Fund	1,126,989	1,219,165	4,632,800	4,382,900	4,506,600
<b>TOTAL EXPENDITURES</b>	<b>4,220,716</b>	<b>4,803,043</b>	<b>8,305,700</b>	<b>8,571,000</b>	<b>8,735,500</b>

The Division of Enforcement, pursuant to KRS 224.10-050, 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	7,989,263	12,480,672	26,689,500	36,500,200	37,588,400
Current Receipts	206,507	981,532	948,300	948,300	948,300
Non-Revenue Receipts	39,825,583	38,568,162	38,128,400	34,845,900	35,331,500
Fund Transfers	(13,000,000)				
<b>Total Restricted Funds</b>	<b>35,021,352</b>	<b>52,030,367</b>	<b>65,766,200</b>	<b>72,294,400</b>	<b>73,868,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>35,021,352</b>	<b>52,030,367</b>	<b>65,766,200</b>	<b>72,294,400</b>	<b>73,868,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	7,862,308	7,768,282	8,787,300	9,690,100	10,001,200
Operating Expenses	10,811,901	13,732,317	16,945,700	21,429,800	21,433,100
Grants Loans Benefits					
Capital Outlay	3,108,276	2,639,151	3,533,000	3,586,100	3,531,100
Construction	758,195	1,201,077			
<b>TOTAL EXPENDITURES</b>	<b>22,540,680</b>	<b>25,340,826</b>	<b>29,266,000</b>	<b>34,706,000</b>	<b>34,965,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	22,540,680	25,340,826	29,266,000	34,706,000	34,965,400
<b>TOTAL EXPENDITURES</b>	<b>22,540,680</b>	<b>25,340,826</b>	<b>29,266,000</b>	<b>34,706,000</b>	<b>34,965,400</b>

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.

**Policy**

The Governor’s budget includes additional Restricted Fund in the amount of \$4,423,600 in each fiscal year. The funding is necessary to support the recent reimbursement increase associated with remedial cleanup activities effective in fiscal year 2024.

**Energy and Environment  
Natural Resources**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	37,115,300	47,081,900	42,882,600	44,709,100	46,002,500
State Salary and Compensation Allocation			1,099,700		
Current Year Appropriation	1,208,100				
Mandated Allotments	957,367	2,970,106			
<b>Total General Fund</b>	<b>39,280,767</b>	<b>50,052,006</b>	<b>43,982,300</b>	<b>44,709,100</b>	<b>46,002,500</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	3,423,400	3,400,000	3,400,000	3,400,000	3,400,000
Continuing Approp-Tob Settlement	9,838,829	8,712,392	7,523,400		
Other					
<b>Total Tobacco Fund</b>	<b>13,262,229</b>	<b>12,112,392</b>	<b>10,923,400</b>	<b>3,400,000</b>	<b>3,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	7,120,001	6,461,916	8,517,400	6,393,200	3,063,300
Current Receipts	4,443,834	5,830,710	5,819,200	5,068,400	6,246,600
Non-Revenue Receipts	1,005,153	935,667	4,411,800	16,548,700	16,581,100
<b>Total Restricted Funds</b>	<b>12,568,987</b>	<b>13,228,293</b>	<b>18,748,400</b>	<b>28,010,300</b>	<b>25,891,000</b>
<b>Federal Fund</b>					
Balance Forward	(348,605)	(1,346,392)	(3,708,523)		
Current Receipts	32,666,925	51,444,156	165,865,623	163,374,400	164,019,200
Non-Revenue Receipts	(472,050)	(563,071)	15,250,900	14,240,100	14,240,100
<b>Total Federal Fund</b>	<b>31,846,271</b>	<b>49,534,693</b>	<b>177,408,000</b>	<b>177,614,500</b>	<b>178,259,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>96,958,254</b>	<b>124,927,383</b>	<b>251,062,100</b>	<b>253,733,900</b>	<b>253,552,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	53,856,387	58,616,207	68,471,400	71,581,700	73,557,600
Operating Expenses	8,725,873	10,311,989	10,880,400	10,590,500	10,583,300
Grants Loans Benefits	7,171,201	11,686,856	26,256,500	17,324,800	17,638,500
Capital Outlay	828,795	4,296,711	4,917,400	4,455,000	3,866,000
Construction	12,548,082	27,683,174	134,143,200	146,718,600	146,970,000
<b>TOTAL EXPENDITURES</b>	<b>83,130,338</b>	<b>112,594,937</b>	<b>244,668,900</b>	<b>250,670,600</b>	<b>252,615,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	39,280,767	50,052,006	43,982,300	44,709,100	46,002,500
Tobacco Fund	4,549,837	4,588,982	10,923,400	3,400,000	3,400,000
Restricted Funds	6,107,071	4,710,829	12,355,200	24,947,000	24,953,600
Federal Fund	33,192,663	53,243,120	177,408,000	177,614,500	178,259,300
<b>TOTAL EXPENDITURES</b>	<b>83,130,338</b>	<b>112,594,937</b>	<b>244,668,900</b>	<b>250,670,600</b>	<b>252,615,400</b>

**EXPENDITURES BY UNIT**

Commissioner	1,176,933	1,221,927	1,383,300	1,451,300	1,486,700
Forestry	19,787,623	24,648,062	26,381,200	26,428,400	26,944,900
Conservation	6,587,813	11,573,710	13,201,600	5,371,400	5,421,500
Oil and Gas	2,912,933	19,956,073	40,175,200	35,670,000	35,810,900
Mine Permits	4,642,945	5,292,407	5,743,400	6,023,200	6,160,300
Mine Reclamation and Enforcement	14,882,702	15,392,006	16,924,000	17,314,400	17,785,700
Abandoned Mine Lands	10,865,089	11,491,486	22,334,100	33,576,700	33,880,100
Mine Safety	9,567,664	9,999,011	11,194,800	11,429,100	11,709,100
Reclamation Guaranty Fund	552,526	987,378	1,476,300	1,469,500	1,484,800
Abandoned Mine Land Reclamation Projects	12,094,609	11,969,176	105,798,900	111,880,500	111,875,300
Mine Safety Review Commission	59,500	63,700	56,100	56,100	56,100
<b>TOTAL EXPENDITURES</b>	<b>83,130,338</b>	<b>112,594,937</b>	<b>244,668,900</b>	<b>250,670,600</b>	<b>252,615,400</b>

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 \$1,938,200 in fiscal year 2025 and \$1,917,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$1,259,800 and \$1,246,600, respectively.

The Governor's budget includes additional funding in the amount of \$2,789,400 in fiscal year 2025 and \$4,711,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,813,100 and \$3,062,300, respectively.

**Energy and Environment  
Natural Resources  
Commissioner**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	630,700	902,200	905,100	927,100	970,900
Current Year Appropriation	36,600				
Other	99,400	(100,000)			
<b>Total General Fund</b>	<b>766,700</b>	<b>802,200</b>	<b>905,100</b>	<b>927,100</b>	<b>970,900</b>
<b>Restricted Funds</b>					
Balance Forward	234,575	215,652	220,600	216,500	152,800
Non-Revenue Receipts	4,735	4,966	6,100	6,100	6,100
<b>Total Restricted Funds</b>	<b>239,310</b>	<b>220,618</b>	<b>226,700</b>	<b>222,600</b>	<b>158,900</b>
<b>Federal Fund</b>					
Balance Forward	12,941				
Current Receipts	378,370	424,693	474,100	460,500	436,900
Non-Revenue Receipts	(4,735)	(4,960)	(6,100)	(6,100)	(6,100)
<b>Total Federal Fund</b>	<b>386,576</b>	<b>419,733</b>	<b>468,000</b>	<b>454,400</b>	<b>430,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,392,585</b>	<b>1,442,551</b>	<b>1,599,800</b>	<b>1,604,100</b>	<b>1,560,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,045,054	1,033,158	1,218,900	1,244,300	1,279,600
Operating Expenses	84,563	110,920	94,000	136,600	136,700
Grants Loans Benefits	47,315	70,394	70,400	70,400	70,400
Capital Outlay		7,455			
<b>TOTAL EXPENDITURES</b>	<b>1,176,933</b>	<b>1,221,927</b>	<b>1,383,300</b>	<b>1,451,300</b>	<b>1,486,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	766,700	802,200	905,100	927,100	970,900
Restricted Funds	23,658		10,200	69,800	85,000
Federal Fund	386,576	419,727	468,000	454,400	430,800
<b>TOTAL EXPENDITURES</b>	<b>1,176,933</b>	<b>1,221,927</b>	<b>1,383,300</b>	<b>1,451,300</b>	<b>1,486,700</b>

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**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	14,442,800	15,935,800	16,033,800	16,847,200	17,362,800
State Salary and Compensation Allocation			699,700		
Current Year Appropriation	464,100				
Mandated Allotments	957,367	2,970,106			
Other	(150,000)	126,700			
<b>Total General Fund</b>	<b>15,714,267</b>	<b>19,032,606</b>	<b>16,733,500</b>	<b>16,847,200</b>	<b>17,362,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,581,063	1,405,584	1,020,700	1,393,200	793,700
Current Receipts	2,197,301	2,349,579	3,120,500	1,978,700	1,978,700
Non-Revenue Receipts	(595,138)	(314,618)	(126,700)	(105,100)	(105,100)
<b>Total Restricted Funds</b>	<b>3,183,226</b>	<b>3,440,545</b>	<b>4,014,500</b>	<b>3,266,800</b>	<b>2,667,300</b>
<b>Federal Fund</b>					
Balance Forward	(249,027)	(581,269)	(1,998,900)		
Current Receipts	2,095,703	1,886,395	9,072,600	7,426,000	7,400,500
Non-Revenue Receipts	(132,230)	(108,378)	(47,300)	(317,900)	(317,900)
<b>Total Federal Fund</b>	<b>1,714,445</b>	<b>1,196,748</b>	<b>7,026,400</b>	<b>7,108,100</b>	<b>7,082,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,611,938</b>	<b>23,669,899</b>	<b>27,774,400</b>	<b>27,222,100</b>	<b>27,112,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	15,811,991	18,290,761	18,492,500	18,983,000	19,474,400
Operating Expenses	3,269,835	4,130,350	3,792,000	3,838,300	3,843,400
Grants Loans Benefits	634,847	539,815	1,874,500	1,574,100	2,183,100
Capital Outlay	68,738	1,685,536	2,222,200	2,033,000	1,444,000
Construction	2,213	1,600			
<b>TOTAL EXPENDITURES</b>	<b>19,787,623</b>	<b>24,648,062</b>	<b>26,381,200</b>	<b>26,428,400</b>	<b>26,944,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,714,267	19,032,606	16,733,500	16,847,200	17,362,800
Restricted Funds	1,777,643	2,419,788	2,621,300	2,473,100	2,499,500
Federal Fund	2,295,714	3,195,669	7,026,400	7,108,100	7,082,600
<b>TOTAL EXPENDITURES</b>	<b>19,787,623</b>	<b>24,648,062</b>	<b>26,381,200</b>	<b>26,428,400</b>	<b>26,944,900</b>

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 11.9 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,130,100	6,435,200	1,516,500	1,441,400	1,503,300
Current Year Appropriation	63,700				
Other	63,200	(67,600)			
<b>Total General Fund</b>	<b>1,257,000</b>	<b>6,367,600</b>	<b>1,516,500</b>	<b>1,441,400</b>	<b>1,503,300</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	3,423,400	3,400,000	3,400,000	3,400,000	3,400,000
Continuing Approp-Tob Settlement	9,838,829	8,712,392	7,523,400		
Other					
<b>Total Tobacco Fund</b>	<b>13,262,229</b>	<b>12,112,392</b>	<b>10,923,400</b>	<b>3,400,000</b>	<b>3,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,038,586	718,576	489,500	155,000	90,100
Current Receipts	116,966	29,200	700	700	700
Non-Revenue Receipts	300,000	302,081	304,500	304,500	304,500
<b>Total Restricted Funds</b>	<b>1,455,552</b>	<b>1,049,857</b>	<b>794,700</b>	<b>460,200</b>	<b>395,300</b>
<b>Federal Fund</b>					
Balance Forward	(26,309)	(21,411)	(34,123)		
Current Receipts	48,898	46,133	160,623	164,400	156,600
Non-Revenue Receipts		(2,078)	(4,500)	(4,500)	(4,500)
<b>Total Federal Fund</b>	<b>22,589</b>	<b>22,644</b>	<b>122,000</b>	<b>159,900</b>	<b>152,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,997,371</b>	<b>19,552,493</b>	<b>13,356,600</b>	<b>5,461,500</b>	<b>5,450,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,586,470	1,481,373	1,756,300	1,773,000	1,822,300
Operating Expenses	96,781	105,272	117,000	142,400	143,200
Grants Loans Benefits	4,904,562	9,987,065	11,328,300	3,456,000	3,456,000
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	<b>6,587,813</b>	<b>11,573,710</b>	<b>13,201,600</b>	<b>5,371,400</b>	<b>5,421,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,257,000	6,367,600	1,516,500	1,441,400	1,503,300
Tobacco Fund	4,549,837	4,588,982	10,923,400	3,400,000	3,400,000
Restricted Funds	736,976	560,365	639,700	370,100	366,100
Federal Fund	44,000	56,764	122,000	159,900	152,100
<b>TOTAL EXPENDITURES</b>	<b>6,587,813</b>	<b>11,573,710</b>	<b>13,201,600</b>	<b>5,371,400</b>	<b>5,421,500</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,657,900	2,786,500	2,825,300	2,481,600	2,627,100
Current Year Appropriation	111,700				
Other		(486,800)			
<b>Total General Fund</b>	<b>2,769,600</b>	<b>2,299,700</b>	<b>2,825,300</b>	<b>2,481,600</b>	<b>2,627,100</b>
<b>Restricted Funds</b>					
Balance Forward	569,751	836,825	946,900	1,060,800	497,800
Current Receipts	349,207	206,804	192,000	190,000	190,000
Non-Revenue Receipts	(72,444)	27,002	142,600	260,600	326,600
<b>Total Restricted Funds</b>	<b>846,514</b>	<b>1,070,631</b>	<b>1,281,500</b>	<b>1,511,400</b>	<b>1,014,400</b>
<b>Federal Fund</b>					
Balance Forward			(262,600)		
Current Receipts	145,000	17,380,877	37,618,200	32,519,200	32,513,800
Non-Revenue Receipts	(11,356)	(110,797)	(226,400)	(344,400)	(344,400)
<b>Total Federal Fund</b>	<b>133,644</b>	<b>17,270,080</b>	<b>37,129,200</b>	<b>32,174,800</b>	<b>32,169,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,749,758</b>	<b>20,640,411</b>	<b>41,236,000</b>	<b>36,167,800</b>	<b>35,810,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,600,728	2,961,927	4,684,900	5,459,200	5,598,000
Operating Expenses	312,205	830,823	1,347,600	837,600	839,700
Grants Loans Benefits		254,584	7,054,300	6,600,000	6,600,000
Capital Outlay		280,147	225,000	150,000	150,000
Construction		15,628,592	26,863,400	22,623,200	22,623,200
<b>TOTAL EXPENDITURES</b>	<b>2,912,933</b>	<b>19,956,073</b>	<b>40,175,200</b>	<b>35,670,000</b>	<b>35,810,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,769,600	2,299,700	2,825,300	2,481,600	2,627,100
Restricted Funds	9,689	123,744	220,700	1,013,600	1,014,400
Federal Fund	133,644	17,532,629	37,129,200	32,174,800	32,169,400
<b>TOTAL EXPENDITURES</b>	<b>2,912,933</b>	<b>19,956,073</b>	<b>40,175,200</b>	<b>35,670,000</b>	<b>35,810,900</b>

The Division of Oil and Gas, pursuant to KRS Chapter 353, 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.

**Policy**

The Governor's budget includes additional General Fund in the amount of \$297,100 in fiscal year 2025 and \$318,400 in fiscal year 2026 for four additional positions. Positions include two field inspectors to meet the required inspection and oversight mandates and two administrative positions to perform the research on historical well records and operator history to identify non-compliant operators.

**Energy and Environment  
Natural Resources  
Mine Permits**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	1,744,000	2,508,100	2,572,800	2,511,800	3,074,400
Current Year Appropriation					
Other		429,800			
<b>Total General Fund</b>	<b>1,744,000</b>	<b>2,937,900</b>	<b>2,572,800</b>	<b>2,511,800</b>	<b>3,074,400</b>
<b>Restricted Funds</b>					
Balance Forward	714,993	482,468	670,800	917,300	447,200
Current Receipts	557,625	577,621	565,900	565,900	565,900
Non-Revenue Receipts	(332,235)	(327,441)	(308,800)	(308,800)	(308,800)
<b>Total Restricted Funds</b>	<b>940,383</b>	<b>732,648</b>	<b>927,900</b>	<b>1,174,400</b>	<b>704,300</b>
<b>Federal Fund</b>					
Balance Forward	(210,257)	(314,369)	(292,900)		
Current Receipts	2,377,282	2,359,237	3,306,400	2,848,000	2,445,400
Non-Revenue Receipts	(40,365)	(45,154)	146,500	(63,800)	(63,800)
<b>Total Federal Fund</b>	<b>2,126,660</b>	<b>1,999,714</b>	<b>3,160,000</b>	<b>2,784,200</b>	<b>2,381,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,811,043</b>	<b>5,670,262</b>	<b>6,660,700</b>	<b>6,470,400</b>	<b>6,160,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,978,518	4,478,477	5,007,300	5,252,500	5,409,600
Operating Expenses	477,402	640,268	576,900	611,500	591,500
Grants Loans Benefits	187,025	173,663	159,200	159,200	159,200
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	<b>4,642,945</b>	<b>5,292,407</b>	<b>5,743,400</b>	<b>6,023,200</b>	<b>6,160,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,744,000	2,937,900	2,572,800	2,511,800	3,074,400
Restricted Funds	457,916	61,885	10,600	727,200	704,300
Federal Fund	2,441,029	2,292,622	3,160,000	2,784,200	2,381,600
<b>TOTAL EXPENDITURES</b>	<b>4,642,945</b>	<b>5,292,407</b>	<b>5,743,400</b>	<b>6,023,200</b>	<b>6,160,300</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,279,500	8,228,700	8,995,500	10,109,900	9,707,500
Current Year Appropriation	190,300				
Other	183,400	500,000			
<b>Total General Fund</b>	<b>7,653,200</b>	<b>8,728,700</b>	<b>8,995,500</b>	<b>10,109,900</b>	<b>9,707,500</b>
<b>Restricted Funds</b>					
Balance Forward	579,105	438,411	565,700	446,000	307,400
Current Receipts	74,761	66,640	62,900	62,900	62,900
Non-Revenue Receipts	108,003	110,030	123,500	123,500	123,500
<b>Total Restricted Funds</b>	<b>761,869</b>	<b>615,081</b>	<b>752,100</b>	<b>632,400</b>	<b>493,800</b>
<b>Federal Fund</b>					
Balance Forward	147,301	(49,269)	(33,300)		
Current Receipts	6,817,467	6,739,994	7,779,200	7,003,000	7,895,500
Non-Revenue Receipts	(107,993)	(110,027)	(123,500)	(123,500)	(123,500)
<b>Total Federal Fund</b>	<b>6,856,775</b>	<b>6,580,698</b>	<b>7,622,400</b>	<b>6,879,500</b>	<b>7,772,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,271,844</b>	<b>15,924,479</b>	<b>17,370,000</b>	<b>17,621,800</b>	<b>17,973,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	12,226,099	12,842,021	14,151,000	14,483,200	14,945,900
Operating Expenses	1,987,398	1,977,342	2,081,200	2,139,400	2,148,000
Grants Loans Benefits	22,290	103,122	99,800	99,800	99,800
Capital Outlay	646,916	469,520	592,000	592,000	592,000
<b>TOTAL EXPENDITURES</b>	<b>14,882,702</b>	<b>15,392,006</b>	<b>16,924,000</b>	<b>17,314,400</b>	<b>17,785,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,653,200	8,728,700	8,995,500	10,109,900	9,707,500
Restricted Funds	323,458	49,344	306,100	325,000	306,200
Federal Fund	6,906,044	6,613,962	7,622,400	6,879,500	7,772,000
<b>TOTAL EXPENDITURES</b>	<b>14,882,702</b>	<b>15,392,006</b>	<b>16,924,000</b>	<b>17,314,400</b>	<b>17,785,700</b>

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 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		374,400			
Current Year Appropriation	20,300				
Other	250,000	17,000			
<b>Total General Fund</b>	270,300	391,400			
<b>Restricted Funds</b>					
Balance Forward	1,737,145	1,609,722	3,779,700	1,612,800	475,500
Current Receipts	934,418	2,315,087	1,560,700	1,932,500	3,110,700
Non-Revenue Receipts	1,322,979	640,026	3,499,000	15,420,600	15,381,900
<b>Total Restricted Funds</b>	3,994,542	4,564,835	8,839,400	18,965,900	18,968,100
<b>Federal Fund</b>					
Balance Forward	(633)	(320,336)	(369,900)		
Current Receipts	8,040,076	10,428,951		(21,200)	278,400
Non-Revenue Receipts	(149,811)	(163,562)	15,477,400	15,107,500	15,107,500
<b>Total Federal Fund</b>	7,889,633	9,945,053	15,107,500	15,086,300	15,385,900
<b>TOTAL SOURCE OF FUNDS</b>	12,154,475	14,901,288	23,946,900	34,052,200	34,354,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	7,874,000	8,171,714	12,259,200	13,251,000	13,590,700
Operating Expenses	1,072,488	1,281,313	1,525,800	1,545,500	1,547,900
Grants Loans Benefits	10,760	34,613	70,000	70,000	70,000
Capital Outlay	74,762	1,396,439	1,398,200	1,200,000	1,200,000
Construction	1,833,079	607,406	7,080,900	17,510,200	17,471,500
<b>TOTAL EXPENDITURES</b>	10,865,089	11,491,486	22,334,100	33,576,700	33,880,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	270,300	391,400			
Restricted Funds	2,384,820	785,158	7,226,600	18,490,400	18,494,200
Federal Fund	8,209,969	10,314,928	15,107,500	15,086,300	15,385,900
<b>TOTAL EXPENDITURES</b>	10,865,089	11,491,486	22,334,100	33,576,700	33,880,100

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.

## **Policy**

The Governor's budget includes additional Restricted Fund appropriation in the amount of \$12,465,900 in each fiscal year for the abatement of the causes and the treatment of the effects of acid mine drainage in a watershed in which the water quality has been significantly affected by acid mine drainage. Additional funds will also address prevention, abatement, and control for subsidence and coal mine fires.

**Energy and Environment  
Natural Resources  
Mine Safety**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	9,174,200	9,854,900	9,977,500	10,334,000	10,700,400
State Salary and Compensation Allocation			400,000		
Current Year Appropriation	318,000				
Other	(446,000)	(426,700)			
<b>Total General Fund</b>	<b>9,046,200</b>	<b>9,428,200</b>	<b>10,377,500</b>	<b>10,334,000</b>	<b>10,700,400</b>
<b>Restricted Funds</b>					
Balance Forward	551,708	660,820	738,900	591,600	289,800
Current Receipts	213,428	281,388	312,300	333,500	333,500
Non-Revenue Receipts	10,215	12,929	2,700	2,700	2,700
<b>Total Restricted Funds</b>	<b>775,351</b>	<b>955,136</b>	<b>1,053,900</b>	<b>927,800</b>	<b>626,000</b>
<b>Federal Fund</b>					
Balance Forward					
Current Receipts	417,148	367,510	357,700	459,800	385,400
Non-Revenue Receipts	(10,215)	(12,928)	(2,700)	(2,700)	(2,700)
<b>Total Federal Fund</b>	<b>406,933</b>	<b>354,582</b>	<b>355,000</b>	<b>457,100</b>	<b>382,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,228,484</b>	<b>10,737,918</b>	<b>11,786,400</b>	<b>11,718,900</b>	<b>11,709,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	8,164,491	8,358,015	9,433,100	9,685,900	9,972,300
Operating Expenses	1,364,793	1,183,382	1,281,700	1,263,200	1,256,800
Capital Outlay	38,380	457,614	480,000	480,000	480,000
<b>TOTAL EXPENDITURES</b>	<b>9,567,664</b>	<b>9,999,011</b>	<b>11,194,800</b>	<b>11,429,100</b>	<b>11,709,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,046,200	9,428,200	10,377,500	10,334,000	10,700,400
Restricted Funds	114,531	216,230	462,300	638,000	626,000
Federal Fund	406,933	354,581	355,000	457,100	382,700
<b>TOTAL EXPENDITURES</b>	<b>9,567,664</b>	<b>9,999,011</b>	<b>11,194,800</b>	<b>11,429,100</b>	<b>11,709,100</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	113,074	93,858	84,600		9,000
Current Receipts	128	4,392	4,200	4,200	4,200
Non-Revenue Receipts	259,038	480,692	768,900	844,600	849,700
<b>Total Restricted Funds</b>	<b>372,240</b>	<b>578,942</b>	<b>857,700</b>	<b>848,800</b>	<b>862,900</b>
<b>Federal Fund</b>					
Balance Forward	8,878	(3,006)	(1,000)		
Current Receipts	267,098	500,233	624,100	634,200	631,400
Non-Revenue Receipts	(4,838)	(5,187)	(4,500)	(4,500)	(4,500)
<b>Total Federal Fund</b>	<b>271,138</b>	<b>492,041</b>	<b>618,600</b>	<b>629,700</b>	<b>626,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>643,378</b>	<b>1,070,983</b>	<b>1,476,300</b>	<b>1,478,500</b>	<b>1,489,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	504,849	941,602	1,415,600	1,397,000	1,412,200
Operating Expenses	47,677	45,776	60,700	72,500	72,600
<b>TOTAL EXPENDITURES</b>	<b>552,526</b>	<b>987,378</b>	<b>1,476,300</b>	<b>1,469,500</b>	<b>1,484,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	278,382	494,317	857,700	839,800	857,900
Federal Fund	274,144	493,062	618,600	629,700	626,900
<b>TOTAL EXPENDITURES</b>	<b>552,526</b>	<b>987,378</b>	<b>1,476,300</b>	<b>1,469,500</b>	<b>1,484,800</b>

The Office of Reclamation Guaranty Fund, pursuant to KRS 350.500-350.521, provides the additional money necessary to reclaim permitted mine areas. 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Balance Forward	(31,500)	(56,732)	(715,800)		
Current Receipts	12,079,884	11,310,132	106,472,700	111,880,500	111,875,300
Non-Revenue Receipts	(10,508)		42,000		
<b>Total Federal Fund</b>	<u>12,037,877</u>	<u>11,253,400</u>	<u>105,798,900</u>	<u>111,880,500</u>	<u>111,875,300</u>
<b>TOTAL SOURCE OF FUNDS</b>	<u>12,037,877</u>	<u>11,253,400</u>	<u>105,798,900</u>	<u>111,880,500</u>	<u>111,875,300</u>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	17,418				
Grants Loans Benefits	1,364,401	523,600	5,600,000	5,295,300	5,000,000
Construction	10,712,790	11,445,576	100,198,900	106,585,200	106,875,300
<b>TOTAL EXPENDITURES</b>	<u>12,094,609</u>	<u>11,969,176</u>	<u>105,798,900</u>	<u>111,880,500</u>	<u>111,875,300</u>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	12,094,609	11,969,176	105,798,900	111,880,500	111,875,300
<b>TOTAL EXPENDITURES</b>	<u>12,094,609</u>	<u>11,969,176</u>	<u>105,798,900</u>	<u>111,880,500</u>	<u>111,875,300</u>

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. 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	56,100	56,100	56,100	56,100	56,100
Current Year Appropriation	3,400				
Other		7,600			
<b>Total General Fund</b>	<b>59,500</b>	<b>63,700</b>	<b>56,100</b>	<b>56,100</b>	<b>56,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>59,500</b>	<b>63,700</b>	<b>56,100</b>	<b>56,100</b>	<b>56,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	46,768	57,159	52,600	52,600	52,600
Operating Expenses	12,732	6,541	3,500	3,500	3,500
<b>TOTAL EXPENDITURES</b>	<b>59,500</b>	<b>63,700</b>	<b>56,100</b>	<b>56,100</b>	<b>56,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	59,500	63,700	56,100	56,100	56,100
<b>TOTAL EXPENDITURES</b>	<b>59,500</b>	<b>63,700</b>	<b>56,100</b>	<b>56,100</b>	<b>56,100</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	861,500	877,500	877,400	1,700,900	1,724,900
State Salary and Compensation Allocation			10,400		
Current Year Appropriation	12,500		835,500		
<b>Total General Fund</b>	<b>874,000</b>	<b>877,500</b>	<b>1,723,300</b>	<b>1,700,900</b>	<b>1,724,900</b>
<b>Restricted Funds</b>					
Balance Forward	1,850,220	1,854,566	1,862,000	1,550,500	1,043,000
Current Receipts			205,200		
Non-Revenue Receipts	118,703	42,789	108,700	117,300	107,600
<b>Total Restricted Funds</b>	<b>1,968,924</b>	<b>1,897,355</b>	<b>2,175,900</b>	<b>1,667,800</b>	<b>1,150,600</b>
<b>Federal Fund</b>					
Balance Forward	(3,353)	(34,509)	(54,800)		10,700
Current Receipts	1,021,510	768,906	6,407,500	17,652,500	62,646,900
Non-Revenue Receipts	(45,172)	(31,534)	(73,700)	(82,300)	(82,300)
<b>Total Federal Fund</b>	<b>972,984</b>	<b>702,863</b>	<b>6,279,000</b>	<b>17,570,200</b>	<b>62,575,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,815,908</b>	<b>3,477,718</b>	<b>10,178,200</b>	<b>20,938,900</b>	<b>65,450,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,061,037	959,897	1,646,500	7,832,600	52,872,900
Operating Expenses	389,097	299,572	274,200	272,500	272,700
Grants Loans Benefits	545,716	410,949	6,707,000	11,780,100	11,780,100
<b>TOTAL EXPENDITURES</b>	<b>1,995,850</b>	<b>1,670,418</b>	<b>8,627,700</b>	<b>19,885,200</b>	<b>64,925,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	874,000	877,500	1,723,300	1,700,900	1,724,900
Restricted Funds	114,358	35,272	625,400	624,800	625,500
Federal Fund	1,007,492	757,646	6,279,000	17,559,500	62,575,300
<b>TOTAL EXPENDITURES</b>	<b>1,995,850</b>	<b>1,670,418</b>	<b>8,627,700</b>	<b>19,885,200</b>	<b>64,925,700</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Energy Policy	1,995,850	1,670,418	8,627,700	19,885,200	64,925,700
<b>TOTAL EXPENDITURES</b>	<b>1,995,850</b>	<b>1,670,418</b>	<b>8,627,700</b>	<b>19,885,200</b>	<b>64,925,700</b>

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 Federal Funds appropriation of \$5,750,000 in fiscal year 2025 and \$50,750,000 in fiscal year 2026 from the federal Inflation Reduction Act (IRA) to support state energy rebate program to make homes more energy efficient.

The Governor's budget includes additional General Fund appropriation of \$835,500 in fiscal year 2024, \$832,400 in General Fund and \$5,549,000 in Federal Funds in fiscal year 2025 and fiscal year 2026 from the Infrastructure Investment and Jobs Act, Section 40101(d) federal grant program to support efforts to enhance power grid resiliency. These funds will be used to address power grid resilience at state park electrical distribution facilities to improve their reliability.

The Governor's budget includes additional funding in the amount of \$9,500 in fiscal year 2025 and \$9,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$5,600 and \$5,500, respectively.

The Governor's budget includes additional funding in the amount of \$61,400 in fiscal year 2025 and \$103,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$36,200 and \$61,200, respectively.

**Energy and Environment  
Kentucky Nature Preserves**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,257,700	1,449,100	1,563,400	1,667,900	1,761,400
State Salary and Compensation Allocation			43,000		
Current Year Appropriation	33,700				
<b>Total General Fund</b>	<b>1,291,400</b>	<b>1,449,100</b>	<b>1,606,400</b>	<b>1,667,900</b>	<b>1,761,400</b>
<b>Restricted Funds</b>					
Balance Forward	2,253,720	1,749,739	1,629,500	481,800	244,500
Current Receipts	521,815	733,865	1,383,000	2,276,400	2,301,600
Non-Revenue Receipts	343,462	355,736	393,300	418,800	418,800
<b>Total Restricted Funds</b>	<b>3,118,997</b>	<b>2,839,340</b>	<b>3,405,800</b>	<b>3,177,000</b>	<b>2,964,900</b>
<b>Federal Fund</b>					
Balance Forward	(88,589)	(31,942)	(21,700)		
Current Receipts	209,284	151,338	214,600	288,800	295,300
Non-Revenue Receipts	(7,962)	(5,230)	80,800	(13,900)	(15,400)
<b>Total Federal Fund</b>	<b>112,733</b>	<b>114,166</b>	<b>273,700</b>	<b>274,900</b>	<b>279,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,523,129</b>	<b>4,402,606</b>	<b>5,285,900</b>	<b>5,119,800</b>	<b>5,006,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,307,959	2,545,091	3,024,200	3,203,500	3,301,900
Operating Expenses	305,882	197,674	421,000	435,600	432,600
Grants Loans Benefits	137,110	51,005	1,287,900	1,165,200	1,168,300
Capital Outlay	54,382	976	71,000	71,000	71,000
<b>TOTAL EXPENDITURES</b>	<b>2,805,332</b>	<b>2,794,746</b>	<b>4,804,100</b>	<b>4,875,300</b>	<b>4,973,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,291,400	1,449,100	1,606,400	1,667,900	1,761,400
Restricted Funds	1,369,258	1,209,784	2,924,000	2,932,500	2,932,500
Federal Fund	144,674	135,862	273,700	274,900	279,900
<b>TOTAL EXPENDITURES</b>	<b>2,805,332</b>	<b>2,794,746</b>	<b>4,804,100</b>	<b>4,875,300</b>	<b>4,973,800</b>
<b>EXPENDITURES BY UNIT</b>					
Office of KY Nature Preserves	2,805,332	2,794,746	4,804,100	4,875,300	4,973,800
<b>TOTAL EXPENDITURES</b>	<b>2,805,332</b>	<b>2,794,746</b>	<b>4,804,100</b>	<b>4,875,300</b>	<b>4,973,800</b>

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 \$64,100 in fiscal year 2025 and \$63,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$60,900 and \$60,300, respectively.

The Governor's budget includes additional funding in the amount of \$140,600 in fiscal year 2025 and \$237,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$133,600 and \$225,900, respectively.

**Energy and Environment  
Public Service Commission**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,667,300	12,529,100	12,862,500	14,087,900	14,446,900
State Salary and Compensation Allocation			314,800		
Current Year Appropriation	387,500				
Continuing Approp-General Fund	1,670,182	831,520	2,353,600		
<b>Total General Fund</b>	<b>18,724,982</b>	<b>13,360,620</b>	<b>15,530,900</b>	<b>14,087,900</b>	<b>14,446,900</b>
<b>Restricted Funds</b>					
Balance Forward	2,394,189	2,387,160	3,230,600	2,468,300	1,652,900
Current Receipts	774,759	1,687,394	1,529,700	1,529,700	1,529,700
Non-Revenue Receipts	1,075,893	473,380	750,300	697,200	751,800
<b>Total Restricted Funds</b>	<b>4,244,840</b>	<b>4,547,934</b>	<b>5,510,600</b>	<b>4,695,200</b>	<b>3,934,400</b>
<b>Federal Fund</b>					
Balance Forward	(72,464)	(121,540)	(143,000)		
Current Receipts	893,914	1,015,625	1,362,400	1,213,900	1,246,200
Non-Revenue Receipts	(138,561)	(150,522)	(149,100)	(149,100)	(149,100)
<b>Total Federal Fund</b>	<b>682,888</b>	<b>743,563</b>	<b>1,070,300</b>	<b>1,064,800</b>	<b>1,097,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>23,652,710</b>	<b>18,652,116</b>	<b>22,111,800</b>	<b>19,847,900</b>	<b>19,478,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	11,623,137	11,299,282	17,309,100	15,821,900	16,210,900
Operating Expenses	1,710,053	1,765,129	2,074,100	2,139,100	2,141,400
Grants Loans Benefits		4,181			
Capital Outlay	37,180	142,280	260,300	234,000	234,000
<b>TOTAL EXPENDITURES</b>	<b>13,370,370</b>	<b>13,210,873</b>	<b>19,643,500</b>	<b>18,195,000</b>	<b>18,586,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,708,261	11,006,939	15,530,900	14,087,900	14,446,900
Restricted Funds	1,857,680	1,317,373	3,042,300	3,042,300	3,042,300
Federal Fund	804,429	886,560	1,070,300	1,064,800	1,097,100
<b>TOTAL EXPENDITURES</b>	<b>13,370,370</b>	<b>13,210,873</b>	<b>19,643,500</b>	<b>18,195,000</b>	<b>18,586,300</b>
<b>EXPENDITURES BY UNIT</b>					
Public Service Commission	13,370,370	13,210,873	19,643,500	18,195,000	18,586,300
<b>TOTAL EXPENDITURES</b>	<b>13,370,370</b>	<b>13,210,873</b>	<b>19,643,500</b>	<b>18,195,000</b>	<b>18,586,300</b>

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 General Funds in the amount of \$900,100 in fiscal year 2025 and \$931,700 in fiscal year 2026 for eight Public Utility Rate Analysts to meet the increased workload associated with statutory requirements for utility rate reviews to ensure that utilities have adequate funds to operate while making sure that customers only pay what is necessary.

The Governor's budget includes additional funding in the amount of \$187,800 in fiscal year 2025 and \$185,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$170,900 and \$169,100, respectively.

The Governor's budget includes additional funding in the amount of \$536,000 in fiscal year 2025 and \$904,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$487,800 and \$823,400, respectively.



# **Finance and Administration**

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**Finance and Administration**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	725,979,300	636,848,600	788,061,200	641,835,400	757,345,900
State Salary and Compensation Allocation			5,735,000		
Current Year Appropriation	12,281,000				
Other					
<b>Total General Fund</b>	<b>738,260,300</b>	<b>636,848,600</b>	<b>793,796,200</b>	<b>641,835,400</b>	<b>757,345,900</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	26,851,200	25,518,800	23,916,200	23,716,900	17,033,700
Continuing Approp-Tob Settlement					
<b>Total Tobacco Fund</b>	<b>26,851,200</b>	<b>25,518,800</b>	<b>23,916,200</b>	<b>23,716,900</b>	<b>17,033,700</b>
<b>Restricted Funds</b>					
Balance Forward	52,066,240	70,078,458	79,690,100	67,008,200	52,131,900
Current Receipts	232,588,203	240,148,381	259,088,800	263,056,100	263,213,700
Non-Revenue Receipts	36,394	5,776,352	24,469,200	5,415,400	5,433,000
Fund Transfers	(250,000)				
<b>Total Restricted Funds</b>	<b>284,440,836</b>	<b>316,003,191</b>	<b>363,248,100</b>	<b>335,479,700</b>	<b>320,778,600</b>
<b>Federal Fund</b>					
Balance Forward	282,237,990	11,095,489	1,339,000	240,000	120,000
Current Receipts	(38,415,347)	55,939,308	1,784,500	1,731,600	1,731,600
Non-Revenue Receipts			2,400		
<b>Total Federal Fund</b>	<b>243,822,643</b>	<b>67,034,797</b>	<b>3,125,900</b>	<b>1,971,600</b>	<b>1,851,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,293,374,979</b>	<b>1,045,405,389</b>	<b>1,184,086,400</b>	<b>1,003,003,600</b>	<b>1,097,009,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	251,128,569	260,799,154	309,284,700	315,572,100	323,434,700
Operating Expenses	137,290,905	174,577,469	176,554,700	180,327,100	179,848,300
Grants Loans Benefits	232,921,440	65,633,575	22,622,300	11,189,600	1,189,600
Debt Service	535,522,530	389,692,790	424,880,300	407,009,400	521,352,400
Capital Outlay	24,131,721	24,160,057	32,690,500	27,347,800	26,850,900
<b>TOTAL EXPENDITURES</b>	<b>1,180,995,163</b>	<b>914,863,044</b>	<b>966,032,500</b>	<b>941,446,000</b>	<b>1,052,675,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	708,840,131	589,001,962	644,489,400	633,847,700	750,428,800
Tobacco Fund	25,065,500	23,852,016	22,417,300	22,398,900	15,909,000
Restricted Funds	214,362,378	236,313,264	296,239,900	283,347,800	284,486,500
Federal Fund	232,727,154	65,695,803	2,885,900	1,851,600	1,851,600
<b>TOTAL EXPENDITURES</b>	<b>1,180,995,163</b>	<b>914,863,044</b>	<b>966,032,500</b>	<b>941,446,000</b>	<b>1,052,675,900</b>

**EXPENDITURES BY UNIT**

General Administration	266,143,297	105,139,320	67,246,700	62,648,700	52,568,400
Controller	19,054,094	20,932,866	22,406,300	24,875,600	25,368,400
Debt Service	524,825,627	368,048,508	414,438,000	394,058,500	507,584,700
Facilities and Support Services	60,862,390	70,462,912	65,202,300	69,715,800	70,904,200
County Costs	19,890,125	30,319,552	30,946,000	30,946,000	30,946,000
Commonwealth Office of Technology	116,309,490	141,559,842	156,711,900	150,174,000	151,189,400
Revenue	111,039,393	115,615,226	137,322,200	135,241,400	137,955,000
Property Valuation Administrators	62,870,746	62,784,818	71,759,100	73,786,000	76,159,800
<b>TOTAL EXPENDITURES</b>	<b>1,180,995,163</b>	<b>914,863,044</b>	<b>966,032,500</b>	<b>941,446,000</b>	<b>1,052,675,900</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,418,700	8,035,300	8,337,400	18,831,800	9,112,000
State Salary and Compensation Allocation			319,300		
Current Year Appropriation	365,300				
<b>Total General Fund</b>	<b>7,784,000</b>	<b>8,035,300</b>	<b>8,656,700</b>	<b>18,831,800</b>	<b>9,112,000</b>
<b>Restricted Funds</b>					
Balance Forward	12,369,053	9,765,367	9,802,800	4,244,000	2,436,400
Current Receipts	23,706,212	28,142,870	28,549,000	36,949,100	36,949,100
Non-Revenue Receipts	(71,500)	3,874,400	23,327,900	4,940,200	4,940,200
Fund Transfers	(250,000)				
<b>Total Restricted Funds</b>	<b>35,753,766</b>	<b>41,782,637</b>	<b>61,679,700</b>	<b>46,133,300</b>	<b>44,325,700</b>
<b>Federal Fund</b>					
Balance Forward	282,339,091	11,249,656	1,344,300	240,000	120,000
Current Receipts	(38,718,537)	55,218,775	50,000		
<b>Total Federal Fund</b>	<b>243,620,554</b>	<b>66,468,431</b>	<b>1,394,300</b>	<b>240,000</b>	<b>120,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>287,158,320</b>	<b>116,286,368</b>	<b>71,730,700</b>	<b>65,205,100</b>	<b>53,557,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	11,836,578	14,332,345	17,646,900	19,886,100	20,480,000
Operating Expenses	16,930,591	18,961,292	19,902,600	21,340,400	20,719,100
Grants Loans Benefits	232,321,853	65,054,774	21,512,700	10,080,000	80,000
Capital Outlay	5,054,275	6,790,908	8,184,500	11,342,200	11,289,300
<b>TOTAL EXPENDITURES</b>	<b>266,143,297</b>	<b>105,139,320</b>	<b>67,246,700</b>	<b>62,648,700</b>	<b>52,568,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,784,000	8,035,300	8,656,700	18,831,800	9,112,000
Restricted Funds	25,988,399	31,979,897	57,435,700	43,696,900	43,336,400
Federal Fund	232,370,898	65,124,123	1,154,300	120,000	120,000
<b>TOTAL EXPENDITURES</b>	<b>266,143,297</b>	<b>105,139,320</b>	<b>67,246,700</b>	<b>62,648,700</b>	<b>52,568,400</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	234,285,671	67,324,615	3,496,300	12,594,700	2,648,100
Gubernatorial Transition			220,000		
General Counsel	2,203,466	2,903,768	3,470,900	3,908,300	4,014,400
Administrative Services	3,693,310	4,599,410	6,210,600	8,006,900	8,242,000
Fleet Management	22,175,784	26,168,366	28,886,600	33,394,500	32,815,900
Postal Services	2,965,563	3,459,101	3,655,100	3,901,500	3,991,000
Policy and Audit	819,503	684,060	907,200	842,800	857,000
Rural Housing Trust Fund			20,400,000		
<b>TOTAL EXPENDITURES</b>	<b>266,143,297</b>	<b>105,139,320</b>	<b>67,246,700</b>	<b>62,648,700</b>	<b>52,568,400</b>

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 \$250,000 awarded by the Cabinet to ensure compliance with the affirmative action provisions of the Kentucky Equal 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.

## **Policy**

New funding in the amount of \$10,000,000 in fiscal year 2025 from the General Fund is included for the Affordable Housing Trust Fund, which has not received direct funding from the state since 2005. Codified in KRS 198A.700-730, the Affordable Housing Trust Fund was created to address critical housing needs of very low-income Kentuckians, including mentally and physically disabled persons and those on the verge of homelessness. Funds are administered by the Kentucky Housing Authority. This additional funding will help the Housing Corporation meet unmet need in the program.

Pursuant to KRS 198A.746(7)(b), interest earned on funds appropriated to the Rural Housing Trust Fund by the 2023 General Assembly in House Bill 448 is included in the above Restricted Funds appropriation in fiscal year 2024. Funds shall be used for eligible trust fund activities.

The budget includes \$5,131,400 additional spending in fiscal year 2025 and \$4,503,900 additional spending in fiscal year 2026 from Restricted Funds to fund replacement vehicles in the Division of Fleet Management.

The budget recommends an additional \$232,000 of Restricted Funds in fiscal years 2025 and 2026 for the ongoing maintenance of aging equipment in the Division of Postal Services.

General Fund in the amount of \$266,200 in fiscal year 2025 and \$271,400 in fiscal year 2026 is included to fund two additional positions in the Office of Administrative Services to support the processing of Guardian ad Litem payments. Also included in the Office of Administrative Services is additional Restricted Fund expenditures of \$915,500 in fiscal year 2025 and \$922,200 in fiscal 2026 to support seven additional budget and accounting staff that support all agencies within the Cabinet.

The Office of General Counsel includes additional Restricted Fund expenditures of \$288,400 in fiscal year 2025 and \$294,000 in fiscal year 2026 to support two additional staff attorneys to handle the office's workload.

The Governor's budget includes additional funding in the amount of \$403,900 in fiscal year 2025 and \$399,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$208,000 and \$205,800, respectively.

The Governor's budget includes additional funding in the amount of \$783,100 in fiscal year 2025 and \$1,322,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$403,300 and \$681,000 respectively.

**Finance and Administration  
Controller**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,582,800	7,859,600	7,049,400	7,062,200	7,163,700
State Salary and Compensation Allocation			217,800		
Current Year Appropriation	388,900				
<b>Total General Fund</b>	<b>5,971,700</b>	<b>7,859,600</b>	<b>7,267,200</b>	<b>7,062,200</b>	<b>7,163,700</b>
<b>Restricted Funds</b>					
Balance Forward	7,649,855	10,866,789	16,540,800	18,442,700	19,436,100
Current Receipts	14,150,228	17,376,693	14,920,600	15,701,900	15,859,500
Non-Revenue Receipts	2,149,100	1,370,484	2,120,400	3,104,900	3,122,500
Fund Transfers					
<b>Total Restricted Funds</b>	<b>23,949,182</b>	<b>29,613,966</b>	<b>33,581,800</b>	<b>37,249,500</b>	<b>38,418,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>29,920,882</b>	<b>26,026,572</b>	<b>28,190,900</b>	<b>29,372,500</b>	<b>28,670,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	10,503,688	11,581,430	12,887,600	14,538,900	14,895,100
Operating Expenses	8,550,406	8,507,435	9,518,700	10,336,700	10,473,300
Debt Service		844,000			
<b>TOTAL EXPENDITURES</b>	<b>19,054,094</b>	<b>20,932,866</b>	<b>22,406,300</b>	<b>24,875,600</b>	<b>25,368,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,971,700	7,859,600	7,267,200	7,062,200	7,163,700
Restricted Funds	13,082,394	13,073,266	15,139,100	17,813,400	18,204,700
<b>TOTAL EXPENDITURES</b>	<b>19,054,094</b>	<b>20,932,866</b>	<b>22,406,300</b>	<b>24,875,600</b>	<b>25,368,400</b>
<b>EXPENDITURES BY UNIT</b>					
Controller	4,530,836	4,417,568	4,875,200	5,683,500	5,775,700
Local Government Services	845,072	925,771	1,087,300	1,268,000	1,305,600
Financial Management	4,194,896	4,329,495	4,518,800	4,547,700	4,622,000
Procurement Services	2,743,056	2,932,523	3,144,000	3,594,600	3,708,400
Customer Resource Center	4,551,055	6,149,677	5,980,000	6,277,600	6,428,700
State Risk and Insurance Services	2,189,179	2,177,832	2,801,000	3,504,200	3,528,000
<b>TOTAL EXPENDITURES</b>	<b>19,054,094</b>	<b>20,932,866</b>	<b>22,406,300</b>	<b>24,875,600</b>	<b>25,368,400</b>

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 Division 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 Material and 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 Office of the Customer Resource Center (CRC) operates a help desk to support nearly 5,000 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 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 Fund expenditures are included for the Customer Resource Center in fiscal years 2025 and 2026 in the amount of \$538,800 and \$657,000 respectively to provide ongoing support for eMARS, the Commonwealth's financial management system.

The Governor's budget includes additional Restricted Fund spending of \$190,800 in fiscal year 2024, \$872,600 in fiscal year 2025, and \$876,000 in fiscal year 2026 for the Division of State Risk. The additional spending will fund four additional staff, which are necessary due to an increased workload that is a direct result of changes in the Commonwealth's reinsurance contract and subsequent increase in claims handled in-house. In addition, additional spending is included for increased claims adjustment expenses and an actuarial study.

In fiscal year 2024, Restricted Funds from the Department of Insurance in the amount of \$35,000,000 will be transferred to the Fire and Tornado Fund, the Commonwealth's self-insured property and casualty insurance fund. The transfer will resolve a current deficit caused by significant increases in the Commonwealth's property and casualty reinsurance premium.

Additional Restricted Fund expenditures in the amount of \$75,000 in each year are included for debt management software updates in the Office of Financial Management.

The Governor's budget includes additional Restricted Fund spending of \$408,000 in fiscal year 2025 and \$415,000 in fiscal year 2026 for three additional contract management staff in the Office of Procurement Services.

The acquisition of new software in the Division of Local Government is funded with an additional \$200,000 of Restricted Funds in each year.

Additional Restricted Fund expenditures in the amount of \$918,100 in fiscal year 2025 and \$931,700 in fiscal year 2026 are included for six additional staff in the Controller's Office and consulting services for ever expanding GASB requirements. Additional staff will perform core accounting and financial management services for the Executive Branch and local governments.

The Governor's budget includes additional funding in the amount of \$228,300 in fiscal year 2025 and \$225,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$65,500 and \$64,800 respectively.



The Governor's budget includes additional funding in the amount of \$517,800 in fiscal year 2025 and \$874,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$148,600 and \$251,000, respectively.

**Finance and Administration  
Debt Service**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	528,429,500	384,997,200	541,577,500	379,897,300	498,842,800
<b>Total General Fund</b>	<b>528,429,500</b>	<b>384,997,200</b>	<b>541,577,500</b>	<b>379,897,300</b>	<b>498,842,800</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	26,601,200	25,268,800	23,666,200	23,466,900	16,783,700
<b>Total Tobacco Fund</b>	<b>26,601,200</b>	<b>25,268,800</b>	<b>23,666,200</b>	<b>23,466,900</b>	<b>16,783,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>555,030,700</b>	<b>410,266,000</b>	<b>565,243,700</b>	<b>403,364,200</b>	<b>515,626,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	(171)				
Debt Service	524,825,798	368,048,508	414,438,000	394,058,500	507,584,700
<b>TOTAL EXPENDITURES</b>	<b>524,825,798</b>	<b>368,048,508</b>	<b>414,438,000</b>	<b>394,058,500</b>	<b>507,584,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	500,010,127	344,446,492	392,270,700	371,909,600	491,925,700
Tobacco Fund	24,815,500	23,602,016	22,167,300	22,148,900	15,659,000
<b>TOTAL EXPENDITURES</b>	<b>524,825,627</b>	<b>368,048,508</b>	<b>414,438,000</b>	<b>394,058,500</b>	<b>507,584,700</b>
<b>EXPENDITURES BY UNIT</b>					
Debt Service	524,825,627	368,048,508	414,438,000	394,058,500	507,584,700
<b>TOTAL EXPENDITURES</b>	<b>524,825,627</b>	<b>368,048,508</b>	<b>414,438,000</b>	<b>394,058,500</b>	<b>507,584,700</b>

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new 2024-2026 General Fund debt service is reflected in budgets of the affected agencies.

**Policy**

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 \$8,396,000 in fiscal year 2024, \$7,388,500 in fiscal year 2025, and \$6,318,000 in fiscal year 2026. The amount of Tobacco Fund lapse is \$1,498,900 in fiscal year 2024, \$1,318,000 in fiscal year 2025, and \$1,124,700 in 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 2024 that amounts to \$499,700, in fiscal year 2025 it equals \$599,200, and in fiscal year 2026 it equals \$599,000 for phases I and II. Those amounts are included as a net adjustment to General Fund debt service expenditures included above.

**Finance and Administration  
Facilities and Support Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,008,200	17,184,600	7,236,500	9,997,100	11,093,000
State Salary and Compensation Allocation			124,100		
Current Year Appropriation	2,783,600				
<b>Total General Fund</b>	<b>6,791,800</b>	<b>17,184,600</b>	<b>7,360,600</b>	<b>9,997,100</b>	<b>11,093,000</b>
<b>Restricted Funds</b>					
Balance Forward	6,704,041	3,783,034	7,303,900	5,012,800	3,555,600
Current Receipts	53,009,911	55,293,959	55,566,000	58,518,600	58,518,600
Non-Revenue Receipts	(1,860,328)	1,505,167	(15,400)	(257,100)	(257,100)
<b>Total Restricted Funds</b>	<b>57,853,624</b>	<b>60,582,160</b>	<b>62,854,500</b>	<b>63,274,300</b>	<b>61,817,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>64,645,424</b>	<b>77,766,760</b>	<b>70,215,100</b>	<b>73,271,400</b>	<b>72,910,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	24,404,979	25,900,768	30,276,700	30,240,100	31,054,900
Operating Expenses	18,588,732	20,084,057	21,103,000	23,528,900	23,529,700
Grants Loans Benefits					
Debt Service	10,696,731	20,800,281	10,442,300	12,950,900	13,767,700
Capital Outlay	7,171,948	3,677,805	3,380,300	2,995,900	2,551,900
<b>TOTAL EXPENDITURES</b>	<b>60,862,390</b>	<b>70,462,912</b>	<b>65,202,300</b>	<b>69,715,800</b>	<b>70,904,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,791,800	17,184,600	7,360,600	9,997,100	11,093,000
Restricted Funds	54,070,590	53,278,312	57,841,700	59,718,700	59,811,200
<b>TOTAL EXPENDITURES</b>	<b>60,862,390</b>	<b>70,462,912</b>	<b>65,202,300</b>	<b>69,715,800</b>	<b>70,904,200</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office	896,032	1,001,036	2,014,900	3,516,300	4,395,300
Facility Development and Efficiency	5,380,557	5,166,792	6,299,700	6,560,600	6,709,300
Real Property	1,630,877	1,419,452	1,956,200	1,956,800	2,010,900
Historic Properties	389,434	447,893	424,300	426,900	435,800
Building and Mechanical Services	51,750,087	61,696,410	53,691,100	56,339,800	56,424,300
State Surplus Property	741,498	706,464	773,100	872,400	885,600
Federal Surplus Property	73,906	24,866	43,000	43,000	43,000
<b>TOTAL EXPENDITURES</b>	<b>60,862,390</b>	<b>70,462,912</b>	<b>65,202,300</b>	<b>69,715,800</b>	<b>70,904,200</b>

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.

Additionally, the Office is responsible for developing plans and specifications for a wide variety of construction projects. After plans and specifications are complete and have been approved, the Office oversees the construction phase and provides contract administration.

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**

General Fund in the amount of \$1,700,000 in each year is provided for principal repayment for projects funded through the Energy Efficiency Revolving Loan Fund Capitalization Grant Program. Initially funded with federal grant funds in the Energy and Environment Cabinet, the program provides capitalization grants to states to establish revolving loan funds for energy audits, upgrades, and retrofits to increase energy efficiency, physical comfort, and air quality of existing building infrastructure. By appropriating General Fund for principal repayment, the Commonwealth can expeditiously pay itself back to re-capitalize the revolving loan fund and continue to make awards. The level of funding included in the Governor's budget assumes a three-year payback period.

Included in the Restricted Funds appropriation is an additional \$841,400 in fiscal year 2025 and \$364,000 in fiscal year 2026 from the Property Management Fund for higher principal payments for the Mayo-Underwood and Sower Buildings and 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 \$761,500 in fiscal year 2025 and \$753,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$229,200 and \$226,800 respectively.

The Governor's budget includes additional funding in the amount of \$1,175,500 in fiscal year 2025 and \$1,985,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$353,800 and \$597,600 respectively.

New General Fund debt service in the amount of \$854,000 in fiscal year 2025 and \$1,705,000 in fiscal year 2026 is included to support bonds included in the capital budget.

**Finance and Administration  
County Costs**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	19,743,500	29,243,500	29,243,500	29,243,500	29,243,500
Current Year Appropriation	25,400				
<b>Total General Fund</b>	<b>19,768,900</b>	<b>29,243,500</b>	<b>29,243,500</b>	<b>29,243,500</b>	<b>29,243,500</b>
<b>Restricted Funds</b>					
Current Receipts	1,121,533	1,093,374	1,702,500	1,702,500	1,702,500
<b>Total Restricted Funds</b>	<b>1,121,533</b>	<b>1,093,374</b>	<b>1,702,500</b>	<b>1,702,500</b>	<b>1,702,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,890,433</b>	<b>30,336,874</b>	<b>30,946,000</b>	<b>30,946,000</b>	<b>30,946,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,315,517	5,147,159	5,419,400	5,419,400	5,419,400
Operating Expenses	14,975,021	24,593,593	24,710,800	24,710,800	24,710,800
Grants Loans Benefits	599,587	578,801	815,800	815,800	815,800
<b>TOTAL EXPENDITURES</b>	<b>19,890,125</b>	<b>30,319,552</b>	<b>30,946,000</b>	<b>30,946,000</b>	<b>30,946,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	18,768,593	29,226,179	29,243,500	29,243,500	29,243,500
Restricted Funds	1,121,533	1,093,374	1,702,500	1,702,500	1,702,500
<b>TOTAL EXPENDITURES</b>	<b>19,890,125</b>	<b>30,319,552</b>	<b>30,946,000</b>	<b>30,946,000</b>	<b>30,946,000</b>
<b>EXPENDITURES BY UNIT</b>					
Public Defender Program	4,291,955	5,115,773	5,386,700	5,386,700	5,386,700
Witnesses	82,955	78,717	90,000	90,000	90,000
DUI Service Fees	599,587	578,801	815,800	815,800	815,800
Sheriffs Fees'	11,835,066	20,516,716	20,516,700	20,516,700	20,516,700
County Clerks (Make Tax Bills)	213,853	215,179	230,000	230,000	230,000
Board Of Assessment Appeals	27,150	21,250	40,000	40,000	40,000
Fugitive From Justice	1,072,361	1,498,289	1,498,300	1,498,300	1,498,300
Jury Fund	1,456,731	1,829,735	1,901,400	1,901,400	1,901,400
Sheriffs Expense Allowance	308,142	462,173	462,100	462,100	462,100
Premium On Sheriffs' Bonds	2,325	2,920	5,000	5,000	5,000
<b>TOTAL EXPENDITURES</b>	<b>19,890,125</b>	<b>30,319,552</b>	<b>30,946,000</b>	<b>30,946,000</b>	<b>30,946,000</b>

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

The Governor's budget sustains the \$15 per day of service rate for jurors budgeted in the Jury Fund program.

**Finance and Administration  
Commonwealth Office of Technology**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		8,574,400	8,793,800	5,960,500	5,960,500
<b>Total General Fund</b>		8,574,400	8,793,800	5,960,500	5,960,500
<b>Restricted Funds</b>					
Balance Forward	20,435,529	31,757,705	22,934,800	20,774,200	13,335,700
Current Receipts	127,564,592	129,074,284	145,054,600	136,378,100	136,378,100
Non-Revenue Receipts	(280,878)	(1,023,699)	(1,013,700)	(1,319,700)	(1,319,700)
Fund Transfers					
<b>Total Restricted Funds</b>	147,719,243	159,808,289	166,975,700	155,832,600	148,394,100
<b>Federal Fund</b>					
Balance Forward	(101,101)	(152,939)	(2,400)		
Current Receipts	296,114	704,190	1,716,600	1,716,600	1,716,600
Non-Revenue Receipts			2,400		
<b>Total Federal Fund</b>	195,013	551,250	1,716,600	1,716,600	1,716,600
<b>TOTAL SOURCE OF FUNDS</b>	147,914,256	168,933,939	177,486,100	163,509,700	156,071,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	55,682,353	58,568,360	72,001,100	71,975,900	72,990,000
Operating Expenses	48,721,640	69,660,013	63,321,300	64,894,600	64,895,900
Grants Loans Benefits			293,800	293,800	293,800
Debt Service					
Capital Outlay	11,905,497	13,331,469	21,095,700	13,009,700	13,009,700
<b>TOTAL EXPENDITURES</b>	116,309,490	141,559,842	156,711,900	150,174,000	151,189,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		4,132,682	8,793,800	5,960,500	5,960,500
Restricted Funds	115,961,538	136,873,470	146,201,500	142,496,900	143,512,300
Federal Fund	347,952	553,690	1,716,600	1,716,600	1,716,600
<b>TOTAL EXPENDITURES</b>	116,309,490	141,559,842	156,711,900	150,174,000	151,189,400
<b>EXPENDITURES BY UNIT</b>					
Commonwealth Office of Technology	3,714,028	7,894,679	15,500,700	12,586,400	12,654,400
Chief Information Security Officer	10,262,578	17,692,745	20,143,500	19,159,500	19,288,800
Infrastructure Services	47,761,247	47,787,073	56,122,100	48,432,900	48,617,400
Architecture and Governance	23,487,741	42,631,743	36,571,500	36,925,300	37,189,300
Client Support Services	31,083,897	25,553,601	28,374,100	33,069,900	33,439,500
<b>TOTAL EXPENDITURES</b>	116,309,490	141,559,842	156,711,900	150,174,000	151,189,400

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**

The Governor's budget provides a total of \$5,666,700 in fiscal years 2025 and 2026 from the General Fund for the continued statewide acquisition of oblique aerial photography data on a three year refresh cycle. The Kentucky From Above program provides a publicly available, common basemap for the Commonwealth, including leaf-off aerial photography and elevation data.

The Governor's budget includes additional Restricted Funds appropriation of \$1,194,400 in fiscal year 2025 and \$1,182,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional Restricted Funds appropriation of \$1,473,700 in fiscal year 2025 and \$2,488,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Finance and Administration  
Revenue**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	104,202,800	117,130,800	121,304,300	121,843,800	124,557,400
State Salary and Compensation Allocation			2,620,300		
Current Year Appropriation	5,950,300				
<b>Total General Fund</b>	<b>110,153,100</b>	<b>117,130,800</b>	<b>123,924,600</b>	<b>121,843,800</b>	<b>124,557,400</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
<b>Total Tobacco Fund</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Restricted Funds</b>					
Balance Forward	4,402,815	13,528,795	22,598,000	18,534,500	13,368,100
Current Receipts	9,653,970	9,019,199	9,019,100	9,019,100	9,019,100
Non-Revenue Receipts	100,000	50,000	50,000	(1,052,900)	(1,052,900)
<b>Total Restricted Funds</b>	<b>14,156,785</b>	<b>22,597,994</b>	<b>31,667,100</b>	<b>26,500,700</b>	<b>21,334,300</b>
<b>Federal Fund</b>					
Balance Forward		(1,228)	(2,900)		
Current Receipts	7,076	16,344	17,900	15,000	15,000
<b>Total Federal Fund</b>	<b>7,076</b>	<b>15,116</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>124,566,961</b>	<b>139,993,911</b>	<b>155,856,700</b>	<b>148,609,500</b>	<b>146,156,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	81,795,274	82,938,165	100,010,500	100,469,900	103,180,100
Operating Expenses	29,244,120	32,317,186	37,281,700	34,771,500	34,774,900
Debt Service					
Capital Outlay		359,875	30,000		
<b>TOTAL EXPENDITURES</b>	<b>111,039,393</b>	<b>115,615,226</b>	<b>137,322,200</b>	<b>135,241,400</b>	<b>137,955,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	110,153,100	115,347,236	123,924,600	121,843,800	124,557,400
Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Funds	627,990		13,132,600	13,132,600	13,132,600
Federal Fund	8,303	17,990	15,000	15,000	15,000
Road Fund					
<b>TOTAL EXPENDITURES</b>	<b>111,039,393</b>	<b>115,615,226</b>	<b>137,322,200</b>	<b>135,241,400</b>	<b>137,955,000</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office	40,787,777	44,951,451	48,707,500	49,313,300	49,625,900
Property Valuation	7,883,304	8,073,510	12,986,000	9,867,800	10,140,300
Field Operations	12,891,064	12,325,998	15,177,900	15,224,700	15,678,200
Income Taxation	9,599,797	9,492,040	11,970,900	12,089,000	12,468,500
Sales and Excise Taxes	9,936,360	9,868,893	11,540,200	11,569,600	11,883,600
Registration and Operations	14,891,062	16,703,801	19,151,700	19,302,400	19,814,100
Office of Tax Policy & Regulation	650,581	773,980	936,000	956,300	988,900
Enforcement	14,399,447	13,425,554	16,852,000	16,918,300	17,355,500
<b>TOTAL EXPENDITURES</b>	<b>111,039,393</b>	<b>115,615,226</b>	<b>137,322,200</b>	<b>135,241,400</b>	<b>137,955,000</b>

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 Governor's budget includes additional General Fund in the amount of \$2,539,000 in fiscal year 2025 and \$2,512,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$3,828,000 in fiscal year 2025 and \$6,464,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

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

**Finance and Administration  
Property Valuation Administrators**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	56,593,800	63,823,200	64,518,800	68,999,200	71,373,000
State Salary and Compensation Allocation			2,453,500		
Current Year Appropriation	2,767,500				
<b>Total General Fund</b>	<b>59,361,300</b>	<b>63,823,200</b>	<b>66,972,300</b>	<b>68,999,200</b>	<b>71,373,000</b>
<b>Restricted Funds</b>					
Balance Forward	504,946	376,768	509,800		
Current Receipts	3,381,757	148,002	4,277,000	4,786,800	4,786,800
<b>Total Restricted Funds</b>	<b>3,886,703</b>	<b>524,771</b>	<b>4,786,800</b>	<b>4,786,800</b>	<b>4,786,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>63,248,003</b>	<b>64,347,971</b>	<b>71,759,100</b>	<b>73,786,000</b>	<b>76,159,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	62,590,351	62,330,926	71,042,500	73,041,800	75,415,200
Operating Expenses	280,395	453,891	716,600	744,200	744,600
<b>TOTAL EXPENDITURES</b>	<b>62,870,746</b>	<b>62,784,818</b>	<b>71,759,100</b>	<b>73,786,000</b>	<b>76,159,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	59,360,812	62,769,872	66,972,300	68,999,200	71,373,000
Restricted Funds	3,509,935	14,945	4,786,800	4,786,800	4,786,800
<b>TOTAL EXPENDITURES</b>	<b>62,870,746</b>	<b>62,784,818</b>	<b>71,759,100</b>	<b>73,786,000</b>	<b>76,159,800</b>
<b>EXPENDITURES BY UNIT</b>					
Property Valuation Administrators	62,870,746	62,784,818	71,759,100	73,786,000	76,159,800
<b>TOTAL EXPENDITURES</b>	<b>62,870,746</b>	<b>62,784,818</b>	<b>71,759,100</b>	<b>73,786,000</b>	<b>76,159,800</b>

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**

General Fund in the amount of \$1,972,300 in fiscal year 2025 and \$2,024,100 in fiscal year 2026 to fund 30 additional positions that have been lost due to past budget cuts.

The Governor's budget includes additional General Fund in the amount of \$1,126,900 in fiscal year 2025 and \$1,115,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$3,265,700 in fiscal year 2025 and \$5,516,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

# **Health and Family Services**

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**Health and Family Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,788,557,200	3,021,746,400	3,512,971,000	3,746,369,800	4,180,252,000
State Salary and Compensation Allocation			16,814,600		
Special Appropriation	32,000,000				
Current Year Appropriation	16,993,400				
Reorganization Adjustment					
Other					
<b>Total General Fund</b>	<b>2,837,550,600</b>	<b>3,021,746,400</b>	<b>3,529,785,600</b>	<b>3,746,369,800</b>	<b>4,180,252,000</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	26,204,700	26,000,000	26,000,000	26,725,600	27,620,500
Continuing Approp-Tob Settlement	17,309,077	25,517,396	28,419,500		
Other	5,313,550	1,974,470			
<b>Total Tobacco Fund</b>	<b>48,827,327</b>	<b>53,491,866</b>	<b>54,419,500</b>	<b>26,725,600</b>	<b>27,620,500</b>
<b>Restricted Funds</b>					
Balance Forward	150,753,101	378,792,703	591,670,000	567,744,900	165,779,500
Current Receipts	1,049,648,241	1,208,825,907	1,460,667,100	1,712,336,100	1,698,914,000
Non-Revenue Receipts	202,666,308	590,732,817	799,288,400	476,028,500	468,814,000
Fund Transfers					
<b>Total Restricted Funds</b>	<b>1,403,067,649</b>	<b>2,178,351,426</b>	<b>2,851,625,500</b>	<b>2,756,109,500</b>	<b>2,333,507,500</b>
<b>Federal Fund</b>					
Balance Forward	7,452,160	38,812,391	(7,341,700)		
Current Receipts	14,270,356,384	15,286,613,612	16,003,579,100	16,329,331,800	16,952,576,800
Non-Revenue Receipts	(48)	170			
<b>Total Federal Fund</b>	<b>14,277,808,497</b>	<b>15,325,426,174</b>	<b>15,996,237,400</b>	<b>16,329,331,800</b>	<b>16,952,576,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,567,254,072</b>	<b>20,579,015,866</b>	<b>22,432,068,000</b>	<b>22,858,536,700</b>	<b>23,493,956,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,265,211,359	1,139,760,194	1,417,195,700	1,417,444,300	1,445,119,400
Operating Expenses	112,042,557	159,118,257	149,462,500	171,400,500	167,013,000
Grants Loans Benefits	16,727,394,102	18,642,011,484	20,282,043,500	21,087,978,000	21,861,718,500
Debt Service	8,723,784	11,650,184	9,810,000	11,763,200	19,696,800
Capital Outlay	685,382	5,613,340	5,811,400	11,400	11,400
Construction	64,821	192,286			
<b>TOTAL EXPENDITURES</b>	<b>18,114,122,006</b>	<b>19,958,345,746</b>	<b>21,864,323,100</b>	<b>22,688,597,400</b>	<b>23,493,559,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,827,541,024	3,013,823,800	3,529,785,600	3,746,369,800	4,180,252,000
Tobacco Fund	23,309,931	25,072,429	54,419,500	26,725,600	27,620,500
Restricted Funds	1,024,274,946	1,586,681,571	2,283,880,600	2,586,170,200	2,333,109,800
Federal Fund	14,238,996,105	15,332,767,946	15,996,237,400	16,329,331,800	16,952,576,800
<b>TOTAL EXPENDITURES</b>	<b>18,114,122,006</b>	<b>19,958,345,746</b>	<b>21,864,323,100</b>	<b>22,688,597,400</b>	<b>23,493,559,100</b>

**EXPENDITURES BY UNIT**

General Administration and Program Support	178,790,915	110,541,380	137,331,100	167,172,900	169,400,500
Aging and Independent Living	67,091,588	82,466,196	97,613,000	86,882,100	87,413,300
Income Support	59,473,472	61,817,503	75,866,700	78,482,100	
Public Health	623,028,319	521,678,523	573,028,700	500,532,900	514,476,200
Behavioral Health, Developmental & Intellectual Disabilities	455,939,094	516,321,352	544,215,600	543,585,300	549,494,900
Family Resource Centers and Volunteer Services	22,819,927	40,385,654	42,364,400	50,266,200	50,353,800
Community Based Services	1,588,112,240	1,797,462,549	1,688,336,500	1,783,781,100	1,812,448,800
Medicaid Services	15,118,866,451	16,827,672,588	18,705,567,100	19,477,894,800	20,309,971,600
<b>TOTAL EXPENDITURES</b>	<b>18,114,122,006</b>	<b>19,958,345,746</b>	<b>21,864,323,100</b>	<b>22,688,597,400</b>	<b>23,493,559,100</b>

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

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

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,832,000	11,137,700	11,140,400	17,533,200	17,908,900
State Salary and Compensation Allocation			178,300		
Current Year Appropriation	186,500				
<b>Total General Fund</b>	<b>11,018,500</b>	<b>11,137,700</b>	<b>11,318,700</b>	<b>17,533,200</b>	<b>17,908,900</b>
<b>Restricted Funds</b>					
Balance Forward	7,136,022	9,810,019	12,148,000	8,496,400	4,259,800
Current Receipts	8,494,307	10,514,952	11,117,800	14,725,800	15,406,100
Non-Revenue Receipts	38,202,559	45,291,342	49,036,200	61,216,700	61,637,900
<b>Total Restricted Funds</b>	<b>53,832,889</b>	<b>65,616,313</b>	<b>72,302,000</b>	<b>84,438,900</b>	<b>81,303,800</b>
<b>Federal Fund</b>					
Balance Forward	4,878,035	2,910,954	1,554,000		
Current Receipts	121,782,464	44,578,410	60,652,800	69,460,600	70,187,800
<b>Total Federal Fund</b>	<b>126,660,499</b>	<b>47,489,364</b>	<b>62,206,800</b>	<b>69,460,600</b>	<b>70,187,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>191,511,888</b>	<b>124,243,377</b>	<b>145,827,500</b>	<b>171,432,700</b>	<b>169,400,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	153,380,987	88,886,858	116,310,700	126,882,400	128,448,400
Operating Expenses	13,127,293	21,613,466	20,669,100	39,939,200	40,600,800
Grants Loans Benefits	12,070,179	4,650	351,300	351,300	351,300
Debt Service	182,000				
Capital Outlay	30,450				
Construction	7	36,406			
<b>TOTAL EXPENDITURES</b>	<b>178,790,915</b>	<b>110,541,380</b>	<b>137,331,100</b>	<b>167,172,900</b>	<b>169,400,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,018,500	11,137,700	11,318,700	17,533,200	17,908,900
Restricted Funds	44,022,870	53,468,340	63,805,600	80,179,100	81,303,800
Federal Fund	123,749,545	45,935,340	62,206,800	69,460,600	70,187,800
<b>TOTAL EXPENDITURES</b>	<b>178,790,915</b>	<b>110,541,380</b>	<b>137,331,100</b>	<b>167,172,900</b>	<b>169,400,500</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Support	130,359,666	66,955,148	68,382,400	97,081,600	98,589,100
Inspector General	48,431,249	43,586,232	68,948,700	70,091,300	70,811,400
<b>TOTAL EXPENDITURES</b>	<b>178,790,915</b>	<b>110,541,380</b>	<b>137,331,100</b>	<b>167,172,900</b>	<b>169,400,500</b>

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 \$17,527,700 over the biennium to fund the Office of Medical Cannabis to implement, oversee, and regulate the medical cannabis program established by Senate Bill 47 of the 2023 Regular Session. The General Fund accounts for \$6,202,500 in fiscal year 2025 and \$6,432,800 in fiscal year 2026 with the additional amounts from Restricted Funds.

The Governor's budget includes additional funding in the amount of \$1,812,600 in fiscal year 2025 and \$1,793,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$129,600 and \$128,200, respectively.

The Governor's budget includes additional funding in the amount of \$3,405,400 in fiscal year 2025 and \$5,750,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$217,300 and \$367,000, respectively.

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

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,671,000	2,000,000	2,000,000	8,164,900	8,395,200
Current Year Appropriation	186,500				
Other					
<b>Total General Fund</b>	<b>2,857,500</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>8,164,900</b>	<b>8,395,200</b>
<b>Restricted Funds</b>					
Balance Forward	238,700	244,607			
Current Receipts	2,635,205	3,760,541	3,731,000	7,249,100	7,406,500
Non-Revenue Receipts	32,164,048	35,882,981	36,410,700	48,286,500	48,682,700
<b>Total Restricted Funds</b>	<b>35,037,952</b>	<b>39,888,129</b>	<b>40,141,700</b>	<b>55,535,600</b>	<b>56,089,200</b>
<b>Federal Fund</b>					
Balance Forward	3,881,998	2,669,985	1,188,800		
Current Receipts	91,496,807	23,585,836	25,051,900	33,381,100	34,104,700
<b>Total Federal Fund</b>	<b>95,378,806</b>	<b>26,255,822</b>	<b>26,240,700</b>	<b>33,381,100</b>	<b>34,104,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>133,274,258</b>	<b>68,143,951</b>	<b>68,382,400</b>	<b>97,081,600</b>	<b>98,589,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	107,811,076	49,335,624	52,835,200	62,292,400	63,138,300
Operating Expenses	10,352,670	17,642,763	15,447,200	34,689,200	35,350,800
Grants Loans Benefits	11,983,463	(59,645)	100,000	100,000	100,000
Debt Service	182,000				
Capital Outlay	30,450				
Construction	7	36,406			
<b>TOTAL EXPENDITURES</b>	<b>130,359,666</b>	<b>66,955,148</b>	<b>68,382,400</b>	<b>97,081,600</b>	<b>98,589,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,857,500	2,000,000	2,000,000	8,164,900	8,395,200
Restricted Funds	34,793,346	39,888,128	40,141,700	55,535,600	56,089,200
Federal Fund	92,708,820	25,067,019	26,240,700	33,381,100	34,104,700
<b>TOTAL EXPENDITURES</b>	<b>130,359,666</b>	<b>66,955,148</b>	<b>68,382,400</b>	<b>97,081,600</b>	<b>98,589,100</b>

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.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,161,000	9,137,700	9,140,400	9,368,300	9,513,700
State Salary and Compensation Allocation			178,300		
Current Year Appropriation					
Other					
<b>Total General Fund</b>	<b>8,161,000</b>	<b>9,137,700</b>	<b>9,318,700</b>	<b>9,368,300</b>	<b>9,513,700</b>
<b>Restricted Funds</b>					
Balance Forward	6,897,322	9,565,412	12,148,000	8,496,400	4,259,800
Current Receipts	5,859,103	6,754,411	7,386,800	7,476,700	7,999,600
Non-Revenue Receipts	6,038,511	9,408,361	12,625,500	12,930,200	12,955,200
<b>Total Restricted Funds</b>	<b>18,794,936</b>	<b>25,728,184</b>	<b>32,160,300</b>	<b>28,903,300</b>	<b>25,214,600</b>
<b>Federal Fund</b>					
Balance Forward	996,037	240,968	365,200		
Current Receipts	30,285,657	20,992,574	35,600,900	36,079,500	36,083,100
<b>Total Federal Fund</b>	<b>31,281,693</b>	<b>21,233,542</b>	<b>35,966,100</b>	<b>36,079,500</b>	<b>36,083,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>58,237,630</b>	<b>56,099,426</b>	<b>77,445,100</b>	<b>74,351,100</b>	<b>70,811,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	45,569,911	39,551,234	63,475,500	64,590,000	65,310,100
Operating Expenses	2,774,622	3,970,703	5,221,900	5,250,000	5,250,000
Grants Loans Benefits	86,716	64,295	251,300	251,300	251,300
<b>TOTAL EXPENDITURES</b>	<b>48,431,249</b>	<b>43,586,232</b>	<b>68,948,700</b>	<b>70,091,300</b>	<b>70,811,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,161,000	9,137,700	9,318,700	9,368,300	9,513,700
Restricted Funds	9,229,524	13,580,212	23,663,900	24,643,500	25,214,600
Federal Fund	31,040,725	20,868,320	35,966,100	36,079,500	36,083,100
<b>TOTAL EXPENDITURES</b>	<b>48,431,249</b>	<b>43,586,232</b>	<b>68,948,700</b>	<b>70,091,300</b>	<b>70,811,400</b>

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.

## **Policy**

The budget includes additional Restricted Funds in the amount of \$1,000,000 each fiscal year to fund additional certifications for long-term care facilities.

**Health and Family Services  
Medicaid Services**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	1,993,705,600	2,032,587,300	2,473,126,200	2,604,608,600	3,008,268,800
State Salary and Compensation Allocation			143,600		
Current Year Appropriation	5,700				
<b>Total General Fund</b>	<b>1,993,711,300</b>	<b>2,032,587,300</b>	<b>2,473,269,800</b>	<b>2,604,608,600</b>	<b>3,008,268,800</b>
<b>Restricted Funds</b>					
Balance Forward	47,668,954	199,268,929	366,075,900	487,275,400	126,885,100
Current Receipts	602,681,326	648,238,058	989,270,000	1,103,001,200	1,108,984,300
Non-Revenue Receipts	164,180,961	588,311,542	760,654,300	419,159,300	411,434,900
<b>Total Restricted Funds</b>	<b>814,531,242</b>	<b>1,435,818,529</b>	<b>2,116,000,200</b>	<b>2,009,435,900</b>	<b>1,647,304,300</b>
<b>Federal Fund</b>					
Balance Forward	3,132,426	3,345,320	(8,505,100)		
Current Receipts	12,510,105,722	13,713,492,116	14,612,077,600	14,990,735,400	15,654,398,500
Non-Revenue Receipts	10	190			
<b>Total Federal Fund</b>	<b>12,513,238,158</b>	<b>13,716,837,626</b>	<b>14,603,572,500</b>	<b>14,990,735,400</b>	<b>15,654,398,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,321,480,700</b>	<b>17,185,243,455</b>	<b>19,192,842,500</b>	<b>19,604,779,900</b>	<b>20,309,971,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	179,835,168	179,469,304	331,872,000	304,148,000	312,896,500
Operating Expenses	5,282,132	16,146,278	14,692,000	14,694,700	14,702,600
Grants Loans Benefits	14,933,749,151	16,631,957,007	18,358,203,100	19,159,052,100	19,982,372,500
Capital Outlay		100,000	800,000		
<b>TOTAL EXPENDITURES</b>	<b>15,118,866,451</b>	<b>16,827,672,588</b>	<b>18,705,567,100</b>	<b>19,477,894,800</b>	<b>20,309,971,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,993,711,300	2,032,587,300	2,473,269,800	2,604,608,600	3,008,268,800
Restricted Funds	615,262,312	1,069,742,565	1,628,724,800	1,882,550,800	1,647,304,300
Federal Fund	12,509,892,839	13,725,342,723	14,603,572,500	14,990,735,400	15,654,398,500
<b>TOTAL EXPENDITURES</b>	<b>15,118,866,451</b>	<b>16,827,672,588</b>	<b>18,705,567,100</b>	<b>19,477,894,800</b>	<b>20,309,971,600</b>
<b>EXPENDITURES BY UNIT</b>					
Medicaid Administration	226,595,803	251,566,122	433,034,000	418,912,700	427,669,100
Medicaid Benefits	14,892,270,648	16,576,106,466	18,272,533,100	19,058,982,100	19,882,302,500
<b>TOTAL EXPENDITURES</b>	<b>15,118,866,451</b>	<b>16,827,672,588</b>	<b>18,705,567,100</b>	<b>19,477,894,800</b>	<b>20,309,971,600</b>

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.

**Health and Family Services  
Medicaid Administration**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	59,310,400	69,695,000	70,437,500	70,605,000	74,692,100
State Salary and Compensation Allocation			143,600		
Current Year Appropriation	5,700				
<b>Total General Fund</b>	<b>59,316,100</b>	<b>69,695,000</b>	<b>70,581,100</b>	<b>70,605,000</b>	<b>74,692,100</b>
<b>Restricted Funds</b>					
Balance Forward	3,667,344	3,038,853	3,170,000		
Current Receipts	165,933	4,601,418	12,794,700	13,182,900	13,666,900
Non-Revenue Receipts	14,891,632	23,000,012	43,717,100	18,380,500	18,380,100
<b>Total Restricted Funds</b>	<b>18,724,909</b>	<b>30,640,283</b>	<b>59,681,800</b>	<b>31,563,400</b>	<b>32,047,000</b>
<b>Federal Fund</b>					
Balance Forward	12,652,455	11,832,708	7,800,600		
Current Receipts	150,773,890	150,368,562	294,970,500	316,744,300	320,930,000
Non-Revenue Receipts	10	190			
<b>Total Federal Fund</b>	<b>163,426,355</b>	<b>162,201,461</b>	<b>302,771,100</b>	<b>316,744,300</b>	<b>320,930,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>241,467,363</b>	<b>262,536,744</b>	<b>433,034,000</b>	<b>418,912,700</b>	<b>427,669,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	180,134,701	179,469,304	331,872,000	304,148,000	312,896,500
Operating Expenses	5,282,132	16,146,278	14,692,000	14,694,700	14,702,600
Grants Loans Benefits	41,178,970	55,850,541	85,670,000	100,070,000	100,070,000
Capital Outlay		100,000	800,000		
<b>TOTAL EXPENDITURES</b>	<b>226,595,803</b>	<b>251,566,122</b>	<b>433,034,000</b>	<b>418,912,700</b>	<b>427,669,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	59,316,100	69,695,000	70,581,100	70,605,000	74,692,100
Restricted Funds	15,686,056	27,470,252	59,681,800	31,563,400	32,047,000
Federal Fund	151,593,647	154,400,870	302,771,100	316,744,300	320,930,000
<b>TOTAL EXPENDITURES</b>	<b>226,595,803</b>	<b>251,566,122</b>	<b>433,034,000</b>	<b>418,912,700</b>	<b>427,669,100</b>
<b>EXPENDITURES BY UNIT</b>					
Medical Assistance Administration	217,597,816	242,708,465	424,034,000	409,905,200	418,643,700
KCHIP Administration	8,997,987	8,857,657	9,000,000	9,007,500	9,025,400
<b>TOTAL EXPENDITURES</b>	<b>226,595,803</b>	<b>251,566,122</b>	<b>433,034,000</b>	<b>418,912,700</b>	<b>427,669,100</b>

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

The budget includes \$6,509,600 in fiscal year 2025 and \$14,361,400 in fiscal year 2026 to fund Mobile Crisis Intervention Services for individuals, experiencing a behavioral health or substance use disorder crisis outside of a hospital or facility, that are Medicaid eligible. The General Fund portion is \$3,254,800 in fiscal year 2025 and \$7,180,700 in fiscal year 2026.

The budget includes a total of \$14.4 million each fiscal year to provide access to the Federal Data Hub, \$3,600,000 from the General Fund and Federal Fund in the amount of \$10,800,000 each fiscal year.

The Governor's budget includes additional funding in the amount of \$829,600 in fiscal year 2025 and \$820,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$149,300 and \$147,800, respectively.

The Governor's budget includes additional funding in the amount of \$1,343,400 in fiscal year 2025 and \$2,269,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$241,800 and \$408,400, respectively.

**Health and Family Services  
Medicaid Benefits**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,934,395,200	1,962,892,300	2,402,688,700	2,534,003,600	2,933,576,700
Current Year Appropriation					
<b>Total General Fund</b>	<b>1,934,395,200</b>	<b>1,962,892,300</b>	<b>2,402,688,700</b>	<b>2,534,003,600</b>	<b>2,933,576,700</b>
<b>Restricted Funds</b>					
Balance Forward	44,001,610	196,230,077	362,905,900	487,275,400	126,885,100
Current Receipts	602,515,393	643,636,640	976,475,300	1,089,818,300	1,095,317,400
Non-Revenue Receipts	149,289,330	565,311,530	716,937,200	400,778,800	393,054,800
<b>Total Restricted Funds</b>	<b>795,806,333</b>	<b>1,405,178,246</b>	<b>2,056,318,400</b>	<b>1,977,872,500</b>	<b>1,615,257,300</b>
<b>Federal Fund</b>					
Balance Forward	(9,520,029)	(8,487,388)	(16,305,700)		
Current Receipts	12,359,331,833	13,563,123,554	14,317,107,100	14,673,991,100	15,333,468,500
<b>Total Federal Fund</b>	<b>12,349,811,804</b>	<b>13,554,636,166</b>	<b>14,300,801,400</b>	<b>14,673,991,100</b>	<b>15,333,468,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,080,013,337</b>	<b>16,922,706,712</b>	<b>18,759,808,500</b>	<b>19,185,867,200</b>	<b>19,882,302,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	(299,534)				
Grants Loans Benefits	14,892,570,182	16,576,106,466	18,272,533,100	19,058,982,100	19,882,302,500
<b>TOTAL EXPENDITURES</b>	<b>14,892,270,648</b>	<b>16,576,106,466</b>	<b>18,272,533,100</b>	<b>19,058,982,100</b>	<b>19,882,302,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,934,395,200	1,962,892,300	2,402,688,700	2,534,003,600	2,933,576,700
Restricted Funds	599,576,256	1,042,272,314	1,569,043,000	1,850,987,400	1,615,257,300
Federal Fund	12,358,299,192	13,570,941,852	14,300,801,400	14,673,991,100	15,333,468,500
<b>TOTAL EXPENDITURES</b>	<b>14,892,270,648</b>	<b>16,576,106,466</b>	<b>18,272,533,100</b>	<b>19,058,982,100</b>	<b>19,882,302,500</b>
<b>EXPENDITURES BY UNIT</b>					
Medicaid Benefits	14,505,148,888	16,167,226,557	17,591,286,100	18,332,197,700	19,114,449,300
KCHIP Benefits	387,121,760	408,879,909	681,247,000	726,784,400	767,853,200
<b>TOTAL EXPENDITURES</b>	<b>14,892,270,648</b>	<b>16,576,106,466</b>	<b>18,272,533,100</b>	<b>19,058,982,100</b>	<b>19,882,302,500</b>

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-ICFIID (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 six (6) 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 71.57 percent for state fiscal year 2025 and 71.50 percent for fiscal year 2026 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 80.10 percent for fiscal year 2025 and 80.05 for fiscal year 2026.

## **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. During the COVID-19 pandemic, states had to maintain enrollment as a maintenance of effort requirement due to receiving a larger federal share for Medicaid costs. With the oncoming expiration of the federal public health emergency, one unique element of the Medicaid forecast was the estimation of the change in enrollment during the 2024-2026 biennium in addition to the forecast of all other elements. The managed care portion of the budget does not include individual categories of service; therefore, total projected costs for individual services cannot be determined.

The budget accommodates the following estimated average monthly enrollment for fiscal year 2025 and fiscal year 2026.

### **Medicaid Enrollment**

#### **Projections FY 2024 - FY 2026**

	<b>MCO (Traditional Medicaid)</b>	<b>MCO (Medicaid Expansion)</b>	<b>MCO (KCHIP)</b>	<b>Fee For Service (FFS)</b>	<b>Grand Total</b>
FY 2024	778,792	529,969	132,692	142,864	1,584,317
FY 2025	767,324	492,098	139,028	145,026	1,543,476
FY 2026	778,801	514,124	145,467	148,083	1,586,475

The budget includes a state fiscal year 2025 federal share or FMAP of 71.57 percent for Medicaid eligibility groups, 80.10 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 2026 federal share or FMAP of 71.50 percent for Medicaid eligibility groups, 80.05 percent for the Kentucky Children's Health Insurance Program eligibility group, and 90 percent for the Medicaid expansion eligibility group.

The enhanced FMAP that will phase out after December 31, 2023 has allowed the state to build up Restricted Fund balances and to apply those non-recurring sources to absorb cost increases in fiscal year 2025 in the amount of \$123,416,800. As those state resources are spent down, the recommended budget includes additional General Fund in the amount of \$394,598,900 in fiscal year 2026 to support the Medicaid forecast, and to place the Medicaid budget in structural balance. The budget also includes an additional Federal Fund appropriation in the amount of \$3,904,459,700 which includes a current year amount of \$1,096,152,800 to place the Medicaid budget in structural balance.

The budget includes an additional 250 slots for the Supports for Community Living (SCL) waiver program over the biennium, and an additional 500 slots for the Michelle P. Waiver program. The SCL slots are \$26,106,000 in each fiscal year of which General Fund accounts for \$7,421,900 in fiscal year 2025 and \$7,440,200 in fiscal year 2026. The Michelle P slots costs are \$25,476,500 in each fiscal year of which General Fund accounts for \$7,243,000 in fiscal year 2025 and \$7,260,800 in fiscal year 2026.

The budget includes \$220 million in fiscal year 2025 and \$235 million in fiscal year 2026 to support the rebasing of nursing facility rates of which the General Fund accounts for \$62,546,000 in fiscal year 2025 and \$66,975,000 in fiscal year 2026. Rebasing of rates is required every four years.

The budget includes \$165,500,000 in each fiscal year to fund rate increases for the waiver programs. The Centers for Medicare and Medicaid Services directed the Commonwealth to complete a rate methodology study for implementation of new rates. The General Fund accounts for \$47,051,700 in fiscal year 2025 and \$47,167,500 in fiscal year 2026,

The budget includes \$15,150,000 in fiscal year 2025 and \$16,232,600 in fiscal year 2026 to amend and expand services for the KY Health Section 1115 Demonstration Waiver for Serious Mental Illness and Health Related Social Needs. The amended waiver creates a recuperative care pilot program that provides services such as three meals a day, transportation to aftercare appointments and medication monitoring. The General Fund portion is \$4,307,100 and \$4,626,300, respectively.

The budget includes \$10,524,200 in fiscal year 2025 and \$10,808,300 in fiscal year 2026 to fund Mobile Crisis Intervention Services for individuals, experiencing a behavioral health or substance use disorder crisis outside of a hospital or facility, that are Medicaid eligible. The General Fund portion is \$2,745,200 in fiscal year 2025 and \$2,819,300 in fiscal year 2026.

The budget includes \$37,457,200 in fiscal year 2025 and \$38,465,900 in fiscal year 2026 the Substance Use Disorder Waiver for incarcerated individuals. The Restricted Funds portion is \$10,649,100 and \$10,962,800, respectively.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	150,032,000	177,840,100	185,630,300	195,915,800	201,279,800
State Salary and Compensation Allocation			1,253,700		
Current Year Appropriation	1,215,500				
Reorganization Adjustment					
Other					
<b>Total General Fund</b>	<b>151,247,500</b>	<b>177,840,100</b>	<b>186,884,000</b>	<b>195,915,800</b>	<b>201,279,800</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,950,500	1,400,000	1,400,000	1,400,000	1,400,000
Continuing Approp-Tob Settlement	1,149,435	6,317,228	5,531,800		
Other	5,313,550				
<b>Total Tobacco Fund</b>	<b>8,413,485</b>	<b>7,717,228</b>	<b>6,931,800</b>	<b>1,400,000</b>	<b>1,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	24,298,658	38,782,318	58,478,000	37,957,900	23,228,900
Current Receipts	208,693,957	240,300,365	227,282,000	232,209,000	224,015,900
Non-Revenue Receipts	7,399,433	3,919,367	(4,997,100)	(29,200)	(42,600)
<b>Total Restricted Funds</b>	<b>240,392,047</b>	<b>283,002,050</b>	<b>280,762,900</b>	<b>270,137,700</b>	<b>247,202,200</b>
<b>Federal Fund</b>					
Balance Forward	(3,703,868)	(2,256,162)	(2,715,300)		
Current Receipts	105,149,629	111,312,518	110,310,100	99,360,700	99,612,900
Non-Revenue Receipts					
<b>Total Federal Fund</b>	<b>101,445,761</b>	<b>109,056,356</b>	<b>107,594,800</b>	<b>99,360,700</b>	<b>99,612,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>501,498,794</b>	<b>577,615,735</b>	<b>582,173,500</b>	<b>566,814,200</b>	<b>549,494,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	88,072,431	102,156,115	119,008,000	117,473,700	119,393,600
Operating Expenses	13,575,280	16,477,132	14,252,100	15,153,400	17,657,100
Grants Loans Benefits	345,737,332	387,051,052	401,145,500	400,664,000	401,661,400
Debt Service	8,541,784	10,401,184	9,810,000	10,294,200	10,782,800
Capital Outlay	12,266	82,293			
Construction		153,576			
<b>TOTAL EXPENDITURES</b>	<b>455,939,094</b>	<b>516,321,352</b>	<b>544,215,600</b>	<b>543,585,300</b>	<b>549,494,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	148,531,184	177,840,100	186,884,000	195,915,800	201,279,800
Tobacco Fund	2,096,257	2,185,477	6,931,800	1,400,000	1,400,000
Restricted Funds	201,609,730	224,524,105	242,805,000	246,908,800	247,202,200
Federal Fund	103,701,923	111,771,670	107,594,800	99,360,700	99,612,900
<b>TOTAL EXPENDITURES</b>	<b>455,939,094</b>	<b>516,321,352</b>	<b>544,215,600</b>	<b>543,585,300</b>	<b>549,494,900</b>
<b>EXPENDITURES BY UNIT</b>					

Community Behavioral Health	86,068,560	90,968,485	110,581,200	98,704,300	98,904,100
Community Developmental and Intellectual Disabilities	22,742,701	27,085,481	23,853,300	23,981,900	24,049,100
Community Mental Health Services	67,668,439	73,349,812	87,979,500	92,928,100	94,101,000
General Support	6,418,600	7,244,912	8,805,400	9,136,100	9,365,600
Residential	273,040,794	317,672,662	312,996,200	318,834,900	323,075,100
<b>TOTAL EXPENDITURES</b>	<b>455,939,094</b>	<b>516,321,352</b>	<b>544,215,600</b>	<b>543,585,300</b>	<b>549,494,900</b>

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 \$1,536,400 in fiscal year 2025 and \$1,521,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$1,100,100 and \$1,089,400, respectively.

The Governor’s budget includes additional funding in the amount of \$2,404,500 in fiscal year 2025 and \$4,064,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,721,600 and \$2,910,100, respectively.

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

	<u>Actual FY 2022</u>	<u>Actual FY 2023</u>	<u>Revised FY 2024</u>	<u>Recommended FY 2025</u>	<u>Recommended FY 2026</u>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	17,604,800	17,848,500	17,723,400	17,782,000	17,804,300
State Salary and Compensation Allocation			31,100		
Current Year Appropriation	70,000				
Reorganization Adjustment					
Other	(440,722)	(1,898,113)			
<b>Total General Fund</b>	<u>17,234,078</u>	<u>15,950,387</u>	<u>17,754,500</u>	<u>17,782,000</u>	<u>17,804,300</u>
<b>Restricted Funds</b>					
Balance Forward	45,063	69,819	59,600		
Current Receipts				82,900	113,700
Non-Revenue Receipts	2,200,000	2,725,700	2,786,600	2,809,000	2,795,600
<b>Total Restricted Funds</b>	<u>2,245,063</u>	<u>2,795,519</u>	<u>2,846,200</u>	<u>2,891,900</u>	<u>2,909,300</u>
<b>Federal Fund</b>					
Balance Forward	(1,782,033)	(1,887,319)	(1,805,000)		
Current Receipts	3,228,094	8,481,493	5,057,600	3,308,000	3,335,500
<b>Total Federal Fund</b>	<u>1,446,060</u>	<u>6,594,174</u>	<u>3,252,600</u>	<u>3,308,000</u>	<u>3,335,500</u>
<b>TOTAL SOURCE OF FUNDS</b>	<u>20,925,201</u>	<u>25,340,080</u>	<u>23,853,300</u>	<u>23,981,900</u>	<u>24,049,100</u>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,237,174	2,753,221	3,774,900	4,018,900	4,085,600
Operating Expenses	370,338	501,195	537,700	424,200	424,700
Grants Loans Benefits	19,135,188	23,831,065	19,540,700	19,538,800	19,538,800
<b>TOTAL EXPENDITURES</b>	<u>22,742,701</u>	<u>27,085,481</u>	<u>23,853,300</u>	<u>23,981,900</u>	<u>24,049,100</u>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,234,078	15,950,387	17,754,500	17,782,000	17,804,300
Restricted Funds	2,175,243	2,735,930	2,846,200	2,891,900	2,909,300
Federal Fund	3,333,380	8,399,164	3,252,600	3,308,000	3,335,500
<b>TOTAL EXPENDITURES</b>	<u>22,742,701</u>	<u>27,085,481</u>	<u>23,853,300</u>	<u>23,981,900</u>	<u>24,049,100</u>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,511,917	53,248,260	8,048,300	8,064,000	8,117,100
State Salary and Compensation Allocation			66,300		
Current Year Appropriation	152,600				
Reorganization Adjustment		(43,827,914)			
Other		(465,571)			
<b>Total General Fund</b>	<b>8,664,517</b>	<b>8,954,775</b>	<b>8,114,600</b>	<b>8,064,000</b>	<b>8,117,100</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,950,500	1,400,000	1,400,000	1,400,000	1,400,000
Continuing Approp-Tob Settlement	1,149,435	6,317,228	5,531,800		
Reorganization Adjustment					
Other	5,313,550				
<b>Total Tobacco Fund</b>	<b>8,413,485</b>	<b>7,717,228</b>	<b>6,931,800</b>	<b>1,400,000</b>	<b>1,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	7,681,143	10,523,847	22,187,600	18,290,700	14,395,300
Current Receipts	6,915,733	18,037,985	17,519,200	17,520,700	7,020,800
Non-Revenue Receipts	81,262	1,378,165			
<b>Total Restricted Funds</b>	<b>14,678,138</b>	<b>29,939,997</b>	<b>39,706,800</b>	<b>35,811,400</b>	<b>21,416,100</b>
<b>Federal Fund</b>					
Balance Forward	(3,026,079)	(1,292,732)	(1,884,600)		
Current Receipts	72,886,842	71,483,966	76,003,300	67,824,200	67,970,900
<b>Total Federal Fund</b>	<b>69,860,763</b>	<b>70,191,234</b>	<b>74,118,700</b>	<b>67,824,200</b>	<b>67,970,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>101,616,903</b>	<b>116,803,234</b>	<b>128,871,900</b>	<b>113,099,600</b>	<b>98,904,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,866,120	5,460,721	8,608,500	8,546,600	8,746,400
Operating Expenses	304,515	256,537	295,800	295,800	295,800
Grants Loans Benefits	79,897,925	85,251,228	101,676,900	89,861,900	89,861,900
<b>TOTAL EXPENDITURES</b>	<b>86,068,560</b>	<b>90,968,485</b>	<b>110,581,200</b>	<b>98,704,300</b>	<b>98,904,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,664,517	8,954,775	8,114,600	8,064,000	8,117,100
Tobacco Fund	2,096,257	2,185,477	6,931,800	1,400,000	1,400,000
Restricted Funds	4,154,291	7,752,418	21,416,100	21,416,100	21,416,100
Federal Fund	71,153,495	72,075,815	74,118,700	67,824,200	67,970,900
<b>TOTAL EXPENDITURES</b>	<b>86,068,560</b>	<b>90,968,485</b>	<b>110,581,200</b>	<b>98,704,300</b>	<b>98,904,100</b>

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 \$1,400,000 in each fiscal year 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.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	41,586,483	5,555,240	56,868,600	61,920,900	63,015,800
State Salary and Compensation Allocation			108,700		
Current Year Appropriation					
Reorganization Adjustment		43,827,914			
Other		(4,381,234)			
<b>Total General Fund</b>	<b>41,586,483</b>	<b>45,001,920</b>	<b>56,977,300</b>	<b>61,920,900</b>	<b>63,015,800</b>
<b>Restricted Funds</b>					
Balance Forward	2,317,437	3,457,497	10,709,000	4,709,000	2,354,500
Current Receipts	1,207,018	995,775	1,562,400	262,400	262,400
Non-Revenue Receipts	1,047,713	7,174,271	(4,783,700)	161,800	161,800
<b>Total Restricted Funds</b>	<b>4,572,168</b>	<b>11,627,543</b>	<b>7,487,700</b>	<b>5,133,200</b>	<b>2,778,700</b>
<b>Federal Fund</b>					
Balance Forward	1,104,357	924,003	1,025,200		
Current Receipts	24,786,931	27,530,498	27,198,300	28,228,500	28,306,500
<b>Total Federal Fund</b>	<b>25,891,288</b>	<b>28,454,501</b>	<b>28,223,500</b>	<b>28,228,500</b>	<b>28,306,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>72,049,938</b>	<b>85,083,964</b>	<b>92,688,500</b>	<b>95,282,600</b>	<b>94,101,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,518,210	4,240,595	6,305,300	6,261,800	6,434,700
Operating Expenses	113,237	254,224	150,200	150,200	150,200
Grants Loans Benefits	64,036,992	68,854,992	81,524,000	86,516,100	87,516,100
<b>TOTAL EXPENDITURES</b>	<b>67,668,439</b>	<b>73,349,812</b>	<b>87,979,500</b>	<b>92,928,100</b>	<b>94,101,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	41,586,483	45,001,920	56,977,300	61,920,900	63,015,800
Restricted Funds	1,114,671	918,574	2,778,700	2,778,700	2,778,700
Federal Fund	24,967,285	27,429,317	28,223,500	28,228,500	28,306,500
<b>TOTAL EXPENDITURES</b>	<b>67,668,439</b>	<b>73,349,812</b>	<b>87,979,500</b>	<b>92,928,100</b>	<b>94,101,000</b>

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.

### **Policy**

The budget includes additional General Fund in the amount of \$1,000,000 each fiscal year to replace Federal Funds that are expiring, for the Tim’s Law program.

The base budget includes General Fund of \$900,000 in each fiscal year to support direct services to clients provided by The Healing Place.

The budget includes General Fund in the amount of \$4,000,000 in fiscal year 2025 and \$5,000,000 in fiscal year 2026 to fund Mobile Crisis Intervention Services for individuals, experiencing a behavioral health or substance use disorder crisis outside of a hospital or facility, that are not Medicaid eligible.

**Health and Family Services  
Behavioral Health, Developmental & Intellectual Disabilities  
General Support**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,255,400	9,094,100	8,230,600	8,615,400	8,842,200
State Salary and Compensation Allocation			274,800		
Current Year Appropriation	195,700				
Other	(1,032,500)	(1,849,188)			
<b>Total General Fund</b>	<b>6,418,600</b>	<b>7,244,912</b>	<b>8,505,400</b>	<b>8,615,400</b>	<b>8,842,200</b>
<b>Restricted Funds</b>					
Balance Forward			84,400		
Current Receipts		84,410	215,600	520,700	523,400
<b>Total Restricted Funds</b>		<b>84,410</b>	<b>300,000</b>	<b>520,700</b>	<b>523,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,418,600</b>	<b>7,329,322</b>	<b>8,805,400</b>	<b>9,136,100</b>	<b>9,365,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,250,931	5,795,581	7,495,800	7,499,900	7,726,200
Operating Expenses	626,399	958,022	788,000	1,114,600	1,117,800
Grants Loans Benefits	541,270	491,310	521,600	521,600	521,600
<b>TOTAL EXPENDITURES</b>	<b>6,418,600</b>	<b>7,244,912</b>	<b>8,805,400</b>	<b>9,136,100</b>	<b>9,365,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,418,600	7,244,912	8,505,400	8,615,400	8,842,200
Restricted Funds			300,000	520,700	523,400
<b>TOTAL EXPENDITURES</b>	<b>6,418,600</b>	<b>7,244,912</b>	<b>8,805,400</b>	<b>9,136,100</b>	<b>9,365,600</b>

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**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	75,073,400	92,094,000	94,759,400	99,533,500	103,500,400
State Salary and Compensation Allocation			772,800		
Current Year Appropriation	797,200				
Other	1,473,222	8,594,105			
<b>Total General Fund</b>	<b>77,343,822</b>	<b>100,688,105</b>	<b>95,532,200</b>	<b>99,533,500</b>	<b>103,500,400</b>
<b>Restricted Funds</b>					
Balance Forward	14,255,016	24,731,155	25,437,400	14,958,200	6,479,100
Current Receipts	200,571,206	221,182,195	207,984,800	213,822,300	216,095,600
Non-Revenue Receipts	4,070,457	(7,358,769)	(3,000,000)	(3,000,000)	(3,000,000)
<b>Total Restricted Funds</b>	<b>218,896,679</b>	<b>238,554,581</b>	<b>230,422,200</b>	<b>225,780,500</b>	<b>219,574,700</b>
<b>Federal Fund</b>					
Balance Forward	(113)	(113)	(50,900)		
Current Receipts	4,247,763	3,816,561	2,050,900		
Non-Revenue Receipts					
<b>Total Federal Fund</b>	<b>4,247,650</b>	<b>3,816,448</b>	<b>2,000,000</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>300,488,151</b>	<b>343,059,134</b>	<b>327,954,400</b>	<b>325,314,000</b>	<b>323,075,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	70,199,997	83,905,998	92,823,500	91,146,500	92,400,700
Operating Expenses	12,160,791	14,507,154	12,480,400	13,168,600	15,668,600
Grants Loans Benefits	182,125,956	208,622,458	197,882,300	204,225,600	204,223,000
Debt Service	8,541,784	10,401,184	9,810,000	10,294,200	10,782,800
Capital Outlay	12,266	82,293			
Construction		153,576			
<b>TOTAL EXPENDITURES</b>	<b>273,040,794</b>	<b>317,672,662</b>	<b>312,996,200</b>	<b>318,834,900</b>	<b>323,075,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	74,627,506	100,688,105	95,532,200	99,533,500	103,500,400
Restricted Funds	194,165,524	213,117,183	215,464,000	219,301,400	219,574,700
Federal Fund	4,247,763	3,867,374	2,000,000		
<b>TOTAL EXPENDITURES</b>	<b>273,040,794</b>	<b>317,672,662</b>	<b>312,996,200</b>	<b>318,834,900</b>	<b>323,075,100</b>

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 General Fund in the amount of \$3,103,200 each fiscal year to create competency and restoration programs. The programs will consist of a community and jail-based competency restoration program and a pilot step down residential program for individuals completing hospitalization at the Kentucky Correctional Psychiatric Hospital and transitioning to the community.

The budget includes additional Restricted Fund appropriation of \$13,000,000 in fiscal year 2024 and \$16,264,600 in fiscal years 2025 and 2026 to meet the needs of increased census numbers at Residential Facilities for individuals committed under KRS Chapters 202A, 202B and 202C.

The base budget includes General Fund in the amount of \$9,808,200 in fiscal year 2025 and \$9,810,700 in fiscal year 2026 for lease payments for Eastern State Hospital.

The budget includes General Fund in the amount of \$486,000 in fiscal year 2025 and \$972,000 in fiscal year 2026 for debt service on new bonds included in the capital budget.

The budget includes General Fund in the amount of \$2,500,000 in fiscal year 2026 to support the partial-year operating costs for a new high-acuity youth psychiatric treatment facility for youth under the care of Juvenile Justice and the Department for Community Based Services.

**Health and Family Services  
Public Health**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	58,285,000	84,458,500	107,537,600	91,172,000	99,627,000
State Salary and Compensation Allocation			996,200		
Current Year Appropriation	977,000				
<b>Total General Fund</b>	<b>59,262,000</b>	<b>84,458,500</b>	<b>108,533,800</b>	<b>91,172,000</b>	<b>99,627,000</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	11,943,200	12,200,000	12,200,000	12,200,000	12,200,000
Continuing Approp-Tob Settlement	14,566,392	17,254,696	21,190,500		
Other		1,974,470			
<b>Total Tobacco Fund</b>	<b>26,509,592</b>	<b>31,429,166</b>	<b>33,390,500</b>	<b>12,200,000</b>	<b>12,200,000</b>
<b>Restricted Funds</b>					
Balance Forward	21,794,187	36,542,006	31,294,300	24,169,000	9,303,300
Current Receipts	96,161,418	98,402,665	114,604,900	113,103,100	123,551,900
Non-Revenue Receipts	(2,212,281)	(2,822,993)	(3,800,000)	(3,800,000)	(3,800,000)
<b>Total Restricted Funds</b>	<b>115,743,325</b>	<b>132,121,678</b>	<b>142,099,200</b>	<b>133,472,100</b>	<b>129,055,200</b>
<b>Federal Fund</b>					
Balance Forward	17,618,133	10,656,106	(4,057,600)		
Current Receipts	468,348,058	311,440,259	317,231,800	272,992,100	273,957,600
Non-Revenue Receipts	20	(20)			
<b>Total Federal Fund</b>	<b>485,966,211</b>	<b>322,096,346</b>	<b>313,174,200</b>	<b>272,992,100</b>	<b>273,957,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>687,481,128</b>	<b>570,105,690</b>	<b>597,197,700</b>	<b>509,836,200</b>	<b>514,839,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	313,279,417	154,684,462	161,494,800	147,612,200	154,112,200
Operating Expenses	27,604,444	36,436,766	22,290,200	20,118,500	20,123,300
Grants Loans Benefits	281,910,765	330,135,183	389,232,300	331,321,800	331,315,300
Debt Service				1,469,000	8,914,000
Capital Outlay	213,228	422,114	11,400	11,400	11,400
Construction	20,465				
<b>TOTAL EXPENDITURES</b>	<b>623,028,319</b>	<b>521,678,523</b>	<b>573,028,700</b>	<b>500,532,900</b>	<b>514,476,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	59,262,000	84,458,500	108,533,800	91,172,000	99,627,000
Tobacco Fund	9,254,896	10,238,643	33,390,500	12,200,000	12,200,000
Restricted Funds	79,201,319	100,827,422	117,930,200	124,168,800	128,691,600
Federal Fund	475,310,104	326,153,958	313,174,200	272,992,100	273,957,600
<b>TOTAL EXPENDITURES</b>	<b>623,028,319</b>	<b>521,678,523</b>	<b>573,028,700</b>	<b>500,532,900</b>	<b>514,476,200</b>



**EXPENDITURES BY UNIT**

General Health Support	92,936,862	63,714,102	68,153,200	37,365,100	45,035,900
Women's Health	5,181,094	7,210,193	8,419,400	8,419,000	8,470,800
Prevention and Quality Improvement	23,870,514	30,272,295	41,734,300	33,249,900	33,429,000
Epidemiology and Health Planning	260,650,593	125,593,767	121,603,800	98,427,500	102,932,600
Maternal and Child Health	189,587,912	226,568,404	245,824,300	241,136,200	245,257,500
Laboratory Services	10,544,675	12,238,115	13,649,400	13,898,700	14,121,500
Public Health Protection and Safety	22,785,498	37,094,772	51,731,200	45,935,500	42,612,300
Children with Special Health Care Needs	17,471,171	18,986,876	21,913,100	22,101,000	22,616,600
<b>TOTAL EXPENDITURES</b>	<b>623,028,319</b>	<b>521,678,523</b>	<b>573,028,700</b>	<b>500,532,900</b>	<b>514,476,200</b>

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.

**Policy**

The Governor’s budget includes additional funding in the amount of \$1,799,700 in fiscal year 2025 and \$1,780,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$746,000 and \$738,200, respectively.

The Governor's budget includes additional funding in the amount of \$3,593,700 in fiscal year 2025 and \$6,068,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$1,484,900 and \$2,507,300, respectively.

**Health and Family Services  
Public Health  
General Health Support**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,845,200	29,764,700	52,422,200	34,362,200	42,005,300
State Salary and Compensation Allocation			777,400		
Current Year Appropriation	205,800				
Other	(636,605)				
<b>Total General Fund</b>	<b>8,414,395</b>	<b>29,764,700</b>	<b>53,199,600</b>	<b>34,362,200</b>	<b>42,005,300</b>
<b>Restricted Funds</b>					
Balance Forward	36,816	3,748,500	1,852,300	1,234,800	617,400
Current Receipts	4,800,538	774,003	1,734,800	3,272,200	3,273,500
Non-Revenue Receipts	(59,624)	(595,155)	(900,000)	(900,000)	(900,000)
<b>Total Restricted Funds</b>	<b>4,777,729</b>	<b>3,927,348</b>	<b>2,687,100</b>	<b>3,607,000</b>	<b>2,990,900</b>
<b>Federal Fund</b>					
Balance Forward	(1,819,066)	(35,513,363)	(366,200)		
Current Receipts	49,798,941	67,021,615	13,867,500	13,300	39,700
Non-Revenue Receipts					
<b>Total Federal Fund</b>	<b>47,979,874</b>	<b>31,508,251</b>	<b>13,501,300</b>	<b>13,300</b>	<b>39,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>61,171,999</b>	<b>65,200,299</b>	<b>69,388,000</b>	<b>37,982,500</b>	<b>45,035,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	35,342,460	28,796,453	12,186,000	10,909,300	11,137,800
Operating Expenses	3,446,496	3,254,167	2,137,800	2,311,000	2,314,800
Grants Loans Benefits	54,261,002	31,326,518	53,829,400	22,675,800	22,669,300
Debt Service				1,469,000	8,914,000
Capital Outlay	(123,096)	336,964			
Construction	10,000				
<b>TOTAL EXPENDITURES</b>	<b>92,936,862</b>	<b>63,714,102</b>	<b>68,153,200</b>	<b>37,365,100</b>	<b>45,035,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,414,395	29,764,700	53,199,600	34,362,200	42,005,300
Restricted Funds	1,029,230	2,075,000	1,452,300	2,989,600	2,990,900
Federal Fund	83,493,238	31,874,402	13,501,300	13,300	39,700
<b>TOTAL EXPENDITURES</b>	<b>92,936,862</b>	<b>63,714,102</b>	<b>68,153,200</b>	<b>37,365,100</b>	<b>45,035,900</b>

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 Health Equity functionally operates through the Commissioner's Office. The Office is currently funded with a grant, which will end in 2024, from the Centers for Disease Control and Prevention and 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 additional Restricted Funds in the amount of \$1,500,000 each fiscal year to fund the Office of Health Equity.

The budget includes General Fund in the amount of \$2,500,000 each fiscal year to support Area Health Education Centers to replace expiring federal funds.

The budget includes General Fund in the amount of \$1,469,000 in fiscal year 2025 and \$8,914,000 in fiscal year 2026 for debt service on new bonds included in the capital budget.

**Health and Family Services  
Public Health  
Women's Health**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	323,700	395,800	455,700	455,500	465,400
Current Year Appropriation	6,300				
Other	(78,959)				
<b>Total General Fund</b>	<b>251,041</b>	<b>395,800</b>	<b>455,700</b>	<b>455,500</b>	<b>465,400</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I					
Continuing Approp-Tob Settlement					
Other					
<b>Total Tobacco Fund</b>					
<b>Restricted Funds</b>					
Balance Forward	6,180	6,173	6,200	4,200	2,100
Current Receipts			400	300	300
<b>Total Restricted Funds</b>	<b>6,180</b>	<b>6,173</b>	<b>6,600</b>	<b>4,500</b>	<b>2,400</b>
<b>Federal Fund</b>					
Balance Forward	(59,599)	(345,861)	(423,600)		
Current Receipts	4,643,783	6,736,653	8,384,900	7,961,100	8,003,000
<b>Total Federal Fund</b>	<b>4,584,184</b>	<b>6,390,792</b>	<b>7,961,300</b>	<b>7,961,100</b>	<b>8,003,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,841,406</b>	<b>6,792,765</b>	<b>8,423,600</b>	<b>8,421,100</b>	<b>8,470,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,862,947	4,192,451	5,175,900	5,175,500	5,227,300
Operating Expenses	116,743	174,487	68,900	68,900	68,900
Grants Loans Benefits	2,201,405	2,843,255	3,174,600	3,174,600	3,174,600
<b>TOTAL EXPENDITURES</b>	<b>5,181,094</b>	<b>7,210,193</b>	<b>8,419,400</b>	<b>8,419,000</b>	<b>8,470,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	251,041	395,800	455,700	455,500	465,400
Tobacco Fund					
Restricted Funds	7		2,400	2,400	2,400
Federal Fund	4,930,046	6,814,393	7,961,300	7,961,100	8,003,000
<b>TOTAL EXPENDITURES</b>	<b>5,181,094</b>	<b>7,210,193</b>	<b>8,419,400</b>	<b>8,419,000</b>	<b>8,470,800</b>

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 (KWCSP) 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,880,200	14,005,400	14,532,700	15,816,400	15,911,300
Current Year Appropriation	84,700				
Other	(139,859)				
<b>Total General Fund</b>	<b>9,825,041</b>	<b>14,005,400</b>	<b>14,532,700</b>	<b>15,816,400</b>	<b>15,911,300</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	3,013,200	3,400,000	3,400,000	3,400,000	3,400,000
Continuing Approp-Tob Settlement	5,874,081	5,760,266	8,654,300		
Other		1,974,470			
<b>Total Tobacco Fund</b>	<b>8,887,281</b>	<b>11,134,735</b>	<b>12,054,300</b>	<b>3,400,000</b>	<b>3,400,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,238,076	1,322,040	1,143,300	762,200	381,100
Current Receipts	520,951	206,525	218,900	218,900	218,900
Non-Revenue Receipts	500,000	500,000	500,000	500,000	500,000
<b>Total Restricted Funds</b>	<b>2,259,027</b>	<b>2,028,564</b>	<b>1,862,200</b>	<b>1,481,100</b>	<b>1,100,000</b>
<b>Federal Fund</b>					
Balance Forward	(118,610)	(291,010)	10,700		
Current Receipts	9,809,070	13,202,860	14,036,600	12,933,500	13,017,700
<b>Total Federal Fund</b>	<b>9,690,461</b>	<b>12,911,850</b>	<b>14,047,300</b>	<b>12,933,500</b>	<b>13,017,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>30,661,810</b>	<b>40,080,550</b>	<b>42,496,500</b>	<b>33,631,000</b>	<b>33,429,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,845,628	5,890,373	12,682,800	7,402,700	7,581,800
Operating Expenses	1,242,417	1,554,206	987,600	987,600	987,600
Grants Loans Benefits	16,782,469	22,827,716	28,063,900	24,859,600	24,859,600
Construction					
<b>TOTAL EXPENDITURES</b>	<b>23,870,514</b>	<b>30,272,295</b>	<b>41,734,300</b>	<b>33,249,900</b>	<b>33,429,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,825,041	14,005,400	14,532,700	15,816,400	15,911,300
Tobacco Fund	3,127,015	2,480,430	12,054,300	3,400,000	3,400,000
Restricted Funds	936,987	885,308	1,100,000	1,100,000	1,100,000
Federal Fund	9,981,471	12,901,157	14,047,300	12,933,500	13,017,700
<b>TOTAL EXPENDITURES</b>	<b>23,870,514</b>	<b>30,272,295</b>	<b>41,734,300</b>	<b>33,249,900</b>	<b>33,429,000</b>

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 Prevention and Quality Improvement Division, 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 \$2,500,000 for the Kentucky Pediatric Cancer Research Trust Fund. The Governor's budget includes an additional \$5,000,000 General Fund each fiscal year for the Kentucky Pediatric Cancer Trust Fund for a total of \$7,500,000 each fiscal year.

The base budget in each fiscal year includes General Fund resources in the amount of \$500,000 for the Kentucky Colon Cancer Screening Program.

The base budget each fiscal year includes Tobacco Settlement Funds in the amount of \$2,000,000 for Smoking Cessation, \$900,000 for Early Childhood Oral Health, and \$500,000 for the Lung Cancer Screening Program.



**Health and Family Services  
Public Health  
Epidemiology and Health Planning**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,257,200	3,016,800	2,853,900	2,938,900	2,994,500
Current Year Appropriation	51,100				
Other	429,751				
<b>Total General Fund</b>	<b>3,738,051</b>	<b>3,016,800</b>	<b>2,853,900</b>	<b>2,938,900</b>	<b>3,252,200</b>
<b>Tobacco Fund</b>					
Continuing Approp-Tob Settlement					
<b>Total Tobacco Fund</b>					
<b>Restricted Funds</b>					
Balance Forward	8,340,764	13,492,170	8,505,800	5,670,600	2,835,300
Current Receipts	31,320,984	31,359,110	38,169,700	42,148,400	46,294,800
Non-Revenue Receipts	(26,235)	(76,151)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Total Restricted Funds</b>	<b>39,635,513</b>	<b>44,775,128</b>	<b>45,675,500</b>	<b>46,819,000</b>	<b>48,130,100</b>
<b>Federal Fund</b>					
Balance Forward	19,466,324	49,008,012	(2,050,400)		
Current Receipts	260,310,867	35,249,286	80,795,400	51,504,900	51,808,000
Non-Revenue Receipts	20	(20)			
<b>Total Federal Fund</b>	<b>279,777,190</b>	<b>84,257,297</b>	<b>78,745,000</b>	<b>51,504,900</b>	<b>51,808,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>323,150,754</b>	<b>132,049,225</b>	<b>127,274,400</b>	<b>101,262,800</b>	<b>103,190,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	228,520,316	67,059,043	73,540,400	65,381,100	69,886,200
Operating Expenses	11,114,760	15,087,304	6,963,800	4,862,000	4,862,000
Grants Loans Benefits	20,887,248	43,447,419	41,099,600	28,184,400	28,184,400
Capital Outlay	128,268				
Construction					
<b>TOTAL EXPENDITURES</b>	<b>260,650,593</b>	<b>125,593,767</b>	<b>121,603,800</b>	<b>98,427,500</b>	<b>102,932,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,738,051	3,016,800	2,853,900	2,938,900	2,994,500
Restricted Funds	26,143,343	36,269,300	40,004,900	43,983,700	48,130,100
Federal Fund	230,769,199	86,307,667	78,745,000	51,504,900	51,808,000
<b>TOTAL EXPENDITURES</b>	<b>260,650,593</b>	<b>125,593,767</b>	<b>121,603,800</b>	<b>98,427,500</b>	<b>102,932,600</b>

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 three 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, HIV/AIDS, healthcare associated infections, and other reportable diseases,
- 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 Office of Vital Statistics, which collects and preserves mandatory records of vital events including births, deaths, marriages, and divorces.

The Sexually Transmitted Disease (STD) 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) 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 HIV/AIDS 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 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 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 Office of Vital Statistics 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 appropriation of \$6 million in fiscal year 2024, \$10 million in fiscal year 2025, and \$14 million in fiscal year 2026 to meet the needs of Ryan White clients for HIV services.

**Health and Family Services  
Public Health  
Maternal and Child Health**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	19,746,400	18,634,800	16,646,500	16,538,400	16,616,900
Current Year Appropriation	80,900				
Other	216,535				
<b>Total General Fund</b>	<b>20,043,835</b>	<b>18,634,800</b>	<b>16,646,500</b>	<b>16,538,400</b>	<b>16,616,900</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	8,930,000	8,800,000	8,800,000	8,800,000	8,800,000
Continuing Approp-Tob Settlement	8,692,311	11,494,431	12,536,200		
Other					
<b>Total Tobacco Fund</b>	<b>17,622,311</b>	<b>20,294,431</b>	<b>21,336,200</b>	<b>8,800,000</b>	<b>8,800,000</b>
<b>Restricted Funds</b>					
Balance Forward	6,325,500	10,988,913	10,855,400	10,570,200	2,295,100
Current Receipts	39,743,780	43,217,161	53,261,200	45,270,100	51,279,200
Non-Revenue Receipts	(475,250)	155,930	300,000	300,000	300,000
Fund Transfers					
<b>Total Restricted Funds</b>	<b>45,594,030</b>	<b>54,362,005</b>	<b>64,416,600</b>	<b>56,140,300</b>	<b>53,874,300</b>
<b>Federal Fund</b>					
Balance Forward	155,052	(866,300)	(950,000)		
Current Receipts	127,789,727	156,585,086	154,945,200	161,952,600	165,966,300
<b>Total Federal Fund</b>	<b>127,944,779</b>	<b>155,718,786</b>	<b>153,995,200</b>	<b>161,952,600</b>	<b>165,966,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>211,204,956</b>	<b>249,010,021</b>	<b>256,394,500</b>	<b>243,431,300</b>	<b>245,257,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	10,276,174	13,821,804	15,853,000	15,849,700	16,140,600
Operating Expenses	2,788,586	1,863,261	1,358,300	1,358,300	1,358,300
Grants Loans Benefits	176,512,686	210,883,339	228,613,000	223,928,200	227,758,600
Construction	10,465				
<b>TOTAL EXPENDITURES</b>	<b>189,587,912</b>	<b>226,568,404</b>	<b>245,824,300</b>	<b>241,136,200</b>	<b>245,257,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	20,043,835	18,634,800	16,646,500	16,538,400	16,616,900
Tobacco Fund	6,127,881	7,758,213	21,336,200	8,800,000	8,800,000
Restricted Funds	34,605,117	43,506,600	53,846,400	53,845,200	53,874,300
Federal Fund	128,811,079	156,668,791	153,995,200	161,952,600	165,966,300
<b>TOTAL EXPENDITURES</b>	<b>189,587,912</b>	<b>226,568,404</b>	<b>245,824,300</b>	<b>241,136,200</b>	<b>245,257,500</b>

The Maternal and Child Health (MCH) division 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 Program Support 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 Early Childhood 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.

Kentucky Early Intervention System (KEIS), within the Early Childhood Development Branch, referred to as First Steps, 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. First Steps services are provided in the home or other community settings, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 points of entry covering the state. Children served by First Steps transition at age three to the local education agency or other community supports.

The Child and Family Health Improvement Branch provides oversight to services and activities including prenatal care, child and adolescent preventive health, childhood lead poisoning prevention, child fatality review and injury prevention, maternal mortality review, and coordinated school health. This branch also houses the division's infant mortality efforts, including the safe sleep campaign. The Newborn Metabolic Screening and Case Management program identifies children in Kentucky who are at risk for serious medical conditions and developmental delays, and works closely with the Birth Surveillance Registry.

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 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 \$900,000 for the Healthy Start initiatives, \$900,000 for Early Childhood Mental Health, and \$7,000,000 for the Health Access Nurturing Development Services Program.

**Health and Family Services  
Public Health  
Laboratory Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,459,600	5,630,500	6,620,100	6,707,900	6,841,500
Current Year Appropriation	89,200				
Other	(4,048)				
<b>Total General Fund</b>	<b>5,544,752</b>	<b>5,630,500</b>	<b>6,620,100</b>	<b>6,707,900</b>	<b>6,841,500</b>
<b>Restricted Funds</b>					
Balance Forward	657,761	1,601,206	1,272,700	848,400	424,200
Current Receipts	7,435,747	7,691,340	7,731,900	7,861,700	7,861,700
Non-Revenue Receipts	(1,600,000)	(1,550,000)	(1,300,000)	(1,300,000)	(1,300,000)
<b>Total Restricted Funds</b>	<b>6,493,508</b>	<b>7,742,546</b>	<b>7,704,600</b>	<b>7,410,100</b>	<b>6,985,900</b>
<b>Federal Fund</b>					
Balance Forward		(3,503)	(3,800)		
Current Receipts	104,117	137,409	176,900	204,900	294,100
<b>Total Federal Fund</b>	<b>104,117</b>	<b>133,906</b>	<b>173,100</b>	<b>204,900</b>	<b>294,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,142,377</b>	<b>13,506,951</b>	<b>14,497,800</b>	<b>14,322,900</b>	<b>14,121,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,988,798	6,467,800	8,643,800	8,716,700	8,939,500
Operating Expenses	4,548,246	5,731,745	4,967,100	5,143,500	5,143,500
Grants Loans Benefits	7,631	38,570	38,500	38,500	38,500
<b>TOTAL EXPENDITURES</b>	<b>10,544,675</b>	<b>12,238,115</b>	<b>13,649,400</b>	<b>13,898,700</b>	<b>14,121,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,544,752	5,630,500	6,620,100	6,707,900	6,841,500
Restricted Funds	4,892,302	6,469,869	6,856,200	6,985,900	6,985,900
Federal Fund	107,621	137,746	173,100	204,900	294,100
<b>TOTAL EXPENDITURES</b>	<b>10,544,675</b>	<b>12,238,115</b>	<b>13,649,400</b>	<b>13,898,700</b>	<b>14,121,500</b>

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.

**Health and Family Services  
Public Health  
Public Health Protection and Safety**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,920,800	5,442,300	6,627,300	6,635,100	6,779,200
Current Year Appropriation	172,400				
Other	213,184				
<b>Total General Fund</b>	<b>5,306,384</b>	<b>5,442,300</b>	<b>6,627,300</b>	<b>6,635,100</b>	<b>6,779,200</b>
<b>Restricted Funds</b>					
Balance Forward	874,857	1,130,950	939,400	626,200	313,100
Current Receipts	4,079,239	4,928,444	5,088,400	5,639,700	5,886,800
Non-Revenue Receipts		(250,000)	(200,000)	(200,000)	(200,000)
<b>Total Restricted Funds</b>	<b>4,954,096</b>	<b>5,809,394</b>	<b>5,827,800</b>	<b>6,065,900</b>	<b>5,999,900</b>
<b>Federal Fund</b>					
Balance Forward	(101,003)	(1,276,993)	(197,000)		
Current Receipts	12,479,978	27,862,458	40,099,300	33,547,600	29,833,200
<b>Total Federal Fund</b>	<b>12,378,974</b>	<b>26,585,465</b>	<b>39,902,300</b>	<b>33,547,600</b>	<b>29,833,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>22,639,455</b>	<b>37,837,159</b>	<b>52,357,400</b>	<b>46,248,600</b>	<b>42,612,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	11,633,597	14,703,656	16,467,700	17,102,000	17,609,200
Operating Expenses	2,344,758	5,946,667	3,102,200	2,619,800	2,619,800
Grants Loans Benefits	8,807,144	16,432,984	32,161,300	26,213,700	22,383,300
Capital Outlay		11,465			
Construction					
<b>TOTAL EXPENDITURES</b>	<b>22,785,498</b>	<b>37,094,772</b>	<b>51,731,200</b>	<b>45,935,500</b>	<b>42,612,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,306,384	5,442,300	6,627,300	6,635,100	6,779,200
Restricted Funds	3,823,147	4,870,000	5,201,600	5,752,800	5,999,900
Federal Fund	13,655,967	26,782,472	39,902,300	33,547,600	29,833,200
<b>TOTAL EXPENDITURES</b>	<b>22,785,498</b>	<b>37,094,772</b>	<b>51,731,200</b>	<b>45,935,500</b>	<b>42,612,300</b>

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 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 Emergency Preparedness 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.



**Policy**

The budget includes additional Restricted Funds of \$475,800 in fiscal year 2025 and \$534,000 in fiscal year 2026 to develop a new Kentucky Environmental Health Data System.

**Health and Family Services  
Public Health  
Children's Health Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,851,900	7,568,200	7,379,200	7,717,600	8,012,900
State Salary and Compensation Allocation			218,800		
Current Year Appropriation	286,600				
<b>Total General Fund</b>	<b>6,138,500</b>	<b>7,568,200</b>	<b>7,598,000</b>	<b>7,717,600</b>	<b>8,012,900</b>
<b>Restricted Funds</b>					
Balance Forward	4,314,234	4,252,055	6,719,200	4,452,400	2,435,000
Current Receipts	8,260,179	10,226,082	8,399,600	8,691,800	8,736,700
Non-Revenue Receipts	(551,172)	(1,007,617)	(1,200,000)	(1,200,000)	(1,200,000)
<b>Total Restricted Funds</b>	<b>12,023,241</b>	<b>13,470,520</b>	<b>13,918,800</b>	<b>11,944,200</b>	<b>9,971,700</b>
<b>Federal Fund</b>					
Balance Forward	95,036	(54,875)	(77,300)		
Current Receipts	3,411,574	4,644,893	4,926,000	4,874,200	4,995,600
<b>Total Federal Fund</b>	<b>3,506,610</b>	<b>4,590,019</b>	<b>4,848,700</b>	<b>4,874,200</b>	<b>4,995,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,668,352</b>	<b>25,628,739</b>	<b>26,365,500</b>	<b>24,536,000</b>	<b>22,980,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	12,809,497	13,752,881	16,945,200	17,075,200	17,589,800
Operating Expenses	2,002,439	2,824,929	2,704,500	2,767,400	2,768,400
Grants Loans Benefits	2,451,180	2,335,382	2,252,000	2,247,000	2,247,000
Capital Outlay	208,056	73,685	11,400	11,400	11,400
<b>TOTAL EXPENDITURES</b>	<b>17,471,171</b>	<b>18,986,876</b>	<b>21,913,100</b>	<b>22,101,000</b>	<b>22,616,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,138,500	7,568,200	7,598,000	7,717,600	8,012,900
Restricted Funds	7,771,186	6,751,345	9,466,400	9,509,200	9,608,100
Federal Fund	3,561,485	4,667,331	4,848,700	4,874,200	4,995,600
<b>TOTAL EXPENDITURES</b>	<b>17,471,171</b>	<b>18,986,876</b>	<b>21,913,100</b>	<b>22,101,000</b>	<b>22,616,600</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	12,451,200	22,557,300	22,566,200	30,527,300	30,590,700
State Salary and Compensation Allocation			56,300		
Current Year Appropriation	54,900				
<b>Total General Fund</b>	<b>12,506,100</b>	<b>22,557,300</b>	<b>22,622,500</b>	<b>30,527,300</b>	<b>30,590,700</b>
<b>Federal Fund</b>					
Balance Forward	156,810	119,542	260,600		
Current Receipts	10,276,558	17,969,368	19,481,300	19,738,900	19,763,100
<b>Total Federal Fund</b>	<b>10,433,369</b>	<b>18,088,910</b>	<b>19,741,900</b>	<b>19,738,900</b>	<b>19,763,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>22,939,469</b>	<b>40,646,210</b>	<b>42,364,400</b>	<b>50,266,200</b>	<b>50,353,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,040,669	3,781,685	4,575,500	4,722,300	4,809,700
Operating Expenses	330,831	528,749	539,200	644,700	644,900
Grants Loans Benefits	19,448,426	36,075,221	37,249,700	44,899,200	44,899,200
<b>TOTAL EXPENDITURES</b>	<b>22,819,927</b>	<b>40,385,654</b>	<b>42,364,400</b>	<b>50,266,200</b>	<b>50,353,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	12,506,100	22,557,300	22,622,500	30,527,300	30,590,700
Federal Fund	10,313,827	17,828,354	19,741,900	19,738,900	19,763,100
<b>TOTAL EXPENDITURES</b>	<b>22,819,927</b>	<b>40,385,654</b>	<b>42,364,400</b>	<b>50,266,200</b>	<b>50,353,800</b>
<b>EXPENDITURES BY UNIT</b>					
Family Resource and Youth Services Center	14,868,180	29,302,416	27,340,000	34,179,500	34,215,500
Serve Kentucky	7,951,746	11,083,237	15,024,400	16,086,700	16,138,300
<b>TOTAL EXPENDITURES</b>	<b>22,819,927</b>	<b>40,385,654</b>	<b>42,364,400</b>	<b>50,266,200</b>	<b>50,353,800</b>

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 \$36,000 in fiscal year 2025 and \$35,600 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$26,000 and \$25,700, respectively.

The Governor's budget includes additional funding in the amount of \$128,900 in fiscal year 2025 and \$217,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$93,200 and \$157,500, respectively.

**Health and Family Services  
Family Resource Centers and Volunteer Services  
Family Resource and Youth Services Center**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	12,124,100	21,566,700	21,572,300	29,536,300	29,572,300
State Salary and Compensation Allocation			53,700		
Current Year Appropriation	43,400				
Other					
<b>Total General Fund</b>	<b>12,167,500</b>	<b>21,566,700</b>	<b>21,626,000</b>	<b>29,536,300</b>	<b>29,572,300</b>
<b>Federal Fund</b>					
Balance Forward	58,080	6,099	65,500		
Current Receipts	2,648,699	7,795,067	5,648,500	4,643,200	4,643,200
<b>Total Federal Fund</b>	<b>2,706,780</b>	<b>7,801,167</b>	<b>5,714,000</b>	<b>4,643,200</b>	<b>4,643,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,874,280</b>	<b>29,367,867</b>	<b>27,340,000</b>	<b>34,179,500</b>	<b>34,215,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,178,800	2,386,300	2,420,800	2,393,000	2,428,800
Operating Expenses	219,900	311,515	336,300	375,700	375,900
Grants Loans Benefits	12,469,480	26,604,601	24,582,900	31,410,800	31,410,800
<b>TOTAL EXPENDITURES</b>	<b>14,868,180</b>	<b>29,302,416</b>	<b>27,340,000</b>	<b>34,179,500</b>	<b>34,215,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	12,167,500	21,566,700	21,626,000	29,536,300	29,572,300
Federal Fund	2,700,680	7,735,716	5,714,000	4,643,200	4,643,200
<b>TOTAL EXPENDITURES</b>	<b>14,868,180</b>	<b>29,302,416</b>	<b>27,340,000</b>	<b>34,179,500</b>	<b>34,215,500</b>

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 888 centers including 455 family resource centers, 317 youth services centers, and 116 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 transferred to the Cabinet for Health and Family Services, Department for Family Resource Centers and Volunteer Services, to be administered.

**Policy**

The Governor's budget in each fiscal year includes General Fund in the amount of \$48,889,000 to be transferred from Kentucky Department for Education to support Family Resource and Youth Services Centers.

The Governor's budget includes additional General Fund in the amount of \$7,900,000 in each fiscal year to increase the number of Family Resource and Youth Services Centers.

**Health and Family Services  
Family Resource Centers and Volunteer Services  
Serve Kentucky**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	327,100	990,600	993,900	991,000	1,018,400
State Salary and Compensation Allocation			2,600		
Current Year Appropriation	11,500				
Other					
<b>Total General Fund</b>	<b>338,600</b>	<b>990,600</b>	<b>996,500</b>	<b>991,000</b>	<b>1,018,400</b>
<b>Federal Fund</b>					
Balance Forward	98,730	113,443	195,100		
Current Receipts	7,627,859	10,174,301	13,832,800	15,095,700	15,119,900
<b>Total Federal Fund</b>	<b>7,726,589</b>	<b>10,287,743</b>	<b>14,027,900</b>	<b>15,095,700</b>	<b>15,119,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>8,065,189</b>	<b>11,278,343</b>	<b>15,024,400</b>	<b>16,086,700</b>	<b>16,138,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	861,869	1,395,385	2,154,700	2,329,300	2,380,900
Operating Expenses	110,931	217,234	202,900	269,000	269,000
Grants Loans Benefits	6,978,946	9,470,619	12,666,800	13,488,400	13,488,400
<b>TOTAL EXPENDITURES</b>	<b>7,951,746</b>	<b>11,083,237</b>	<b>15,024,400</b>	<b>16,086,700</b>	<b>16,138,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	338,600	990,600	996,500	991,000	1,018,400
Federal Fund	7,613,146	10,092,637	14,027,900	15,095,700	15,119,900
<b>TOTAL EXPENDITURES</b>	<b>7,951,746</b>	<b>11,083,237</b>	<b>15,024,400</b>	<b>16,086,700</b>	<b>16,138,300</b>

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 15,000 Kentuckians have served more than 23 million hours and have qualified for Segal AmeriCorps Educations Awards totaling more than \$57.2 million.



**Health and Family Services  
Income Support**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,616,600	14,293,100	13,616,600	13,521,000	
<b>Total General Fund</b>	<b>13,616,600</b>	<b>14,293,100</b>	<b>13,616,600</b>	<b>13,521,000</b>	
<b>Restricted Funds</b>					
Balance Forward	10,249,574	8,751,525	10,981,600	5,576,500	
Current Receipts	9,650,261	16,094,090	11,373,400	16,473,300	
<b>Total Restricted Funds</b>	<b>19,899,835</b>	<b>24,845,616</b>	<b>22,355,000</b>	<b>22,049,800</b>	
<b>Federal Fund</b>					
Balance Forward	11,722,107	3,025,707	5,967,700		
Current Receipts	26,012,163	36,602,308	39,503,900	47,071,100	
<b>Total Federal Fund</b>	<b>37,734,269</b>	<b>39,628,015</b>	<b>45,471,600</b>	<b>47,071,100</b>	
<b>TOTAL SOURCE OF FUNDS</b>	<b>71,250,705</b>	<b>78,766,731</b>	<b>81,443,200</b>	<b>82,641,900</b>	
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	15,485,606	12,802,306	14,903,100	14,941,700	
Operating Expenses	3,592,809	7,276,935	7,524,100	7,515,200	
Grants Loans Benefits	40,389,288	41,059,457	53,439,500	56,025,200	
Debt Service		676,500			
Capital Outlay	5,770				
Construction		2,305			
<b>TOTAL EXPENDITURES</b>	<b>59,473,472</b>	<b>61,817,503</b>	<b>75,866,700</b>	<b>78,482,100</b>	
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,616,600	14,293,100	13,616,600	13,521,000	
Restricted Funds	11,148,310	13,864,059	16,778,500	17,890,000	
Federal Fund	34,708,562	33,660,345	45,471,600	47,071,100	
<b>TOTAL EXPENDITURES</b>	<b>59,473,472</b>	<b>61,817,503</b>	<b>75,866,700</b>	<b>78,482,100</b>	
<b>EXPENDITURES BY UNIT</b>					
Child Support	59,473,472	61,817,503	75,866,700	78,482,100	
<b>TOTAL EXPENDITURES</b>	<b>59,473,472</b>	<b>61,817,503</b>	<b>75,866,700</b>	<b>78,482,100</b>	

The Department for Income Support (DIS) is responsible for administering the Child Support Enforcement program. Services are provided in each county through contracts established with local county attorneys.

The Child Support Enforcement (CSE) program, under Title IV-D of the Social Security Act (PL 93-647), is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program. States that receive federal funds for a Temporary Assistance for Needy Families (TANF) program are required to operate a child support enforcement program. State statutes governing the operation of this program were enacted under the Kentucky Child Support Recovery Act and are contained in KRS 205.710 - KRS 205.802 and KRS 403.405-407.

The core functions of the program includes: locating parents; establishing paternity; establishing, enforcing, and modifying child support and/or medical support orders; and collecting and disbursing child support payments. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its' mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Child Support Program maintains program administration contracts with 112 County Attorneys to provide child support collection locally in all 120 Kentucky counties.

The program also contracts with private vendors to obtain new hire information from employers, obtain asset information from financial institutions and/or insurance companies, conduct DNA testing and analysis to establish paternity, and to process child support payments. These functions cannot be performed by agency staff due to their specialized or technical nature.

Child support services are automatically provided to families receiving assistance under the Kentucky Transitional Assistance Program (K-TAP) and to children placed in the care of the Cabinet for Health and Family Services (CHFS). Child support collected for families receiving K-TAP or for children in the care of CHFS is used to reimburse the state and federal governments for benefits expended on behalf of those families and children. Families that do not participate in the cash assistance programs may also apply for child support services.

The CSE program receives incentive payments from the federal government based on program performance in five program areas as established by the Personal Responsibility Work and Opportunity Reconciliation Act (PRWORA) of 1996 (PL 104-193): Paternity Establish Performance for Title IV-D and Statewide; Support Order Performance; Current Payment Performance; Arrearage Payment Performance; and Cost-Effectiveness Performance. To be eligible for incentive awards, states must meet performance criteria in each of the five program areas with a degree of data reliability at a confidence level of 95%, as measured by an annual federal data reliability audit. Performance incentive funds are restricted to program use per 45 CFR 305.35(a).

PRWORA requires that each state expend a base amount of state funds per federal fiscal year from other revenue sources on Title IV-D activities prior to utilizing federal performance incentives. The Deficit Reduction Act of 2005 disallowed use of federal performance incentives as state matching funds for Federal Financial Participation. During state fiscal year 2023, CSE received \$7M in program incentives. After excluding the amounts earned as performance incentives and amounts collected as fees from program expenditures, the Federal Financial Percentage for the remaining expenditures is 66%. Kentucky must provide the remaining 34% in state matching funds of at least \$9,373,007.

## **Policy**

The General Assembly passed Senate Bill 48 in the 2023 legislative session and authorized the reorganization of functions from the Cabinet for Health and Family Services to other parts of the government. The Department of Income Support will be abolished effective July 1, 2025, with Disability Determinations going to the Education and Labor Cabinet effective July 1, 2024 and Child Support Enforcement going to the Office of Attorney General effective July 1, 2025.

The Governor's budget includes additional funding in the amount of \$290,200 in fiscal year 2025 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$586,200 in fiscal year 2025 to fund a 6% salary increment in fiscal year 2025.

The budget includes Restricted Funds in the amount of \$884,000 and Federal Funds in the amount of \$1,716,000 in fiscal year 2025 to support increased operational costs for Child Support Enforcement operations supported by state TANF collections.

**Health and Family Services  
Community Based Services**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	516,571,000	639,618,700	660,480,300	742,866,000	771,882,900
State Salary and Compensation Allocation			13,913,600		
Special Appropriation	32,000,000				
Current Year Appropriation	14,382,200				
Other	(4,895,247)				
<b>Total General Fund</b>	<b>558,057,953</b>	<b>639,618,700</b>	<b>674,393,900</b>	<b>742,866,000</b>	<b>771,882,900</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	12,311,000	12,400,000	12,400,000	13,125,600	14,020,500
Continuing Approp-Tob Settlement	1,593,249	1,945,471	1,697,200		
<b>Total Tobacco Fund</b>	<b>13,904,249</b>	<b>14,345,471</b>	<b>14,097,200</b>	<b>13,125,600</b>	<b>14,020,500</b>
<b>Restricted Funds</b>					
Balance Forward	38,941,977	84,291,686	111,115,900	2,907,200	1,470,300
Current Receipts	123,237,402	194,601,686	106,695,300	232,291,000	226,423,200
Non-Revenue Receipts	(5,174,433)	(44,180,183)	(1,805,000)	(802,000)	(800,000)
<b>Total Restricted Funds</b>	<b>157,004,946</b>	<b>234,713,189</b>	<b>216,006,200</b>	<b>234,396,200</b>	<b>227,093,500</b>
<b>Federal Fund</b>					
Balance Forward	(26,276,050)	16,488,057	504,100		
Current Receipts	995,439,695	1,013,536,821	786,242,300	794,863,600	799,485,200
Non-Revenue Receipts	(78)				
<b>Total Federal Fund</b>	<b>969,163,567</b>	<b>1,030,024,878</b>	<b>786,746,400</b>	<b>794,863,600</b>	<b>799,485,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,698,130,715</b>	<b>1,918,702,239</b>	<b>1,691,243,700</b>	<b>1,785,251,400</b>	<b>1,812,482,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	505,982,231	591,753,237	659,846,500	691,721,200	715,046,200
Operating Expenses	48,181,620	60,193,801	68,476,800	72,151,100	72,098,900
Grants Loans Benefits	1,033,480,372	1,139,934,078	955,013,200	1,019,908,800	1,025,303,700
Capital Outlay	423,668	5,008,934	5,000,000		
Construction	44,349				
<b>TOTAL EXPENDITURES</b>	<b>1,588,112,240</b>	<b>1,797,462,549</b>	<b>1,688,336,500</b>	<b>1,783,781,100</b>	<b>1,812,448,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	550,764,693	631,696,100	674,393,900	742,866,000	771,882,900
Tobacco Fund	11,958,778	12,648,308	14,097,200	13,125,600	14,020,500
Restricted Funds	72,713,259	123,597,337	213,099,000	232,925,900	227,060,200
Federal Fund	952,675,510	1,029,520,803	786,746,400	794,863,600	799,485,200
<b>TOTAL EXPENDITURES</b>	<b>1,588,112,240</b>	<b>1,797,462,549</b>	<b>1,688,336,500</b>	<b>1,783,781,100</b>	<b>1,812,448,800</b>

**EXPENDITURES BY UNIT**

Family Support	360,507,181	405,726,045	472,647,700	420,597,800	433,394,900
Energy	125,392,648	74,501,154	77,048,600	75,005,100	75,009,600
Child Care	370,263,376	470,623,102	334,453,500	317,577,400	323,628,400
Family and Community Services	718,132,872	828,137,962	782,327,400	948,098,300	957,531,400
Guardianship	13,816,162	18,474,286	21,859,300	22,502,500	22,884,500
<b>TOTAL EXPENDITURES</b>	<u>1,588,112,240</u>	<u>1,797,462,549</u>	<u>1,688,336,500</u>	<u>1,783,781,100</u>	<u>1,812,448,800</u>

The Department for Community Based Services (DCBS) is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families; Supplementation Nutrition Assistance Program; Medicaid and health insurance affordability program eligibility; and State Supplementation for aged, blind or disabled individuals); Energy Assistance; Child Care; Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children); and Guardianship.

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.

**Policy**

The Governor's budget includes additional funding in the amount of \$14,090,600 in fiscal year 2025 and \$13,945,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$11,331,300 and \$11,214,500, respectively.

The Governor's budget includes additional funding in the amount of \$26,683,800 in fiscal year 2025 and \$45,043,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$21,525,300 and \$36,336,200, respectively.

**Health and Family Services  
Community Based Services  
Family Support**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	154,148,000	188,320,000	216,979,600	192,006,100	199,022,400
State Salary and Compensation Allocation			6,017,600		
Current Year Appropriation	6,609,500				
Other	4,100,000	(10,432,183)			
<b>Total General Fund</b>	<b>164,857,500</b>	<b>177,887,817</b>	<b>222,997,200</b>	<b>192,006,100</b>	<b>199,022,400</b>
<b>Restricted Funds</b>					
Balance Forward	2,684,321	3,309,511	1,124,700		
Current Receipts	1,901,782	2,707,150	7,399,300	12,667,800	13,029,000
Non-Revenue Receipts	14,101,536	18,104,568	18,000,000	19,000,000	19,000,000
<b>Total Restricted Funds</b>	<b>18,687,640</b>	<b>24,121,229</b>	<b>26,524,000</b>	<b>31,667,800</b>	<b>32,029,000</b>
<b>Federal Fund</b>					
Balance Forward	72,397,762	71,093,238	54,993,400		
Current Receipts	178,967,029	188,741,818	168,133,100	196,923,900	202,343,500
<b>Total Federal Fund</b>	<b>251,364,791</b>	<b>259,835,056</b>	<b>223,126,500</b>	<b>196,923,900</b>	<b>202,343,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>434,909,930</b>	<b>461,844,102</b>	<b>472,647,700</b>	<b>420,597,800</b>	<b>433,394,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	221,901,109	263,650,225	327,636,900	290,638,200	303,431,700
Operating Expenses	18,149,466	24,802,916	19,157,400	22,046,100	22,049,700
Grants Loans Benefits	120,011,768	117,263,970	125,853,400	107,913,500	107,913,500
Capital Outlay	423,668	8,934			
Construction	21,169				
<b>TOTAL EXPENDITURES</b>	<b>360,507,181</b>	<b>405,726,045</b>	<b>472,647,700</b>	<b>420,597,800</b>	<b>433,394,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	164,857,500	177,887,817	222,997,200	192,006,100	199,022,400
Restricted Funds	15,378,129	22,996,522	26,524,000	31,667,800	32,029,000
Federal Fund	180,271,552	204,841,706	223,126,500	196,923,900	202,343,500
<b>TOTAL EXPENDITURES</b>	<b>360,507,181</b>	<b>405,726,045</b>	<b>472,647,700</b>	<b>420,597,800</b>	<b>433,394,900</b>

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, 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, job training assessment, and the delivery of basic essential services for families and children who need assistance. Programs are accessible to all residents of Kentucky counties. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits, as well as the regulatory limitations of available benefits, and maintain case record information. Application can be made by the individual, their parent, statutory benefit payee, committee, guardian, power of attorney or authorized representative, as applicable.

With the implementation of the new eligibility system in December 2015, the DFS established a program integrity section. The staff within this section are responsible for resolving computer matches with federal and state interfaces and researching national databases related to unreported income, prior fraud disqualifications, and also conducting case reviews. The purpose of this section is to enhance efforts in detecting fraud and increasing program accuracy rates.

## **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 2024 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 attainment of self-sufficiency. Adults receiving K-TAP benefits must 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, and 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 blood or marital 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.

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.

## **Medicaid Eligibility and Health Insurance Affordability**

DCBS determines eligibility for the 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; purchase 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 Social 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 KRS 194A.050, 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 base budget includes General Fund of \$1,000,000 in each fiscal year to support the operations of the Family Scholar House.

The Governor's budget includes Restricted Funds of \$1,500,000 and Federal Funds of \$1,500,000 in each fiscal year to administer the Summer EBT program as authorized by the Consolidated Appropriations Act 2023 beginning in 2024.

**Health and Family Services  
Community Based Services  
Energy**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>Restricted Funds</b>					
Balance Forward			5,200		
Current Receipts		5,209	(5,200)		
<b>Total Restricted Funds</b>		5,209			
<b>Federal Fund</b>					
Balance Forward	520,372	(1,986,699)	493,500		
Current Receipts	122,885,577	76,981,350	76,555,100	75,005,100	75,009,600
<b>Total Federal Fund</b>	123,405,949	74,994,651	77,048,600	75,005,100	75,009,600
<b>TOTAL SOURCE OF FUNDS</b>	123,405,949	74,999,861	77,048,600	75,005,100	75,009,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	41,018	85,048	65,200	70,300	74,800
Operating Expenses	17,150	25,367	25,500	25,500	25,500
Grants Loans Benefits	125,334,480	74,390,739	76,957,900	74,909,300	74,909,300
Construction					
<b>TOTAL EXPENDITURES</b>	125,392,648	74,501,154	77,048,600	75,005,100	75,009,600
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	125,392,648	74,501,154	77,048,600	75,005,100	75,009,600
<b>TOTAL EXPENDITURES</b>	125,392,648	74,501,154	77,048,600	75,005,100	75,009,600

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	25,509,900	24,000,000	89,688,000	85,000,000	90,000,000
Special Appropriation	12,000,000				
Other	(29,641,170)				
<b>Total General Fund</b>	<b>7,868,730</b>	<b>24,000,000</b>	<b>89,688,000</b>	<b>85,000,000</b>	<b>90,000,000</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	9,750,000	9,900,000	9,900,000	10,625,600	11,520,500
Continuing Approp-Tob Settlement	959,145	1,425,357	1,697,200		
<b>Total Tobacco Fund</b>	<b>10,709,145</b>	<b>11,325,357</b>	<b>11,597,200</b>	<b>10,625,600</b>	<b>11,520,500</b>
<b>Restricted Funds</b>					
Balance Forward	474,269	458,994	476,200		
Current Receipts	27,342	33,160	(456,200)	100,000	100,000
<b>Total Restricted Funds</b>	<b>501,611</b>	<b>492,154</b>	<b>20,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Federal Fund</b>					
Balance Forward	(38,096,339)	4,757,935	5,317,000		
Current Receipts	395,922,516	437,538,005	227,831,300	221,851,800	222,007,900
Non-Revenue Receipts					
<b>Total Federal Fund</b>	<b>357,826,177</b>	<b>442,295,941</b>	<b>233,148,300</b>	<b>221,851,800</b>	<b>222,007,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>376,905,662</b>	<b>478,113,451</b>	<b>334,453,500</b>	<b>317,577,400</b>	<b>323,628,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,893,843	20,608,614	17,769,400	17,788,800	17,944,900
Operating Expenses	1,302,633	1,307,926	1,494,500	1,494,500	1,494,500
Grants Loans Benefits	355,066,121	448,706,562	315,189,600	298,294,100	304,189,000
Construction	780				
<b>TOTAL EXPENDITURES</b>	<b>370,263,376</b>	<b>470,623,102</b>	<b>334,453,500</b>	<b>317,577,400</b>	<b>323,628,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,868,730	24,000,000	89,688,000	85,000,000	90,000,000
Tobacco Fund	9,283,788	9,628,194	11,597,200	10,625,600	11,520,500
Restricted Funds	42,618	15,938	20,000	100,000	100,000
Federal Fund	353,068,241	436,978,970	233,148,300	221,851,800	222,007,900
<b>TOTAL EXPENDITURES</b>	<b>370,263,376</b>	<b>470,623,102</b>	<b>334,453,500</b>	<b>317,577,400</b>	<b>323,628,400</b>

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. State statute stipulates that an individual caseload of 1:50 be maintained for continuation of quality services; however, the current average individual caseload is 1:88.

**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 30, 2023, there were 32,306 children receiving subsidized child care with 32,188 enrolled in a STARS Rated facilities. As of June 30, 2021, out of the 1,974 ALL STARS rated providers, 37% are considered at the high-quality with a rating between 3 and 5. These numbers are lower than previously reported due to the impact of COVID-19 which forced many centers to close.

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 (26) Quality Coaches and four (4) 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 (13) 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, 2023, there were 2,651 active Director's Credentials, 714 Trainer's Credentials, and 294 active Commonwealth Child Care Credentials. During fiscal year 2023, 34,627 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-mandated orientation to the childcare profession), including one and one-half (1 1/2) hours of pediatric abusive head trauma training; and 15 hours of cabinet-approved early care and education training annually, including one and one half (1 1/2) 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 (1 1/2) hours of pediatric abusive head trauma training completed once every five years.

## **Policy**

From a combination of efforts and in concert with the Governor's proposal for universal preschool, the budget includes about \$68 million in fiscal year 2025 and \$73 million in fiscal year 2026 for child care assistance. There are three components of this initiative. First, \$40 million each year from the General Fund to retain the average \$37 per day provider reimbursement rate for the Child Care Assistance Program (CCAP). Without this funding, the expiration of temporary federal funds would cause the average reimbursement rate to fall to \$24 per day. Second, it is expected that about \$13 million in existing federal child care development funds will be freed up due to universal preschool, making available the funding for children ages 0 to 3 years in the CCAP program. Third, to encourage the availability of more private child care slots, an additional \$15 million in fiscal year 2025 and \$20 million in fiscal year 2026 from the General Fund is included for child care payments to providers who care for children ages 0 through 3 years who are not eligible for the federal child care assistance program.

The budget in each fiscal year includes Phase I Tobacco Settlement Funds in the amount of \$10,625,600 in fiscal year 2025 and \$11,520,500 in fiscal year 2026 for the Child Care program for the Kentucky ALL STARS program quality rating system which is a federal requirement – is fully funded by these funds which 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	324,683,000	418,768,600	344,782,600	456,146,100	472,776,200
State Salary and Compensation Allocation			7,354,800		
Special Appropriation	20,000,000				
Current Year Appropriation	7,249,600				
Other	25,541,170	10,432,183			
<b>Total General Fund</b>	<b>377,473,770</b>	<b>429,200,783</b>	<b>352,137,400</b>	<b>456,146,100</b>	<b>472,776,200</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	2,561,000	2,500,000	2,500,000	2,500,000	2,500,000
Continuing Approp-Tob Settlement	634,104	520,114			
<b>Total Tobacco Fund</b>	<b>3,195,104</b>	<b>3,020,114</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Restricted Funds</b>					
Balance Forward	34,070,141	77,425,292	106,005,900		
Current Receipts	119,901,527	190,307,457	97,966,100	217,995,900	211,754,200
Non-Revenue Receipts	(19,275,969)	(62,191,858)	(19,705,000)	(19,702,000)	(19,700,000)
<b>Total Restricted Funds</b>	<b>134,695,698</b>	<b>205,540,891</b>	<b>184,267,000</b>	<b>198,293,900</b>	<b>192,054,200</b>
<b>Federal Fund</b>					
Balance Forward	(61,109,377)	(57,389,350)	(59,316,400)		
Current Receipts	291,727,072	302,377,620	302,739,400	291,158,300	290,201,000
Non-Revenue Receipts	(78)				
<b>Total Federal Fund</b>	<b>230,617,617</b>	<b>244,988,270</b>	<b>243,423,000</b>	<b>291,158,300</b>	<b>290,201,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>745,982,190</b>	<b>882,750,058</b>	<b>782,327,400</b>	<b>948,098,300</b>	<b>957,531,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	257,124,449	290,446,640	293,513,500	361,772,000	371,701,500
Operating Expenses	27,596,528	32,694,223	46,956,600	47,689,400	47,693,000
Grants Loans Benefits	433,389,496	499,424,598	436,857,300	538,636,900	538,136,900
Debt Service		572,500			
Capital Outlay		5,000,000	5,000,000		
Construction	22,400				
<b>TOTAL EXPENDITURES</b>	<b>718,132,872</b>	<b>828,137,962</b>	<b>782,327,400</b>	<b>948,098,300</b>	<b>957,531,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	370,180,510	421,278,183	352,137,400	456,146,100	472,776,200
Tobacco Fund	2,674,990	3,020,114	2,500,000	2,500,000	2,500,000
Restricted Funds	57,270,406	99,535,028	184,267,000	198,293,900	192,054,200
Federal Fund	288,006,967	304,304,637	243,423,000	291,158,300	290,201,000
<b>TOTAL EXPENDITURES</b>	<b>718,132,872</b>	<b>828,137,962</b>	<b>782,327,400</b>	<b>948,098,300</b>	<b>957,531,400</b>

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. This responsibility includes recruiting and training providers, monitoring and oversight, and maintaining a provider list for the Administrative Office of the Courts. The legal authority is KRS 403.7505 and 922 KAR 5:020. Currently there are 121 certified BIP providers offering services in 54 counties. Each certified provider strives to enhance and promote the safety of victims and their children by offering the following services in response to domestic violence: court-ordered treatment services for domestic violence offenders; assessment of offenders for mental health issues, substance abuse, referral to appropriate resources; service coordination between the criminal justice system, DCBS, and/or victim advocacy groups; and collection and submission of data about the offender population.

**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 to reduce barriers to approval and allow for financial assistance to these caregivers. Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 30 hours of training post approval and 15 hours prior to approval and are required to attend annual in-service training. Parents serving Care Plus or medically complex homes are required to complete additional training prior to approval and on an annual basis.

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 is working toward implementation of 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 Governor's budget includes additional funding of \$5,010,000 in fiscal year 2025 and \$13,513,500 in fiscal year 2026 for more social workers to address high caseloads in Child Protective Services. Funding is provided to hire 100 social workers over the biennium. In fiscal year 2025, it includes the following fund sources: \$3,210,000 in Restricted Funds and \$1,800,000 in Federal Funds. In fiscal year 2026 it includes the following fund source: \$6,420,000 in Restricted Funds and \$3,600,000 in Federal Funds.

The Governor's budget includes \$28,000,000 over the biennium to increase the Department for Community Based Services (DCBS) Foster Home Per Diem Rate by 12 percent. The rate has not been adjusted since July 2016. In fiscal year 2025, it includes the following fund sources: \$12,200,000 Restricted Funds and \$1,800,000 Federal Funds. In fiscal year 2026: \$9,800,000 General Fund, \$2,400,000 Restricted Funds, and \$1,800,000 Federal Funds.

The federal government has issued a new rule which permits states to separately license relative (kin) foster care families from other foster care families. Kentucky plans to implement this new flexibility, as that will be an incentive to increase the number of relative caregivers. The federal rule requires that if a state chooses this new flexibility, it must provide the same financial assistance to relative caregivers as provided licensed foster care families. The Governor's budget includes \$13,513,500 each fiscal year to increase rates for relative caregivers who agree to take a child that is already in the state's custody. In addition to \$10,000,000 from the General Fund, \$1,351,300 in Restricted Funds and \$2,162,200 in Federal Funds to increase the per diem rates for relative caregivers who agree to take a child that is already in the state's custody and to establish a per diem rate for relative caregivers who agrees to become the legal guardian.

The Governor's budget includes \$500,000 General Fund to support the Child Abuse Prevention Academy. Notwithstanding KRS 45.229, the General Fund appropriation balance for fiscal year 2024-2025 shall not lapse and shall carry forward.

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

- \$1,000,000 for Relative Placement Support Benefit;
- \$550,000 for dually licensed pediatric facilities;
- \$50,000 for family counseling and trauma remediation in Jefferson County and surrounding Kentucky counties;
- \$500,000 for the Fostering Success Program;
- \$4,000,000 for Domestic Violence Shelters
- \$2,000,000 for Rape Crisis Centers, and
- \$5,000,000 for Child Advocacy Centers.

The Governor's budget includes Phase I Tobacco Settlement Funds in the amount of \$2,500,000 in each fiscal year for the Early Childhood Adoption and Foster Care Supports Program.



**Health and Family Services  
Community Based Services  
Guardianship**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	12,230,100	8,530,100	9,030,100	9,713,800	10,084,300
State Salary and Compensation Allocation			541,200		
Current Year Appropriation	523,100				
Other	(4,895,247)				
<b>Total General Fund</b>	<b>7,857,953</b>	<b>8,530,100</b>	<b>9,571,300</b>	<b>9,713,800</b>	<b>10,084,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,713,247	3,097,889	3,503,900	2,907,200	1,470,300
Current Receipts	1,406,750	1,548,710	1,791,300	1,527,300	1,540,000
Non-Revenue Receipts		(92,893)	(100,000)	(100,000)	(100,000)
<b>Total Restricted Funds</b>	<b>3,119,997</b>	<b>4,553,706</b>	<b>5,195,200</b>	<b>4,334,500</b>	<b>2,910,300</b>
<b>Federal Fund</b>					
Balance Forward	11,533	12,933	(983,400)		
Current Receipts	5,937,501	7,898,028	10,983,400	9,924,500	9,923,200
<b>Total Federal Fund</b>	<b>5,949,034</b>	<b>7,910,961</b>	<b>10,000,000</b>	<b>9,924,500</b>	<b>9,923,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,926,984</b>	<b>20,994,766</b>	<b>24,766,500</b>	<b>23,972,800</b>	<b>22,917,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,021,812	16,962,710	20,861,500	21,451,900	21,893,300
Operating Expenses	1,115,843	1,363,368	842,800	895,600	836,200
Grants Loans Benefits	(321,493)	148,208	155,000	155,000	155,000
<b>TOTAL EXPENDITURES</b>	<b>13,816,162</b>	<b>18,474,286</b>	<b>21,859,300</b>	<b>22,502,500</b>	<b>22,884,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,857,953	8,530,100	9,571,300	9,713,800	10,084,300
Restricted Funds	22,107	1,049,850	2,288,000	2,864,200	2,877,000
Federal Fund	5,936,101	8,894,337	10,000,000	9,924,500	9,923,200
<b>TOTAL EXPENDITURES</b>	<b>13,816,162</b>	<b>18,474,286</b>	<b>21,859,300</b>	<b>22,502,500</b>	<b>22,884,500</b>

Kentucky's Adult Guardianship Program is administered as authorized in KRS 210.290 and 387.500-387.910. The Department for Aging and Independent Living (DAIL) operates state guardianship from a central office for fiduciary and benefits, as well as direct service staff in nine regions across the state. Guardianship serves individuals in every county. This program provides a legal relationship between a court-appointed adult who assumes the responsibility of being the guardian for an individual under guardianship. An individual under guardianship is a person who has been declared "legally disabled" by the court and is no longer able to care for his/her personal and/or financial needs.

Appointed guardians 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 – In this category the Cabinet is responsible for both the personal and financial needs of the individual under guardianship. A court has found the individual under guardianship fully disabled and all personal and financial rights are removed except the right to vote. The judge decides whether or not an individual under guardianship retains the right to vote.
- Personal Guardian – A court finds the individual under guardianship fully disabled in his/her personal affairs and appoints a personal guardian who is responsible for only personal affairs of the individual under guardianship.

- Conservator – A court finds the individual under guardianship fully disabled in managing his/her financial affairs and appoints a conservator who is responsible for financial or fiduciary affairs of the individual under guardianship.
- 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. They may include the right to sell property and the right to sign legal documents such as checks, marriage licenses, or wills.

## **Policy**

The Governor's budget includes \$565,600 in Restricted Funds each year for training and resources.

**Health and Family Services  
Aging and Independent Living**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	33,063,800	39,253,700	38,873,400	50,225,900	50,693,900
State Salary and Compensation Allocation			272,900		
Current Year Appropriation	171,600				
Other	4,895,247				
<b>Total General Fund</b>	<b>38,130,647</b>	<b>39,253,700</b>	<b>39,146,300</b>	<b>50,225,900</b>	<b>50,693,900</b>
<b>Restricted Funds</b>					
Balance Forward	663,727	1,346,219	1,576,300	1,362,500	632,100
Current Receipts	729,570	674,091	323,700	532,700	532,600
Non-Revenue Receipts	270,069	213,743	200,000	283,700	383,800
<b>Total Restricted Funds</b>	<b>1,663,365</b>	<b>2,234,052</b>	<b>2,100,000</b>	<b>2,178,900</b>	<b>1,548,500</b>
<b>Federal Fund</b>					
Balance Forward	(75,433)	4,522,867	(350,100)		
Current Receipts	33,242,095	37,681,811	58,079,300	35,109,400	35,171,700
<b>Total Federal Fund</b>	<b>33,166,662</b>	<b>42,204,678</b>	<b>57,729,200</b>	<b>35,109,400</b>	<b>35,171,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>72,960,674</b>	<b>83,692,430</b>	<b>98,975,500</b>	<b>87,514,200</b>	<b>87,414,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,134,851	6,226,228	9,185,100	9,942,800	10,412,800
Operating Expenses	348,148	445,131	1,019,000	1,183,700	1,185,400
Grants Loans Benefits	60,608,589	75,794,837	87,408,900	75,755,600	75,815,100
<b>TOTAL EXPENDITURES</b>	<b>67,091,588</b>	<b>82,466,196</b>	<b>97,613,000</b>	<b>86,882,100</b>	<b>87,413,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	38,130,647	39,253,700	39,146,300	50,225,900	50,693,900
Restricted Funds	317,147	657,742	737,500	1,546,800	1,547,700
Federal Fund	28,643,795	42,554,755	57,729,200	35,109,400	35,171,700
<b>TOTAL EXPENDITURES</b>	<b>67,091,588</b>	<b>82,466,196</b>	<b>97,613,000</b>	<b>86,882,100</b>	<b>87,413,300</b>
<b>EXPENDITURES BY UNIT</b>					
Aging and Independent Living	67,091,588	82,466,196	97,613,000	86,882,100	87,413,300
<b>TOTAL EXPENDITURES</b>	<b>67,091,588</b>	<b>82,466,196</b>	<b>97,613,000</b>	<b>86,882,100</b>	<b>87,413,300</b>

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. There are two program budget units within DAIL: Aging and Independent Living Services and Guardianship Services. The 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, individuals with disabilities, and individuals under guardianship of the state 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, adult individuals under guardianship of the state, and disabled individuals in every aspect of the community.

Pursuant to 23RS SB48 as enacted, the Cabinet for Health and Family Services (CHFS) Department for Aging, Guardianship Services program will be moved to CHFS, Department for Community Based Services effective July 1, 2024.

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 December 2006 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 (AAA) as well as 14 Community Mental Health Centers (CMHCs) for the Hart Supported Living Program; and approves AAA 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 senior citizens 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 AAA'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 and Homecare Program (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: This program is offered statewide through the AAA 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.
- Personnel 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.
- Adult Day and Alzheimer's Respite (KRS 209): Provides programs for day-long care and supervision for persons 60 years and older who, because of physical, mental, and/or psychological limitations, cannot remain in their own homes alone during the day.
- 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.

- 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.
- Adult Day Certification (KRS 205.950): The Department for Aging and Independent Living certifies Adult Day Social Model programs to assure quality standards are met for the client.
- Assisted Living Certification (KRS 194A.707): The Department of Aging and Independent Living certifies Social Model Assisted Living Communities to assure compliance with state statutes and regulations. The cost of administering the program is partially covered through fees charged to social assisted living communities.
- 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; homecare and other in-home services; 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.
- 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 receive 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.

## Policy

The Governor's budget includes additional funding of \$10,000,000 from the General Fund in each fiscal year to continue providing nutritional meals for senior citizens in the community without having a waitlist. These funds will replace expiring federal pandemic funds.

The Governor's budget includes additional funding of \$1,050,300 from the General Fund and \$120,400 in Restricted Funds each fiscal year to support the State Long-Term Care Ombudsman program including the unfunded mandate to provide services to assisted living facilities as passed in Senate Bill 11 from the 2022 Regular Session to work with residents, families, resident councils, and facility management to resolve issues.

The Governor's budget includes additional funding in the amount of \$302,400 in fiscal year 2025 and \$299,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$294,200 and \$291,000, respectively.

The Governor's budget includes additional funding in the amount of \$615,300 in fiscal year 2025 and \$1,039,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$525,400 and \$887,300, respectively.

The Governor's budget includes additional Restricted Funds appropriation in the amount of \$410,800 in each fiscal year to hire three additional staff for the Office of Dementia Services that was created by Senate Bill 74 from the 2021 legislative session.

The Governor's budget includes \$227,500 Restricted Funds appropriations in both fiscal years for training and resources.

# **Justice and Public Safety**

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**Justice and Public Safety**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	981,099,700	1,124,812,000	1,159,289,600	1,305,985,300	1,381,197,400
State Salary and Compensation Allocation			64,325,500		
Special Appropriation	36,060,700	2,750,000	12,900,000		
Current Year Appropriation	26,004,400		6,447,800		
Continuing Approp-General Fund	146,327	2,167,955	5,032,100		
<b>Total General Fund</b>	<b>1,043,311,127</b>	<b>1,129,729,955</b>	<b>1,247,995,000</b>	<b>1,305,985,300</b>	<b>1,381,197,400</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	3,593,800	3,250,000	3,250,000	3,250,000	3,250,000
Continuing Approp-Tob Settlement	5,168,409	6,163,209	4,227,300		
<b>Total Tobacco Fund</b>	<b>8,762,209</b>	<b>9,413,209</b>	<b>7,477,300</b>	<b>3,250,000</b>	<b>3,250,000</b>
<b>Restricted Funds</b>					
Balance Forward	88,652,819	123,554,046	161,304,400	153,032,100	141,437,000
Current Receipts	49,596,862	63,565,790	48,259,500	47,701,600	48,094,900
Non-Revenue Receipts	113,916,292	131,114,932	119,673,500	141,752,600	147,600,400
Fund Transfers	(2,452,100)	(1,028,500)	(2,057,000)	(2,301,000)	(2,301,000)
<b>Total Restricted Funds</b>	<b>249,713,873</b>	<b>317,206,268</b>	<b>327,180,400</b>	<b>340,185,300</b>	<b>334,831,300</b>
<b>Federal Fund</b>					
Balance Forward	(11,597,041)	(19,364,480)	(10,679,100)	690,600	386,900
Current Receipts	92,705,633	119,339,203	108,270,100	83,171,500	79,063,500
Non-Revenue Receipts	552,292	4,948,295	(212,100)		
Fund Transfers	693,541				
<b>Total Federal Fund</b>	<b>82,354,425</b>	<b>104,923,017</b>	<b>97,378,900</b>	<b>83,862,100</b>	<b>79,450,400</b>
<b>Road Fund</b>					
Regular Appropriation	56,980,300	59,436,600	59,262,500	63,978,900	68,928,700
State Salary and Compensation Allocation			112,900		
<b>Total Road Fund</b>	<b>56,980,300</b>	<b>59,436,600</b>	<b>59,375,400</b>	<b>63,978,900</b>	<b>68,928,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,441,121,935</b>	<b>1,620,709,050</b>	<b>1,739,407,000</b>	<b>1,797,261,600</b>	<b>1,867,657,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	718,254,008	806,113,845	941,203,600	982,735,000	1,033,924,200
Operating Expenses	174,534,763	193,960,292	185,765,700	204,477,600	206,515,100
Grants Loans Benefits	361,618,041	407,225,518	443,530,300	414,152,400	417,949,600
Debt Service	1,050,169	15,019,169	464,200	22,753,200	45,040,200
Capital Outlay	35,826,314	27,404,888	14,720,500	31,319,500	16,541,500
Construction	50,836	70,774			
<b>TOTAL EXPENDITURES</b>	<b>1,291,334,132</b>	<b>1,449,794,486</b>	<b>1,585,684,300</b>	<b>1,655,437,700</b>	<b>1,719,970,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,003,876,099	1,113,668,034	1,247,995,000	1,305,985,300	1,381,197,400
Tobacco Fund	2,599,000	5,185,866	7,477,300	3,250,000	3,250,000
Restricted Funds	126,159,828	155,901,841	174,148,300	198,748,300	187,606,200
Federal Fund	101,718,905	115,602,145	96,688,300	83,475,200	78,988,300
Road Fund	56,980,300	59,436,600	59,375,400	63,978,900	68,928,700

<b>TOTAL EXPENDITURES</b>	1,291,334,132	1,449,794,486	1,585,684,300	1,655,437,700	1,719,970,600
<b>EXPENDITURES BY UNIT</b>					
Justice Administration	80,436,224	89,931,251	120,255,900	105,022,700	100,418,200
Criminal Justice Training	78,441,063	87,418,093	93,283,300	110,113,400	111,061,300
Juvenile Justice	111,818,518	132,258,661	163,745,000	178,728,200	185,937,300
State Police	288,881,761	330,505,260	340,663,400	350,716,500	371,209,500
Corrections	654,547,522	722,326,319	775,807,400	805,219,000	843,362,000
Public Advocacy	77,209,044	87,354,903	91,929,300	105,637,900	107,982,300
<b>TOTAL EXPENDITURES</b>	1,291,334,132	1,449,794,486	1,585,684,300	1,655,437,700	1,719,970,600

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

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

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

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



**Justice and Public Safety  
Justice Administration**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	35,817,200	49,307,800	48,296,700	51,856,300	52,315,600
State Salary and Compensation Allocation			784,500		
Special Appropriation	4,306,300	1,000,000	1,000,000		
Current Year Appropriation	636,600				
Continuing Approp-General Fund		1,800,000	1,800,000		
<b>Total General Fund</b>	<b>40,760,100</b>	<b>52,107,800</b>	<b>51,881,200</b>	<b>51,856,300</b>	<b>52,315,600</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	3,593,800	3,250,000	3,250,000	3,250,000	3,250,000
Continuing Approp-Tob Settlement	5,168,409	6,163,209	4,227,300		
<b>Total Tobacco Fund</b>	<b>8,762,209</b>	<b>9,413,209</b>	<b>7,477,300</b>	<b>3,250,000</b>	<b>3,250,000</b>
<b>Restricted Funds</b>					
Balance Forward	2,668,411	4,100,264	4,342,400	2,214,300	1,087,300
Current Receipts	1,837,500	1,816,020	1,819,000	344,000	344,000
Non-Revenue Receipts	2,920,586	1,585,889	1,650,000	2,216,600	2,236,700
<b>Total Restricted Funds</b>	<b>7,426,498</b>	<b>7,502,172</b>	<b>7,811,400</b>	<b>4,774,900</b>	<b>3,668,000</b>
<b>Federal Fund</b>					
Balance Forward	(5,435,559)	(9,809,604)	(8,095,700)		
Current Receipts	33,276,627	36,836,469	63,396,000	46,228,800	41,291,900
Non-Revenue Receipts	300	(300)			
<b>Total Federal Fund</b>	<b>27,841,368</b>	<b>27,026,565</b>	<b>55,300,300</b>	<b>46,228,800</b>	<b>41,291,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>84,790,175</b>	<b>96,049,746</b>	<b>122,470,200</b>	<b>106,110,000</b>	<b>100,525,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	20,267,575	22,090,611	28,166,800	28,098,500	28,787,500
Operating Expenses	1,758,260	2,817,276	3,119,000	3,448,000	3,248,300
Grants Loans Benefits	58,265,759	65,023,364	87,170,100	73,476,200	68,382,400
Capital Outlay	144,630		1,800,000		
<b>TOTAL EXPENDITURES</b>	<b>80,436,224</b>	<b>89,931,251</b>	<b>120,255,900</b>	<b>105,022,700</b>	<b>100,418,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,860,018	46,463,322	51,881,200	51,856,300	52,315,600
Tobacco Fund	2,599,000	5,185,866	7,477,300	3,250,000	3,250,000
Restricted Funds	3,326,234	3,159,726	5,597,100	3,687,600	3,560,700
Federal Fund	37,650,972	35,122,337	55,300,300	46,228,800	41,291,900
<b>TOTAL EXPENDITURES</b>	<b>80,436,224</b>	<b>89,931,251</b>	<b>120,255,900</b>	<b>105,022,700</b>	<b>100,418,200</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	11,427,536	12,420,215	14,458,500	14,385,000	14,787,100
Child Fatality/Near Fatality Review Board	296,055	333,816	470,000	844,100	651,700
Office of Drug Control Policy	5,606,100	12,935,866	14,827,300	10,505,100	10,508,800
Medical Examiner Program	5,978,981	8,044,060	13,909,400	11,958,500	12,120,300
Parole Board	1,296,300	1,324,503	1,392,200	1,396,600	1,438,100
Grants	38,999,201	37,847,905	58,320,200	49,053,100	44,021,800
Access to Justice	500,000	500,000	500,000	500,000	500,000

Substance Abuse Initiatives	16,332,050	16,524,886	16,378,300	16,380,300	16,390,400
<b>TOTAL EXPENDITURES</b>	<b>80,436,224</b>	<b>89,931,251</b>	<b>120,255,900</b>	<b>105,022,700</b>	<b>100,418,200</b>

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, which is headed 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.

The Office of Legal Services is dedicated to providing quality legal services for the Justice and Public Safety Cabinet. As one of the largest Cabinets in state government and responsibility 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 the office provide legal assistance to the Cabinet's 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 Cabinet.

The mission of the Internal Investigations Division is to serve 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 the Justice and Public Safety Cabinet 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 the Justice and Public Safety Cabinet 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 is responsible for all matters relating to the provision of support to the Criminal Justice Council, legislative liaison services, and functions and duties vested in the Criminal Justice Council as described in KRS 15A.030.

The Child Fatality and Near Fatality External Review Panel was created and established by Kentucky Revised Statutes 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 twenty-two-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: The Cabinet for Health and Family Services, the Department for Juvenile Justice, 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 established within the Office of the Secretary and responsible for delivering transparent communications regarding matters pertaining to justice and public safety. The communications office explores innovative strategies and opportunities to build proactive communications through electronic and print media outlets, social media and public outreach. The director collaborates with the Justice and Public Safety Cabinet's departments and agencies to ensure timely notification to the public as programs and services are implemented 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 Justice and Public Safety Cabinet is responsible for housing the Office of the Kentucky State Medical Examiner, which is headed by the Chief Medical Examiner for the Commonwealth of Kentucky. The office 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 the Kentucky Office of the Medical Examiner 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 the Kentucky Medical Examiner's Office. The goal of the Medical Examiner's Office 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 Justice & Public Safety Cabinet 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 his/her 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.

The Justice and Public Safety Cabinet is responsible for establishing the Criminal Justice Council (CJC) pursuant to KRS 15A.075. Since its creation in 1998, the Kentucky Criminal Justice Council has established a neutral forum for discussion of systemic issues by a diverse group of state and local criminal justice professionals. As a statewide criminal justice coordinating body, the Council works to develop a better understanding of the nature of crime across the different regions of the state; to develop clearer goals and system priorities; to promote coordination among the components of the justice system; and to promote effective utilization of limited resources.

Under the provisions of KRS 15A.150, the Justice and Public Safety Cabinet shall administer all state and federally funded grant programs related to criminal justice. The Grants Management Division, located within Justice Administration, serves as the designated State Administering Agency for criminal justice and victim service-related discretionary and formula grants issued by the U.S. Department of Justice as well as certain state funds for similar purposes. Originally established in 1968 as part of the Kentucky Crime Commission, the division is now located within the Office of the Secretary, Kentucky Justice and Public Safety Cabinet (KJPSC). Major current funding administered includes: Byrne Memorial Justice Assistance Grants (JAG), Victims of Crime Act (VOCA), Violence Against Women Act (VAWA), Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP) and Coronavirus Emergency Supplemental Funding (CESF) programs. The Division also manages Discretionary grant awards for forensic science projects, PREA compliance and training, substance abuse treatment and training, rape kit backlog testing, and projects from the Office for Victims of Crime. Programs are administered according to funding source guidelines, applicable statutes, state and agency priorities and policies. The Division also provides grants-related support for other KJPSC Departments and Agencies.

In August of 2004, a 51-member team of state, federal and local officials in substance abuse prevention-education, treatment and enforcement recommended the creation of the Office of Drug Control Policy (ODCP). Pursuant to KRS 15A.020 the Justice and Public Safety Cabinet is responsible for housing the ODCP which is tasked to coordinate Kentucky's response to substance abuse. The goal of the ODCP is to change the way substance abuse is handled, reduce the problem and make the Commonwealth a model for other states. They have joined prevention/education, treatment, and law enforcement in a united effort to confront the epidemic and have made great strides.

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.

## **Policy**

The budget provides \$16,380,300 in fiscal year 2025 and \$16,390,400 in fiscal year 2026 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.
- Kentucky State Police for the Angel Initiative, a pro-active approach offering an alternative escape to those battling addiction.

The base budget in each fiscal year includes General Fund resources in the amount of \$1,500,000 and the Governor's budget includes an additional \$1,500,000 General Fund in each fiscal year to replace the prior funding from settlement funds resulting from the suit against Purdue Pharma, et al., that is no longer available for the Operation UNITE program.

The base budget includes Phase I Tobacco Settlement Funds in the amount of \$3,000,000 each fiscal year for the Office of Drug Control Policy to support opioid prevention, treatment, and recovery initiatives.

The base budget includes Phase I Tobacco Settlement Funds in the amount of \$250,000 in each fiscal year to support the Restorative Justice Program administered by the Volunteers of America.

Included in the base General Fund is \$3,000,000 in each fiscal year for grants to support Court Appointed Special Advocate funding programs.

The base budget includes General Fund in the amount of \$4,000,000 in each fiscal year to support the Freedom House administered by Volunteers of America.

The base budget includes General Fund in the amount of \$250,000 in each fiscal year to support the Lincoln County Family Recovery Court to assist families involved with child welfare system.

The Governor's budget includes additional General Fund in the amount of \$84,000 in fiscal year 2025 and \$86,000 in fiscal year 2026 for state match on the Violence Against Women Act grant.

The Governor's budget includes additional General Fund of \$374,100 in fiscal year 2025 and \$172,900 in fiscal year 2026 for the Child Fatality and Near Fatality External Review Panel to hire a Social Service Clinician, additional funds for epidemiology support and fiscal year 2025 includes a new case management system.

The Governor's budget includes additional funding in the amount of \$549,600 in fiscal year 2025 and \$543,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$483,600 and \$478,600, respectively.

The Governor's budget includes additional funding in the amount of \$1,128,700 in fiscal year 2025 and \$1,904,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$993,300 and \$1,675,900, respectively.

**Justice and Public Safety  
Criminal Justice Training**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		1,028,500		5,879,000	11,758,000
<b>Total General Fund</b>		1,028,500		5,879,000	11,758,000
<b>Restricted Funds</b>					
Balance Forward	36,998,358	54,903,039	75,251,200	92,164,200	106,196,800
Current Receipts	223,236	2,356,113	150,000	175,000	175,000
Non-Revenue Receipts	96,122,508	105,410,180	112,103,300	120,393,000	126,220,800
Fund Transfers		(1,028,500)	(2,057,000)	(2,301,000)	(2,301,000)
<b>Total Restricted Funds</b>	133,344,102	161,640,833	185,447,500	210,431,200	230,291,600
<b>Federal Fund</b>					
Balance Forward	38,429	38,493	38,500		
Current Receipts	64				
Non-Revenue Receipts			(38,500)		
<b>Total Federal Fund</b>	38,493	38,493			
<b>TOTAL SOURCE OF FUNDS</b>	133,382,595	162,707,826	185,447,500	216,310,200	242,049,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	32,570,398	35,012,587	35,385,900	37,996,200	38,826,900
Operating Expenses	5,544,947	5,937,299	6,705,900	6,990,000	7,029,200
Grants Loans Benefits	38,732,412	42,076,912	47,769,500	52,019,200	50,025,200
Debt Service		1,028,500		5,879,000	11,758,000
Capital Outlay	1,593,305	3,362,795	3,422,000	7,229,000	3,422,000
Construction					
<b>TOTAL EXPENDITURES</b>	78,441,063	87,418,093	93,283,300	110,113,400	111,061,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		1,028,500		5,879,000	11,758,000
Restricted Funds	78,441,063	86,389,593	93,283,300	104,234,400	99,303,300
<b>TOTAL EXPENDITURES</b>	78,441,063	87,418,093	93,283,300	110,113,400	111,061,300
<b>EXPENDITURES BY UNIT</b>					
Kentucky Law Enforcement Program Fund	74,447,947	83,565,834	87,119,000	103,195,400	103,996,300
Peace Officer Professional Standards	588,449	643,607	881,000	871,500	892,500
Kentucky Law Enforcement Council Support	205,835	247,078	1,362,100	1,457,600	1,493,300
Office of the State School Security Marshal	1,893,105	1,897,561	2,425,800	2,423,900	2,492,000
Special Training Programs	405,151	138,208	350,300	222,800	226,900
Professional Development & Wellness Prog. Fd	900,576	925,807	1,145,100	1,942,200	1,960,300
<b>TOTAL EXPENDITURES</b>	78,441,063	87,418,093	93,283,300	110,113,400	111,061,300

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. Course curriculum includes training in basic law enforcement, telecommunications, de-escalation techniques, coroner training, AIDS, post-traumatic stress disorder (PTSD), pediatric-abuse head trauma, child sexual abuse, juvenile crime, domestic violence, sexual assault response, bias-related crimes, penal code and constitutional law, tactical training in rapid response, crisis intervention, response to persons with special needs, professional development, executive and staff training, leadership development, internet crime, breath testing, school security, and post-critical incident seminars and counseling. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs. Additionally, DOCJT is responsible for the Peace Officers Professional Standards (POPS) program, the Law Enforcement Professional Development and Wellness Fund, and the Office of the State School Security Marshal. 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. The Department provides entry-level and in-service training for approximately 14,500 seats each year, totaling approximately 707,000 hours of training.

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 is responsible for assisting law enforcement officers with obtaining benefits related to disability, line of duty death, and veterans' education. Additionally, 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.

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 will be 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 (KLECS). KLECS 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 approximately 500 law enforcement agencies that employ approximately 8,300 police officers, approximately 1,300 dispatchers, and approximately 700 certified court security officers from across the Commonwealth.

## **Policy**

The Governor's budget provides for a \$500 increase in the training incentive stipend to bring it to \$4,800 in each fiscal year from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) for approximately 7,980 certified peace officers. The budget includes additional funding for a proportional amount in each fiscal year based upon the number of hours worked not to exceed \$2,400 annual training incentive stipend for approximately 350 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 \$103,195,400 in fiscal year 2025 and \$103,996,300 in fiscal year 2026 for the Kentucky Law Enforcement Program Fund.

The Governor's budget includes additional funding in the amount of \$1,044,100 in fiscal year 2025 and \$1,081,300 in fiscal year 2026 for eight additional training instructors and an administrative position to conduct additional in-service courses in the Western, Eastern, and Northern regions of the state.

The Governor's budget includes additional funding in the amount of \$803,900 in fiscal year 2025 and \$799,000 in fiscal year 2026 to expand the KY Post-Critical Incident Seminars.

The Governor's budget includes additional funding in the amount of \$169,600 in each fiscal year to modernize the fleet vehicles.

The Governor's budget includes an additional amount of \$462,200 in fiscal year 2025 and \$457,300 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$1,132,200 in fiscal year 2025 and \$1,912,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

The budget includes General Fund debt service in the amount of \$5,879,000 in fiscal year 2025 and \$11,758,000 in fiscal year 2026 to support new bonds for capital projects.

**Justice and Public Safety  
Juvenile Justice**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	98,791,100	113,379,300	114,529,200	151,252,700	160,742,300
State Salary and Compensation Allocation			9,648,200		
Special Appropriation		1,750,000	11,900,000		
Current Year Appropriation	3,630,100				
Continuing Approp-General Fund			1,750,000		
Other			1,833,400		
<b>Total General Fund</b>	<b>102,421,200</b>	<b>115,129,300</b>	<b>139,660,800</b>	<b>151,252,700</b>	<b>160,742,300</b>
<b>Restricted Funds</b>					
Balance Forward	21,313,897	20,907,590	26,309,500	18,439,300	9,462,700
Current Receipts	138,025	456,972	221,500	221,500	221,500
Non-Revenue Receipts	5,995,842	14,533,370	5,869,800	7,500,000	7,500,000
Fund Transfers	(2,452,100)				
<b>Total Restricted Funds</b>	<b>24,995,664</b>	<b>35,897,932</b>	<b>32,400,800</b>	<b>26,160,800</b>	<b>17,184,200</b>
<b>Federal Fund</b>					
Balance Forward	3,856	(4,551,422)	(17,500)		
Current Receipts	4,333,654	13,824,904	10,140,200	10,777,400	11,231,200
Non-Revenue Receipts					
<b>Total Federal Fund</b>	<b>4,337,510</b>	<b>9,273,482</b>	<b>10,122,700</b>	<b>10,777,400</b>	<b>11,231,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>131,754,374</b>	<b>160,300,714</b>	<b>182,184,300</b>	<b>188,190,900</b>	<b>189,157,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	86,362,045	103,581,861	133,925,900	138,879,100	143,332,600
Operating Expenses	14,783,774	15,321,199	14,694,900	15,418,200	15,197,100
Grants Loans Benefits	8,537,036	11,098,064	14,660,000	15,969,400	15,969,400
Debt Service	464,169	464,169	464,200	5,952,200	11,438,200
Capital Outlay	1,625,450	1,722,592		2,509,300	
Construction	46,044	70,774			
<b>TOTAL EXPENDITURES</b>	<b>111,818,518</b>	<b>132,258,661</b>	<b>163,745,000</b>	<b>178,728,200</b>	<b>185,937,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	98,841,513	113,379,300	139,660,800	151,252,700	160,742,300
Restricted Funds	4,088,073	9,588,410	13,961,500	16,698,100	13,963,800
Federal Fund	8,888,932	9,290,951	10,122,700	10,777,400	11,231,200
<b>TOTAL EXPENDITURES</b>	<b>111,818,518</b>	<b>132,258,661</b>	<b>163,745,000</b>	<b>178,728,200</b>	<b>185,937,300</b>
<b>EXPENDITURES BY UNIT</b>					
Program Management	1,760,336	2,262,800	2,680,500	2,721,400	2,798,600
Program Operations	100,105,090	118,810,861	148,370,500	162,898,500	169,679,000
Support Services	9,953,093	11,185,000	12,694,000	13,108,300	13,459,700
<b>TOTAL EXPENDITURES</b>	<b>111,818,518</b>	<b>132,258,661</b>	<b>163,745,000</b>	<b>178,728,200</b>	<b>185,937,300</b>

The Department of Juvenile Justice operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for “public” and “youthful” offenders. The Department 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 the Department. There are four Offices reporting to the Commissioner's Office: Office of Program Operations, Office of Detention which was recently established during the 2023 Regular Session, 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 which was recently established during the 2023 Regular Session.

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 Detention. The programs are administered on a regional basis, divided into two separate regions.

Day Treatment Services is comprised of five state-owned and 19 contract programs. These programs are the least restrictive, since the youths 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 total capacity of the 24 centers is approximately 871 youths.

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths who have been committed to the Department 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 suffice the educational component 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, and 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 total capacity of 8 group homes is approximately 66 beds.

The six state-operated Residential Facilities (Youth Development Centers) provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who need of 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. 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. Offered programming 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. The current capacity of the residential care program is approximately 176 youths.

Currently, the Office of Detention operates eight centers in Adair, Breathitt, McCracken, Campbell, Warren, Fayette, Boyd, and Jefferson Counties. The Commonwealth's juvenile detention system provides pre-trial detention of all alleged delinquent juveniles and ensures state-operated detention centers to be available for all counties. If a youth is ordered detained at a detention hearing, Department staff screen the youth using a risk assessment evaluation tool. The Detention centers provide programs with a wide range of services including: education, counseling, acute medical and mental health care, behavior management, observation, and assessment, as well as continuous supervision. On average 200 to 250 youth are housed in secure detention facilities per day, with a total capacity of approximately 335.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Departmental staff members are responsible for the assessment of juveniles in the facilities, Detention Alternatives Coordinators work with the court to determine the least restrictive placement for the juveniles and if an alternative to detention is appropriate.

Private childcare facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 13-14 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Department staff in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise an average daily population of 746 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 the Department of Juvenile Justice.

Support Services provides administrative support to all organizational units of the Department, including: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of five branches: Personnel, Fiscal, Grants, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch, Education Branch, and the Juvenile Detention Alternatives 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. The Medical Division oversees the medical delivery system throughout the Department.

## **Policy**

To transition to a regional model as required by Senate Bill 162 from the 2023 legislative session, safely segregate males and females, and separate violent and nonviolent offenders this budget provides for capital funding for two new female-only juvenile detention centers in Fayette County and Western Kentucky, to renovate the Jefferson County Youth Detention Center, and to retrofit four detention centers in Breathitt, McCracken County, Fayette County, and the Lyndon Detention Center in Jefferson County. Most of the retrofit projects are necessary to ensure safe segregation of male high-level offenders from male low-level offenders. These facility plans, in combination with the increased staffing enabled by raising correctional officer salaries, once completed, will permit a safe return to a regional model that continues to detain female offenders in separate facilities. The budget includes General Fund debt service in the amount of \$5,488,000 in fiscal year 2025 and \$10,974,000 in fiscal year 2026 to support new bonds for capital projects.

To keep more youth out of detention the Department of Juvenile Justice has a system of Alternative to Detention services. The Courts are continually asking for more placements with a waiting list. The number of placements is similar to the number of detention center beds. Additional funding, \$3,883,600 in fiscal year 2025 and \$3,913,000 in fiscal year 2026 is included to add approximately 450 additional placements and staff to coordinate these services.

The Governor's budget provides for a capital project to renovate an existing facility on the grounds of one of state government's psychiatric hospitals to establish psychiatric treatment services for juveniles needing these mental health and medical services. Youth under the care of both the Department for Juvenile Justice and the Department for Community Based Services may be referred to this facility based on an assessment of their medical needs.

The Governor's budget includes additional funding in the amount of \$397,400 in fiscal year 2025 and \$410,300 in fiscal year 2026 to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan. The General Fund portion is \$357,700 and \$369,300, respectively.

The budget includes additional Restricted Funds in the amount of \$2,734,300 in fiscal year 2025 for fleet replacement.

The Governor's budget includes additional funding in the amount of \$3,255,400 in fiscal year 2025 and \$3,227,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$2,920,100 and \$2,894,600, respectively.

The Governor's budget includes additional funding in the amount of \$5,495,700 in fiscal year 2025 and \$9,313,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$4,929,600 and \$8,354,300, respectively.

**Justice and Public Safety  
State Police**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	183,805,400	221,414,900	211,648,800	228,211,900	243,414,400
State Salary and Compensation Allocation			10,542,800		
Special Appropriation	1,754,400				
Current Year Appropriation	7,800,000				
<b>Total General Fund</b>	<b>193,359,800</b>	<b>221,414,900</b>	<b>222,191,600</b>	<b>228,211,900</b>	<b>243,414,400</b>
<b>Restricted Funds</b>					
Balance Forward	15,628,821	22,315,648	31,413,800	17,257,600	13,797,000
Current Receipts	19,600,462	32,948,269	21,235,000	21,418,300	21,650,100
Non-Revenue Receipts	10,010,112	11,131,691	50,400	10,829,500	10,829,400
<b>Total Restricted Funds</b>	<b>45,239,394</b>	<b>66,395,609</b>	<b>52,699,200</b>	<b>49,505,400</b>	<b>46,276,500</b>
<b>Federal Fund</b>					
Balance Forward	(5,179,533)	(3,535,021)	(6,796,500)		
Current Receipts	16,016,904	12,286,001	30,624,900	22,817,300	22,987,000
Non-Revenue Receipts	551,982	648,605	(173,600)		
Fund Transfers	693,541				
<b>Total Federal Fund</b>	<b>12,082,894</b>	<b>9,399,585</b>	<b>23,654,800</b>	<b>22,817,300</b>	<b>22,987,000</b>
<b>Road Fund</b>					
Regular Appropriation	56,980,300	59,436,600	59,262,500	63,978,900	68,928,700
State Salary and Compensation Allocation			112,900		
<b>Total Road Fund</b>	<b>56,980,300</b>	<b>59,436,600</b>	<b>59,375,400</b>	<b>63,978,900</b>	<b>68,928,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>307,662,388</b>	<b>356,646,694</b>	<b>357,921,000</b>	<b>364,513,500</b>	<b>381,606,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	224,982,607	244,918,014	276,369,400	274,463,400	295,297,900
Operating Expenses	51,987,275	60,771,155	57,906,100	61,269,700	61,448,900
Grants Loans Benefits	262,126	259,520	185,200	185,200	185,200
Debt Service		3,530,500		1,929,000	3,858,000
Capital Outlay	11,644,990	21,026,070	6,202,700	12,869,200	10,419,500
Construction	4,763				
<b>TOTAL EXPENDITURES</b>	<b>288,881,761</b>	<b>330,505,260</b>	<b>340,663,400</b>	<b>350,716,500</b>	<b>371,209,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	193,359,800	219,890,938	222,191,600	228,211,900	243,414,400
Restricted Funds	22,923,746	34,981,761	35,441,600	35,708,400	35,879,400
Federal Fund	15,617,915	16,195,960	23,654,800	22,817,300	22,987,000
Road Fund	56,980,300	59,436,600	59,375,400	63,978,900	68,928,700
<b>TOTAL EXPENDITURES</b>	<b>288,881,761</b>	<b>330,505,260</b>	<b>340,663,400</b>	<b>350,716,500</b>	<b>371,209,500</b>

**EXPENDITURES BY UNIT**

Administration	30,783,786	29,781,067	37,958,100	44,266,900	46,988,700
Technical Services	55,655,868	71,281,814	66,348,300	71,725,300	71,161,200
Operations	188,127,092	213,886,128	220,360,200	218,764,500	236,585,400
Commercial Vehicle Enforcement	14,315,015	15,556,251	15,996,800	15,959,800	16,474,200
<b>TOTAL EXPENDITURES</b>	<b>288,881,761</b>	<b>330,505,260</b>	<b>340,663,400</b>	<b>350,716,500</b>	<b>371,209,500</b>

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 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 Governor's budget supports a \$2,500 salary increase for state troopers and other staff instead of an inflationary adjustment to the State Police salary schedule in fiscal year 2025, and 2.4 percent inflationary adjustment in fiscal year 2026. This will assist in both recruitment and retention efforts. The Governor's budget includes additional funds in the amount of \$8,275,400 in fiscal year 2025 and \$14,079,400 in fiscal year 2026. The General Fund portion is \$5,649,900 and \$9,564,200, respectively.

The Governor's budget includes funding for 150 more troopers over the biennium, \$11,131,800 in fiscal year 2025 and \$21,683,800 in fiscal year 2026. The General Fund portion is \$9,382,600 and \$16,874,500, respectively. The goal is to increase trooper numbers to 1,100 over the next two years, a level commensurate with its public safety mission.

The Governor's budget includes Restricted funds for a \$500 increase, to \$4,800, for the 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 Governor's budget includes additional funding in the amount of \$1,262,100 in fiscal year 2025 and \$1,263,200 in fiscal year 2026 to cover the actuarially determined employer contribution cost of moving hazardous duty employees and state police retirement employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan. The General Fund portion is \$1,221,700 and \$1,222,300, respectively.

The budget includes additional General Fund in the amount of \$3,125,000 in fiscal year 2025 and \$2,925,200 in fiscal year 2026 for Kentucky Emergency Warning System lease renewals.

The Governor's budget includes additional General Fund in the amount of \$2,450,000 in fiscal year 2025 and \$805,600 in fiscal year 2026 for upgrades to the fingerprint software, including enhanced facial recognition capabilities.

The budget includes additional General Fund in the amount of \$240,000 in each fiscal year to provide an estimated 500 sworn road units with state issued cell phones.

The Governor's budget includes additional funding in the amount of \$2,622,700 in fiscal year 2025 and \$2,596,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$2,221,000 and \$2,197,900, respectively.

The Governor's budget includes additional funding in the amount of \$4,411,400 in fiscal year 2025 and \$7,453,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$3,759,300 and \$6,349,700, respectively.

The budget includes General Fund debt service in the amount of \$1,929,000 in fiscal year 2025 and \$3,858,000 in fiscal year 2026 to support new bonds for capital projects.

**Justice and Public Safety  
Corrections**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	596,022,300	657,764,200	702,382,000	771,295,400	813,133,000
State Salary and Compensation Allocation			40,757,100		
Special Appropriation	30,000,000				
Current Year Appropriation	11,514,600		6,447,800		
Continuing Approp-General Fund	146,327	367,955	1,482,100		
Reorganization Adjustment					
Other			(1,833,400)		
<b>Total General Fund</b>	<b>637,683,227</b>	<b>658,132,155</b>	<b>749,235,600</b>	<b>771,295,400</b>	<b>813,133,000</b>
<b>Restricted Funds</b>					
Balance Forward	10,745,561	21,007,368	22,099,400	21,068,600	9,949,000
Current Receipts	22,905,074	21,102,177	20,322,900	20,731,700	20,893,200
Non-Revenue Receipts	(1,132,756)	(1,546,198)		813,500	813,500
<b>Total Restricted Funds</b>	<b>32,517,879</b>	<b>40,563,346</b>	<b>42,422,300</b>	<b>42,613,800</b>	<b>31,655,700</b>
<b>Federal Fund</b>					
Balance Forward	(934,496)	(1,419,898)	4,333,100	690,600	386,900
Current Receipts	36,823,630	54,326,508	1,575,600	955,100	1,160,500
Non-Revenue Receipts	10	4,299,990			
<b>Total Federal Fund</b>	<b>35,889,145</b>	<b>57,206,600</b>	<b>5,908,700</b>	<b>1,645,700</b>	<b>1,547,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>706,090,251</b>	<b>755,902,101</b>	<b>797,566,600</b>	<b>815,554,900</b>	<b>846,336,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	285,305,083	322,995,134	384,909,400	408,803,800	430,842,100
Operating Expenses	92,018,934	99,275,027	93,856,900	106,208,000	108,446,700
Grants Loans Benefits	255,819,538	288,766,728	293,745,300	272,502,200	283,387,200
Debt Service	586,000	9,996,000		8,993,000	17,986,000
Capital Outlay	20,817,939	1,293,430	3,295,800	8,712,000	2,700,000
<b>Construction</b>	<b>29</b>				
<b>TOTAL EXPENDITURES</b>	<b>654,547,522</b>	<b>722,326,319</b>	<b>775,807,400</b>	<b>805,219,000</b>	<b>843,362,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	605,727,968	650,988,674	749,235,600	771,295,400	813,133,000
Restricted Funds	11,510,511	18,464,052	21,353,700	32,664,800	29,143,700
Federal Fund	37,309,043	52,873,593	5,218,100	1,258,800	1,085,300
<b>TOTAL EXPENDITURES</b>	<b>654,547,522</b>	<b>722,326,319</b>	<b>775,807,400</b>	<b>805,219,000</b>	<b>843,362,000</b>
<b>EXPENDITURES BY UNIT</b>					
Corrections Management	15,158,596	18,975,494	20,185,500	21,867,500	21,892,900
Adult Correctional Institutions	392,077,012	422,091,847	466,000,200	507,952,200	538,528,100
Community Services and Local Facilities	230,913,208	264,524,459	272,447,500	258,610,700	266,152,400
Local Jail Support	16,398,706	16,734,518	17,174,200	16,788,600	16,788,600
<b>TOTAL EXPENDITURES</b>	<b>654,547,522</b>	<b>722,326,319</b>	<b>775,807,400</b>	<b>805,219,000</b>	<b>843,362,000</b>

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.

**2024 - 2026 Felon and Community Beds Forecast**

	<b>FY 2024 Revised</b>	<b>FY 2025</b>	<b>FY 2026</b>
Felons*	19,956	20,572	21,144
Other**	1,831	1,845	1,847
<b>Total</b>	<b>21,787</b>	<b>22,417</b>	<b>22,991</b>

\* 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,896,700	16,014,200	16,038,300	21,592,700	21,618,100
State Salary and Compensation Allocation			657,400		
Current Year Appropriation	550,500				
Reorganization Adjustment		2,944,900	3,215,000		
<b>Total General Fund</b>	<b>14,447,200</b>	<b>18,959,100</b>	<b>19,910,700</b>	<b>21,592,700</b>	<b>21,618,100</b>
<b>Restricted Funds</b>					
Balance Forward	220,577	298,889	426,900	401,900	376,900
Current Receipts	78,312	129,176	125,000	125,000	125,000
<b>Total Restricted Funds</b>	<b>298,889</b>	<b>428,065</b>	<b>551,900</b>	<b>526,900</b>	<b>501,900</b>
<b>Federal Fund</b>					
Balance Forward	(485,475)	(348,326)	436,500	511,700	386,900
Current Receipts	848,545	800,152	200,000		200,000
<b>Total Federal Fund</b>	<b>363,070</b>	<b>451,826</b>	<b>636,500</b>	<b>511,700</b>	<b>586,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,109,159</b>	<b>19,838,991</b>	<b>21,099,100</b>	<b>22,631,300</b>	<b>22,706,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,249,625	15,749,527	17,479,000	18,218,600	18,868,800
Operating Expenses	1,908,450	3,131,089	2,506,500	3,448,900	2,824,100
Grants Loans Benefits	521	94,878	200,000	200,000	200,000
<b>TOTAL EXPENDITURES</b>	<b>15,158,596</b>	<b>18,975,494</b>	<b>20,185,500</b>	<b>21,867,500</b>	<b>21,892,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	14,447,200	18,958,973	19,910,700	21,592,700	21,618,100
Restricted Funds		1,205	150,000	150,000	150,000
Federal Fund	711,396	15,317	124,800	124,800	124,800
<b>TOTAL EXPENDITURES</b>	<b>15,158,596</b>	<b>18,975,494</b>	<b>20,185,500</b>	<b>21,867,500</b>	<b>21,892,900</b>
<b>EXPENDITURES BY UNIT</b>					
Corrections Management	15,158,596	18,975,494	20,185,500	21,867,500	21,892,900
<b>TOTAL EXPENDITURES</b>	<b>15,158,596</b>	<b>18,975,494</b>	<b>20,185,500</b>	<b>21,867,500</b>	<b>21,892,900</b>

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 Corrections Training and Division of Administrative Services. The Division of Population Management, Information Technology and Offender Information Branches, as well as, the Parole Board/Victims Services Division 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 base budget includes General Fund in the amount of \$200,000 each fiscal year to support an educational assistance program for correctional personnel as one tactic to address staff turnover.

The Governor's budget includes additional General Fund of \$27,400 in fiscal year 2025 and \$28,500 in fiscal year 2026 to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan.

The budget includes additional General Fund in the amount of \$325,000 in fiscal year 2025 to provide upgrades to improve the functionality of the Kentucky Offender Management System.

The Governor's budget includes additional support for the Corrections training program, \$981,300 in fiscal year 2025 and \$695,900 in fiscal year 2026 for six additional positions to assist with increased training demands, the equipment necessary to facilitate basic academy and in-service training, and funding to replace the antiquated jail training management system.

The Governor's budget includes additional General Fund in the amount of \$493,200 in fiscal year 2025 and \$489,300 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$834,700 in fiscal year 2025 and \$1,412,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Justice and Public Safety  
Adult Correctional Institutions**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	359,193,500	362,632,400	405,990,200	482,413,800	516,765,300
State Salary and Compensation Allocation			36,128,500		
Current Year Appropriation	7,932,600		6,447,800		
Reorganization Adjustment		(4,200,800)	(3,705,000)		
Other			1,888,600		
<b>Total General Fund</b>	<b>367,126,100</b>	<b>358,431,600</b>	<b>446,750,100</b>	<b>482,413,800</b>	<b>516,765,300</b>
<b>Restricted Funds</b>					
Balance Forward	4,930,690	13,057,934	13,979,000	14,445,900	5,887,500
Current Receipts	15,998,728	15,372,573	15,497,900	15,906,700	16,068,200
Non-Revenue Receipts	(1,132,756)	(2,846,198)		813,500	813,500
<b>Total Restricted Funds</b>	<b>19,796,662</b>	<b>25,584,310</b>	<b>29,476,900</b>	<b>31,166,100</b>	<b>22,769,200</b>
<b>Federal Fund</b>					
Balance Forward	(8,572)	(44,712)	4,323,300	178,900	
Current Receipts	30,292,441	52,123,026	74,700	80,900	86,300
Non-Revenue Receipts	10	4,299,990			
<b>Total Federal Fund</b>	<b>30,283,879</b>	<b>56,378,304</b>	<b>4,398,000</b>	<b>259,800</b>	<b>86,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>417,206,641</b>	<b>440,394,213</b>	<b>480,625,000</b>	<b>513,839,700</b>	<b>539,620,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	202,473,826	229,011,186	280,086,300	290,516,200	306,293,500
Operating Expenses	78,288,593	84,363,477	79,984,400	87,335,600	90,050,300
Grants Loans Benefits	89,910,625	97,843,257	103,729,500	112,395,400	121,498,300
Debt Service	586,000	9,996,000		8,993,000	17,986,000
Capital Outlay	20,817,939	877,928	2,200,000	8,712,000	2,700,000
Construction	29				
<b>TOTAL EXPENDITURES</b>	<b>392,077,012</b>	<b>422,091,847</b>	<b>466,000,200</b>	<b>507,952,200</b>	<b>538,528,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	355,009,694	358,431,403	446,750,100	482,413,800	516,765,300
Restricted Funds	6,738,727	11,605,370	15,031,000	25,278,600	21,676,500
Federal Fund	30,328,591	52,055,075	4,219,100	259,800	86,300
<b>TOTAL EXPENDITURES</b>	<b>392,077,012</b>	<b>422,091,847</b>	<b>466,000,200</b>	<b>507,952,200</b>	<b>538,528,100</b>
<b>EXPENDITURES BY UNIT</b>					
Institutions Operations	21,191,731	6,148,784	3,934,700	4,182,900	4,416,800
Medical Services	73,572,011	80,772,584	83,663,700	87,149,400	95,166,300
Education	6,027,905	5,124,338	6,800,100	6,849,100	6,984,500
Correctional Industries	7,902,601	9,158,325	9,597,900	9,963,700	10,127,100
Correctional Facilities	254,155,907	289,262,685	325,383,600	361,923,200	382,832,500
Mental Health	9,546,448	8,176,378	8,423,900	8,935,400	9,052,400
Private Prisons	19,680,409	23,448,753	28,196,300	28,948,500	29,948,500
<b>TOTAL EXPENDITURES</b>	<b>392,077,012</b>	<b>422,091,847</b>	<b>466,000,200</b>	<b>507,952,200</b>	<b>538,528,100</b>

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, the Division of Substance Abuse, 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 is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-one separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, 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, vegetables, and freshwater shrimp. 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 759 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 669 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 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 1,270 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 has an operational capacity of 1,050 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

**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 \$9,791,700 in fiscal year 2025 and \$19,830,600 in fiscal year 2026 for the expansion of the Little Sandy Correctional Complex expected to open January 2025.

The budget includes additional General Fund in the amount of \$5,000,000 in fiscal year 2025 and \$10,000,000 in fiscal year 2026 to support increased medical services costs and Hepatitis C, HIV, and cancer pharmaceutical treatment.

The Governor's budget includes additional Restricted Funds in the amount of \$9,789,500 in fiscal year 2025 and \$6,137,900 in fiscal year 2026 for anticipated increases in utility costs, purchase of security equipment, and capital project infrastructure needs.

The budget includes a General Fund current year appropriation in the amount of \$6,447,800 in fiscal year 2024, and additional General Funds of \$7,200,000 in fiscal year 2025 and \$8,200,000 in fiscal year 2026 for the contract with the operator of the Lee Adjustment Center.

The Governor's budget includes additional funding in the amount of \$1,755,600 in fiscal year 2025 and \$1,821,600 in fiscal year 2026 to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan. The General Fund portion is \$1,720,500 and \$1,785,200, respectively.

The Governor's budget includes additional funding in the amount of \$3,953,800 in fiscal year 2025 and \$3,952,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$3,882,600 and \$3,880,900, respectively.

The Governor's budget includes additional funding in the amount of \$9,693,300 in fiscal year 2025 and \$16,539,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$9,518,800 and \$16,241,600, respectively.

The budget includes General Fund debt service in the amount of \$8,993,000 in fiscal year 2025 and \$17,986,000 in fiscal year 2026 to support new bonds for capital projects.

**Justice and Public Safety  
Community Services and Local Facilities**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	206,298,500	262,329,000	263,564,900	250,500,300	257,961,000
State Salary and Compensation Allocation			3,971,200		
Special Appropriation	30,000,000				
Current Year Appropriation	3,008,400				
Continuing Approp-General Fund			1,096,500		
Reorganization Adjustment		1,255,900	490,000		
Other			(3,722,000)		
<b>Total General Fund</b>	<b>239,306,900</b>	<b>263,584,900</b>	<b>265,400,600</b>	<b>250,500,300</b>	<b>257,961,000</b>
<b>Restricted Funds</b>					
Balance Forward	5,594,295	7,650,545	7,693,500	6,220,800	3,684,600
Current Receipts	6,828,033	5,600,427	4,700,000	4,700,000	4,700,000
Non-Revenue Receipts		1,300,000			
<b>Total Restricted Funds</b>	<b>12,422,329</b>	<b>14,550,972</b>	<b>12,393,500</b>	<b>10,920,800</b>	<b>8,384,600</b>
<b>Federal Fund</b>					
Balance Forward	(440,449)	(1,026,860)	(426,700)		
Current Receipts	5,682,645	1,403,330	1,300,900	874,200	874,200
<b>Total Federal Fund</b>	<b>5,242,196</b>	<b>376,470</b>	<b>874,200</b>	<b>874,200</b>	<b>874,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>256,971,425</b>	<b>278,512,342</b>	<b>278,668,300</b>	<b>262,295,300</b>	<b>267,219,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	69,559,897	78,198,837	87,314,100	100,039,000	105,649,800
Operating Expenses	11,546,891	11,387,461	10,931,000	14,988,500	15,137,300
Grants Loans Benefits	149,806,420	174,522,659	173,106,600	143,583,200	145,365,300
Capital Outlay		415,502	1,095,800		
<b>TOTAL EXPENDITURES</b>	<b>230,913,208</b>	<b>264,524,459</b>	<b>272,447,500</b>	<b>258,610,700</b>	<b>266,152,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	219,872,368	256,863,780	265,400,600	250,500,300	257,961,000
Restricted Funds	4,771,784	6,857,477	6,172,700	7,236,200	7,317,200
Federal Fund	6,269,056	803,201	874,200	874,200	874,200
<b>TOTAL EXPENDITURES</b>	<b>230,913,208</b>	<b>264,524,459</b>	<b>272,447,500</b>	<b>258,610,700</b>	<b>266,152,400</b>
<b>EXPENDITURES BY UNIT</b>					
Probation and Parole Program	65,780,135	70,542,869	78,931,100	86,177,300	91,078,200
Local Facilities Operations	1,503,755	1,669,366	1,604,400	1,577,200	1,630,600
Local Facilities - Jail Program	117,281,780	139,275,752	139,289,200	109,519,100	111,301,200
Community Corrections Commission	625,414	601,439	670,500	670,500	670,500
Halfway Houses	24,151,271	23,972,003	23,767,100	23,767,100	23,767,100
Addiction Services	15,472,365	22,042,354	22,316,100	25,514,700	26,116,700
Reentry Division	6,098,489	6,420,676	5,869,100	11,384,800	11,588,100
<b>TOTAL EXPENDITURES</b>	<b>230,913,208</b>	<b>264,524,459</b>	<b>272,447,500</b>	<b>258,610,700</b>	<b>266,152,400</b>

The Community Corrections area is comprised of the Division of Local Facilities, County Jail Program, Halfway House program, Kentucky Corrections Commission, the Division of Re-entry, Probation and Parole, and Community Substance Abuse. 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 200.

**Policy**

Only half of the inmate population are receiving reentry services. The biggest gap is state felons in county jails, where recidivism exceeds those released from institutions. There is a long waiting list within the adult correctional institutions. To expand reentry services additional funding of \$5,307,500 in fiscal year 2025 and \$5,240,500 in fiscal year 2026 is provided to for an additional 58 positions to expand reentry efforts, address recidivism rate in jails and expand services to the adult correctional institution inmate population.

To address a backlog in demand for substance abuse programs in the adult correctional institutions and in jails, \$2,113,500 in fiscal year 2025 and \$2,099,200 in fiscal year 2026 is included to expand medically assisted treatment, community assessment services, and approved provider services.

The Department of Corrections estimates a two percent growth in the number of probationers and parolees over the biennium. Much of this increase is due to accelerated parole hearings, mandatory reentry supervision release and new forms of supervision such as women’s medical release and parole board sanctions.

<b>Fiscal Year</b>	<b>Probation and Parole Population</b>
2024 Revised	49,676
2025 Estimated	50,514
2026 Estimated	51,431

The Governor’s budget includes additional General Fund in the amount of \$307,400 in fiscal year 2025 and \$1,962,600 in fiscal year 2026 for anticipated increases in utilities, supplies, transport services, lease increases, and in fiscal year 2026 an increase of 20 Probation and Parole Officers to manage forecasted caseload increase. The budget includes additional Restricted Fund in the amount of \$2,000,000 in each fiscal year for various equipment needs.

The Governor’s budget includes additional funding in the amount of \$558,400 in fiscal year 2025 and \$583,000 in fiscal year 2026 to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan. The General Fund portion is \$547,200 and \$571,300, respectively.

The Governor’s budget includes additional funding in the amount of \$2,560,400 in fiscal year 2025 and \$2,553,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$2,509,200 and \$2,502,700, respectively.

The Governor’s budget includes additional funding in the amount of \$4,612,200 in fiscal year 2025 and \$7,851,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$4,520,000 and \$7,694,100, respectively.

**Justice and Public Safety  
Local Jail Support**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,633,600	16,788,600	16,788,600	16,788,600	16,788,600
Current Year Appropriation	23,100				
Continuing Approp-General Fund	146,327	367,955	385,600		
<b>Total General Fund</b>	<b>16,803,027</b>	<b>17,156,555</b>	<b>17,174,200</b>	<b>16,788,600</b>	<b>16,788,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,803,027</b>	<b>17,156,555</b>	<b>17,174,200</b>	<b>16,788,600</b>	<b>16,788,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	21,735	35,584	30,000	30,000	30,000
Operating Expenses	275,000	393,000	435,000	435,000	435,000
Grants Loans Benefits	16,101,972	16,305,934	16,709,200	16,323,600	16,323,600
<b>TOTAL EXPENDITURES</b>	<b>16,398,706</b>	<b>16,734,518</b>	<b>17,174,200</b>	<b>16,788,600</b>	<b>16,788,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,398,706	16,734,518	17,174,200	16,788,600	16,788,600
<b>TOTAL EXPENDITURES</b>	<b>16,398,706</b>	<b>16,734,518</b>	<b>17,174,200</b>	<b>16,788,600</b>	<b>16,788,600</b>
<b>EXPENDITURES BY UNIT</b>					
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	296,735	428,584	465,000	465,000	465,000
Catastrophic Medical	630,172	834,134	1,237,400	851,800	851,800
Local Corrections Assistance Fund	4,630,200	4,630,200	4,630,200	4,630,200	4,630,200
<b>TOTAL EXPENDITURES</b>	<b>16,398,706</b>	<b>16,734,518</b>	<b>17,174,200</b>	<b>16,788,600</b>	<b>16,788,600</b>

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 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 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	66,663,700	81,917,300	82,432,900	97,490,000	99,834,100
State Salary and Compensation Allocation			2,592,900		
Current Year Appropriation	2,423,100				
<b>Total General Fund</b>	<b>69,086,800</b>	<b>81,917,300</b>	<b>85,025,800</b>	<b>97,490,000</b>	<b>99,834,100</b>
<b>Restricted Funds</b>					
Balance Forward	1,297,770	320,136	1,888,100	1,888,100	944,200
Current Receipts	4,892,566	4,886,239	4,511,100	4,811,100	4,811,100
<b>Total Restricted Funds</b>	<b>6,190,336</b>	<b>5,206,375</b>	<b>6,399,200</b>	<b>6,699,200</b>	<b>5,755,300</b>
<b>Federal Fund</b>					
Balance Forward	(89,739)	(87,028)	(141,000)		
Current Receipts	2,254,754	2,065,322	2,533,400	2,392,900	2,392,900
<b>Total Federal Fund</b>	<b>2,165,016</b>	<b>1,978,293</b>	<b>2,392,400</b>	<b>2,392,900</b>	<b>2,392,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>77,442,152</b>	<b>89,101,968</b>	<b>93,817,400</b>	<b>106,582,100</b>	<b>107,982,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	68,766,300	77,515,637	82,446,200	94,494,000	96,837,200
Operating Expenses	8,441,574	9,838,336	9,482,900	11,143,700	11,144,900
Grants Loans Benefits	1,170	930	200	200	200
<b>TOTAL EXPENDITURES</b>	<b>77,209,044</b>	<b>87,354,903</b>	<b>91,929,300</b>	<b>105,637,900</b>	<b>107,982,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	69,086,800	81,917,300	85,025,800	97,490,000	99,834,100
Restricted Funds	5,870,200	3,318,299	4,511,100	5,755,000	5,755,300
Federal Fund	2,252,044	2,119,304	2,392,400	2,392,900	2,392,900
<b>TOTAL EXPENDITURES</b>	<b>77,209,044</b>	<b>87,354,903</b>	<b>91,929,300</b>	<b>105,637,900</b>	<b>107,982,300</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Public Advocate	2,027,360	2,456,739	2,711,200	2,738,900	2,809,600
Defense Services	70,049,779	78,944,022	82,784,700	95,353,100	97,441,800
Conflict Services	167,117	280,109	308,200	1,305,000	1,315,100
Law Operations	2,285,800	2,340,047	2,523,200	2,581,700	2,662,400
Protection and Advocacy	2,678,988	3,333,986	3,602,000	3,659,200	3,753,400
<b>TOTAL EXPENDITURES</b>	<b>77,209,044</b>	<b>87,354,903</b>	<b>91,929,300</b>	<b>105,637,900</b>	<b>107,982,300</b>

The United States and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department of Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. 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 is a 12 person governing board consisting of the Dean or designee from each of the three Kentucky law schools, three members appointed by the Governor from recommendations of the Kentucky Bar Association, one member from recommendations by the Protection and Advocacy Advisory Boards, three members at-large. Two members are appointed by the Kentucky Supreme Court. The Commission insures the Department's ability to provide independent professional representation of individual clients according to the American Bar Association 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, General Counsel and all strategic planning and litigation education functions.

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 for indigent persons after conviction. These services include providing counsel to indigent persons on appeal to the KY 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 General Fund in the amount of \$10,549,900 in fiscal year 2025 and \$10,466,400 in fiscal year 2026 for the state to take over the operation of the Jefferson County public defender office as required by House Bill 568 from the 2023 legislative session.

The budget includes additional funding in the amount of \$2,201,200 in each fiscal year to support an increase in reimbursements for conflict case payments. The General Fund portion is \$1,000,000 in each fiscal year.

The Governor's budget includes additional General Fund in the amount of \$1,743,900 in fiscal year 2025 and \$1,725,600 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$3,543,700 in fiscal year 2025 and \$5,985,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

# Personnel

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	Actual FY 2022	Personnel Personnel Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	102,064,000	89,090,400	89,924,800	77,764,500	74,478,100
State Salary and Compensation Allocation			(4,807,000)		
<b>Total General Fund</b>	102,064,000	89,090,400	85,117,800	77,764,500	74,478,100
<b>Restricted Funds</b>					
Balance Forward	33,718,082	37,822,910	40,064,300	34,497,400	28,630,700
Current Receipts	47,481,165	29,583,999	52,018,000	51,387,100	54,136,600
Non-Revenue Receipts	8,888,253	24,742,399	8,811,500	12,004,900	12,294,900
Fund Transfers					
<b>Total Restricted Funds</b>	90,087,501	92,149,308	100,893,800	97,889,400	95,062,200
<b>Road Fund</b>					
Regular Appropriation			1,129,000		
State Salary and Compensation Allocation			(1,129,000)		
<b>Total Road Fund</b>					
<b>TOTAL SOURCE OF FUNDS</b>	192,151,501	181,239,708	186,011,600	175,653,900	169,540,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	47,871,956	46,942,357	59,636,600	60,522,100	61,205,700
Operating Expenses	4,392,634	5,142,618	7,259,800	7,236,600	7,268,400
Grants Loans Benefits	101,054,599	89,090,398	84,617,800	79,264,500	75,978,100
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	153,319,190	141,175,373	151,514,200	147,023,200	144,452,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	101,054,599	89,090,398	85,117,800	77,764,500	74,478,100
Restricted Funds	52,264,591	52,084,975	66,396,400	69,258,700	69,974,100
Federal Fund					
<b>TOTAL EXPENDITURES</b>	153,319,190	141,175,373	151,514,200	147,023,200	144,452,200
<b>EXPENDITURES BY UNIT</b>					
General Operations	26,338,441	27,093,723	34,037,900	34,876,500	35,502,000
Public Employees Deferred Compensation Authority	7,132,113	7,312,331	8,471,800	8,499,200	8,563,800
Workers' Compensation Benefits and Reserve	18,794,036	17,678,921	24,386,700	24,383,000	24,408,300
Fixed Allocation Non-Hazardous Pension Fund	101,054,599	89,090,398	84,617,800	76,264,500	72,978,100
State Salary and Compensation Fund				3,000,000	3,000,000
<b>TOTAL EXPENDITURES</b>	153,319,190	141,175,373	151,514,200	147,023,200	144,452,200

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. 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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
State Salary and Compensation Allocation			500,000		
<b>Total General Fund</b>			500,000		
<b>Restricted Funds</b>					
Balance Forward	3,969,775	4,677,229	4,131,500	1,576,100	1,185,600
Current Receipts	17,982,642	1,625,643	21,986,000	23,791,100	24,104,600
Non-Revenue Receipts	9,063,253	24,922,399	8,996,500	10,694,900	10,989,900
Fund Transfers					
<b>Total Restricted Funds</b>	31,015,670	31,225,271	35,114,000	36,062,100	36,280,100
<b>Federal Fund</b>					
Current Receipts					
<b>Total Federal Fund</b>					
<b>TOTAL SOURCE OF FUNDS</b>	31,015,670	31,225,271	35,614,000	36,062,100	36,280,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	22,347,352	22,372,607	27,213,700	28,128,400	28,745,700
Operating Expenses	3,991,089	4,721,116	6,824,200	6,748,100	6,756,300
Capital Outlay					
<b>TOTAL EXPENDITURES</b>	26,338,441	27,093,723	34,037,900	34,876,500	35,502,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund			500,000		
Restricted Funds	26,338,441	27,093,723	33,537,900	34,876,500	35,502,000
Federal Fund					
<b>TOTAL EXPENDITURES</b>	26,338,441	27,093,723	34,037,900	34,876,500	35,502,000
<b>EXPENDITURES BY UNIT</b>					
General Administration	10,593,572	11,364,574	14,441,800	14,189,300	14,385,600
Governmental Service Center	931,631	923,223	1,300,600	1,309,100	1,329,300
Employee Relations	844,891	739,705	899,100	900,300	924,600
Employee Insurance	9,113,702	8,913,660	10,262,900	10,426,400	10,631,800
Personnel Administration	4,854,645	5,152,562	7,133,500	8,051,400	8,230,700
<b>TOTAL EXPENDITURES</b>	26,338,441	27,093,723	34,037,900	34,876,500	35,502,000

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

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

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

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

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

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

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

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

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan and the life insurance benefits for state employees. The Health Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227. 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 in the amount of \$858,200 in fiscal year 2025 and \$880,200 in fiscal year 2026 to fund six positions in the Department of Human Resources Administration.

The Governor's budget includes additional funding in the amount of \$636,600 in fiscal year 2025 and \$629,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$921,000 in fiscal year 2025 and \$1,555,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**Personnel  
Public Employees Deferred Compensation Authority**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	12,663,942	13,206,571	12,029,900	11,997,600	9,499,400
Current Receipts	7,762,242	6,225,660	8,532,000	6,096,000	8,532,000
Non-Revenue Receipts	(87,500)	(90,000)	(92,500)	(95,000)	(97,500)
<b>Total Restricted Funds</b>	<b>20,338,685</b>	<b>19,342,231</b>	<b>20,469,400</b>	<b>17,998,600</b>	<b>17,933,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,338,685</b>	<b>19,342,231</b>	<b>20,469,400</b>	<b>17,998,600</b>	<b>17,933,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,797,580	6,955,889	8,112,800	8,092,700	8,133,700
Operating Expenses	334,533	356,442	359,000	406,500	430,100
<b>TOTAL EXPENDITURES</b>	<b>7,132,113</b>	<b>7,312,331</b>	<b>8,471,800</b>	<b>8,499,200</b>	<b>8,563,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	7,132,113	7,312,331	8,471,800	8,499,200	8,563,800
<b>TOTAL EXPENDITURES</b>	<b>7,132,113</b>	<b>7,312,331</b>	<b>8,471,800</b>	<b>8,499,200</b>	<b>8,563,800</b>
<b>EXPENDITURES BY UNIT</b>					
Public Employees Deferred Compensation Authority	7,132,113	7,312,331	8,471,800	8,499,200	8,563,800
<b>TOTAL EXPENDITURES</b>	<b>7,132,113</b>	<b>7,312,331</b>	<b>8,471,800</b>	<b>8,499,200</b>	<b>8,563,800</b>

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 \$56,800 in fiscal year 2025 and \$56,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$98,400 in fiscal year 2025 and \$166,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

	<b>Personnel</b>				
	<b>Workers' Compensation Benefits and Reserve</b>				
	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	17,084,365	19,939,110	23,902,900	20,923,700	17,945,700
Current Receipts	21,736,281	21,732,696	21,500,000	21,500,000	21,500,000
Non-Revenue Receipts	(87,500)	(90,000)	(92,500)	(95,000)	(97,500)
<b>Total Restricted Funds</b>	<b>38,733,146</b>	<b>41,581,806</b>	<b>45,310,400</b>	<b>42,328,700</b>	<b>39,348,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>38,733,146</b>	<b>41,581,806</b>	<b>45,310,400</b>	<b>42,328,700</b>	<b>39,348,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	18,727,024	17,613,861	24,310,100	24,301,000	24,326,300
Operating Expenses	67,013	65,060	76,600	82,000	82,000
<b>TOTAL EXPENDITURES</b>	<b>18,794,036</b>	<b>17,678,921</b>	<b>24,386,700</b>	<b>24,383,000</b>	<b>24,408,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	18,794,036	17,678,921	24,386,700	24,383,000	24,408,300
<b>TOTAL EXPENDITURES</b>	<b>18,794,036</b>	<b>17,678,921</b>	<b>24,386,700</b>	<b>24,383,000</b>	<b>24,408,300</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Benefits and Reserve	18,794,036	17,678,921	24,386,700	24,383,000	24,408,300
<b>TOTAL EXPENDITURES</b>	<b>18,794,036</b>	<b>17,678,921</b>	<b>24,386,700</b>	<b>24,383,000</b>	<b>24,408,300</b>

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 an additional amount of \$19,400 in fiscal year 2025 and \$19,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$38,100 in fiscal year 2025 and \$64,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

<b>Personnel</b>					
<b>Fixed Allocation Non-Hazardous Pension Fund</b>					
	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	102,064,000	89,090,400	84,617,800	76,264,500	72,978,100
<b>Total General Fund</b>	<b>102,064,000</b>	<b>89,090,400</b>	<b>84,617,800</b>	<b>76,264,500</b>	<b>72,978,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>102,064,000</b>	<b>89,090,400</b>	<b>84,617,800</b>	<b>76,264,500</b>	<b>72,978,100</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	101,054,599	89,090,398	84,617,800	76,264,500	72,978,100
<b>TOTAL EXPENDITURES</b>	<b>101,054,599</b>	<b>89,090,398</b>	<b>84,617,800</b>	<b>76,264,500</b>	<b>72,978,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	101,054,599	89,090,398	84,617,800	76,264,500	72,978,100
<b>TOTAL EXPENDITURES</b>	<b>101,054,599</b>	<b>89,090,398</b>	<b>84,617,800</b>	<b>76,264,500</b>	<b>72,978,100</b>
<b>EXPENDITURES BY UNIT</b>					
Fixed Allocation Non-Hazardous Pension Fund	101,054,599	89,090,398	84,617,800	76,264,500	72,978,100
<b>TOTAL EXPENDITURES</b>	<b>101,054,599</b>	<b>89,090,398</b>	<b>84,617,800</b>	<b>76,264,500</b>	<b>72,978,100</b>

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 \$76,264,500 in fiscal year 2025 and \$72,978,100 in fiscal year 2026 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 in fiscal year 2025 is 70 percent of the fiscal year 2022 subsidy and in fiscal year 2026 is 60 percent of the fiscal year 2022 amount, and by statute will step down eventually to a 50 percent amount. 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 2025 and 2026. 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:

<b>Fiscal Year 2025</b>	<b>Baseline Subsidy</b>	<b>Fixed Allocation Subsidy</b>	<b>Total</b>
Public Health Departments	\$ 18,882,100.00	\$ 8,842,300.00	\$ 27,724,400.00
Community Mental Health Centers	\$ 25,151,300.00	\$ 23,005,200.00	\$ 48,156,500.00
Non-P1 Agencies	\$ 332,100.00	\$ 51,500.00	\$ 383,600.00
<b>Total</b>			<b>\$ 76,264,500.00</b>
<b>Fiscal Year 2026</b>			
Public Health Departments	\$ 18,882,100.00	\$ 8,842,300.00	\$ 27,724,400.00
Community Mental Health Centers	\$ 25,151,300.00	\$ 19,718,800.00	\$ 44,870,100.00
Non-P1 Agencies	\$ 332,100.00	\$ 51,500.00	\$ 383,600.00
<b>Total</b>			<b>\$ 72,978,100.00</b>

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.

		<b>Personnel State Salary and Compensation Fund</b>				
		<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>						
<b>General Fund</b>						
Regular Appropriation				5,307,000	1,500,000	1,500,000
State Salary and Compensation Allocation				(5,307,000)		
<b>Total General Fund</b>					1,500,000	1,500,000
<b>SOURCE OF FUNDS</b>						
<b>Restricted Funds</b>						
Non-Revenue Receipts					1,500,000	1,500,000
<b>Total Restricted Funds</b>					1,500,000	1,500,000
<b>Road Fund</b>						
Regular Appropriation				1,129,000		
State Salary and Compensation Allocation				(1,129,000)		
<b>Total Road Fund</b>						
<b>TOTAL SOURCE OF FUNDS</b>					3,000,000	3,000,000
<b>EXPENDITURES BY CLASS</b>						
Grants Loans Benefits					3,000,000	3,000,000
<b>TOTAL EXPENDITURES</b>					3,000,000	3,000,000
<b>EXPENDITURES BY FUND SOURCE</b>						
General Fund					1,500,000	1,500,000
Restricted Funds					1,500,000	1,500,000
<b>TOTAL EXPENDITURES</b>					3,000,000	3,000,000
<b>EXPENDITURES BY UNIT</b>						
State Salary and Compensation Fund					3,000,000	3,000,000
<b>TOTAL EXPENDITURES</b>					3,000,000	3,000,000

The State Budget Director shall determine the necessary amount of funds from the appropriations included above, by budget unit, to provide supplemental funds for fiscal year 2024-2025 and fiscal year 2025-2026 for state employee pay raises in the information technology job series pursuant to the complete analysis by the Personnel Cabinet within their job classification review process. The State Budget Director shall notify the Secretary of the Finance and Administration Cabinet of the respective amounts from the Fund to transfer to each affected budget unit. The State Budget Director shall report to the Interim Joint Committee on Appropriations and Revenue on the implementation of this provision by August 1 of each fiscal year.

# **Postsecondary Education**

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**Postsecondary Education**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,209,303,500	1,371,616,300	1,370,013,700	1,538,091,100	1,572,066,300
State Salary and Compensation Allocation			249,000		
Postsecondary Ed Performance Fund					
Special Appropriation	28,200,000	8,500,000	10,000,000		
Current Year Appropriation	894,400		2,107,500		
Continuing Approp-General Fund	57,595,878	66,714,059	43,503,200	431,000	261,400
Reorganization Adjustment		(1,799,700)	(1,799,700)		
Other	3,000,000	3,000,000	3,000,000		
<b>Total General Fund</b>	<b>1,298,993,778</b>	<b>1,448,030,659</b>	<b>1,427,073,700</b>	<b>1,538,522,100</b>	<b>1,572,327,700</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	7,693,800	6,250,000	6,250,000	6,250,000	6,250,000
Continuing Approp-Tob Settlement	2,327				
<b>Total Tobacco Fund</b>	<b>7,696,127</b>	<b>6,250,000</b>	<b>6,250,000</b>	<b>6,250,000</b>	<b>6,250,000</b>
<b>Restricted Funds</b>					
Balance Forward	9,236,713	9,364,179	16,948,700	10,299,700	3,176,700
Current Receipts	6,156,831,053	7,875,207,575	8,807,196,900	9,529,232,000	10,279,374,000
Non-Revenue Receipts	3,657,111	19,118,434	47,714,800	83,552,400	83,649,800
Fund Transfers	(1,114,787)				
<b>Total Restricted Funds</b>	<b>6,168,610,090</b>	<b>7,903,690,188</b>	<b>8,871,860,400</b>	<b>9,623,084,100</b>	<b>10,366,200,500</b>
<b>Federal Fund</b>					
Balance Forward	(36,261)	21,536	(574,575)		
Current Receipts	1,237,702,761	991,636,967	1,216,936,275	1,242,107,600	1,243,709,500
Non-Revenue Receipts					
CRF Receipts	1,235,375				
<b>Total Federal Fund</b>	<b>1,238,901,875</b>	<b>991,658,503</b>	<b>1,216,361,700</b>	<b>1,242,107,600</b>	<b>1,243,709,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>8,714,201,870</b>	<b>10,349,629,351</b>	<b>11,521,545,800</b>	<b>12,409,963,800</b>	<b>13,188,487,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,082,992,337	4,702,669,799	4,938,351,000	5,201,929,000	5,524,168,700
Operating Expenses	2,658,917,581	3,229,909,948	4,381,755,000	4,913,246,900	5,320,314,100
Grants Loans Benefits	962,104,638	1,020,741,970	1,563,416,900	1,508,501,700	1,504,635,700
Debt Service	174,074,095	189,657,341	174,936,900	218,648,700	241,614,200
Capital Outlay	178,239,103	243,611,987	452,355,300	564,199,400	596,013,900
<b>TOTAL EXPENDITURES</b>	<b>8,056,327,755</b>	<b>9,386,591,045</b>	<b>11,510,815,100</b>	<b>12,406,525,700</b>	<b>13,186,746,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,237,273,426	1,409,525,339	1,426,642,700	1,538,260,700	1,572,327,700
Tobacco Fund	7,696,127	6,250,000	6,250,000	6,250,000	6,250,000
Restricted Funds	5,572,477,864	6,978,584,393	8,861,560,700	9,619,907,400	10,364,459,400
Federal Fund	1,238,880,339	992,231,313	1,216,361,700	1,242,107,600	1,243,709,500
<b>TOTAL EXPENDITURES</b>	<b>8,056,327,756</b>	<b>9,386,591,045</b>	<b>11,510,815,100</b>	<b>12,406,525,700</b>	<b>13,186,746,600</b>

**EXPENDITURES BY UNIT**

Council on Postsecondary Education	53,987,831	43,868,732	54,759,200	51,910,100	28,571,700
Kentucky Higher Education Assistance Authority	310,019,795	387,542,945	450,293,400	513,499,400	521,370,000
Postsecondary Education Institutions	<u>7,692,320,129</u>	<u>8,955,179,368</u>	<u>11,005,762,500</u>	<u>11,841,116,200</u>	<u>12,636,804,900</u>
<b>TOTAL EXPENDITURES</b>	<b>8,056,327,756</b>	<b>9,386,591,045</b>	<b>11,510,815,100</b>	<b>12,406,525,700</b>	<b>13,186,746,600</b>

**Postsecondary Education  
Council on Postsecondary Education**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,598,800	18,436,500	14,647,800	31,712,200	15,982,300
State Salary and Compensation			249,000		
Special Appropriation	23,000,000	6,500,000	10,000,000		
Current Year Appropriation	222,900				
Continuing Approp-General Fund			1,093,600		
Reorganization Adjustment					
<b>Total General Fund</b>	<b>34,821,700</b>	<b>24,936,500</b>	<b>25,990,400</b>	<b>31,712,200</b>	<b>15,982,300</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	7,693,800	6,250,000	6,250,000	6,250,000	6,250,000
Current Year Appropriation					
Other					
<b>Total Tobacco Fund</b>	<b>7,693,800</b>	<b>6,250,000</b>	<b>6,250,000</b>	<b>6,250,000</b>	<b>6,250,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,324,701	1,583,697	1,623,000	1,189,800	933,700
Current Receipts	736,511	805,703	778,800	778,800	578,800
Non-Revenue Receipts	3,323,602	2,796,007	3,884,400	3,913,000	3,913,000
<b>Total Restricted Funds</b>	<b>5,384,815</b>	<b>5,185,407</b>	<b>6,286,200</b>	<b>5,881,600</b>	<b>5,425,500</b>
<b>Federal Fund</b>					
Balance Forward		50,000	(333,500)		
Current Receipts	7,727,505	9,831,964	17,755,900	9,000,000	1,477,000
<b>Total Federal Fund</b>	<b>7,727,505</b>	<b>9,881,964</b>	<b>17,422,400</b>	<b>9,000,000</b>	<b>1,477,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>55,627,820</b>	<b>46,253,871</b>	<b>55,949,000</b>	<b>52,843,800</b>	<b>29,134,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	9,457,941	11,866,009	14,814,500	13,031,200	10,091,500
Operating Expenses	20,007,394	2,148,678	2,201,500	2,506,700	2,075,000
Grants Loans Benefits	19,511,378	28,242,045	37,743,200	36,372,200	16,405,200
Debt Service		1,612,000			
Capital Outlay	5,011,118				
<b>TOTAL EXPENDITURES</b>	<b>53,987,831</b>	<b>43,868,732</b>	<b>54,759,200</b>	<b>51,910,100</b>	<b>28,571,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	34,815,408	23,840,795	25,990,400	31,712,200	15,982,300
Tobacco Fund	7,693,800	6,250,000	6,250,000	6,250,000	6,250,000
Restricted Funds	3,801,118	3,562,467	5,096,400	4,947,900	4,862,400
Federal Fund	7,677,505	10,215,470	17,422,400	9,000,000	1,477,000
<b>TOTAL EXPENDITURES</b>	<b>53,987,831</b>	<b>43,868,732</b>	<b>54,759,200</b>	<b>51,910,100</b>	<b>28,571,700</b>
<b>EXPENDITURES BY UNIT</b>					
Agency Operations	6,515,579	6,656,120	7,122,400	7,020,800	7,125,900
Licensure	17,396	376,729	573,400	521,600	536,200
Pass Through Programs	34,775,051	17,698,713	24,531,400	14,197,800	14,197,800



Federal Programs	7,677,505	10,215,470	17,422,400	9,000,000	1,477,000
Strategic Investment and Incentive Funding Program	5,002,300	8,921,700	5,109,600	21,169,900	5,234,800
<b>TOTAL EXPENDITURES</b>	<b>53,987,831</b>	<b>43,868,732</b>	<b>54,759,200</b>	<b>51,910,100</b>	<b>28,571,700</b>

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

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;
- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary education;
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly; and
- implementation of the Postsecondary Education Performance Funding Model.

## Policy

The Governor's budget includes additional funding in the amount of \$134,700 in fiscal year 2025 and \$99,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$91,700 and \$90,900 respectively.

The Governor's budget includes additional funding in the amount of \$512,300 in fiscal year 2025 and \$648,100 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$348,900 and \$590,400 respectively.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,850,400	6,250,000	6,273,400	6,517,500	6,722,700
State Salary and Compensation			249,000		
Current Year Appropriation	204,200				
<b>Total General Fund</b>	<b>6,054,600</b>	<b>6,250,000</b>	<b>6,522,400</b>	<b>6,517,500</b>	<b>6,722,700</b>
<b>Restricted Funds</b>					
Balance Forward	1,233,466	1,032,802	895,700	585,700	372,400
Current Receipts	260,315	269,011	290,000	290,000	90,000
<b>Total Restricted Funds</b>	<b>1,493,781</b>	<b>1,301,813</b>	<b>1,185,700</b>	<b>875,700</b>	<b>462,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,548,381</b>	<b>7,551,813</b>	<b>7,708,100</b>	<b>7,393,200</b>	<b>7,185,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,472,968	5,493,083	5,977,600	5,808,200	5,936,900
Operating Expenses	1,027,265	1,162,751	1,144,800	1,212,600	1,189,000
Grants Loans Benefits		285			
Capital Outlay	15,346				
<b>TOTAL EXPENDITURES</b>	<b>6,515,579</b>	<b>6,656,120</b>	<b>7,122,400</b>	<b>7,020,800</b>	<b>7,125,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,054,600	6,250,000	6,522,400	6,517,500	6,722,700
Restricted Funds	460,979	406,120	600,000	503,300	403,200
<b>TOTAL EXPENDITURES</b>	<b>6,515,579</b>	<b>6,656,120</b>	<b>7,122,400</b>	<b>7,020,800</b>	<b>7,125,900</b>

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

**Postsecondary Education  
Council on Postsecondary Education  
Licensure**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	78,881	547,186	695,000	600,400	557,600
Current Receipts	485,700	524,500	478,800	478,800	478,800
Non-Revenue Receipts					
<b>Total Restricted Funds</b>	<b>564,581</b>	<b>1,071,686</b>	<b>1,173,800</b>	<b>1,079,200</b>	<b>1,036,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>564,581</b>	<b>1,071,686</b>	<b>1,173,800</b>	<b>1,079,200</b>	<b>1,036,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	14,794	372,609	429,700	440,500	455,100
Operating Expenses	2,602	4,120	143,700	81,100	81,100
<b>TOTAL EXPENDITURES</b>	<b>17,396</b>	<b>376,729</b>	<b>573,400</b>	<b>521,600</b>	<b>536,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	17,396	376,729	573,400	521,600	536,200
<b>TOTAL EXPENDITURES</b>	<b>17,396</b>	<b>376,729</b>	<b>573,400</b>	<b>521,600</b>	<b>536,200</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	764,800	3,264,800	3,264,800	4,024,800	4,024,800
Special Appropriation	23,000,000	6,500,000	10,000,000		
Continuing Approp-General Fund			1,093,600		
<b>Total General Fund</b>	<b>23,764,800</b>	<b>9,764,800</b>	<b>14,358,400</b>	<b>4,024,800</b>	<b>4,024,800</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	7,693,800	6,250,000	6,250,000	6,250,000	6,250,000
<b>Total Tobacco Fund</b>	<b>7,693,800</b>	<b>6,250,000</b>	<b>6,250,000</b>	<b>6,250,000</b>	<b>6,250,000</b>
<b>Restricted Funds</b>					
Balance Forward	12,354	3,709	32,300	3,700	3,700
Current Receipts	(9,504)	12,193	10,000	10,000	10,000
Non-Revenue Receipts	3,323,602	2,796,007	3,884,400	3,913,000	3,913,000
<b>Total Restricted Funds</b>	<b>3,326,452</b>	<b>2,811,909</b>	<b>3,926,700</b>	<b>3,926,700</b>	<b>3,926,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>34,785,052</b>	<b>18,826,709</b>	<b>24,535,100</b>	<b>14,201,500</b>	<b>14,201,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs		356,417	1,090,000	750,000	750,000
Operating Expenses		262,678	218,400	224,800	224,800
Grants Loans Benefits	11,566,543	17,079,618	23,223,000	13,223,000	13,223,000
Capital Outlay	4,995,772				
<b>TOTAL EXPENDITURES</b>	<b>34,775,051</b>	<b>17,698,713</b>	<b>24,531,400</b>	<b>14,197,800</b>	<b>14,197,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	23,758,508	8,669,095	14,358,400	4,024,800	4,024,800
Tobacco Fund	7,693,800	6,250,000	6,250,000	6,250,000	6,250,000
Restricted Funds	3,322,743	2,779,618	3,923,000	3,923,000	3,923,000
<b>TOTAL EXPENDITURES</b>	<b>34,775,051</b>	<b>17,698,713</b>	<b>24,531,400</b>	<b>14,197,800</b>	<b>14,197,800</b>
<b>EXPENDITURES BY UNIT</b>					
Contract Spaces	208,508	212,678	214,800	224,800	224,800
SREB Doctoral Scholars Program	50,000	50,000	50,000	50,000	50,000
Cancer Research Insts Mtchg Fd	3,322,743	2,779,618	3,923,000	3,923,000	3,923,000
Spinal Cord and Head Injury Research	650,000	2,000,000	2,000,000	2,000,000	2,000,000
Ovarian Cancer Screening	500,000	1,000,000	1,000,000	1,000,000	1,000,000
Cancer Research and Screening	7,043,800	6,250,000	6,250,000	6,250,000	6,250,000
Kentucky State University Fiscal Stabilization	23,000,000	5,406,417	11,093,600	750,000	750,000
<b>TOTAL EXPENDITURES</b>	<b>34,775,051</b>	<b>17,698,713</b>	<b>24,531,400</b>	<b>14,197,800</b>	<b>14,197,800</b>

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

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

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

The **Ovarian Cancer Screening Program** supports early cancer screening at the University of Kentucky. The program is an ongoing, 36-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**

The budget includes an additional \$10,000 from the General Fund in each fiscal year to cover the increased cost in Southern Regional Education Board dues.

Tobacco Settlement Funds in the amount of \$6,250,000 in each fiscal year 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.

General Fund of \$750,000 in each fiscal year is included for the council's continued oversight of Kentucky State University as required by House Bill 250 from the 2022 legislative session.

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Balance Forward		50,000	(333,500)		
Current Receipts	7,727,505	9,831,964	17,755,900	9,000,000	1,477,000
<b>Total Federal Fund</b>	<b>7,727,505</b>	<b>9,881,964</b>	<b>17,422,400</b>	<b>9,000,000</b>	<b>1,477,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,727,505</b>	<b>9,881,964</b>	<b>17,422,400</b>	<b>9,000,000</b>	<b>1,477,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,793,962	4,350,800	5,325,500	3,980,000	832,100
Operating Expenses	721,564	670,829	636,600	930,200	522,100
Grants Loans Benefits	4,161,979	5,193,841	11,460,300	4,089,800	122,800
<b>TOTAL EXPENDITURES</b>	<b>7,677,505</b>	<b>10,215,470</b>	<b>17,422,400</b>	<b>9,000,000</b>	<b>1,477,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	7,677,505	10,215,470	17,422,400	9,000,000	1,477,000
<b>TOTAL EXPENDITURES</b>	<b>7,677,505</b>	<b>10,215,470</b>	<b>17,422,400</b>	<b>9,000,000</b>	<b>1,477,000</b>

The Council on Postsecondary Education has administered six federal grant programs in recent years: GEAR UP, the Governor's Emergency Education Relief Fund, American Rescue Plan funds, and three State Fiscal Recovery Fund programs (one to educate the postsecondary education community on the benefits of vaccination, one for Simmons College, and one for the Healthcare Workforce Initiative).

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

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,983,600	8,921,700	5,109,600	21,169,900	5,234,800
Current Year Appropriation	18,700				
<b>Total General Fund</b>	<b>5,002,300</b>	<b>8,921,700</b>	<b>5,109,600</b>	<b>21,169,900</b>	<b>5,234,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,002,300</b>	<b>8,921,700</b>	<b>5,109,600</b>	<b>21,169,900</b>	<b>5,234,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,176,217	1,293,100	1,991,700	2,052,500	2,117,400
Operating Expenses	43,228	48,300	58,000	58,000	58,000
Grants Loans Benefits	3,782,855	5,968,300	3,059,900	19,059,400	3,059,400
Debt Service		1,612,000			
<b>TOTAL EXPENDITURES</b>	<b>5,002,300</b>	<b>8,921,700</b>	<b>5,109,600</b>	<b>21,169,900</b>	<b>5,234,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,002,300	8,921,700	5,109,600	21,169,900	5,234,800
<b>TOTAL EXPENDITURES</b>	<b>5,002,300</b>	<b>8,921,700</b>	<b>5,109,600</b>	<b>21,169,900</b>	<b>5,234,800</b>
<b>EXPENDITURES BY UNIT</b>					
Technology Initiative Trust Fund	3,628,300	3,628,300	3,653,200	3,701,900	3,739,600
Physical Facilities Trust Fund		1,612,000			
Workforce Development Trust Fund		2,225,000			
Special Initiatives Funding Program	1,374,000	1,456,400	1,456,400	17,468,000	1,495,200
<b>TOTAL EXPENDITURES</b>	<b>5,002,300</b>	<b>8,921,700</b>	<b>5,109,600</b>	<b>21,169,900</b>	<b>5,234,800</b>

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

**Special Initiatives Funding Program**

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

**Technology Initiative Trust Fund**

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

**Physical Facilities Trust Fund**

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

### **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.

### **Policy**

The Governor's budget includes \$16,000,000 in fiscal year 2025 for establish multi-year, one-time, funding for a psychiatry residency program through the Pikeville Medical Center. Funds will be distributed over a four-year period to support the program based on a plan submitted to the Council and approved by the President.



**Postsecondary Education  
Kentucky Higher Education Assistance Authority**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	291,702,400	339,217,100	345,982,100	415,182,400	425,563,300
Current Year Appropriation					
Continuing Approp-General Fund	57,595,878	61,714,059	37,409,600	431,000	261,400
Other	3,000,000	3,000,000	3,000,000		
<b>Total General Fund</b>	<b>352,298,278</b>	<b>403,931,159</b>	<b>386,391,700</b>	<b>415,613,400</b>	<b>425,824,700</b>
<b>Tobacco Fund</b>					
Continuing Approp-Tob Settlement	2,327				
<b>Total Tobacco Fund</b>	<b>2,327</b>				
<b>Restricted Funds</b>					
Balance Forward	7,912,012	7,780,482	15,325,700	9,109,900	2,243,000
Current Receipts	17,247,734	10,632,445	12,116,500	11,555,100	14,657,500
Non-Revenue Receipts	333,508	16,322,427	43,830,400	79,639,400	79,736,800
Fund Transfers	(1,114,787)				
<b>Total Restricted Funds</b>	<b>24,378,467</b>	<b>34,735,355</b>	<b>71,272,600</b>	<b>100,304,400</b>	<b>96,637,300</b>
<b>Federal Fund</b>					
Balance Forward	(36,261)	(28,464)	(241,075)		
Current Receipts	2,843,062	1,400,784	2,411,075	86,000	86,000
<b>Total Federal Fund</b>	<b>2,806,801</b>	<b>1,372,320</b>	<b>2,170,000</b>	<b>86,000</b>	<b>86,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>379,485,873</b>	<b>440,038,834</b>	<b>459,834,300</b>	<b>516,003,800</b>	<b>522,548,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	13,934,566	13,415,334	15,808,700	17,905,500	18,797,900
Operating Expenses	2,016,076	2,003,856	1,843,700	2,204,600	1,954,600
Grants Loans Benefits	293,831,053	371,848,932	432,394,900	492,489,300	500,317,500
Capital Outlay	238,100	274,823	246,100	900,000	300,000
<b>TOTAL EXPENDITURES</b>	<b>310,019,795</b>	<b>387,542,945</b>	<b>450,293,400</b>	<b>513,499,400</b>	<b>521,370,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	290,584,218	366,521,545	385,960,700	415,352,000	425,824,700
Tobacco Fund	2,327				
Restricted Funds	16,597,985	19,409,776	62,162,700	98,061,400	95,459,300
Federal Fund	2,835,265	1,611,624	2,170,000	86,000	86,000
<b>TOTAL EXPENDITURES</b>	<b>310,019,795</b>	<b>387,542,945</b>	<b>450,293,400</b>	<b>513,499,400</b>	<b>521,370,000</b>

**EXPENDITURES BY UNIT**

General Administration and Support	15,920,591	15,273,762	17,498,500	20,610,100	20,652,500
College Access Program	106,604,984	171,667,533	176,191,000	221,360,300	223,879,200
Kentucky Tuition Grant	33,867,684	34,941,386	46,958,600	40,134,900	40,134,900
Federal Programs	2,063,494				
Teacher Scholarships	587,494	617,808	1,844,700	1,850,000	2,050,000
Ky National Guard Tuition	7,622,233	7,974,000	8,011,800	8,148,100	8,248,100
Ky Educational Excellence Scholarships	114,131,483	111,414,219	113,586,200	114,567,800	115,708,400
Early Childhood Development Scholarships	915,862	1,625,238	2,630,000	800,000	800,000
Kentucky's Affordable Prepaid Tuition (KAPT)	268,151	420,252	35,100,000	400,000	400,000
Coal County Scholarship for Pharmacy Students		168,000	200,000	250,000	250,000
Early Graduation Scholarship Certificate	100,000	92,250	575,000	575,000	575,000
Work Ready Scholarship	10,485,013	13,484,796	13,171,300	28,750,100	32,135,600
Dual Credit Scholarship	11,269,207	20,503,199	21,113,800	19,490,100	19,490,100
Other Programs	35,025	33,678	40,000	586,000	836,000
Optometry Scholarship Program	788,574	859,252	888,100	848,400	848,400
Veterinary Contract Spaces Program	5,360,000	5,293,000	5,659,000	5,828,600	6,061,800
Innovative Scholarship Pilot Project		3,174,573	6,825,400		
Teacher Loan Forgiveness				26,300,000	26,300,000
Social Worker Loan Forgiveness				3,000,000	3,000,000
State Employee Loan Forgiveness				20,000,000	20,000,000
<b>TOTAL EXPENDITURES</b>	<b>310,019,795</b>	<b>387,542,945</b>	<b>450,293,400</b>	<b>513,499,400</b>	<b>521,370,000</b>

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 juniors and seniors who enroll in an approved dual credit course at a participating institution.

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

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.

## **Policy**

The Governor's budget dedicates an additional \$42,850,600 in Lottery revenue and an additional \$98,741,400 from the General Fund to KHEAA's student financial aid programs in fiscal biennium 2024-2026.

Total Lottery revenues in fiscal year 2024 are estimated to be \$20,974,300 more than budgeted. Because the General Assembly has withheld appropriating all of the Lottery revenues over the last four years, a total of \$139,560,200 will accumulate by the end of fiscal year 2024. The Governor's budget utilizes the entire balance for to ensure Kentucky students have access to student financial aid.

Kentucky's need-based aid programs, the College Access Program (CAP) and the Kentucky Tuition Grant program (KTG), have benefited from the dedication and growth of Lottery receipts in the past several years, funding all eligible applicants for the first time ever 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. When leveraging federal Pell Grant dollars, the CAP program now covers full-time tuition and fees at KCTCS and nearly covers the average tuition and fees at four-year institutions. Additional General Fund in the amount of \$25,446,500 in fiscal year 2025 and \$29,024,200 in fiscal year 2026 is included from Lottery receipts for the College Access Program (CAP) and Restricted Funds of \$52,430,000 in each fiscal year from unappropriated excess Lottery funds as described above are also dedicated to CAP. The additional funding will allow KHEAA to cover the expected increase in CAP eligibility due to the FAFSA Simplification Act of 2021 which takes effect in fiscal year 2025.

The Governor's budget includes three new loan forgiveness programs funded with General Fund dollars:

- Teacher Loan Forgiveness in the amount of \$26,300,000 per year;
- State Employee Loan Forgiveness in the amount of \$20,000,000 per year; and
- Social Service Worker Loan Forgiveness in the amount of \$3,000,000 per year.

General Fund in the amount of \$500,000 in fiscal year 2025 and \$750,000 in fiscal year 2026 is included for a new scholarship program for Kentucky State University students pursuing a degree in nursing or social work. Students must agree to work for an agency of the Commonwealth in a nursing or social services clinician capacity on a year-for-year basis, otherwise the student must make repayment.

The consensus spending estimate for the Kentucky Educational Excellence Scholarship (KEES) is fully funded with General Fund from Lottery receipts of \$86,771,500 in fiscal year 2025 and \$90,556,600 in fiscal year 2026 and Restricted Funds from Unclaimed Lottery Prize revenue of \$27,796,300 in fiscal year 2025 and \$25,151,800 in fiscal year 2026.

The Governor's budget provides additional General Fund from Lottery receipts of \$500,000 in fiscal year 2025 and \$700,000 in fiscal year 2026 for the Teacher Scholarship Program, which provides need-based financial aid to attract Kentucky students into the teaching profession. The additional funding, along with \$300,000 in additional Restricted Funds each year, will fund 190 and 240 additional applicants in fiscal years 2025 and 2026 respectively.

Additional General Fund from Lottery receipts of \$700,000 in fiscal year 2025 and \$800,000 in fiscal year 2026 is provided for the Kentucky National Guard Tuition Assistance Program to fund an additional 96 recipients in the first year and 107 recipients in the second year.

The Work Ready Kentucky Scholarship program has experienced continuous growth since its inception. Additional General Fund from Lottery receipts of \$17,550,100 in fiscal year 2025 and \$20,935,600 in fiscal year 2026 will provide sufficient funding to cover fall, spring, and summer terms. Prior year support only provided enough funding for fall and spring terms.

The Kentucky Affordable Prepaid Tuition (KAPT) program was closed many years ago, and actuaries have forecasted a cash deficit in early 2024. State law, KRS 164A.708, states that the Commonwealth shall provide any needed funds. The Governor's budget does that using \$34,700,000 in unappropriated Lottery funds that have accumulated to provide a lump-sum contribution to the KAPT Trust Fund. This amount not only provides the ability to make current payments, it includes the amount needed to pre-fund future contract payments. This lump-sum contribution was recommended in the actuary's report and will ensure that the promises made to Kentucky families are honored.

The budget includes additional General Fund of \$141,400 in fiscal year 2026 for the Veterinary Contract Spaces Program to maintain the existing 164 slots.

The Governor's budget directs any Lottery revenue above the Consensus Forecasting Group's estimate to need-based financial aid in fiscal years 2025 and 2026.

The Governor's budget includes an additional amount of \$59,100 in fiscal year 2025 and \$58,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$54,200 in fiscal year 2025 and \$91,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Postsecondary Education  
Postsecondary Education Institutions**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	906,002,300	1,013,962,700	1,009,383,800	1,091,196,500	1,130,520,700
Postsecondary Ed Performance Fund					
Special Appropriation	5,200,000	2,000,000			
Current Year Appropriation	671,500		2,107,500		
Continuing Approp.-General Fund		5,000,000	5,000,000		
Reorganization Adjustment		(1,799,700)	(1,799,700)		
<b>Total General Fund</b>	<b>911,873,800</b>	<b>1,019,163,000</b>	<b>1,014,691,600</b>	<b>1,091,196,500</b>	<b>1,130,520,700</b>
<b>Restricted Funds</b>					
Current Receipts	6,138,846,807	7,863,769,426	8,794,301,600	9,516,898,100	10,264,137,700
<b>Total Restricted Funds</b>	<b>6,138,846,807</b>	<b>7,863,769,426</b>	<b>8,794,301,600</b>	<b>9,516,898,100</b>	<b>10,264,137,700</b>
<b>Federal Fund</b>					
Current Receipts	1,227,132,194	980,404,219	1,196,769,300	1,233,021,600	1,242,146,500
CRF Receipts	1,235,375				
<b>Total Federal Fund</b>	<b>1,228,367,569</b>	<b>980,404,219</b>	<b>1,196,769,300</b>	<b>1,233,021,600</b>	<b>1,242,146,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>8,279,088,176</b>	<b>9,863,336,645</b>	<b>11,005,762,500</b>	<b>11,841,116,200</b>	<b>12,636,804,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,059,599,831	4,677,388,456	4,907,727,800	5,170,992,300	5,495,279,300
Operating Expenses	2,636,894,110	3,225,757,414	4,377,709,800	4,908,535,600	5,316,284,500
Grants Loans Benefits	648,762,207	620,650,994	1,093,278,800	979,640,200	987,913,000
Debt Service	174,074,095	188,045,341	174,936,900	218,648,700	241,614,200
Capital Outlay	172,989,885	243,337,164	452,109,200	563,299,400	595,713,900
<b>TOTAL EXPENDITURES</b>	<b>7,692,320,129</b>	<b>8,955,179,368</b>	<b>11,005,762,500</b>	<b>11,841,116,200</b>	<b>12,636,804,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	911,873,800	1,019,163,000	1,014,691,600	1,091,196,500	1,130,520,700
Restricted Funds	5,552,078,760	6,955,612,149	8,794,301,600	9,516,898,100	10,264,137,700
Federal Fund	1,228,367,569	980,404,219	1,196,769,300	1,233,021,600	1,242,146,500
<b>TOTAL EXPENDITURES</b>	<b>7,692,320,129</b>	<b>8,955,179,368</b>	<b>11,005,762,500</b>	<b>11,841,116,200</b>	<b>12,636,804,900</b>
<b>EXPENDITURES BY UNIT</b>					
Eastern Kentucky University	400,688,121	398,973,542	422,771,600	430,580,500	433,220,900
Kentucky State University	79,795,634	77,664,809	105,618,600	94,465,900	106,083,700
Morehead State University	164,467,500	177,476,800	186,698,300	201,912,700	208,755,700
Murray State University	169,470,800	179,972,100	189,719,200	201,391,000	203,647,200
Northern Kentucky University	275,531,274	273,292,817	280,590,200	286,668,300	290,224,500
University of Kentucky	4,332,176,200	5,265,327,000	6,790,322,900	7,361,389,400	8,051,097,400
University of Louisville	1,335,253,400	1,521,853,600	1,647,509,200	1,708,262,300	1,767,332,800
Western Kentucky University	280,335,700	388,144,800	389,944,000	391,819,300	398,488,600
Kentucky Community and Technical College System	654,601,500	672,473,900	992,588,500	1,067,319,700	1,080,647,000
Postsecondary Education Performance Fund				97,307,100	97,307,100
<b>TOTAL EXPENDITURES</b>	<b>7,692,320,129</b>	<b>8,955,179,368</b>	<b>11,005,762,500</b>	<b>11,841,116,200</b>	<b>12,636,804,900</b>

**Policy**

The Governor's budget provides a 5% increase to each institution's base General Fund budget in the first year, and an additional 2% in the second year of the biennium. In addition, due to a \$31 million increase in property and casualty insurance premiums, the budget provides the additional cost for their Education and General and research space, which is about half of their square footage. The combined additional General Fund is \$59,957,000 in fiscal year 2025 and \$78,927,000 in fiscal year 2026.

**Postsecondary Education  
Eastern Kentucky University**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	74,323,900	74,523,900	73,437,300	78,571,100	81,211,500
Postsecondary Ed Performance	120,200	4,927,900	3,222,900		
<b>Total General Fund</b>	<b>74,444,100</b>	<b>79,451,800</b>	<b>76,660,200</b>	<b>78,571,100</b>	<b>81,211,500</b>
<b>Restricted Funds</b>					
Current Receipts	199,182,574	209,638,437	210,611,400	216,509,400	216,509,400
<b>Total Restricted Funds</b>	<b>199,182,574</b>	<b>209,638,437</b>	<b>210,611,400</b>	<b>216,509,400</b>	<b>216,509,400</b>
<b>Federal Fund</b>					
Current Receipts	125,826,072	109,883,305	135,500,000	135,500,000	135,500,000
CRF Receipts	1,235,375				
<b>Total Federal Fund</b>	<b>127,061,447</b>	<b>109,883,305</b>	<b>135,500,000</b>	<b>135,500,000</b>	<b>135,500,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>400,688,121</b>	<b>398,973,542</b>	<b>422,771,600</b>	<b>430,580,500</b>	<b>433,220,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	161,106,954	165,866,603	170,000,000	170,000,000	170,000,000
Operating Expenses	117,595,394	107,243,633	107,071,600	106,936,500	107,981,900
Grants Loans Benefits	111,090,597	114,975,082	134,800,000	134,800,000	134,350,000
Debt Service	10,895,175	10,888,225	10,900,000	18,844,000	20,889,000
<b>TOTAL EXPENDITURES</b>	<b>400,688,121</b>	<b>398,973,542</b>	<b>422,771,600</b>	<b>430,580,500</b>	<b>433,220,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	74,444,100	79,451,800	76,660,200	78,571,100	81,211,500
Restricted Funds	199,182,574	209,638,437	210,611,400	216,509,400	216,509,400
Federal Fund	127,061,447	109,883,305	135,500,000	135,500,000	135,500,000
<b>TOTAL EXPENDITURES</b>	<b>400,688,121</b>	<b>398,973,542</b>	<b>422,771,600</b>	<b>430,580,500</b>	<b>433,220,900</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	88,558,727	96,293,214	91,951,400	91,951,400	91,501,400
Research	941,448	1,237,149	1,260,000	1,260,000	1,260,000
Public Service	31,957,846	18,257,426	18,700,000	18,700,000	18,700,000
Libraries	4,825,789	5,227,142	5,300,000	5,300,000	5,300,000
Academic Support	18,459,491	19,488,386	19,650,000	19,650,000	20,100,000
Student Services	21,563,308	25,491,930	23,500,000	23,500,000	23,500,000
Institutional Support	72,310,039	68,994,858	74,660,200	79,135,100	79,730,500
Operation and Maintenance of Plant	22,899,859	24,070,106	25,070,000	26,358,000	26,358,000
Scholarships and Fellowships	111,090,597	104,404,366	130,680,000	130,680,000	130,680,000
Mandatory Transfers				2,046,000	4,091,000
Auxilliary Enterprises	28,081,017	35,508,967	32,000,000	32,000,000	32,000,000
<b>TOTAL EXPENDITURES</b>	<b>400,688,121</b>	<b>398,973,542</b>	<b>422,771,600</b>	<b>430,580,500</b>	<b>433,220,900</b>

Eastern Kentucky University, originally founded as a training school for teachers, has grown into a comprehensive postsecondary institution with approximately 14,000 students. In addition to the main campus in Richmond, ECU 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 Governor's budget includes additional General Fund support of \$3,582,700 in fiscal year 2025 and \$5,069,600 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$1,288,000 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$2,046,000 in fiscal year 2025 and \$4,091,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$4,800,500 in fiscal year 2025 and \$4,896,500 in fiscal year 2026 for the Model Laboratory School. Also included is General Fund of \$6,240,200 in fiscal year 2025 and \$5,348,700 in fiscal year 2026 for the Fixed Allocation Pension Subsidy. These make up EKU's Mandated Programs, which total \$11,040,700 in fiscal year 2025 and \$10,245,200 in fiscal year 2026.



**Postsecondary Education  
Kentucky State University**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,004,100	27,875,600	27,820,800	31,001,700	31,901,700
Special Appropriation	200,000				
Current Year Appropriation	671,500		2,107,500		
<b>Total General Fund</b>	<b>27,875,600</b>	<b>27,875,600</b>	<b>29,928,300</b>	<b>31,001,700</b>	<b>31,901,700</b>
<b>Restricted Funds</b>					
Current Receipts	27,057,524	26,064,313	33,219,100	39,641,500	52,519,700
<b>Total Restricted Funds</b>	<b>27,057,524</b>	<b>26,064,313</b>	<b>33,219,100</b>	<b>39,641,500</b>	<b>52,519,700</b>
<b>Federal Fund</b>					
Current Receipts	28,465,357	28,522,773	42,471,200	23,822,700	21,662,300
<b>Total Federal Fund</b>	<b>28,465,357</b>	<b>28,522,773</b>	<b>42,471,200</b>	<b>23,822,700</b>	<b>21,662,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>83,398,481</b>	<b>82,462,686</b>	<b>105,618,600</b>	<b>94,465,900</b>	<b>106,083,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	39,949,246	38,100,099	40,783,000	45,341,900	48,809,500
Operating Expenses	18,343,949	22,711,184	38,321,400	32,030,900	40,284,100
Grants Loans Benefits	15,807,768	10,272,968	15,970,100	9,662,900	9,171,800
Debt Service				385,000	769,000
Capital Outlay	5,694,671	6,580,558	10,544,100	7,045,200	7,049,300
<b>TOTAL EXPENDITURES</b>	<b>79,795,634</b>	<b>77,664,809</b>	<b>105,618,600</b>	<b>94,465,900</b>	<b>106,083,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	27,875,600	27,875,600	29,928,300	31,001,700	31,901,700
Restricted Funds	23,454,677	21,266,436	33,219,100	39,641,500	52,519,700
Federal Fund	28,465,357	28,522,773	42,471,200	23,822,700	21,662,300
<b>TOTAL EXPENDITURES</b>	<b>79,795,634</b>	<b>77,664,809</b>	<b>105,618,600</b>	<b>94,465,900</b>	<b>106,083,700</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	9,640,501	8,566,946	8,873,000	10,455,700	12,533,400
Research	8,702,053	13,184,974	19,599,600	13,154,600	12,527,300
Public Service	9,497,755	10,655,225	15,591,900	10,819,400	10,362,000
Academic Support	1,242,693	879,338	870,600	1,122,900	1,404,400
Student Services	8,362,506	8,017,398	8,267,900	10,292,400	13,053,500
Institutional Support	16,637,421	13,793,347	21,453,700	17,484,300	21,300,300
Operation and Maintenance of Plant	4,276,972	6,340,708	7,127,500	8,786,100	10,589,200
Scholarships and Fellowships	15,807,768	10,272,968	15,970,100	9,662,900	9,171,800
Mandatory Transfers				385,000	769,000
Auxiliary Enterprises	5,627,965	5,953,905	7,864,300	12,302,600	14,372,800
<b>TOTAL EXPENDITURES</b>	<b>79,795,634</b>	<b>77,664,809</b>	<b>105,618,600</b>	<b>94,465,900</b>	<b>106,083,700</b>

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

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

### **Policy**

The budget includes additional General Fund in the amount of \$2,107,500 in fiscal year 2024 and \$1,499,100 in fiscal years 2025 and 2026 for Kentucky State University's federal land grant program, bringing total state funding for the program to \$10,989,400 in fiscal year 2024 and \$10,381,000 in fiscal years 2025 and 2026. These additional General Fund dollars will be used to match additional federal funds. This program, along with \$210,000 in fiscal year 2025 and \$214,200 in fiscal year 2026 for the West End Pilot programs and \$391,500 in fiscal year 2025 and \$335,600 in fiscal year 2026 for the Fixed Allocation Pension Subsidy, make up Kentucky State University's Mandated Programs. In total, the university's Mandated Programs total \$10,982,500 in fiscal year 2025 and \$10,930,800 in fiscal year 2026.

The Governor's budget includes additional General Fund support of \$941,400 in fiscal year 2025 and \$1,513,300 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$467,300 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$385,000 in fiscal year 2025 and \$769,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

**Postsecondary Education  
Morehead State University**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	43,324,900	45,079,600	44,328,400	47,844,700	49,859,000
<b>Total General Fund</b>	<b>43,324,900</b>	<b>45,079,600</b>	<b>44,328,400</b>	<b>47,844,700</b>	<b>49,859,000</b>
<b>Restricted Funds</b>					
Current Receipts	74,467,000	105,402,100	108,660,900	110,360,300	115,189,000
<b>Total Restricted Funds</b>	<b>74,467,000</b>	<b>105,402,100</b>	<b>108,660,900</b>	<b>110,360,300</b>	<b>115,189,000</b>
<b>Federal Fund</b>					
Current Receipts	46,675,600	26,995,100	33,709,000	43,707,700	43,707,700
<b>Total Federal Fund</b>	<b>46,675,600</b>	<b>26,995,100</b>	<b>33,709,000</b>	<b>43,707,700</b>	<b>43,707,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>164,467,500</b>	<b>177,476,800</b>	<b>186,698,300</b>	<b>201,912,700</b>	<b>208,755,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	67,277,500	85,514,000	85,123,600	86,944,700	86,944,700
Operating Expenses	27,678,700	28,919,100	33,834,500	38,824,900	42,912,800
Grants Loans Benefits	58,999,300	53,031,500	55,644,700	61,882,400	63,033,500
Debt Service	2,919,400	3,840,000	7,026,400	8,860,600	10,464,600
Capital Outlay	7,592,600	6,172,200	5,069,100	5,400,100	5,400,100
<b>TOTAL EXPENDITURES</b>	<b>164,467,500</b>	<b>177,476,800</b>	<b>186,698,300</b>	<b>201,912,700</b>	<b>208,755,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	43,324,900	45,079,600	44,328,400	47,844,700	49,859,000
Restricted Funds	74,467,000	105,402,100	108,660,900	110,360,300	115,189,000
Federal Fund	46,675,600	26,995,100	33,709,000	43,707,700	43,707,700
<b>TOTAL EXPENDITURES</b>	<b>164,467,500</b>	<b>177,476,800</b>	<b>186,698,300</b>	<b>201,912,700</b>	<b>208,755,700</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	40,907,900	46,020,200	45,493,200	48,108,900	49,174,400
Research	4,640,100	3,062,700	3,260,800	3,448,400	3,524,800
Public Service	6,072,300	9,411,300	8,794,600	9,304,600	9,547,700
Libraries	2,209,700	2,407,300	2,426,000	2,565,500	2,622,400
Academic Support	4,278,600	5,996,300	5,865,300	6,202,600	6,340,100
Student Services	21,698,100	23,466,900	22,498,300	23,571,800	24,003,200
Institutional Support	12,024,900	14,696,700	13,461,100	16,402,700	17,618,700
Operation and Maintenance of Plant	9,731,400	11,938,800	12,051,600	13,177,200	13,332,500
Scholarships and Fellowships	52,753,400	52,392,600	50,939,700	53,868,800	55,062,800
Mandatory Transfers	(219,900)	1,901,500	1,997,000	3,760,700	5,423,700
Non-Mandatory Transfers	435,700	(1,013,000)	10,498,100	11,336,900	11,647,300
Auxilliary Enterprises	9,935,300	7,195,500	9,412,600	10,164,600	10,458,100
<b>TOTAL EXPENDITURES</b>	<b>164,467,500</b>	<b>177,476,800</b>	<b>186,698,300</b>	<b>201,912,700</b>	<b>208,755,700</b>

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**

The Governor's budget includes additional General Fund support of \$2,167,400 in fiscal year 2025 and \$3,067,900 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$725,300 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$1,604,000 in fiscal year 2025 and \$3,208,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the General Fund is \$8,665,800 in fiscal year 2025 and \$8,280,300 in fiscal year 2026 for Morehead State University's Mandated Programs, including \$5,234,400 in fiscal year 2025 and \$5,339,100 in fiscal year 2026 for the Craft Academy for Excellence in Science and Mathematics and \$3,431,400 in fiscal year 2025 and \$2,941,200 in fiscal year 2026 for the Fixed Allocation Pension Subsidy.

**Postsecondary Education  
Murray State University**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	47,024,700	47,858,900	47,517,600	51,855,000	54,111,200
Postsecondary Ed Performance Fund		3,296,800	3,095,000		
<b>Total General Fund</b>	<b>47,024,700</b>	<b>51,155,700</b>	<b>50,612,600</b>	<b>51,855,000</b>	<b>54,111,200</b>
<b>Restricted Funds</b>					
Current Receipts	87,767,900	107,384,800	104,294,200	114,723,600	114,723,600
<b>Total Restricted Funds</b>	<b>87,767,900</b>	<b>107,384,800</b>	<b>104,294,200</b>	<b>114,723,600</b>	<b>114,723,600</b>
<b>Federal Fund</b>					
Current Receipts	34,678,200	21,431,600	34,812,400	34,812,400	34,812,400
<b>Total Federal Fund</b>	<b>34,678,200</b>	<b>21,431,600</b>	<b>34,812,400</b>	<b>34,812,400</b>	<b>34,812,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>169,470,800</b>	<b>179,972,100</b>	<b>189,719,200</b>	<b>201,391,000</b>	<b>203,647,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	102,643,500	105,734,800	105,820,300	107,026,000	106,848,300
Operating Expenses	68,267,900	63,160,200	56,274,200	64,161,900	65,038,400
Grants Loans Benefits	(9,648,800)	1,698,400	19,581,600	20,270,900	20,237,600
Debt Service	6,818,000	8,215,000	7,236,700	9,097,400	10,689,000
Capital Outlay	1,390,200	1,163,700	806,400	834,800	833,900
<b>TOTAL EXPENDITURES</b>	<b>169,470,800</b>	<b>179,972,100</b>	<b>189,719,200</b>	<b>201,391,000</b>	<b>203,647,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	47,024,700	51,155,700	50,612,600	51,855,000	54,111,200
Restricted Funds	87,767,900	107,384,800	104,294,200	114,723,600	114,723,600
Federal Fund	34,678,200	21,431,600	34,812,400	34,812,400	34,812,400
<b>TOTAL EXPENDITURES</b>	<b>169,470,800</b>	<b>179,972,100</b>	<b>189,719,200</b>	<b>201,391,000</b>	<b>203,647,200</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	50,861,400	57,556,200	58,895,100	63,342,700	63,342,700
Research	2,404,200	2,060,400	3,239,600	2,710,200	2,710,200
Public Service	7,039,600	6,212,900	8,554,200	9,317,400	9,317,400
Libraries	2,900,600	3,233,900	3,588,400	3,563,300	3,563,300
Academic Support	5,467,900	6,887,700	7,438,200	6,791,600	6,791,600
Student Services	15,316,800	18,757,400	17,472,600	24,513,300	24,513,300
Institutional Support	20,732,600	19,563,100	21,302,700	25,269,600	26,247,300
Operation and Maintenance of Plant	22,018,100	30,589,700	27,702,700	28,339,700	28,014,200
Scholarships and Fellowships	20,720,600	15,505,500	15,000,000	15,500,000	15,500,000
Mandatory Transfers				1,606,000	3,210,000
Auxilliary Enterprises	22,009,000	19,605,300	26,525,700	20,437,200	20,437,200
<b>TOTAL EXPENDITURES</b>	<b>169,470,800</b>	<b>179,972,100</b>	<b>189,719,200</b>	<b>201,391,000</b>	<b>203,647,200</b>

Murray State University's total enrollment is approximately 9,500 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 Governor's budget includes additional General Fund support of \$2,343,300 in fiscal year 2025 and \$3,321,000 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$1,039,200 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$1,606,000 in fiscal year 2025 and \$3,210,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$6,514,400 in fiscal year 2025 and \$6,273,600 in fiscal year 2026 for Murray State's Mandated Programs, including \$4,235,900 in fiscal year 2025 and \$4,320,600 in fiscal year 2026 for the Breathitt Veterinary Center and \$2,278,500 in fiscal year 2025 and \$1,953,000 in fiscal year 2026 for the Fixed Allocation Pension Subsidy.

**Postsecondary Education  
Northern Kentucky University**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	52,247,500	52,247,500	52,247,500	58,326,600	61,882,800
Postsecondary Ed Performance	2,902,700	11,363,500	12,683,900		
<b>Total General Fund</b>	<b>55,150,200</b>	<b>63,611,000</b>	<b>64,931,400</b>	<b>58,326,600</b>	<b>61,882,800</b>
<b>Restricted Funds</b>					
Current Receipts	207,244,009	197,167,476	202,025,100	214,312,200	214,312,200
<b>Total Restricted Funds</b>	<b>207,244,009</b>	<b>197,167,476</b>	<b>202,025,100</b>	<b>214,312,200</b>	<b>214,312,200</b>
<b>Federal Fund</b>					
Current Receipts	13,137,065	12,514,341	13,633,700	14,029,500	14,029,500
<b>Total Federal Fund</b>	<b>13,137,065</b>	<b>12,514,341</b>	<b>13,633,700</b>	<b>14,029,500</b>	<b>14,029,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>275,531,274</b>	<b>273,292,817</b>	<b>280,590,200</b>	<b>286,668,300</b>	<b>290,224,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	146,039,931	157,516,854	162,742,500	159,935,900	159,935,900
Operating Expenses	62,319,667	58,650,797	61,089,000	64,706,900	65,804,100
Grants Loans Benefits	39,646,742	24,034,644	25,253,100	25,253,000	25,253,000
Debt Service	23,317,220	23,962,716	25,253,100	27,714,000	30,173,000
Capital Outlay	4,207,714	9,127,806	6,252,500	9,058,500	9,058,500
<b>TOTAL EXPENDITURES</b>	<b>275,531,274</b>	<b>273,292,817</b>	<b>280,590,200</b>	<b>286,668,300</b>	<b>290,224,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	55,150,200	63,611,000	64,931,400	58,326,600	61,882,800
Restricted Funds	207,244,009	197,167,476	202,025,100	214,312,200	214,312,200
Federal Fund	13,137,065	12,514,341	13,633,700	14,029,500	14,029,500
<b>TOTAL EXPENDITURES</b>	<b>275,531,274</b>	<b>273,292,817</b>	<b>280,590,200</b>	<b>286,668,300</b>	<b>290,224,500</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	97,028,764	98,770,497	101,013,300	101,012,000	101,012,000
Research	2,978,390	3,032,345	2,805,800	2,805,900	2,805,900
Public Service	10,769,801	12,622,147	14,029,500	14,029,500	14,029,500
Libraries	5,528,727	5,381,606	5,611,800	5,611,800	5,611,800
Academic Support	20,791,605	21,196,276	22,447,200	22,447,100	22,447,100
Student Services	24,729,259	24,154,517	25,253,000	25,253,000	25,253,000
Institutional Support	27,288,049	29,762,142	30,864,900	33,477,200	34,574,400
Operation and Maintenance of Plant	14,898,060	15,758,395	16,835,400	17,841,100	17,841,100
Scholarships and Fellowships	39,033,966	23,515,654	25,253,000	25,253,000	25,253,000
Mandatory Transfers	16,202,631	16,206,690	14,029,600	16,490,500	18,949,500
Non-Mandatory Transfers	(329,270)	6,074,571	5,611,800	5,611,800	5,611,800
Auxiliary Enterprises	16,611,292	16,817,977	16,834,900	16,835,400	16,835,400
<b>TOTAL EXPENDITURES</b>	<b>275,531,274</b>	<b>273,292,817</b>	<b>280,590,200</b>	<b>286,668,300</b>	<b>290,224,500</b>

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 7,073 students. Due to limited dormitory space, nearly 90% of undergraduates commute.

Between 45% and 50% of NKU's first time, full-time students are first generation college-goers. The university seeks to provide support services that make it possible for all members of its diverse student body to succeed. Academic advisors use a web-based system to proactively identify students who are "off path" for timely degree completion and suggest changes to guide students to a degree. Another particular focus is on transfer students, reflecting NKU's continuing connection with Gateway Community and Technical College. Gateway2NKU maintains program pathways for seamless transfer between the institutions.

### **Policy**

The Governor's budget includes additional General Fund support of \$2,612,400 in fiscal year 2025 and \$3,709,600 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$1,005,700 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$2,461,000 in fiscal year 2025 and \$4,920,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$1,390,100 in fiscal year 2025 and \$1,417,900 in fiscal year 2026 for NKU's Mandated Program, the Kentucky Center for Mathematics.



**Postsecondary Education  
University of Kentucky**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	265,230,800	286,330,800	286,330,800	309,958,400	321,863,300
Postsecondary Ed Performance	6,086,400	30,904,300	33,338,500		
Special Appropriation		2,000,000			
<b>Total General Fund</b>	<b>271,317,200</b>	<b>319,235,100</b>	<b>319,669,300</b>	<b>309,958,400</b>	<b>321,863,300</b>
<b>Restricted Funds</b>					
Current Receipts	4,251,351,800	5,503,892,200	6,060,741,400	6,605,603,100	7,279,814,600
<b>Total Restricted Funds</b>	<b>4,251,351,800</b>	<b>5,503,892,200</b>	<b>6,060,741,400</b>	<b>6,605,603,100</b>	<b>7,279,814,600</b>
<b>Federal Fund</b>					
Current Receipts	392,672,400	345,559,100	409,912,200	445,827,900	449,419,500
<b>Total Federal Fund</b>	<b>392,672,400</b>	<b>345,559,100</b>	<b>409,912,200</b>	<b>445,827,900</b>	<b>449,419,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,915,341,400</b>	<b>6,168,686,400</b>	<b>6,790,322,900</b>	<b>7,361,389,400</b>	<b>8,051,097,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,421,369,000	2,916,680,500	3,005,718,300	3,251,083,800	3,536,340,800
Operating Expenses	1,650,948,400	2,074,381,000	3,159,908,500	3,436,778,400	3,802,375,100
Grants Loans Benefits	78,760,400	55,921,100	284,557,700	286,433,200	289,031,600
Debt Service	91,439,300	97,634,900	91,734,900	112,385,900	118,693,800
Capital Outlay	89,659,100	120,709,500	248,403,500	274,708,100	304,656,100
<b>TOTAL EXPENDITURES</b>	<b>4,332,176,200</b>	<b>5,265,327,000</b>	<b>6,790,322,900</b>	<b>7,361,389,400</b>	<b>8,051,097,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	271,317,200	319,235,100	319,669,300	309,958,400	321,863,300
Restricted Funds	3,668,186,600	4,600,532,800	6,060,741,400	6,605,603,100	7,279,814,600
Federal Fund	392,672,400	345,559,100	409,912,200	445,827,900	449,419,500
<b>TOTAL EXPENDITURES</b>	<b>4,332,176,200</b>	<b>5,265,327,000</b>	<b>6,790,322,900</b>	<b>7,361,389,400</b>	<b>8,051,097,400</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	318,826,800	335,403,700	603,957,300	603,135,000	618,683,700
Research	353,792,700	387,783,000	476,963,500	500,747,200	532,745,900
Public Service	717,453,700	271,414,300	293,007,900	306,660,500	325,121,900
Libraries	24,526,200	24,089,900	26,788,300	26,478,900	26,717,200
Academic Support	97,626,400	114,765,300	129,649,400	130,592,900	134,739,700
Student Services	54,886,300	53,054,600	67,441,300	67,767,100	69,656,200
Institutional Support	41,775,000	70,457,800	189,456,800	204,404,700	212,601,800
Operation and Maintenance of Plant	72,655,100	95,975,500	133,914,200	139,940,400	145,098,700
Scholarships and Fellowships	78,760,400	55,921,100	284,557,700	286,433,200	289,031,600
Mandatory Transfers	25,415,300	31,486,300	30,796,800	34,367,300	40,937,600
Non-Mandatory Transfers	23,108,800	(32,583,400)	11,000,000	11,000,000	11,000,000
Auxilliary Enterprises	238,208,200	289,342,900	288,674,300	310,886,700	335,488,200
Hospitals	2,285,141,300	3,568,216,000	4,254,115,400	4,738,975,500	5,309,274,900
<b>TOTAL EXPENDITURES</b>	<b>4,332,176,200</b>	<b>5,265,327,000</b>	<b>6,790,322,900</b>	<b>7,361,389,400</b>	<b>8,051,097,400</b>

With over 34,000 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.

UK researchers received \$468 million in extramural grants and contracts to support their research and creative work in fiscal year 2021. 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 Governor's budget includes additional General Fund support of \$14,316,500 in fiscal year 2025 and \$20,329,400 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$3,417,100 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$5,894,000 in fiscal year 2025 and \$11,786,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$106,752,100 in fiscal year 2025 and \$108,887,200 in fiscal year 2026 for UK's Mandated Programs, including:

- \$37,191,800 in fiscal year 2025 and \$37,935,600 in fiscal year 2026 for the College of Agriculture Cooperative Extension;
- \$33,005,800 in fiscal year 2025 and \$33,665,900 in fiscal year 2026 for the Kentucky Agricultural Experiment Station;
- \$10,685,000 in fiscal year 2025 and \$10,898,700 in fiscal year 2026 for the Center for Applied Energy Research;
- \$10,500,000 in fiscal year 2025 and \$10,710,000 in fiscal year 2026 for the Markey Cancer Center;
- \$4,280,100 in fiscal year 2025 and \$4,365,700 in fiscal year 2026 for the Kentucky Geological Survey;
- \$4,235,900 in fiscal year 2025 and \$4,320,600 in fiscal year 2026 for the Veterinary Diagnostic Laboratory;
- \$2,142,500 in fiscal year 2025 and \$2,185,400 in fiscal year 2026 for the Sanders-Brown Center on Aging;
- \$1,890,000 in fiscal year 2025 and \$1,927,800 in fiscal year 2026 for the College of Agriculture Division of Regulatory Services;
- \$630,000 in fiscal year 2025 and \$642,600 in fiscal year 2026 for the College of Agriculture Kentucky Small Business Development Center;
- \$615,600 in fiscal year 2025 and \$627,900 in fiscal year 2026 for the University Press of Kentucky;
- \$525,000 in fiscal year 2025 and \$535,500 in fiscal year 2026 from Lottery Funds for the Human Development Institute Supported Higher Education Project;
- \$472,700 in fiscal year 2025 and \$482,200 in fiscal year 2026 for the Center for Excellence in Rural Health;
- \$472,700 in fiscal year 2025 and \$482,200 in fiscal year 2026 for the Kentucky Cancer Registry; and
- \$105,000 in fiscal year 2025 and \$107,100 in fiscal year 2026 for the Sports Medicine Research Institute.

**Postsecondary Education  
University of Louisville**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	127,156,800	127,556,800	127,456,800	137,993,800	143,213,400
Postsecondary Ed Performance	2,972,500	17,523,600	17,594,600		
<b>Total General Fund</b>	<b>130,129,300</b>	<b>145,080,400</b>	<b>145,051,400</b>	<b>137,993,800</b>	<b>143,213,400</b>
<b>Restricted Funds</b>					
Current Receipts	1,000,934,100	1,171,712,900	1,301,641,700	1,360,861,900	1,407,019,000
<b>Total Restricted Funds</b>	<b>1,000,934,100</b>	<b>1,171,712,900</b>	<b>1,301,641,700</b>	<b>1,360,861,900</b>	<b>1,407,019,000</b>
<b>Federal Fund</b>					
Current Receipts	204,190,000	205,060,300	200,816,100	209,406,600	217,100,400
<b>Total Federal Fund</b>	<b>204,190,000</b>	<b>205,060,300</b>	<b>200,816,100</b>	<b>209,406,600</b>	<b>217,100,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,335,253,400</b>	<b>1,521,853,600</b>	<b>1,647,509,200</b>	<b>1,708,262,300</b>	<b>1,767,332,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	708,545,700	745,321,900	773,000,400	803,074,800	834,533,300
Operating Expenses	426,532,600	573,403,500	619,566,500	641,759,500	660,722,000
Grants Loans Benefits	157,408,800	160,862,400	163,349,900	167,528,400	171,817,800
Debt Service	31,762,400	31,876,600	32,785,800	35,328,800	37,871,800
Capital Outlay	11,003,900	10,389,200	58,806,600	60,570,800	62,387,900
<b>TOTAL EXPENDITURES</b>	<b>1,335,253,400</b>	<b>1,521,853,600</b>	<b>1,647,509,200</b>	<b>1,708,262,300</b>	<b>1,767,332,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	130,129,300	145,080,400	145,051,400	137,993,800	143,213,400
Restricted Funds	1,000,934,100	1,171,712,900	1,301,641,700	1,360,861,900	1,407,019,000
Federal Fund	204,190,000	205,060,300	200,816,100	209,406,600	217,100,400
<b>TOTAL EXPENDITURES</b>	<b>1,335,253,400</b>	<b>1,521,853,600</b>	<b>1,647,509,200</b>	<b>1,708,262,300</b>	<b>1,767,332,800</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	239,748,400	273,252,900	295,814,700	304,831,200	314,500,200
Research	229,714,300	261,816,700	283,434,200	292,073,300	301,337,700
Public Service	65,363,100	74,497,400	80,648,400	83,106,500	85,742,600
Libraries	13,901,300	15,843,900	17,152,100	17,674,900	18,235,500
Academic Support	268,750,000	306,307,500	331,598,700	341,705,800	352,544,700
Student Services	32,600,400	37,156,400	40,224,400	41,450,500	42,765,200
Institutional Support	123,180,800	140,395,200	151,987,200	162,992,600	170,637,000
Operation and Maintenance of Plant	49,598,600	56,530,100	61,197,500	64,684,000	66,684,400
Scholarships and Fellowships	136,342,900	155,396,600	168,227,400	173,354,900	178,853,700
Mandatory Transfers	14,442,100	16,460,400	17,819,500	20,905,700	24,031,100
Auxiliary Enterprises	161,611,500	184,196,500	199,405,100	205,482,900	212,000,700
<b>TOTAL EXPENDITURES</b>	<b>1,335,253,400</b>	<b>1,521,853,600</b>	<b>1,647,509,200</b>	<b>1,708,262,300</b>	<b>1,767,332,800</b>

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 Governor's budget includes additional General Fund support of \$6,372,800 in fiscal year 2025 and \$9,049,400 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$1,621,200 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$2,543,000 in fiscal year 2025 and \$5,086,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$1,307,500 in fiscal year 2025 and \$1,333,700 in fiscal year 2026 for UofL's Mandated Programs, including:

- \$730,000 in fiscal year 2025 and \$744,600 in fiscal year 2026 for the Rural Health Education Program;
- \$315,000 in fiscal year 2025 and \$321,300 in fiscal year 2026 for the Center for Military Connected Students;
- \$157,500 in fiscal year 2025 and \$160,700 in fiscal year 2026 for the Autism Training Center; and
- \$105,000 in fiscal year 2025 and \$107,100 in fiscal year 2026 for Drug Addiction Outreach by the Dental School.

**Postsecondary Education  
Western Kentucky University**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	76,946,600	77,946,600	77,591,300	83,638,400	86,900,800
Postsecondary Ed Performance	1,398,800	7,777,200	5,858,400		
Other					
<b>Total General Fund</b>	<b>78,345,400</b>	<b>85,723,800</b>	<b>83,449,700</b>	<b>83,638,400</b>	<b>86,900,800</b>
<b>Restricted Funds</b>					
Current Receipts	134,083,400	262,374,700	275,350,300	277,036,900	280,443,800
<b>Total Restricted Funds</b>	<b>134,083,400</b>	<b>262,374,700</b>	<b>275,350,300</b>	<b>277,036,900</b>	<b>280,443,800</b>
<b>Federal Fund</b>					
Current Receipts	67,906,900	40,046,300	31,144,000	31,144,000	31,144,000
CRF Receipts					
<b>Total Federal Fund</b>	<b>67,906,900</b>	<b>40,046,300</b>	<b>31,144,000</b>	<b>31,144,000</b>	<b>31,144,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>280,335,700</b>	<b>388,144,800</b>	<b>389,944,000</b>	<b>391,819,300</b>	<b>398,488,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	167,157,100	177,925,800	184,206,100	186,206,100	188,206,100
Operating Expenses	64,651,100	92,083,100	88,026,900	85,886,200	88,540,500
Grants Loans Benefits	45,881,300	115,271,900	114,847,000	114,847,000	114,847,000
Debt Service				2,016,000	4,031,000
Capital Outlay	2,646,200	2,864,000	2,864,000	2,864,000	2,864,000
<b>TOTAL EXPENDITURES</b>	<b>280,335,700</b>	<b>388,144,800</b>	<b>389,944,000</b>	<b>391,819,300</b>	<b>398,488,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	78,345,400	85,723,800	83,449,700	83,638,400	86,900,800
Restricted Funds	134,083,400	262,374,700	275,350,300	277,036,900	280,443,800
Federal Fund	67,906,900	40,046,300	31,144,000	31,144,000	31,144,000
<b>TOTAL EXPENDITURES</b>	<b>280,335,700</b>	<b>388,144,800</b>	<b>389,944,000</b>	<b>391,819,300</b>	<b>398,488,600</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	86,831,300	95,294,800	105,854,700	100,871,500	102,011,100
Research	5,687,700	11,013,500	4,866,200	4,866,200	4,866,000
Public Service	15,683,300	25,723,700	13,365,500	13,365,500	13,365,500
Libraries	3,593,800	4,133,400	7,690,800	7,690,800	7,690,800
Academic Support	26,423,000	21,746,800	26,423,000	26,423,000	27,423,000
Student Services	31,228,600	37,708,800	35,889,700	35,981,800	36,889,600
Institutional Support	29,270,700	39,290,100	29,270,700	33,114,300	34,721,400
Operation and Maintenance of Plant	26,888,400	28,627,000	33,190,000	34,096,800	34,096,800
Scholarships and Fellowships	44,078,600	110,142,200	106,123,600	106,123,600	106,123,600
Mandatory Transfers			11,482,800	13,498,800	15,513,800
Auxilliary Enterprises	10,650,300	14,464,500	15,787,000	15,787,000	15,787,000
<b>TOTAL EXPENDITURES</b>	<b>280,335,700</b>	<b>388,144,800</b>	<b>389,944,000</b>	<b>391,819,300</b>	<b>398,488,600</b>

Founded in 1906, Western Kentucky University is the largest of Kentucky's six comprehensive postsecondary institutions with nearly 17,000 students on the main campus in Bowling Green and at regional campuses in Glasgow, Owensboro, 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 Governor's budget includes additional General Fund support of \$3,843,600 in fiscal year 2025 and \$5,450,700 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for university operations.

The Governor's budget includes additional General Fund of \$906,800 in each fiscal year to cover a portion of the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund. This funding increase represents the proportion of the increase in the insurance premium that covers Education and General and research space.

General Fund in the amount of \$2,016,000 in fiscal year 2025 and \$4,031,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$9,589,800 in fiscal year 2025 and \$9,371,600 in fiscal year 2026 for WKU's Mandated Programs, including \$5,234,400 in fiscal year 2025 and \$5,339,100 in fiscal year 2026 for the Gatton Academy of Mathematics and Science, \$2,517,900 in fiscal year 2025 and \$2,158,200 in fiscal year 2026 for the Fixed Allocation Pension Subsidy, and \$1,837,500 in fiscal year 2025 and \$1,874,300 in fiscal year 2026 for the Kentucky Mesonet.

**Postsecondary Education  
Kentucky Community and Technical College System**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	175,435,900	177,235,900	175,346,200	194,699,700	202,269,900
Postsecondary Ed Performance	3,826,500	21,513,800	21,513,800		
Special Appropriation	5,000,000				
Continuing Approp.-General Fund		5,000,000	5,000,000		
Reorganization Adjustment		(1,799,700)	(1,799,700)		
<b>Total General Fund</b>	<b>184,262,400</b>	<b>201,950,000</b>	<b>200,060,300</b>	<b>194,699,700</b>	<b>202,269,900</b>
<b>Restricted Funds</b>					
Current Receipts	156,758,500	280,132,500	497,757,500	577,849,200	583,606,400
<b>Total Restricted Funds</b>	<b>156,758,500</b>	<b>280,132,500</b>	<b>497,757,500</b>	<b>577,849,200</b>	<b>583,606,400</b>
<b>Federal Fund</b>					
Current Receipts	313,580,600	190,391,400	294,770,700	294,770,800	294,770,700
<b>Total Federal Fund</b>	<b>313,580,600</b>	<b>190,391,400</b>	<b>294,770,700</b>	<b>294,770,800</b>	<b>294,770,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>654,601,500</b>	<b>672,473,900</b>	<b>992,588,500</b>	<b>1,067,319,700</b>	<b>1,080,647,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	245,510,900	284,727,900	380,333,600	361,379,100	363,660,700
Operating Expenses	200,556,400	205,204,900	213,617,200	340,143,300	345,318,500
Grants Loans Benefits	150,816,100	84,583,000	279,274,700	158,962,400	160,170,700
Debt Service	6,922,600	11,627,900		4,017,000	8,033,000
Capital Outlay	50,795,500	86,330,200	119,363,000	202,817,900	203,464,100
<b>TOTAL EXPENDITURES</b>	<b>654,601,500</b>	<b>672,473,900</b>	<b>992,588,500</b>	<b>1,067,319,700</b>	<b>1,080,647,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	184,262,400	201,950,000	200,060,300	194,699,700	202,269,900
Restricted Funds	156,758,500	280,132,500	497,757,500	577,849,200	583,606,400
Federal Fund	313,580,600	190,391,400	294,770,700	294,770,800	294,770,700
<b>TOTAL EXPENDITURES</b>	<b>654,601,500</b>	<b>672,473,900</b>	<b>992,588,500</b>	<b>1,067,319,700</b>	<b>1,080,647,000</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	151,145,700	172,289,800	260,529,400	263,163,500	264,769,000
Public Service	42,391,500	44,793,500	45,211,400	54,563,500	55,612,200
Libraries	6,503,300	6,688,000	8,128,500	58,162,500	58,395,000
Academic Support	25,189,100	25,336,100	54,368,300	7,935,100	7,993,900
Student Services	47,969,800	53,289,500	78,211,200	80,833,900	81,258,000
Institutional Support	61,384,200	67,072,100	110,115,200	118,987,700	123,334,200
Operation and Maintenance of Plant	111,374,900	120,322,100	183,272,100	186,885,100	188,105,300
Scholarships and Fellowships	150,925,100	84,725,000	252,752,400	292,771,400	293,146,400
Mandatory Transfers				4,017,000	8,033,000
Non-Mandatory Transfers	57,717,900	97,957,800			
<b>TOTAL EXPENDITURES</b>	<b>654,601,500</b>	<b>672,473,900</b>	<b>992,588,500</b>	<b>1,067,319,700</b>	<b>1,080,647,000</b>

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

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

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

KCTCS administers the Kentucky Fire Commission.

## **Policy**

The Governor's budget includes additional General Fund support of \$8,668,800 in fiscal year 2025 and \$12,308,000 in fiscal year 2026, which represents a 5% increase in fiscal year 2025 and an additional 2% increase in fiscal year 2026 for system operations.

The Governor's budget includes additional General Fund of \$4,637,500 in each fiscal year to cover the increased cost of property and casualty insurance provided by the Commonwealth's self-insured Fire and Tornado Fund.

General Fund in the amount of \$4,017,000 in fiscal year 2025 and \$8,033,000 in fiscal year 2026 is included for debt service on new bonds included in the capital budget.

Included in the above General Fund is \$11,965,800 in fiscal year 2025 and \$12,028,200 in fiscal year 2026 for KCTCS' Mandated Programs, including:

- \$8,357,300 in fiscal year 2025 and \$8,444,400 in fiscal year 2026 for the KCTCS-TRAINS program;
- \$1,963,400 in fiscal year 2025 and \$2,002,700 in fiscal year 2026 for the State Fire Rescue Training;
- \$1,050,000 in fiscal year 2025 and \$1,071,000 in fiscal year 2026 for the Adult Agriculture Education program; and
- \$595,100 in fiscal year 2025 and \$510,100 in fiscal year 2026 for the Fixed Allocation Pension Subsidy.

Included in KCTCS' Restricted Fund appropriation is \$58,135,600 in fiscal year 2025 and \$58,860,600 in fiscal year 2026 for the Firefighters Foundation Program Fund, which includes additional funding for a \$500 increase in the annual firefighter incentive payment, bringing it from \$4,300 to \$4,800 annually.



**Postsecondary Education  
Postsecondary Education Performance Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	17,307,100	97,307,100	97,307,100	97,307,100	97,307,100
Postsecondary Ed Performance	(17,307,100)	(97,307,100)	(97,307,100)		
<b>Total General Fund</b>				97,307,100	97,307,100
<b>TOTAL SOURCE OF FUNDS</b>				97,307,100	97,307,100
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses				97,307,100	97,307,100
<b>TOTAL EXPENDITURES</b>				97,307,100	97,307,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund				97,307,100	97,307,100
<b>TOTAL EXPENDITURES</b>				97,307,100	97,307,100

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.

# Public Protection

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**Public Protection**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,324,200	8,572,200	8,298,100	9,694,200	9,997,200
State Salary and Compensation Allocation			292,700		
Current Year Appropriation	211,000		1,000,000		
<b>Total General Fund</b>	<b>7,535,200</b>	<b>8,572,200</b>	<b>9,590,800</b>	<b>9,694,200</b>	<b>9,997,200</b>
<b>Restricted Funds</b>					
Balance Forward	158,678,338	211,248,831	286,643,000	349,814,100	270,588,800
Current Receipts	140,540,382	160,304,166	161,752,600	162,083,800	165,190,800
Non-Revenue Receipts	76,194,934	94,252,944	56,465,300	36,552,000	96,952,000
Fund Transfers	(35,156,546)				
<b>Total Restricted Funds</b>	<b>340,257,108</b>	<b>465,805,941</b>	<b>504,860,900</b>	<b>548,449,900</b>	<b>532,731,600</b>
<b>Federal Fund</b>					
Balance Forward	(14,525)	(6,058)	61,600		
Current Receipts	1,259,228	76,167,616	1,816,400	2,309,300	2,318,900
<b>Total Federal Fund</b>	<b>1,244,703</b>	<b>76,161,559</b>	<b>1,878,000</b>	<b>2,309,300</b>	<b>2,318,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>349,037,011</b>	<b>550,539,700</b>	<b>516,329,700</b>	<b>560,453,400</b>	<b>545,047,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	73,286,883	76,632,700	91,112,500	95,916,300	98,599,000
Operating Expenses	8,785,773	12,059,703	19,177,900	19,431,200	19,432,200
Grants Loans Benefits	55,692,480	173,693,149	55,504,200	173,402,100	171,518,900
Capital Outlay	28,664	1,449,755	721,000	1,115,000	875,000
Construction					
<b>TOTAL EXPENDITURES</b>	<b>137,793,800</b>	<b>263,835,306</b>	<b>166,515,600</b>	<b>289,864,600</b>	<b>290,425,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,534,762	8,572,200	9,590,800	9,694,200	9,997,200
Restricted Funds	129,008,277	179,163,170	155,046,800	277,861,100	278,109,000
Federal Fund	1,250,761	76,099,936	1,878,000	2,309,300	2,318,900
<b>TOTAL EXPENDITURES</b>	<b>137,793,800</b>	<b>263,835,306</b>	<b>166,515,600</b>	<b>289,864,600</b>	<b>290,425,100</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	10,165,949	98,898,112	27,428,000	13,005,400	12,196,400
Professional Licensing	3,634,631	4,017,586	5,637,700	5,986,200	6,104,100
Boxing and Wrestling Commission	154,899	184,842	193,500	237,600	245,000
Alcoholic Beverage Control	5,922,654	6,438,718	7,981,400	8,163,400	8,388,100
Charitable Gaming	3,384,707	3,865,274	4,206,900	4,675,300	4,749,200
Financial Institutions	13,020,090	13,676,521	15,730,400	16,192,900	16,656,800
Horse Racing Commission	61,781,707	93,507,614	55,820,800	189,382,200	188,871,400
Housing, Buildings and Construction	23,690,310	25,812,844	27,985,300	29,778,900	30,474,000
Insurance	13,947,823	14,644,314	17,385,100	18,106,300	18,359,000
Claims and Appeals	2,091,030	2,789,481	4,146,500	4,336,400	4,381,100
<b>TOTAL EXPENDITURES</b>	<b>137,793,800</b>	<b>263,835,306</b>	<b>166,515,600</b>	<b>289,864,600</b>	<b>290,425,100</b>

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

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

Attached to the Cabinet for administrative purposes only:

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

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

**Public Protection  
Secretary**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	786,212	1,506,861	19,165,700	2,329,900	1,936,500
Current Receipts	626,098	650,299	958,000	702,000	577,000
Non-Revenue Receipts	9,710,000	41,115,964	9,634,200	11,910,000	11,910,000
<b>Total Restricted Funds</b>	<b>11,122,311</b>	<b>43,273,125</b>	<b>29,757,900</b>	<b>14,941,900</b>	<b>14,423,500</b>
<b>Federal Fund</b>					
Current Receipts	550,500	74,790,638			
<b>Total Federal Fund</b>	<b>550,500</b>	<b>74,790,638</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,672,811</b>	<b>118,063,763</b>	<b>29,757,900</b>	<b>14,941,900</b>	<b>14,423,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	9,130,672	9,424,764	9,744,800	11,386,400	11,710,100
Operating Expenses	484,777	690,218	493,200	486,200	486,300
Grants Loans Benefits	550,500	88,783,129	17,150,000	1,132,800	
Capital Outlay			40,000		
<b>TOTAL EXPENDITURES</b>	<b>10,165,949</b>	<b>98,898,112</b>	<b>27,428,000</b>	<b>13,005,400</b>	<b>12,196,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund					
Restricted Funds	9,615,449	24,107,474	27,428,000	13,005,400	12,196,400
Federal Fund	550,500	74,790,638			
<b>TOTAL EXPENDITURES</b>	<b>10,165,949</b>	<b>98,898,112</b>	<b>27,428,000</b>	<b>13,005,400</b>	<b>12,196,400</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary - Comm - Legal	10,165,949	84,704,626	10,278,000	11,872,600	12,196,400
Eastern KY Flood Relief Fund		665,649	7,250,000	934,900	
Western KY Tornado Relief Fund		13,527,837	9,900,000	197,900	
<b>TOTAL EXPENDITURES</b>	<b>10,165,949</b>	<b>98,898,112</b>	<b>27,428,000</b>	<b>13,005,400</b>	<b>12,196,400</b>

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

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

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

**Policy**

The Governor's budget includes additional funding in the amount of \$204,900 in fiscal year 2025 and \$202,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$487,300 in fiscal year 2025 and \$822,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Public Protection  
Claims and Appeals**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,006,000	1,082,900	1,083,600	2,201,800	2,243,000
State Salary and Compensation Allocation			29,300		
Current Year Appropriation	6,100		1,000,000		
<b>Total General Fund</b>	<b>1,012,100</b>	<b>1,082,900</b>	<b>2,112,900</b>	<b>2,201,800</b>	<b>2,243,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,037,342	1,099,974	1,153,000	793,400	436,100
Current Receipts	838,309	1,095,562	1,010,000	1,010,000	1,010,000
Non-Revenue Receipts		1			
<b>Total Restricted Funds</b>	<b>1,875,651</b>	<b>2,195,537</b>	<b>2,163,000</b>	<b>1,803,400</b>	<b>1,446,100</b>
<b>Federal Fund</b>					
Balance Forward					
Current Receipts	303,597	664,000	664,000	767,300	770,700
<b>Total Federal Fund</b>	<b>303,597</b>	<b>664,000</b>	<b>664,000</b>	<b>767,300</b>	<b>770,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,191,349</b>	<b>3,942,437</b>	<b>4,939,900</b>	<b>4,772,500</b>	<b>4,459,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,194,022	1,391,913	1,465,300	1,637,000	1,681,700
Operating Expenses	681,602	1,087,120	1,331,200	1,349,400	1,349,400
Grants Loans Benefits	215,406	310,447	1,350,000	1,350,000	1,350,000
<b>TOTAL EXPENDITURES</b>	<b>2,091,030</b>	<b>2,789,481</b>	<b>4,146,500</b>	<b>4,336,400</b>	<b>4,381,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,011,756	1,082,900	2,112,900	2,201,800	2,243,000
Restricted Funds	775,677	1,042,581	1,369,600	1,367,300	1,367,400
Federal Fund	303,597	664,000	664,000	767,300	770,700
<b>TOTAL EXPENDITURES</b>	<b>2,091,030</b>	<b>2,789,481</b>	<b>4,146,500</b>	<b>4,336,400</b>	<b>4,381,100</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Claims and Appeals Administration	1,321,677	1,565,273	1,596,500	1,786,400	1,831,100
Office of Claims and Appeals Reparations	769,353	1,224,208	2,550,000	2,550,000	2,550,000
<b>TOTAL EXPENDITURES</b>	<b>2,091,030</b>	<b>2,789,481</b>	<b>4,146,500</b>	<b>4,336,400</b>	<b>4,381,100</b>

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. The amount of time that a claimant has to submit a claim is five years. The Commission receives an allocation of 3.4 percent of the state court cost fees and pursuant to KRS 186.574 receives 5.7% of the \$30 fee from county attorney's traffic safety programs.

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

### **Policy**

The Governor's budget includes additional General fund in FY 2024, 2025 and 2026 of \$1,000,000 to pay for higher demand for approved crime victim compensation awards.

The Governor's budget also includes Federal Funds of \$103,300 in fiscal year 2025 and \$106,700 in fiscal year 2026 for a victims' advocate position and Restricted Funds of \$86,900 in fiscal year 2025 and \$90,100 in fiscal year 2026 for an administrative position.

The Governor's budget includes additional funding in the amount of \$13,600 in fiscal year 2025 and \$13,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$56,200 in fiscal year 2025 and \$94,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**Public Protection  
Professional Licensing**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	10,510,633	12,941,712	12,690,800	13,509,200	12,098,000
Current Receipts	6,354,940	3,989,574	6,451,100	4,195,300	7,055,300
Non-Revenue Receipts	(300,000)	(300,000)	(199,700)	(100,000)	(100,000)
<b>Total Restricted Funds</b>	<b>16,565,573</b>	<b>16,631,287</b>	<b>18,942,200</b>	<b>17,604,500</b>	<b>19,053,300</b>
<b>Federal Fund</b>					
Current Receipts	10,770	77,040	204,700	479,700	479,700
<b>Total Federal Fund</b>	<b>10,770</b>	<b>77,040</b>	<b>204,700</b>	<b>479,700</b>	<b>479,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,576,343</b>	<b>16,708,326</b>	<b>19,146,900</b>	<b>18,084,200</b>	<b>19,533,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,025,261	3,441,566	4,583,900	4,509,200	4,627,100
Operating Expenses	609,370	547,306	1,017,800	1,166,000	1,166,000
Grants Loans Benefits		28,714	36,000	311,000	311,000
Construction					
<b>TOTAL EXPENDITURES</b>	<b>3,634,631</b>	<b>4,017,586</b>	<b>5,637,700</b>	<b>5,986,200</b>	<b>6,104,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,623,861	3,940,546	5,433,000	5,506,500	5,624,400
Federal Fund	10,770	77,040	204,700	479,700	479,700
<b>TOTAL EXPENDITURES</b>	<b>3,634,631</b>	<b>4,017,586</b>	<b>5,637,700</b>	<b>5,986,200</b>	<b>6,104,100</b>
<b>EXPENDITURES BY UNIT</b>					
Occupations, Professions, and Licensing	1,664,673	1,970,586	2,547,500	2,630,700	2,693,600
Board of Radon Safety				275,000	275,000
Kentucky Real Estate Authority	1,969,958	2,047,000	3,090,200	3,080,500	3,135,500
<b>TOTAL EXPENDITURES</b>	<b>3,634,631</b>	<b>4,017,586</b>	<b>5,637,700</b>	<b>5,986,200</b>	<b>6,104,100</b>

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 Registration for Professional Geologists
- Kentucky Board of Licensure and Certification for Dietitians and Nutritionists
- Kentucky Board of Interpreters for the Deaf and Hard of Hearing
- Kentucky Board of Licensure for Pastoral Counselors
- Kentucky Board of Licensed Professional Counselors
- Kentucky Board of Ophthalmic Dispensers
- Kentucky Board of Licensure of Marriage and Family Therapists
- Kentucky Board of Licensure for Long-term Care Administrators
- Kentucky Licensing Board for Specialists in Hearing Instruments
- Kentucky Directory of Registered Athlete Agents
- 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 \$55,500 in fiscal year 2025 and \$54,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor’s budget includes additional funding in the amount of \$167,500 in fiscal year 2025 and \$282,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Public Protection  
Boxing and Wrestling Commission**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	155,722	137,330	121,400	93,900	67,300
Current Receipts	136,506	168,890	166,000	211,000	231,000
<b>Total Restricted Funds</b>	<b>292,229</b>	<b>306,220</b>	<b>287,400</b>	<b>304,900</b>	<b>298,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>292,229</b>	<b>306,220</b>	<b>287,400</b>	<b>304,900</b>	<b>298,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	139,359	177,309	184,800	227,600	235,000
Operating Expenses	15,539	7,533	8,700	10,000	10,000
<b>TOTAL EXPENDITURES</b>	<b>154,899</b>	<b>184,842</b>	<b>193,500</b>	<b>237,600</b>	<b>245,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	154,899	184,842	193,500	237,600	245,000
<b>TOTAL EXPENDITURES</b>	<b>154,899</b>	<b>184,842</b>	<b>193,500</b>	<b>237,600</b>	<b>245,000</b>
<b>EXPENDITURES BY UNIT</b>					
Boxing and Wrestling Commission	154,899	184,842	193,500	237,600	245,000
<b>TOTAL EXPENDITURES</b>	<b>154,899</b>	<b>184,842</b>	<b>193,500</b>	<b>237,600</b>	<b>245,000</b>

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 \$40,000 Restricted Funds in each fiscal year for additional hours for the part-time employees.

The Governor's budget includes additional funding in the amount of \$10,600 in fiscal year 2025 and \$18,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Public Protection  
Alcoholic Beverage Control**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	4,756,315	5,353,663	8,114,200	8,577,100	8,996,000
Current Receipts	7,800,015	10,047,735	8,850,000	9,735,000	9,835,000
Non-Revenue Receipts	(1,665,907)	(1,416,769)	(1,415,000)	(2,215,000)	(2,215,000)
<b>Total Restricted Funds</b>	<b>10,890,423</b>	<b>13,984,629</b>	<b>15,549,200</b>	<b>16,097,100</b>	<b>16,616,000</b>
<b>Federal Fund</b>					
Balance Forward	(14,525)	(6,058)	61,600		
Current Receipts	394,361	635,939	947,700	1,062,300	1,068,500
<b>Total Federal Fund</b>	<b>379,836</b>	<b>629,881</b>	<b>1,009,300</b>	<b>1,062,300</b>	<b>1,068,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,270,259</b>	<b>14,614,509</b>	<b>16,558,500</b>	<b>17,159,400</b>	<b>17,684,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,092,302	5,472,242	5,911,000	6,422,200	6,646,800
Operating Expenses	830,352	771,389	1,870,400	1,691,200	1,691,300
Capital Outlay		195,088	200,000	50,000	50,000
<b>TOTAL EXPENDITURES</b>	<b>5,922,654</b>	<b>6,438,718</b>	<b>7,981,400</b>	<b>8,163,400</b>	<b>8,388,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	5,536,761	5,870,460	6,972,100	7,101,100	7,319,600
Federal Fund	385,894	568,258	1,009,300	1,062,300	1,068,500
<b>TOTAL EXPENDITURES</b>	<b>5,922,654</b>	<b>6,438,718</b>	<b>7,981,400</b>	<b>8,163,400</b>	<b>8,388,100</b>
<b>EXPENDITURES BY UNIT</b>					
Administration, Enforcement and License	5,483,449	5,812,299	6,610,700	6,739,700	6,958,200
Tobacco Enforcement	439,205	626,420	1,370,700	1,423,700	1,429,900
<b>TOTAL EXPENDITURES</b>	<b>5,922,654</b>	<b>6,438,718</b>	<b>7,981,400</b>	<b>8,163,400</b>	<b>8,388,100</b>

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.

**Policy**

The Governor's budget includes additional Restricted Funds of \$22,700 in each year for the training incentive stipend for alcohol beverage control investigators. The stipend will increase \$500 for a total stipend of \$4,800 for each investigator. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor's budget includes additional funding in the amount of \$117,400 in fiscal year 2025 and \$117,000 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$267,200 in fiscal year 2025 and \$453,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Public Protection  
Charitable Gaming**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	6,265,762	6,755,140	6,010,800	5,638,900	4,798,600
Current Receipts	4,511,166	3,755,777	4,395,000	4,395,000	4,395,000
Non-Revenue Receipts	(637,081)	(634,835)	(560,000)	(560,000)	(560,000)
<b>Total Restricted Funds</b>	<b>10,139,847</b>	<b>9,876,082</b>	<b>9,845,800</b>	<b>9,473,900</b>	<b>8,633,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,139,847</b>	<b>9,876,082</b>	<b>9,845,800</b>	<b>9,473,900</b>	<b>8,633,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,060,523	3,445,895	4,012,800	4,349,500	4,503,400
Operating Expenses	293,020	331,051	194,100	245,800	245,800
Grants Loans Benefits	2,500	2,500			
Capital Outlay	28,664	85,829		80,000	
<b>TOTAL EXPENDITURES</b>	<b>3,384,707</b>	<b>3,865,274</b>	<b>4,206,900</b>	<b>4,675,300</b>	<b>4,749,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,384,707	3,865,274	4,206,900	4,675,300	4,749,200
<b>TOTAL EXPENDITURES</b>	<b>3,384,707</b>	<b>3,865,274</b>	<b>4,206,900</b>	<b>4,675,300</b>	<b>4,749,200</b>
<b>EXPENDITURES BY UNIT</b>					
Charitable Gaming	3,384,707	3,865,274	4,206,900	4,675,300	4,749,200
<b>TOTAL EXPENDITURES</b>	<b>3,384,707</b>	<b>3,865,274</b>	<b>4,206,900</b>	<b>4,675,300</b>	<b>4,749,200</b>

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

**Policy**

The Governor’s budget includes Restricted Funds in the amount of \$397,700 in fiscal year 2025 and \$328,300 in fiscal year 2026 for additional staff to review applications for licensure and to perform inspections and investigations.

The Governor’s budget includes Restricted Funds in the amount of \$4,600 in each fiscal year for a training stipend for the charitable gaming investigators. This is a \$500 increase to \$4,800, for the training incentive stipend. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor’s budget includes additional funding in the amount of \$92,600 in fiscal year 2025 and \$91,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor’s budget includes additional funding in the amount of \$201,600 in fiscal year 2025 and \$339,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Public Protection  
Financial Institutions**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	7,309,549	6,878,286	12,053,500	15,040,600	17,265,200
Current Receipts	19,143,827	21,156,689	21,117,500	21,167,500	21,167,500
Non-Revenue Receipts	(2,555,000)	(2,305,000)	(2,400,000)	(2,750,000)	(2,750,000)
Fund Transfers	(4,000,000)				
<b>Total Restricted Funds</b>	<b>19,898,376</b>	<b>25,729,975</b>	<b>30,771,000</b>	<b>33,458,100</b>	<b>35,682,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>19,898,376</b>	<b>25,729,975</b>	<b>30,771,000</b>	<b>33,458,100</b>	<b>35,682,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	12,140,581	12,309,073	14,445,100	15,061,900	15,525,600
Operating Expenses	878,656	1,367,448	1,276,300	1,128,000	1,128,200
Grants Loans Benefits	853		9,000	3,000	3,000
<b>TOTAL EXPENDITURES</b>	<b>13,020,090</b>	<b>13,676,521</b>	<b>15,730,400</b>	<b>16,192,900</b>	<b>16,656,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	13,020,090	13,676,521	15,730,400	16,192,900	16,656,800
<b>TOTAL EXPENDITURES</b>	<b>13,020,090</b>	<b>13,676,521</b>	<b>15,730,400</b>	<b>16,192,900</b>	<b>16,656,800</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	1,958,958	1,644,436	1,759,900	1,768,100	1,806,400
Securities	2,221,750	2,221,020	3,048,700	3,077,600	3,169,500
Depository Institutions	5,612,005	6,048,885	6,816,800	6,860,500	7,051,400
Non-Depository Institutions	3,227,377	3,762,180	4,105,000	4,486,700	4,629,500
<b>TOTAL EXPENDITURES</b>	<b>13,020,090</b>	<b>13,676,521</b>	<b>15,730,400</b>	<b>16,192,900</b>	<b>16,656,800</b>

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 Restricted Funds for two student education servicing examiners. Additional funding is \$296,800 in fiscal year 2025 and \$304,600 in fiscal year 2026.

The Governor's budget includes additional funding in the amount of \$404,200 in fiscal year 2025 and \$399,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$708,300 in fiscal year 2025 and \$1,196,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**Public Protection  
Horse Racing Commission**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,686,100	3,794,900	3,794,600	3,897,400	4,053,400
State Salary and Compensation Allocation			179,600		
Current Year Appropriation	133,300				
<b>Total General Fund</b>	<b>3,819,400</b>	<b>3,794,900</b>	<b>3,974,200</b>	<b>3,897,400</b>	<b>4,053,400</b>
<b>Restricted Funds</b>					
Balance Forward	58,925,313	84,065,781	90,111,100	147,140,000	75,458,700
Current Receipts	7,484,004	11,339,646	18,095,500	18,923,500	19,175,500
Non-Revenue Receipts	75,618,865	84,418,390	90,780,000	94,880,000	97,980,000
<b>Total Restricted Funds</b>	<b>142,028,182</b>	<b>179,823,817</b>	<b>198,986,600</b>	<b>260,943,500</b>	<b>192,614,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>145,847,582</b>	<b>183,618,717</b>	<b>202,960,800</b>	<b>264,840,900</b>	<b>196,667,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,859,131	6,156,996	10,150,500	9,973,400	10,213,000
Operating Expenses	999,355	2,665,803	8,635,100	8,803,500	8,803,500
Grants Loans Benefits	54,923,221	84,568,358	36,959,200	170,605,300	169,854,900
Capital Outlay		116,457	76,000		
Construction					
<b>TOTAL EXPENDITURES</b>	<b>61,781,707</b>	<b>93,507,614</b>	<b>55,820,800</b>	<b>189,382,200</b>	<b>188,871,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,819,306	3,794,900	3,974,200	3,897,400	4,053,400
Restricted Funds	57,962,400	89,712,714	51,846,600	185,484,800	184,818,000
<b>TOTAL EXPENDITURES</b>	<b>61,781,707</b>	<b>93,507,614</b>	<b>55,820,800</b>	<b>189,382,200</b>	<b>188,871,400</b>
<b>EXPENDITURES BY UNIT</b>					
Administration and Regulation of Racing	5,497,194	7,489,405	13,966,100	13,970,800	14,167,500
Equine Drug Research Fund	543,772	482,674	646,000	639,300	652,100
Thoroughbred Development Fund	31,930,000	49,832,500	12,855,900	96,855,900	96,351,300
Standardbred Development Fund	3,786,463	13,863,247	2,439,200	36,848,900	36,854,200
Standardbred Horsemen Fees	550,000	549,500	550,000	550,000	550,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund			1,000	1,000	1,000
County Fair Purse Fund		2,000	21,000	21,000	21,000
Backside Improvement Commission	49,182	493,394	700,000	700,000	700,000
Ky Thoroughbred Breeder Incentive Fund	16,178,715	17,376,377	17,446,100	28,454,500	28,219,300
Ky Standardbred Breeder Incentive Fund	2,115,000	2,115,000	2,115,000	6,325,000	6,324,400
Ky Horse Breeders Incentive Fund	1,131,381	1,303,517	1,875,000	1,875,000	1,875,000
Sports Wagering Administration Fund			3,205,500	3,140,800	3,155,600
<b>TOTAL EXPENDITURES</b>	<b>61,781,707</b>	<b>93,507,614</b>	<b>55,820,800</b>	<b>189,382,200</b>	<b>188,871,400</b>

The Kentucky Horse Racing Commission is an independent regulatory agency attached to the Public Protection Cabinet for administrative purposes. The Commission regulates all horses racing and pari-mutuel wagering thereon in the Commonwealth consistent with KRS Chapter 230 and Titles 809 and 810 of the Kentucky Administrative Regulations. The Commission is responsible for developing programs and procedures for race day medications, recommending tax incentives, and promoting the horse industry.

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

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

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

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

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

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

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

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

The Sports Wagering Administration Fund was established during the 2023 Regular Session and codified in KRS 230.805. The Kentucky Horse Racing Commission is responsible for the licensing, regulation, compliance and enforcement of the sports wagering program. Per KRS 138.552, the Department of Revenue collects the excise tax on sports wagering and deposits them into the Sports Wagering Administration Fund. Per KRS 230.817 these funds cover the administrative expenses of sports wagering, with 2.5% of the funds deposited into problem gamblers assistance fund established in KRS 230.826, and the remaining funds are to be deposited into the permanent pension fund established in KRS 42.205.

## **Policy**

The Governor's budget directs that the Sports Wagering revenues deposited into the permanent pension fund be appropriated and transferred to the Kentucky Public Pensions Authority and applied to the Kentucky Employees Retirement System nonhazardous pension fund.

The Governor's budget includes additional funding for the Thoroughbred Development Fund, Standardbred Development Fund, Ky Thoroughbred Breeder Incentive Fund and Ky Standardbred Breeder Incentive Fund. The total is \$133,620,000 in fiscal year 2025 and \$132,869,600 in fiscal year 2026.

The Governor's budget includes additional funding in the amount of \$48,300 in fiscal year 2025 and \$47,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$31,400 and \$31,100, respectively.

The Governor's budget includes additional funding in the amount of \$355,900 in fiscal year 2025 and \$601,700 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$231,700 and \$391,700, respectively.

**Public Protection  
Housing, Buildings and Construction**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,632,100	3,694,400	3,419,900	3,595,000	3,700,800
State Salary and Compensation Allocation			83,800		
Current Year Appropriation	71,600				
<b>Total General Fund</b>	<b>2,703,700</b>	<b>3,694,400</b>	<b>3,503,700</b>	<b>3,595,000</b>	<b>3,700,800</b>
<b>Restricted Funds</b>					
Balance Forward	9,320,562	9,971,026	16,809,500	16,724,400	12,743,000
Current Receipts	21,660,660	29,017,043	24,496,500	24,496,500	24,496,500
Non-Revenue Receipts	132,961	(60,020)	(100,000)	(2,294,000)	(1,994,000)
Fund Transfers	(156,546)				
<b>Total Restricted Funds</b>	<b>30,957,636</b>	<b>38,928,049</b>	<b>41,206,000</b>	<b>38,926,900</b>	<b>35,245,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>33,661,336</b>	<b>42,622,449</b>	<b>44,709,700</b>	<b>42,521,900</b>	<b>38,946,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	21,302,688	22,070,548	24,978,400	26,013,100	26,867,800
Operating Expenses	2,387,622	2,689,915	2,601,900	2,780,800	2,781,200
Capital Outlay		1,052,381	405,000	985,000	825,000
Construction					
<b>TOTAL EXPENDITURES</b>	<b>23,690,310</b>	<b>25,812,844</b>	<b>27,985,300</b>	<b>29,778,900</b>	<b>30,474,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,703,700	3,694,400	3,503,700	3,595,000	3,700,800
Restricted Funds	20,986,610	22,118,444	24,481,600	26,183,900	26,773,200
<b>TOTAL EXPENDITURES</b>	<b>23,690,310</b>	<b>25,812,844</b>	<b>27,985,300</b>	<b>29,778,900</b>	<b>30,474,000</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Management	3,133,569	3,650,626	3,268,900	3,769,100	3,839,900
Fire Prevention	970,326	220,455	250,100	254,400	261,800
Boiler Inspections	767,404	961,251	1,262,800	1,280,300	1,313,000
Hazardous Materials Inspections	675,281	828,572	1,136,800	1,190,300	1,228,800
Manufactured Housing Inspections	662,326	974,091	1,253,900	1,257,800	1,295,400
General Inspections	1,373,300	2,022,900	2,067,700	2,147,400	2,218,600
Sprinkler/Alarm Inspections	22,433	8	23,000	23,000	23,000
Elevator Inspections	1,571,441	1,773,108	2,005,200	2,029,300	2,090,300
Plumbing	7,148,886	7,379,882	7,959,000	8,784,500	8,928,700
Safe Cigarette Program	4,264	2,290	6,000	6,000	6,000
HVAC	2,891,049	2,976,834	3,099,900	3,328,500	3,392,800
Building Codes Enforcement	3,383,130	3,888,520	4,258,500	4,322,800	4,454,200
Electrical	1,086,902	1,134,306	1,393,500	1,385,500	1,421,500
<b>TOTAL EXPENDITURES</b>	<b>23,690,310</b>	<b>25,812,844</b>	<b>27,985,300</b>	<b>29,778,900</b>	<b>30,474,000</b>

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

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

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

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

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

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

## **Policy**

The Governor's budget includes additional Restricted Funds of \$420,000 in each fiscal year for replacement vehicles.

The Governor's budget includes Restricted Funds of \$810,200 in fiscal year 2025 and \$672,100 in fiscal year 2026, for additional positions and associated expenditures.

The Governor's budget includes additional funding in the amount of \$601,400 in fiscal year 2025 and \$595,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$76,400 and \$75,600, respectively.

The Governor's budget includes additional funding in the amount of \$1,167,800 in fiscal year 2025 and \$1,972,300 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$148,300 and \$250,500, respectively.

**Public Protection  
Insurance**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	59,610,928	82,539,057	120,413,000	139,966,700	136,789,400
Current Receipts	71,984,856	79,082,951	76,213,000	77,248,000	77,248,000
Non-Revenue Receipts	(4,108,904)	(26,564,785)	(39,274,200)	(62,319,000)	(5,319,000)
Fund Transfers	(31,000,000)				
<b>Total Restricted Funds</b>	<b>96,486,880</b>	<b>135,057,222</b>	<b>157,351,800</b>	<b>154,895,700</b>	<b>208,718,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>96,486,880</b>	<b>135,057,222</b>	<b>157,351,800</b>	<b>154,895,700</b>	<b>208,718,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	12,342,343	12,742,394	15,635,900	16,336,000	16,588,500
Operating Expenses	1,605,480	1,901,920	1,749,200	1,770,300	1,770,500
<b>TOTAL EXPENDITURES</b>	<b>13,947,823</b>	<b>14,644,314</b>	<b>17,385,100</b>	<b>18,106,300</b>	<b>18,359,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	13,947,823	14,644,314	17,385,100	18,106,300	18,359,000
Federal Fund					
<b>TOTAL EXPENDITURES</b>	<b>13,947,823</b>	<b>14,644,314</b>	<b>17,385,100</b>	<b>18,106,300</b>	<b>18,359,000</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Director and Administration	1,985,935	2,173,387	2,238,000	2,246,100	2,295,600
Financial Standards and Examination	2,308,361	2,164,442	2,345,700	2,452,900	2,480,100
Agent Licensing	1,359,819	1,613,896	1,808,200	1,900,000	1,839,600
Consumer Protection	2,782,854	2,616,479	3,400,400	3,395,300	3,468,500
Insurance Fraud Investigation	1,747,843	2,073,472	1,956,200	2,002,900	2,077,200
Mine Subsidence Program	51,099	64,591	75,000	75,000	75,000
Health and Life Insurance and Managed Care	2,580,481	2,387,543	3,407,400	3,590,700	3,641,200
Property and Casualty	1,131,431	1,550,505	2,154,200	2,443,400	2,481,800
<b>TOTAL EXPENDITURES</b>	<b>13,947,823</b>	<b>14,644,314</b>	<b>17,385,100</b>	<b>18,106,300</b>	<b>18,359,000</b>

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

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

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

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

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

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

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

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

## **Policy**

The Governor's budget includes additional Restricted Funds of \$610,000 in each fiscal year for increased actuary costs.

The Governor's budget includes additional Restricted Funds of \$8,200 in each year for the training incentive stipend for insurance fraud investigators. The stipend will increase \$500 for a total stipend of \$4,800 for each investigator. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor's budget includes additional funding in the amount of \$269,900 in fiscal year 2025 and \$267,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional funding in the amount of \$482,600 in fiscal year 2025 and \$815,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

# **Tourism, Arts and Heritage**

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**Tourism, Arts and Heritage**  
**Tourism, Arts and Heritage**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	72,110,100	93,205,300	85,998,000	106,271,200	113,065,600
State Salary and Compensation Allocation			3,229,300		
Special Appropriation	50,000				
Current Year Appropriation	21,581,800				
Continuing Approp.-General Fund			6,251,000		
Reorganization Adjustment	(103,200)	(230,000)	(230,000)		
<b>Total General Fund</b>	<b>93,638,700</b>	<b>92,975,300</b>	<b>95,248,300</b>	<b>106,271,200</b>	<b>113,065,600</b>
<b>Restricted Funds</b>					
Balance Forward	204,389,140	193,432,351	158,013,700	150,813,900	137,242,100
Current Receipts	169,376,633	182,237,633	184,312,400	190,213,800	190,567,100
Non-Revenue Receipts	(37,282,952)	(41,424,709)	13,616,900	13,025,500	13,550,500
<b>Total Restricted Funds</b>	<b>336,482,822</b>	<b>334,245,275</b>	<b>355,943,000</b>	<b>354,053,200</b>	<b>341,359,700</b>
<b>Federal Fund</b>					
Balance Forward	8,294,743	325,530	3,227,100	6,130,500	7,636,700
Current Receipts	27,627,295	102,603,705	63,772,700	42,899,100	44,951,100
Non-Revenue Receipts	(1,304,323)	(5,683,322)	(2,123,800)	(2,123,800)	(2,123,800)
<b>Total Federal Fund</b>	<b>34,617,716</b>	<b>97,245,913</b>	<b>64,876,000</b>	<b>46,905,800</b>	<b>50,464,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>464,739,238</b>	<b>524,466,488</b>	<b>516,067,300</b>	<b>507,230,200</b>	<b>504,889,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	158,827,843	168,190,446	217,146,900	217,233,000	224,886,200
Operating Expenses	92,060,438	98,617,825	115,611,300	108,797,200	113,148,200
Grants Loans Benefits	11,196,157	75,677,909	17,477,500	19,669,200	16,275,500
Debt Service	3,064,918	3,714,668	2,322,200	6,967,200	15,299,200
Capital Outlay	5,551,944	8,797,085	6,415,000	9,684,800	7,592,000
Construction	25,992	123,373			
<b>TOTAL EXPENDITURES</b>	<b>270,727,291</b>	<b>355,121,306</b>	<b>358,972,900</b>	<b>362,351,400</b>	<b>377,201,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	93,384,635	84,871,037	95,098,300	106,271,200	113,065,600
Restricted Funds	143,050,471	176,231,433	205,129,100	216,811,100	223,698,100



Federal Fund	34,292,186	94,018,836	58,745,500	39,269,100	40,437,400
Road Fund					
<b>TOTAL EXPENDITURES</b>	<b>270,727,291</b>	<b>355,121,306</b>	<b>358,972,900</b>	<b>362,351,400</b>	<b>377,201,100</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	30,357,913	93,420,918	40,850,500	29,027,000	28,045,300
Artisans Center	2,530,020	2,681,939	2,840,500	2,885,100	2,941,400
Kentucky Department of Tourism	3,104,266	2,966,140	3,595,900	3,576,900	3,665,400
Parks	95,595,576	103,364,779	113,015,200	125,768,800	133,494,900
Horse Park Commission	12,976,680	13,919,809	14,177,100	16,520,400	17,790,700
State Fair Board	49,867,264	57,842,967	61,638,100	61,965,900	62,469,500
Fish and Wildlife Resources	61,551,771	66,885,698	104,954,600	105,412,600	110,104,400
Historical Society	6,810,304	7,246,084	8,687,100	9,037,100	8,971,700
Arts Council	3,655,815	2,724,574	2,745,700	3,404,600	3,437,100
Heritage Council	2,194,087	3,510,097	5,909,900	3,813,300	3,918,300
Kentucky Center for the Arts	2,083,595	558,300	558,300	939,700	2,362,400
<b>TOTAL EXPENDITURES</b>	<b>270,727,291</b>	<b>355,121,306</b>	<b>358,972,900</b>	<b>362,351,400</b>	<b>377,201,100</b>

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

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

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

**Tourism, Arts and Heritage  
Secretary**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,279,400	3,868,900	3,583,100	7,527,000	3,545,300
State Salary and Compensation Allocation			135,900		
Current Year Appropriation	106,100				
Reorganization Adjustment	(103,200)	(230,000)	(230,000)		
<b>Total General Fund</b>	<b>3,282,300</b>	<b>3,638,900</b>	<b>3,489,000</b>	<b>7,527,000</b>	<b>3,545,300</b>
<b>Restricted Funds</b>					
Balance Forward	5,375,509	7,030,316	8,754,600	11,258,200	9,034,600
Current Receipts	(261,534)	321,044	190,000	190,000	190,000
Non-Revenue Receipts	16,182,717	18,893,308	19,813,600	19,086,400	19,600,000
<b>Total Restricted Funds</b>	<b>21,296,693</b>	<b>26,244,668</b>	<b>28,758,200</b>	<b>30,534,600</b>	<b>28,824,600</b>
<b>Federal Fund</b>					
Balance Forward	(100,000)	(6,035,565)	(581,700)		
Current Receipts	6,896,759	77,894,824	20,443,200		
<b>Total Federal Fund</b>	<b>6,796,759</b>	<b>71,859,260</b>	<b>19,861,500</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>31,375,751</b>	<b>101,742,828</b>	<b>52,108,700</b>	<b>38,061,600</b>	<b>32,369,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,157,428	3,104,576	3,573,800	3,450,100	3,538,600
Operating Expenses	19,506,619	17,522,372	35,176,700	19,006,900	22,006,700
Grants Loans Benefits	6,693,866	72,641,242	2,100,000	6,570,000	2,500,000
Capital Outlay		152,728			
<b>TOTAL EXPENDITURES</b>	<b>30,357,913</b>	<b>93,420,918</b>	<b>40,850,500</b>	<b>29,027,000</b>	<b>28,045,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,259,213	3,490,005	3,489,000	7,527,000	3,545,300
Restricted Funds	14,266,376	17,489,999	17,500,000	21,500,000	24,500,000
Federal Fund	12,832,324	72,440,914	19,861,500		
<b>TOTAL EXPENDITURES</b>	<b>30,357,913</b>	<b>93,420,918</b>	<b>40,850,500</b>	<b>29,027,000</b>	<b>28,045,300</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	16,091,537	75,930,919	23,350,500	7,527,000	3,545,300
Tourism Meeting & Convention Marketing	14,266,376	17,489,999	17,500,000	21,500,000	24,500,000
<b>TOTAL EXPENDITURES</b>	<b>30,357,913</b>	<b>93,420,918</b>	<b>40,850,500</b>	<b>29,027,000</b>	<b>28,045,300</b>

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 General Fund in the amount of \$1,500,000 to the Louisville Ballet in fiscal year 2025 to support capital start-up equipment costs and touring and engagement performances throughout Kentucky.

The Governor's budget includes General Fund in the amount of \$1,500,000 in fiscal year 2025 to the Louisville Metro Government support the expansion of the Riverside-The Farnsley-Moremen Landing.

The Governor's budget includes General Fund in the amount of \$1,070,000 in fiscal year 2025 to the Kentucky Center for African American Heritage for deferred maintenance and education and cultural programming.

Additional Restricted Fund expenditures are included for the Tourism, Meeting and Convention Marketing Fund in fiscal years 2025 and 2026 in the amount of \$4,000,000 and \$7,000,000 respectively to support expanded marketing of the Commonwealth as a tourist destination.

The Governor's budget includes additional General Fund in the amount of \$13,300 in fiscal year 2025 and \$13,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$141,500 in fiscal year 2025 and \$238,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Tourism, Arts and Heritage  
Artisans Center**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,066,300	1,145,800	1,163,000	1,198,900	1,242,400
State Salary and Compensation Allocation			45,200		
Current Year Appropriation	49,600				
<b>Total General Fund</b>	<b>1,115,900</b>	<b>1,145,800</b>	<b>1,208,200</b>	<b>1,198,900</b>	<b>1,242,400</b>
<b>Restricted Funds</b>					
Balance Forward	344,085	324,701	181,600	181,600	127,700
Current Receipts	1,394,736	1,393,027	1,632,300	1,632,300	1,632,300
<b>Total Restricted Funds</b>	<b>1,738,821</b>	<b>1,717,727</b>	<b>1,813,900</b>	<b>1,813,900</b>	<b>1,760,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,854,721</b>	<b>2,863,527</b>	<b>3,022,100</b>	<b>3,012,800</b>	<b>3,002,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,234,053	1,580,708	1,798,900	1,787,700	1,843,900
Operating Expenses	1,295,967	1,098,232	1,041,600	1,097,400	1,097,500
Construction		3,000			
<b>TOTAL EXPENDITURES</b>	<b>2,530,020</b>	<b>2,681,939</b>	<b>2,840,500</b>	<b>2,885,100</b>	<b>2,941,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,115,900	1,145,800	1,208,200	1,198,900	1,242,400
Restricted Funds	1,414,120	1,536,139	1,632,300	1,686,200	1,699,000
<b>TOTAL EXPENDITURES</b>	<b>2,530,020</b>	<b>2,681,939</b>	<b>2,840,500</b>	<b>2,885,100</b>	<b>2,941,400</b>
<b>EXPENDITURES BY UNIT</b>					
Berea Artisans Center	2,530,020	2,681,939	2,840,500	2,885,100	2,941,400
<b>TOTAL EXPENDITURES</b>	<b>2,530,020</b>	<b>2,681,939</b>	<b>2,840,500</b>	<b>2,885,100</b>	<b>2,941,400</b>

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 800 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 250,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

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 \$19,900 in fiscal year 2025 and \$19,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General fund portion is \$15,400 and \$15,300, respectively.

The Governor's budget includes additional funding in the amount of \$70,200 in fiscal year 2025 and \$118,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$54,300 and \$91,800, respectively.

**Tourism, Arts and Heritage  
Kentucky Department of Tourism**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,209,100	3,433,700	3,458,200	3,554,200	3,642,700
State Salary and Compensation Allocation			115,000		
Current Year Appropriation	104,300				
<b>Total General Fund</b>	<b>3,313,400</b>	<b>3,433,700</b>	<b>3,573,200</b>	<b>3,554,200</b>	<b>3,642,700</b>
<b>Restricted Funds</b>					
Balance Forward	60,671	72,794	91,800	75,500	59,200
Current Receipts	12,312	19,228	6,400	6,400	6,400
<b>Total Restricted Funds</b>	<b>72,983</b>	<b>92,022</b>	<b>98,200</b>	<b>81,900</b>	<b>65,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,386,383</b>	<b>3,525,722</b>	<b>3,671,400</b>	<b>3,636,100</b>	<b>3,708,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,758,208	2,496,875	3,170,400	3,140,500	3,228,900
Operating Expenses	346,058	469,264	425,500	436,400	436,500
<b>TOTAL EXPENDITURES</b>	<b>3,104,266</b>	<b>2,966,140</b>	<b>3,595,900</b>	<b>3,576,900</b>	<b>3,665,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,104,077	2,965,922	3,573,200	3,554,200	3,642,700
Restricted Funds	189	217	22,700	22,700	22,700
<b>TOTAL EXPENDITURES</b>	<b>3,104,266</b>	<b>2,966,140</b>	<b>3,595,900</b>	<b>3,576,900</b>	<b>3,665,400</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	1,413,326	1,471,132	1,717,500	1,680,900	1,715,600
Division of Marketing	333,033	317,263	340,700	357,300	368,800
Division of Tourism Services	1,065,961	911,661	1,229,000	1,241,300	1,277,000
Division of Communications and Public Relations	291,946	266,083	308,700	297,400	304,000
<b>TOTAL EXPENDITURES</b>	<b>3,104,266</b>	<b>2,966,140</b>	<b>3,595,900</b>	<b>3,576,900</b>	<b>3,665,400</b>

The Department of Tourism was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

The Division of Marketing is responsible for marketing Kentucky as a travel destination on a state, regional, national and international level (creating and developing marketing materials in conjunction with the Commissioner's Office). The division maintains a database of all the tourism-related attractions, destinations and events. The division promotes these assets through a variety of mediums including, but not limited to, television, radio, print, out-of-home, OTT & digital. Additionally, the division participates in trade shows, events and conferences to showcase the state; collaborates with industry partners within the state and throughout the region to leverage marketing efforts; manages the Department's website as well as the production of the Official Visitor's Guide; and is tasked to guide the efforts of the cultural heritage tourism program for Kentucky.

The Division of Tourism Services provides support to the tourism industry by managing the Tourism Marketing Incentive Program (TMIP). The TMIP is a collaborative effort with industry partners to utilize the one percent lodging tax funds effectively by providing Matching Funds for marketing and promotional efforts. Also included in this division is the staffing and management of the seven state welcome centers (Franklin, Grayson, Hopkinsville, Shelbyville, Shepherdsville, Williamsburg and Whitehaven) to provide visitor and travel information. The division also provides travel brochure fulfillment for public and industry requests.

The Division of Communications and Public Relations works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through social media, e-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, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and Tourism and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

The Division of Tourism Development oversees the administration of the Kentucky Tourism Development Finance Authority and the Kentucky Tourism Development Act and incentives. The division also administers film incentives and provides staff to educate the public on all incentive programs TAH has to offer.

### **Policy**

The Governor's budget includes additional General Fund in the amount of \$50,700 in fiscal year 2025 and \$50,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$127,500 in fiscal year 2025 and \$215,400 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Tourism, Arts and Heritage  
Parks**

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>General Fund</b>					
Regular Appropriation	47,626,400	58,142,400	58,828,500	70,827,000	78,286,700
State Salary and Compensation Allocation			1,762,500		
Current Year Appropriation	2,154,800				
<b>Total General Fund</b>	<b>49,781,200</b>	<b>58,142,400</b>	<b>60,591,000</b>	<b>70,827,000</b>	<b>78,286,700</b>
<b>Restricted Funds</b>					
Balance Forward	4,489,825	5,711,452	10,285,700	9,610,700	7,664,200
Current Receipts	45,277,682	49,965,817	51,654,800	52,726,800	52,231,300
Non-Revenue Receipts	1,759,359	(169,148)	244,400	268,500	268,500
<b>Total Restricted Funds</b>	<b>51,526,865</b>	<b>55,508,121</b>	<b>62,184,900</b>	<b>62,606,000</b>	<b>60,164,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>101,308,065</b>	<b>113,650,521</b>	<b>122,775,900</b>	<b>133,433,000</b>	<b>138,450,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	61,394,659	64,885,701	75,508,300	75,995,900	78,033,600
Operating Expenses	31,166,308	35,156,267	34,288,000	39,985,000	40,815,400
Grants Loans Benefits	(1,825)	1,773			
Debt Service	2,712,291	2,348,294	2,322,200	5,491,200	12,349,200
Capital Outlay	320,475	938,039	896,700	4,296,700	2,296,700
Construction	3,669	34,705			
<b>TOTAL EXPENDITURES</b>	<b>95,595,576</b>	<b>103,364,779</b>	<b>113,015,200</b>	<b>125,768,800</b>	<b>133,494,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	49,780,163	58,142,395	60,441,000	70,827,000	78,286,700
Restricted Funds	45,815,413	45,222,384	52,574,200	54,941,800	55,208,200
<b>TOTAL EXPENDITURES</b>	<b>95,595,576</b>	<b>103,364,779</b>	<b>113,015,200</b>	<b>125,768,800</b>	<b>133,494,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	15,770,322	16,935,647	18,841,900	21,536,600	20,072,500
Resort Parks	61,490,453	66,122,206	72,134,600	79,975,900	88,625,200
Recreation Parks and Historic Sites	17,825,412	19,605,666	21,280,500	23,484,600	24,014,700
Cafeterias	509,388	701,260	758,200	771,700	782,500
<b>TOTAL EXPENDITURES</b>	<b>95,595,576</b>	<b>103,364,779</b>	<b>113,015,200</b>	<b>125,768,800</b>	<b>133,494,900</b>

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	Kenlake Resort Park - Marshall County
Blue Licks Battlefield State Park - Robertson County	KY Dam Village Resort Park - Marshall County
Buckhorn Lake Resort Park - Perry County	Lake Barkley Resort Park - Trigg County
Carter Caves Resort Park - Carter County	Lake Cumberland Resort Park - Russell County
Cumberland Falls Resort Park - Whitley County	Natural Bridge Resort Park - Powell County
Dale Hollow Resort Park - Cumberland and Clinton Counties	Pennyrile Forest Resort Park - Christian County
General Butler Resort Park - Carroll County	Pine Mountain Resort Park - Bell County
Greenbo Lake Resort Park - Greenup County	Rough River Resort Park - Grayson County
Jenny Wiley Resort Park - Floyd 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	Lake Malone State Park - Muhlenberg County
Carr Creek State Park - Knott County	Lincoln Homestead State Park - Washington County
Columbus-Belmont Battlefield State Park - Hickman County	Mineral Mound State Park - Lyon County
E. P. "Tom" Sawyer State Park - Jefferson County	My Old Kentucky Home State Park - Nelson County
Fort Boonesborough State Park - Madison County	Nolin Lake State Park - Edmonson County
General Burnside State Park - Pulaski County	Old Fort Harrod State Park - Mercer County
Grayson Lake State Park - Elliott and Carter Counties	Paintsville Lake State Park - Johnson County
Green River Lake State Park - Taylor County	Pine Mnt Trail State Park - Harlan & Bell Counties
John James Audubon State Park - Henderson County	Taylorsville Lake State Park - Spencer County
Kincaid Lake State Park - Pendleton County	Yatesville Lake State Park - Lawrence County
Kingdom Come State Park - Harlan County	
Dawkins Line Rail Trail Park – Johnson/Magoffin Counties	

## Historic Sites

Perryville Battlefield State Shrine - Boyle County	Jefferson Davis Monument St Shrine - Todd County
Dr. Thomas Walker State Shrine - Knox County	Waveland State Shrine - Fayette County
Isaac Shelby State Shrine - Lincoln County	Boone Station – Fayette County
Wickliffe Mounds State Historic Site - Ballard County	
Old Mulkey Meeting House State Shrine - Monroe 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 General Fund of \$2,000,000 in fiscal year 2025 to purchase replace vehicles with high mileage.

The Governor's budget includes additional General Fund in an amount of \$587,500 in fiscal year 2025 and \$1,203,800 in fiscal year 2026 and Restricted Funds of \$195,800 in fiscal year 2025 and \$401,200 in fiscal year 2026 for Resort Parks and Recreational Parks, and Historic Sites to cover an increase in operational costs due to inflation.



The Governor's budget includes additional Restricted Funds of \$1,500,000 in each fiscal year for Resort Parks and Recreational Parks and Historic Sites for replacement of groundskeeping equipment.

The Governor's budget includes additional Restricted Funds of \$89,900 in each fiscal year to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan.

The Governor's budget includes additional Restricted Funds of \$22,500 in each fiscal year to increase law enforcement officer stipends from \$4,300 to \$4,800 annually.

The Governor's budget includes additional funding in the amount of \$1,419,300 in fiscal year 2025 and \$1,405,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$1,376,700 and \$1,362,900, respectively.

The Governor's budget includes additional funding in the amount of \$2,618,800 in fiscal year 2025 and \$4,425,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$2,540,200 and \$4,292,700, respectively.

**Tourism, Arts and Heritage  
Horse Park Commission**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,731,700	2,199,100	2,119,200	3,824,500	4,996,600
State Salary and Compensation Allocation			70,700		
<b>Total General Fund</b>	<b>1,731,700</b>	<b>2,199,100</b>	<b>2,189,900</b>	<b>3,824,500</b>	<b>4,996,600</b>
<b>Restricted Funds</b>					
Balance Forward	2,907,713	3,297,479	4,133,500	5,605,200	6,563,300
Current Receipts	11,606,911	12,501,193	13,292,000	13,511,100	13,718,000
Non-Revenue Receipts	27,836	53,023	53,000	53,000	53,000
<b>Total Restricted Funds</b>	<b>14,542,460</b>	<b>15,851,695</b>	<b>17,478,500</b>	<b>19,169,300</b>	<b>20,334,300</b>
<b>Federal Fund</b>					
Balance Forward			(2,500)	89,900	
Current Receipts			206,300		
<b>Total Federal Fund</b>			<b>203,800</b>	<b>89,900</b>	
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,274,160</b>	<b>18,050,795</b>	<b>19,872,200</b>	<b>23,083,700</b>	<b>25,330,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	7,084,215	7,813,164	9,430,300	9,740,900	10,007,600
Operating Expenses	5,872,896	5,856,939	4,632,900	5,595,600	5,596,100
Grants Loans Benefits	90		113,900	89,900	
Debt Service		146,000		1,094,000	2,187,000
Capital Outlay	19,478	103,706			
<b>TOTAL EXPENDITURES</b>	<b>12,976,680</b>	<b>13,919,809</b>	<b>14,177,100</b>	<b>16,520,400</b>	<b>17,790,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,731,700	2,199,100	2,189,900	3,824,500	4,996,600
Restricted Funds	11,244,980	11,718,200	11,873,300	12,606,000	12,794,100
Federal Fund		2,509	113,900	89,900	
<b>TOTAL EXPENDITURES</b>	<b>12,976,680</b>	<b>13,919,809</b>	<b>14,177,100</b>	<b>16,520,400</b>	<b>17,790,700</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Horse Park	12,976,680	13,919,809	14,177,100	16,520,400	17,790,700
<b>TOTAL EXPENDITURES</b>	<b>12,976,680</b>	<b>13,919,809</b>	<b>14,177,100</b>	<b>16,520,400</b>	<b>17,790,700</b>

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 \$2.3 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 the majority of special event activities. More than 100 annual equine events utilize 19 barns (1,200 permanent stalls) with construction of 2 additional barns and 200 stalls underway, a climate-controlled 5,500 seat Alltech Arena, the 7,338 seat Rolex Stadium, an 1,100 seat covered arena, show office complex, five hunter-jumper rings, five dressage rings, a 205-acre cross country course, steeplechase course, and other ancillary structures. The park also hosts over 100 non-equine events that include weddings, high school wrestling, cheerleading, high school cross-country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events. These equine and non-equine events generate over \$4.8 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 \$1.9 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 Restricted Fund expenditures of \$550,000 in each fiscal year to cover an increase in operational costs relating to added events and expanded retail sales.

The Governor's budget includes additional Restricted Fund expenditures of \$5,500 in each fiscal year to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to the Tier II defined benefit retirement plan.

The Governor's budget includes additional Restricted Fund expenditures of \$6,400 in each fiscal year to increase law enforcement officer stipends from \$4,300 to \$4,800 annually.

The Governor's budget includes additional funding in the amount of \$136,900 in fiscal year 2025 and \$135,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$40,500 and \$40,200, respectively.

The Governor's budget includes additional funding in the amount of \$360,600 in fiscal year 2025 and \$610,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$106,700 and \$180,700, respectively.

**Tourism, Arts and Heritage  
State Fair Board**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,170,400	5,446,000	4,957,900	5,644,100	6,143,100
State Salary and Compensation Allocation			816,900		
Current Year Appropriation	18,939,500				
<b>Total General Fund</b>	<b>23,109,900</b>	<b>5,446,000</b>	<b>5,774,800</b>	<b>5,644,100</b>	<b>6,143,100</b>
<b>Restricted Funds</b>					
Balance Forward	11,878	2,027,521	2,627,000		
Current Receipts	38,278,657	53,326,815	53,236,300	56,321,800	56,326,400
Non-Revenue Receipts	(9,505,650)	(330,309)			
<b>Total Restricted Funds</b>	<b>28,784,885</b>	<b>55,024,026</b>	<b>55,863,300</b>	<b>56,321,800</b>	<b>56,326,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>51,894,785</b>	<b>60,470,026</b>	<b>61,638,100</b>	<b>61,965,900</b>	<b>62,469,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	28,695,642	34,435,942	37,035,000	37,005,600	37,934,800
Operating Expenses	16,411,720	19,373,437	20,202,300	21,219,700	21,162,400
Grants Loans Benefits	1,184,138	216,359	1,630,000	1,100,000	824,500
Debt Service	56,500	721,000			
Capital Outlay	3,498,201	3,010,616	2,770,800	2,640,600	2,547,800
Construction	21,063	85,613			
<b>TOTAL EXPENDITURES</b>	<b>49,867,264</b>	<b>57,842,967</b>	<b>61,638,100</b>	<b>61,965,900</b>	<b>62,469,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	23,109,900	5,446,000	5,774,800	5,644,100	6,143,100
Restricted Funds	26,757,364	52,396,967	55,863,300	56,321,800	56,326,400
<b>TOTAL EXPENDITURES</b>	<b>49,867,264</b>	<b>57,842,967</b>	<b>61,638,100</b>	<b>61,965,900</b>	<b>62,469,500</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Fair and Exposition Center	43,495,779	46,592,369	51,169,600	52,136,700	52,557,400
Kentucky International Convention Center	6,314,985	10,529,598	10,468,500	9,829,200	9,912,100
Debt Service	56,500	721,000			
<b>TOTAL EXPENDITURES</b>	<b>49,867,264</b>	<b>57,842,967</b>	<b>61,638,100</b>	<b>61,965,900</b>	<b>62,469,500</b>

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 19,000-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 amphitheater, a 5,000 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 Restricted Funds in the amount of \$1,700,000 in fiscal year 2024, \$2,158,500 in fiscal year 2025, and \$2,163,100 in fiscal year 2026 to support three new positions and an increase in operational costs due to inflation at the Kentucky Exposition Center.

The Governor's budget includes additional Restricted Funds in the amount of \$200,000 in each fiscal year to cover an increase in operational costs at the Kentucky International Convention Center due to inflation.

The Governor's budget includes additional funding in the amount of \$340,200 in fiscal year 2025 and \$336,700 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$204,100 and \$202,000, respectively.

The Governor's budget includes additional funding in the amount of \$1,192,800 in fiscal year 2025 and \$2,015,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$715,700 and \$1,209,100, respectively.

**Tourism, Arts and Heritage  
Fish and Wildlife Resources**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		3,875,000			
Continuing Approp.-General Fund			3,862,000		
<b>Total General Funds</b>		<b>3,875,000</b>	<b>3,862,000</b>		
<b>Restricted Funds</b>					
Balance Forward	190,320,964	173,919,550	130,597,600	123,086,700	113,072,400
Current Receipts	72,113,434	63,904,087	63,904,100	65,350,600	65,967,400
Non-Revenue Receipts	(45,746,214)	(59,871,583)	(6,999,100)	(6,999,100)	(6,999,100)
<b>Total Restricted Funds</b>	<b>216,688,184</b>	<b>177,952,054</b>	<b>187,502,600</b>	<b>181,438,200</b>	<b>172,040,700</b>
<b>Federal Fund</b>					
Balance Forward	8,334,069	8,014,195	4,659,900	5,922,800	7,423,300
Current Receipts	19,767,585	21,847,251	40,063,400	40,671,100	43,022,800
Non-Revenue Receipts	(1,304,323)	(5,683,322)	(2,123,800)	(2,123,800)	(2,123,800)
<b>Total Federal Fund</b>	<b>26,797,332</b>	<b>24,178,124</b>	<b>42,599,500</b>	<b>44,470,100</b>	<b>48,322,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>243,485,516</b>	<b>206,005,178</b>	<b>233,964,100</b>	<b>225,908,300</b>	<b>220,363,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	45,944,935	46,530,789	77,421,000	76,819,400	80,736,800
Operating Expenses	13,178,192	15,035,017	15,412,300	16,471,900	17,246,300
Grants Loans Benefits	417,467	732,168	9,373,800	9,373,800	9,373,800
Debt Service	296,127	499,374			
Capital Outlay	1,713,790	4,088,295	2,747,500	2,747,500	2,747,500
Construction	1,260	55			
<b>TOTAL EXPENDITURES</b>	<b>61,551,771</b>	<b>66,885,698</b>	<b>104,954,600</b>	<b>105,412,600</b>	<b>110,104,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		13,000	3,862,000		
Restricted Funds	42,768,634	47,354,489	64,415,900	68,365,800	71,804,200
Federal Fund	18,783,137	19,518,209	36,676,700	37,046,800	38,300,200
<b>TOTAL EXPENDITURES</b>	<b>61,551,771</b>	<b>66,885,698</b>	<b>104,954,600</b>	<b>105,412,600</b>	<b>110,104,400</b>
<b>EXPENDITURES BY UNIT</b>					
Administration and Support	5,807,463	6,237,458	27,550,600	26,049,600	28,300,600
Wildlife Management	16,947,984	18,480,576	32,480,600	32,913,400	34,135,100
Fisheries Management	12,309,440	13,929,571	15,535,000	15,787,400	16,128,300
Information and Education	7,705,671	8,614,310	8,827,500	9,156,300	9,379,700
Law Enforcement	14,977,979	16,067,066	16,285,000	17,190,500	17,756,000
Marketing	1,060,553	1,119,845	1,402,900	1,415,100	1,438,000
Engineering, Infrastructure & Technology	2,742,682	2,436,872	2,873,000	2,900,300	2,966,700
<b>TOTAL EXPENDITURES</b>	<b>61,551,771</b>	<b>66,885,698</b>	<b>104,954,600</b>	<b>105,412,600</b>	<b>110,104,400</b>

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 168,000 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 364,000 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**

Additional Restricted Funds are included in the amount of \$107,300 in each fiscal year to cover the actuarially determined employer contribution cost of moving hazardous duty employees from the Tier III hybrid cash balance retirement plan to Tier II defined benefit retirement plan.

The Governor's budget includes additional Restricted Funds in the amount of \$250,000 in each fiscal year for additional security measures at the Commonwealth's three conservation camps and a wage increase for camp staff.

The Governor's budget includes additional Restricted Funds of \$96,200 in each fiscal year to increase law enforcement officer stipends from \$4,300 to \$4,800 annually.

The Governor's budget includes an additional amount of \$1,557,400 in fiscal year 2025 and \$1,544,900 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$2,280,500 in fiscal year 2025 and \$3,861,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.



**Tourism, Arts and Heritage  
Historical Society**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,463,500	7,821,500	7,887,700	8,475,900	8,448,400
State Salary and Compensation Allocation			160,900		
Current Year Appropriation	152,400				
<b>Total General Fund</b>	<b>6,615,900</b>	<b>7,821,500</b>	<b>8,048,600</b>	<b>8,475,900</b>	<b>8,448,400</b>
<b>Restricted Funds</b>					
Balance Forward	266,816	431,534	685,200	406,700	235,500
Current Receipts	360,122	265,507	190,000	180,000	190,000
Non-Revenue Receipts	(1,000)				
<b>Total Restricted Funds</b>	<b>625,938</b>	<b>697,041</b>	<b>875,200</b>	<b>586,700</b>	<b>425,500</b>
<b>Federal Fund</b>					
Balance Forward	55,128	55,128	77,100	77,100	37,100
Current Receipts		21,959	170,000	170,000	170,000
<b>Total Federal Fund</b>	<b>55,128</b>	<b>77,087</b>	<b>247,100</b>	<b>247,100</b>	<b>207,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,296,966</b>	<b>8,595,628</b>	<b>9,170,900</b>	<b>9,309,700</b>	<b>9,081,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,114,373	4,096,699	4,889,900	4,847,800	4,979,200
Operating Expenses	2,651,231	2,603,860	3,750,200	4,152,300	3,955,500
Grants Loans Benefits	44,700	41,825	47,000	37,000	37,000
Capital Outlay		503,700			
<b>TOTAL EXPENDITURES</b>	<b>6,810,304</b>	<b>7,246,084</b>	<b>8,687,100</b>	<b>9,037,100</b>	<b>8,971,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,615,900	7,234,259	8,048,600	8,475,900	8,448,400
Restricted Funds	194,404	11,825	468,500	351,200	316,200
Federal Fund			170,000	210,000	207,100
<b>TOTAL EXPENDITURES</b>	<b>6,810,304</b>	<b>7,246,084</b>	<b>8,687,100</b>	<b>9,037,100</b>	<b>8,971,700</b>
<b>EXPENDITURES BY UNIT</b>					
Oral History and Educational Outreach	909,378	743,781	1,096,900	1,067,900	1,093,100
Research and Publications	1,159,015	351,464	184,600	1,033,000	1,053,000
Museums	3,696,366	1,327,819	2,240,400	1,224,200	1,233,600
Administration	1,045,546	4,823,021	5,165,200	5,712,000	5,592,000
<b>TOTAL EXPENDITURES</b>	<b>6,810,304</b>	<b>7,246,084</b>	<b>8,687,100</b>	<b>9,037,100</b>	<b>8,971,700</b>

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 200,000+ 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, 200,000-plus photographs, 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 of \$325,000 in fiscal year 2025 and \$150,000 in fiscal year 2026 to enhance security services and upgrade the security systems at the Thomas D. Clark Center for History, the Old State Capitol, and the Kentucky Military History Museum.

The Governor's budget includes additional General Fund in the amount of \$39,500 in fiscal year 2025 and \$39,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$193,500 in fiscal year 2025 and \$326,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Tourism, Arts and Heritage  
Arts Council**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,739,600	1,797,100	1,810,000	2,500,400	2,525,200
State Salary and Compensation Allocation			29,700		
Current Year Appropriation	47,600				
<b>Total General Fund</b>	<b>1,787,200</b>	<b>1,797,100</b>	<b>1,839,700</b>	<b>2,500,400</b>	<b>2,525,200</b>
<b>Restricted Funds</b>					
Balance Forward	259,167	185,812	196,500	180,800	164,900
Current Receipts	116,585	70,494	71,500	70,500	70,500
Non-Revenue Receipts					
<b>Total Restricted Funds</b>	<b>375,752</b>	<b>256,305</b>	<b>268,000</b>	<b>251,300</b>	<b>235,400</b>
<b>Federal Fund</b>					
Balance Forward	5,202	(1,673,473)	(926,100)	40,700	176,300
Current Receipts		1,679,501	1,785,600	953,400	653,700
<b>Total Federal Fund</b>	<b>5,202</b>	<b>6,028</b>	<b>859,500</b>	<b>994,100</b>	<b>830,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,168,154</b>	<b>2,059,433</b>	<b>2,967,200</b>	<b>3,745,800</b>	<b>3,590,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,250,254	1,204,623	1,326,100	1,317,000	1,349,700
Operating Expenses	189,801	196,666	275,400	282,400	282,200
Grants Loans Benefits	2,215,760	1,323,285	1,144,200	1,805,200	1,805,200
<b>TOTAL EXPENDITURES</b>	<b>3,655,815</b>	<b>2,724,574</b>	<b>2,745,700</b>	<b>3,404,600</b>	<b>3,437,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,787,200	1,732,631	1,839,700	2,500,400	2,525,200
Restricted Funds	189,940	59,808	87,200	86,400	86,400
Federal Fund	1,678,675	932,135	818,800	817,800	825,500
<b>TOTAL EXPENDITURES</b>	<b>3,655,815</b>	<b>2,724,574</b>	<b>2,745,700</b>	<b>3,404,600</b>	<b>3,437,100</b>
<b>EXPENDITURES BY UNIT</b>					
Arts Council	1,010,967	1,120,426	1,182,500	1,860,500	1,892,200
Support Grants	2,458,275	1,544,339	1,476,000	1,457,700	1,458,500
Arts Marketing	186,573	59,808	87,200	86,400	86,400
<b>TOTAL EXPENDITURES</b>	<b>3,655,815</b>	<b>2,724,574</b>	<b>2,745,700</b>	<b>3,404,600</b>	<b>3,437,100</b>

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 General Fund in the amount of \$661,000 in each fiscal year to increase grants-in-aid to non-profit arts organizations that essentially function as the Commonwealth's arts infrastructure and are known as Kentucky Arts Partnership organizations. Funds available for these grants have been reduced by 40% since 2022 when \$2,206,500 was provided in grants.

The Governor's budget includes additional funding in the amount of \$31,400 in fiscal year 2025 and \$31,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years. The General Fund portion is \$23,800 and \$23,600, respectively.

The Governor's budget includes additional funding in the amount of \$41,800 in fiscal year 2025 and \$70,500 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year. The General Fund portion is \$31,700 and \$53,500, respectively.

**Tourism, Arts and Heritage  
Heritage Council**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	739,400	4,917,500	1,632,100	1,779,500	1,872,800
State Salary and Compensation Allocation			92,500		
Special Appropriation	50,000				
Current Year Appropriation	27,500				
Continuing Approp.-General Fund			2,389,000		
<b>Total General Fund</b>	<b>816,900</b>	<b>4,917,500</b>	<b>4,113,600</b>	<b>1,779,500</b>	<b>1,872,800</b>
<b>Restricted Funds</b>					
Balance Forward	352,512	431,192	460,200	408,500	320,300
Current Receipts	477,730	470,423	135,000	224,300	234,800
Non-Revenue Receipts			505,000	616,700	628,100
<b>Total Restricted Funds</b>	<b>830,242</b>	<b>901,615</b>	<b>1,100,200</b>	<b>1,249,500</b>	<b>1,183,200</b>
<b>Federal Fund</b>					
Balance Forward	345	(34,754)	400		
Current Receipts	962,951	1,160,169	1,104,200	1,104,600	1,104,600
<b>Total Federal Fund</b>	<b>963,296</b>	<b>1,125,415</b>	<b>1,104,600</b>	<b>1,104,600</b>	<b>1,104,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,610,438</b>	<b>6,944,530</b>	<b>6,318,400</b>	<b>4,133,600</b>	<b>4,160,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,837,275	2,041,369	2,993,200	3,128,100	3,233,100
Operating Expenses	273,151	1,305,771	406,400	550,200	550,200
Grants Loans Benefits	83,661	162,957	2,510,300	135,000	135,000
<b>TOTAL EXPENDITURES</b>	<b>2,194,087</b>	<b>3,510,097</b>	<b>5,909,900</b>	<b>3,813,300</b>	<b>3,918,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	796,987	1,943,625	4,113,600	1,779,500	1,872,800
Restricted Funds	399,050	441,403	691,700	929,200	940,900
Federal Fund	998,050	1,125,070	1,104,600	1,104,600	1,104,600
<b>TOTAL EXPENDITURES</b>	<b>2,194,087</b>	<b>3,510,097</b>	<b>5,909,900</b>	<b>3,813,300</b>	<b>3,918,300</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Heritage Council	2,194,087	3,510,097	5,909,900	3,813,300	3,918,300
<b>TOTAL EXPENDITURES</b>	<b>2,194,087</b>	<b>3,510,097</b>	<b>5,909,900</b>	<b>3,813,300</b>	<b>3,918,300</b>

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 grant funds to support the following organizations:

- Martin Luther King, Jr. State Commission - \$25,000 each year
- Kentucky Native American Heritage Commission - \$50,000 each year

The Governor's budget includes additional Restricted Fund expenditures in the amount of \$221,800 in fiscal year 2025 and \$233,500 in fiscal year 2026 for two new positions. One position will allow the agency to maintain segregation of duties responsibilities and the other will process data requests, troubleshoot data gaps, and other issues within the agency's e-library of sites.

The Governor's budget includes additional General Fund in the amount of \$47,100 in fiscal year 2025 and \$46,600 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes additional General Fund in the amount of \$133,900 in fiscal year 2025 and \$226,200 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Tourism, Arts and Heritage  
Kentucky Center for the Arts**

	<u>Actual FY 2022</u>	<u>Actual FY 2023</u>	<u>Revised FY 2024</u>	<u>Recommended FY 2025</u>	<u>Recommended FY 2026</u>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,084,300	558,300	558,300	939,700	2,362,400
<b>Total General Fund</b>	<b>2,084,300</b>	<b>558,300</b>	<b>558,300</b>	<b>939,700</b>	<b>2,362,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,084,300</b>	<b>558,300</b>	<b>558,300</b>	<b>939,700</b>	<b>2,362,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	356,800				
Operating Expenses	1,168,495			(600)	(600)
Grants Loans Benefits	558,300	558,300	558,300	558,300	1,600,000
Debt Service				382,000	763,000
<b>TOTAL EXPENDITURES</b>	<b>2,083,595</b>	<b>558,300</b>	<b>558,300</b>	<b>939,700</b>	<b>2,362,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,083,595	558,300	558,300	939,700	2,362,400
<b>TOTAL EXPENDITURES</b>	<b>2,083,595</b>	<b>558,300</b>	<b>558,300</b>	<b>939,700</b>	<b>2,362,400</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Center for the Arts	1,525,295				
Governor's School for the Arts	558,300	558,300	558,300	939,700	2,362,400
<b>TOTAL EXPENDITURES</b>	<b>2,083,595</b>	<b>558,300</b>	<b>558,300</b>	<b>939,700</b>	<b>2,362,400</b>

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 2,406-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.

**Policy**

The Governor’s budget includes additional General Fund in the amount of \$1,041,700 in fiscal year 2026 for the Governor’s School for the Arts to replace an expiring federal grant that supports the cost of serving 256 students at the annual summer programs.

# Transportation

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SOURCE OF FUNDS	Transportation Transportation				
	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>General Fund</b>					
Regular Appropriation	14,489,000	294,839,800	16,075,800	383,575,800	80,075,800
Special Appropriation		(17,364,000)			
Current Year Appropriation	63,800				
Continuing Approp-General Fund	940,843	7,822,922	267,302,700		
<b>Total General Fund</b>	<b>15,493,643</b>	<b>285,298,722</b>	<b>283,378,500</b>	<b>383,575,800</b>	<b>80,075,800</b>
<b>Restricted Funds</b>					
Balance Forward	97,679,300	81,313,449	167,103,300	21,233,900	17,808,200
Current Receipts	145,784,082	171,279,122	192,752,300	230,284,600	385,221,700
Non-Revenue Receipts	30,511,638	148,549,947	237,691,300	32,315,000	32,318,000
Fund Transfers	(3,828,800)	(421,100)	(1,210,000)	(10,189,200)	(5,165,600)
<b>Total Restricted Funds</b>	<b>270,146,220</b>	<b>400,721,418</b>	<b>596,336,900</b>	<b>273,644,300</b>	<b>430,182,300</b>
<b>Federal Fund</b>					
Balance Forward	(151,581,368)	(131,868,877)	(155,472,200)		
Current Receipts	1,039,764,409	1,006,607,507	1,674,115,100	1,345,713,200	1,362,488,500
Non-Revenue Receipts	40	(40)			
<b>Total Federal Fund</b>	<b>888,183,082</b>	<b>874,738,590</b>	<b>1,518,642,900</b>	<b>1,345,713,200</b>	<b>1,362,488,500</b>
<b>Road Fund</b>					
Regular Appropriation	1,556,239,300	1,665,328,100	1,623,025,800	1,870,198,000	1,879,700,800
State Salary and Compensation Allocation			12,397,500		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Special Appropriation		1,000,000			
Current Year Appropriation	16,505,900		2,500,000		
Continuing Approp-Road Fund	613,457,963	678,330,961	43,811,800		
Other	1,679,218	(18,192,647)	42,462,200		
<b>Total Road Fund</b>	<b>2,285,149,670</b>	<b>2,396,837,574</b>	<b>1,779,701,900</b>	<b>1,870,198,000</b>	<b>1,879,700,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,458,972,614</b>	<b>3,957,596,304</b>	<b>4,178,060,200</b>	<b>3,873,131,300</b>	<b>3,752,447,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	643,957,599	689,060,588	749,156,400	744,533,600	763,040,800
Operating Expenses	388,241,500	458,303,070	450,154,500	389,090,900	389,944,300
Grants Loans Benefits	257,249,420	293,211,240	566,900,800	382,028,500	393,300,900
Debt Service	216,867,683	210,828,986	209,353,700	216,593,500	215,978,300
Capital Outlay	19,256,883	41,379,228	89,992,700	34,740,900	23,416,800
Construction	1,269,750,918	1,435,628,838	2,091,268,200	2,086,067,000	1,944,961,200
<b>TOTAL EXPENDITURES</b>	<b>2,795,324,002</b>	<b>3,128,411,950</b>	<b>4,156,826,300</b>	<b>3,853,054,400</b>	<b>3,730,642,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,491,917	17,995,335	283,378,500	383,575,800	80,075,800
Restricted Funds	188,832,770	233,618,074	575,103,000	255,836,100	410,351,600

Federal Fund	1,020,051,958	1,030,210,666	1,518,642,900	1,345,713,200	1,362,488,500
Road Fund	1,578,947,356	1,846,587,874	1,779,701,900	1,867,929,300	1,877,726,400
<b>TOTAL EXPENDITURES</b>	<b>2,795,324,002</b>	<b>3,128,411,950</b>	<b>4,156,826,300</b>	<b>3,853,054,400</b>	<b>3,730,642,300</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	85,419,987	80,957,892	155,383,100	94,140,400	91,750,700
Aviation	13,594,251	37,595,336	61,658,600	46,808,900	46,916,600
Debt Service	130,275,641	131,857,642	136,855,100	134,937,700	116,708,700
Highways	2,095,872,668	2,366,598,530	3,030,515,500	2,981,950,800	2,862,252,100
Public Transportation	36,638,252	53,292,331	226,006,600	96,927,600	96,988,100
Revenue Sharing	367,145,929	359,285,092	451,134,800	388,835,400	416,258,100
Vehicle Regulation	56,187,275	65,296,126	76,722,600	77,803,600	79,168,000
Transfer to Capital Projects	10,190,000	33,529,000	18,550,000	31,650,000	20,600,000
<b>TOTAL EXPENDITURES</b>	<b>2,795,324,002</b>	<b>3,128,411,950</b>	<b>4,156,826,300</b>	<b>3,853,054,400</b>	<b>3,730,642,300</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	500,000	17,864,000	500,000	4,000,000	500,000
Special Appropriation		(17,364,000)			
<b>Total General Fund</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>4,000,000</b>	<b>500,000</b>
<b>Restricted Funds</b>					
Balance Forward	206,227	218,717	230,200	147,900	65,600
Current Receipts	886,443	1,456,231	2,702,400	2,702,800	2,735,200
Non-Revenue Receipts	505,295	(390,646)			
<b>Total Restricted Funds</b>	<b>1,597,965</b>	<b>1,284,302</b>	<b>2,932,600</b>	<b>2,850,700</b>	<b>2,800,800</b>
<b>Federal Fund</b>					
Current Receipts			69,456,000		
<b>Total Federal Fund</b>			<b>69,456,000</b>		
<b>Road Fund</b>					
Regular Appropriation	85,493,100	81,374,000	81,626,400	87,355,300	88,449,900
State Salary and Compensation Allocation			1,016,000		
Current Year Appropriation	1,088,200				
<b>Total Road Fund</b>	<b>86,581,300</b>	<b>81,374,000</b>	<b>82,642,400</b>	<b>87,355,300</b>	<b>88,449,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>88,679,265</b>	<b>83,158,302</b>	<b>155,531,000</b>	<b>94,206,000</b>	<b>91,750,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	40,065,043	40,278,847	44,117,800	44,355,100	45,415,500
Operating Expenses	37,899,053	39,458,647	39,400,700	43,368,400	43,691,800
Grants Loans Benefits	322,564	501,191	511,800	4,010,000	510,000
Debt Service	7,105,844	343,788	345,000	340,900	341,500
Capital Outlay	9,509	356,617	70,884,500	1,876,600	1,602,500
Construction	17,976	18,804	123,300	189,400	189,400
<b>TOTAL EXPENDITURES</b>	<b>85,419,987</b>	<b>80,957,892</b>	<b>155,383,100</b>	<b>94,140,400</b>	<b>91,750,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	321,197	499,345	500,000	4,000,000	500,000
Restricted Funds	1,379,248	1,053,986	2,784,700	2,785,100	2,800,800
Federal Fund			69,456,000		
Road Fund	83,719,542	79,404,562	82,642,400	87,355,300	88,449,900
<b>TOTAL EXPENDITURES</b>	<b>85,419,987</b>	<b>80,957,892</b>	<b>155,383,100</b>	<b>94,140,400</b>	<b>91,750,700</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary	8,433,378	9,947,145	80,344,000	14,364,600	11,191,000
Legal Services	4,138,371	5,172,625	6,502,000	6,599,600	6,775,000
Office of Human Resource Management	3,968,806	4,279,124	4,849,200	4,922,000	5,061,300
Office of Support Services	22,367,329	16,570,786	18,248,400	20,652,300	20,788,700
Technology	41,049,781	39,655,522	39,328,100	41,428,000	41,601,300
Office of Audits	5,462,323	5,332,690	6,111,400	6,173,900	6,333,400
<b>TOTAL EXPENDITURES</b>	<b>85,419,987</b>	<b>80,957,892</b>	<b>155,383,100</b>	<b>94,140,400</b>	<b>91,750,700</b>

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**

General Fund in the amount of \$3,500,000 is provided to complete the project which the City of Paducah will match with an additional \$1,500,000. In 2019, the City of Paducah was awarded a \$10.4 million BUILD grant from the U.S. Department of Transportation for a Riverport Infrastructure Project. Since the grant was awarded, the price of the project has increased significantly due to inflation, supply chain issues and labor shortages.

The base budget includes \$500,000 each year for the improvement of public river ports in the Commonwealth. The Secretary of Transportation, in conjunction with the Kentucky Water Transportation Advisory Board, shall determine how to distribute the funds.

The Governor's budget includes an additional amount of \$985,400 in fiscal year 2025 and \$975,100 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$1,565,000 in fiscal year 2025 and \$2,643,000 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Transportation  
Aviation**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		11,400,000		25,000,000	25,000,000
Continuing Approp-General Fund	57,680				
<b>Total General Fund</b>	<b>57,680</b>	<b>11,400,000</b>		<b>25,000,000</b>	<b>25,000,000</b>
<b>Restricted Funds</b>					
Balance Forward	24,932,173	33,167,380	35,652,600	2,248,200	3,051,400
Current Receipts	20,608,231	25,656,343	22,940,500	21,981,400	22,535,700
Non-Revenue Receipts	(343,013)	(836,100)	(835,300)	(838,500)	(837,500)
Fund Transfers	(428,800)	(421,100)	(1,210,000)	(1,189,200)	(1,165,600)
<b>Total Restricted Funds</b>	<b>44,768,591</b>	<b>57,566,523</b>	<b>56,547,800</b>	<b>22,201,900</b>	<b>23,584,000</b>
<b>Federal Fund</b>					
Balance Forward	(59,100)	(204,531)	(1,267,700)		
Current Receipts		1,466,213	6,725,100	500,800	500,800
<b>Total Federal Fund</b>	<b>(59,100)</b>	<b>1,261,682</b>	<b>5,457,400</b>	<b>500,800</b>	<b>500,800</b>
<b>Road Fund</b>					
Regular Appropriation	1,805,600	1,866,400	1,875,700	2,157,600	2,179,200
State Salary and Compensation Allocation			25,900		
Current Year Appropriation	30,700				
<b>Total Road Fund</b>	<b>1,836,300</b>	<b>1,866,400</b>	<b>1,901,600</b>	<b>2,157,600</b>	<b>2,179,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>46,603,471</b>	<b>72,094,604</b>	<b>63,906,800</b>	<b>49,860,300</b>	<b>51,264,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,002,523	3,550,650	4,381,900	4,187,900	4,303,900
Operating Expenses	1,036,468	1,298,182	900,300	1,023,600	1,016,300
Grants Loans Benefits	8,211,102	28,792,104	53,626,600	40,208,900	40,208,900
Debt Service	837,356	836,056	835,300	838,500	837,500
Capital Outlay		434,722	158,200		
Construction	506,802	2,683,622	1,756,300	550,000	550,000
<b>TOTAL EXPENDITURES</b>	<b>13,594,251</b>	<b>37,595,336</b>	<b>61,658,600</b>	<b>46,808,900</b>	<b>46,916,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	57,680	11,400,000		25,000,000	25,000,000
Restricted Funds	11,601,212	21,913,996	54,299,600	19,150,500	19,236,600
Federal Fund	145,430	2,529,397	5,457,400	500,800	500,800
Road Fund	1,789,929	1,751,942	1,901,600	2,157,600	2,179,200
<b>TOTAL EXPENDITURES</b>	<b>13,594,251</b>	<b>37,595,336</b>	<b>61,658,600</b>	<b>46,808,900</b>	<b>46,916,600</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth Aviation	10,197,726	33,908,022	57,940,700	43,117,600	43,203,700
Capital City Airport	2,559,169	2,851,258	2,882,600	2,852,800	2,875,400
Aviation Administration	837,356	836,056	835,300	838,500	837,500
<b>TOTAL EXPENDITURES</b>	<b>13,594,251</b>	<b>37,595,336</b>	<b>61,658,600</b>	<b>46,808,900</b>	<b>46,916,600</b>

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 \$50,000,000 in General Fund, \$25,000,000 each year, for grants to meet the needs of Kentucky's general aviation airports.

The Governor's budget includes an additional amount of \$92,200 in fiscal year 2025 and \$91,200 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$161,300 in fiscal year 2025 and \$272,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Transportation  
Debt Service**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	139,139,600	134,952,100	136,855,100	137,206,400	118,683,100
<b>Total Road Fund</b>	<b>139,139,600</b>	<b>134,952,100</b>	<b>136,855,100</b>	<b>137,206,400</b>	<b>118,683,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>139,139,600</b>	<b>134,952,100</b>	<b>136,855,100</b>	<b>137,206,400</b>	<b>118,683,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	110,000	110,000		250,000	250,000
Debt Service	130,165,641	131,747,642	136,855,100	134,687,700	116,458,700
<b>TOTAL EXPENDITURES</b>	<b>130,275,641</b>	<b>131,857,642</b>	<b>136,855,100</b>	<b>134,937,700</b>	<b>116,708,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	130,275,641	131,857,642	136,855,100	134,937,700	116,708,700
<b>TOTAL EXPENDITURES</b>	<b>130,275,641</b>	<b>131,857,642</b>	<b>136,855,100</b>	<b>134,937,700</b>	<b>116,708,700</b>
<b>EXPENDITURES BY UNIT</b>					
Economic Development Lease Rental	130,275,641	131,857,642	136,855,100	134,937,700	116,708,700
<b>TOTAL EXPENDITURES</b>	<b>130,275,641</b>	<b>131,857,642</b>	<b>136,855,100</b>	<b>134,937,700</b>	<b>116,708,700</b>

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.

## **Policy**

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 Road Fund. The amount of the Road Fund lapse is \$2,268,700 in fiscal year 2025 and \$1,974,400 in fiscal year 2026.



**Transportation  
Highways**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		250,000,000		339,000,000	39,000,000
Continuing Approp-General Fund			250,000,000		
<b>Total General Fund</b>		250,000,000	250,000,000	339,000,000	39,000,000
<b>Restricted Funds</b>					
Balance Forward	56,617,236	32,798,180	112,324,200	2,271,900	2,271,900
Current Receipts	99,821,642	119,847,145	144,066,100	181,923,700	335,714,400
Non-Revenue Receipts	30,349,355	149,776,692	237,139,700	31,334,000	31,334,000
<b>Total Restricted Funds</b>	186,788,234	302,422,017	493,530,000	215,529,600	369,320,300
<b>Federal Fund</b>					
Balance Forward	(151,320,175)	(131,332,330)	(153,532,400)		
Current Receipts	1,012,267,646	958,738,188	1,401,758,400	1,259,952,200	1,276,676,000
Non-Revenue Receipts	40	(40)			
<b>Total Federal Fund</b>	860,947,511	827,405,818	1,248,226,000	1,259,952,200	1,276,676,000
<b>Road Fund</b>					
Regular Appropriation	935,647,200	995,115,300	974,783,400	1,169,740,900	1,179,527,700
State Salary and Compensation Allocation			10,743,400		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Current Year Appropriation	11,583,700				
Continuing Approp-Road Fund	453,426,422	542,527,947			
<b>Total Road Fund</b>	1,497,924,611	1,608,014,407	1,041,031,400	1,169,740,900	1,179,527,700
<b>TOTAL SOURCE OF FUNDS</b>	2,545,660,356	2,987,842,242	3,032,787,400	2,984,222,700	2,864,524,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	561,612,373	601,407,894	649,601,200	642,113,000	657,967,800
Operating Expenses	314,923,042	378,772,763	373,095,500	309,107,800	309,433,100
Grants Loans Benefits	24,323,631	19,200,134	42,905,100	30,684,000	30,684,000
Debt Service	78,758,842	77,901,500	69,811,300	78,619,400	96,233,600
Capital Outlay	4,745,296	4,315,787	400,000	400,000	400,000
Construction	1,111,509,484	1,285,000,453	1,894,702,400	1,921,026,600	1,767,533,600
<b>TOTAL EXPENDITURES</b>	2,095,872,668	2,366,598,530	3,030,515,500	2,981,950,800	2,862,252,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund			250,000,000	339,000,000	39,000,000
Restricted Funds	153,990,054	190,097,816	491,258,100	213,257,700	367,048,400
Federal Fund	992,279,841	980,938,155	1,248,226,000	1,259,952,200	1,276,676,000
Road Fund	949,602,772	1,195,562,559	1,041,031,400	1,169,740,900	1,179,527,700

<b>TOTAL EXPENDITURES</b>	<u>2,095,872,668</u>	<u>2,366,598,530</u>	<u>3,030,515,500</u>	<u>2,981,950,800</u>	<u>2,862,252,100</u>
<b>EXPENDITURES BY UNIT</b>					
Research	4,396,494	3,175,449	4,529,000	4,529,200	4,529,600
Construction	1,502,307,264	1,664,353,528	2,264,125,000	2,250,751,600	2,118,742,600
Maintenance	422,092,632	522,030,075	473,719,300	481,585,400	490,308,600
Engineering Administration	17,315,759	17,974,721	20,904,100	23,890,300	21,837,500
Planning	18,393,865	18,753,922	20,699,400	20,884,600	21,265,800
Highway Operations	52,009,675	48,459,846	89,917,500	90,650,100	91,975,400
Equipment Services	64,082,966	74,099,242	92,469,500	88,561,600	92,333,300
Highway Safety	15,274,013	15,885,654	21,017,800	21,098,000	21,259,300
EKY SAFE Fund		1,866,093	43,133,900		
<b>TOTAL EXPENDITURES</b>	<u>2,095,872,668</u>	<u>2,366,598,530</u>	<u>3,030,515,500</u>	<u>2,981,950,800</u>	<u>2,862,252,100</u>

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

Road Fund revenues are expected to exceed the budget in the current year by over \$200 million and are at stable levels in the next two years. After sharing the statutory amount with cities and counties, these funds will help the Commonwealth implement the biennial highway plan and address the increasing costs of construction.

The Governor's budget includes an additional amount of \$15,192,700 in fiscal year 2025 and \$15,033,800 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$22,068,800 in fiscal year 2025 and \$37,271,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Transportation  
Highways  
Research**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Balance Forward	335,662	335,662	335,700		
Current Receipts	2,610,580	1,646,311	3,047,700	3,383,400	3,383,400
<b>Total Federal Fund</b>	<b>2,946,242</b>	<b>1,981,972</b>	<b>3,383,400</b>	<b>3,383,400</b>	<b>3,383,400</b>
<b>Road Fund</b>					
Regular Appropriation	1,144,000	1,147,400	1,145,600	1,145,800	1,146,200
Continuing Approp-Road Fund	1,835,747	1,193,833			
<b>Total Road Fund</b>	<b>2,979,747</b>	<b>2,341,233</b>	<b>1,145,600</b>	<b>1,145,800</b>	<b>1,146,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,925,989</b>	<b>4,323,205</b>	<b>4,529,000</b>	<b>4,529,200</b>	<b>4,529,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,397,676	3,175,449	4,339,000	4,339,200	4,339,600
Operating Expenses	(1,182)		190,000	190,000	190,000
<b>TOTAL EXPENDITURES</b>	<b>4,396,494</b>	<b>3,175,449</b>	<b>4,529,000</b>	<b>4,529,200</b>	<b>4,529,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	2,610,580	1,646,311	3,383,400	3,383,400	3,383,400
Road Fund	1,785,914	1,529,139	1,145,600	1,145,800	1,146,200
<b>TOTAL EXPENDITURES</b>	<b>4,396,494</b>	<b>3,175,449</b>	<b>4,529,000</b>	<b>4,529,200</b>	<b>4,529,600</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		250,000,000		339,000,000	39,000,000
Continuing Approp.-General Fund			250,000,000		
<b>Total General Fund</b>		250,000,000	250,000,000	339,000,000	39,000,000
<b>Restricted Funds</b>					
Balance Forward	42,416,217	13,019,727	49,982,700		
Current Receipts	10,765,572	25,501,980	16,452,600	41,395,900	191,395,900
Non-Revenue Receipts	27,682,500	107,718,138	237,139,700	31,334,000	31,334,000
<b>Total Restricted Funds</b>	80,864,289	146,239,846	303,575,000	72,729,900	222,729,900
<b>Federal Fund</b>					
Balance Forward	(150,946,821)	(129,835,610)	(153,328,000)		
Current Receipts	991,318,863	934,773,110	1,371,805,100	1,230,060,800	1,246,487,400
Non-Revenue Receipts	40	(40)			
<b>Total Federal Fund</b>	840,372,082	804,937,460	1,218,477,100	1,230,060,800	1,246,487,400
<b>Road Fund</b>					
Regular Appropriation	471,812,900	477,924,700	435,689,500	608,960,900	610,525,300
State Salary and Compensation Allocation			878,800		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Current Year Appropriation	1,215,300				
Continuing Approp-Road Fund	411,870,012	517,910,490			
Other		(84,000,000)			
<b>Total Road Fund</b>	982,165,501	982,206,350	492,072,900	608,960,900	610,525,300
<b>TOTAL SOURCE OF FUNDS</b>	1,903,401,872	2,183,383,656	2,264,125,000	2,250,751,600	2,118,742,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	223,003,122	250,924,372	233,388,900	224,333,800	228,203,600
Operating Expenses	90,740,268	78,514,641	95,391,300	47,029,400	47,029,400
Grants Loans Benefits	20,513,662	14,395,896	36,321,100	24,100,000	24,100,000
Debt Service	78,758,842	77,900,350	69,811,300	78,619,400	96,233,600
Capital Outlay	2,870,399	1,827,580			
Construction	1,086,420,972	1,240,790,689	1,829,212,400	1,876,669,000	1,723,176,000
<b>TOTAL EXPENDITURES</b>	1,502,307,264	1,664,353,528	2,264,125,000	2,250,751,600	2,118,742,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund			250,000,000	339,000,000	39,000,000
Restricted Funds	67,844,562	96,257,064	303,575,000	72,729,900	222,729,900
Federal Fund	970,207,691	958,265,388	1,218,477,100	1,230,060,800	1,246,487,400

Road Fund	464,255,011	609,831,077	492,072,900	608,960,900	610,525,300
<b>TOTAL EXPENDITURES</b>	<b>1,502,307,264</b>	<b>1,664,353,528</b>	<b>2,264,125,000</b>	<b>2,250,751,600</b>	<b>2,118,742,600</b>
<b>EXPENDITURES BY UNIT</b>					
Bond Funded Construction	30,305,060	17,381,678	193,270,200		150,000,000
State Funded Construction	315,829,789	448,136,587	751,963,400	978,356,800	679,921,200
Federal Funded Construction	1,156,172,415	1,198,835,263	1,318,891,400	1,272,394,800	1,288,821,400
<b>TOTAL EXPENDITURES</b>	<b>1,502,307,264</b>	<b>1,664,353,528</b>	<b>2,264,125,000</b>	<b>2,250,751,600</b>	<b>2,118,742,600</b>

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.

## Policy

The Governor's Budget includes another historic investment of \$300,000,000 from the General Fund for Major Transportation Infrastructure Projects. The intention of these one-time funds is to lock in an ability for Kentucky to meet an expected state share of potential federal competitive grants for major transportation infrastructure projects in combination with other resources. The three major projects targeted are the replacement of the I-69 Ohio River crossing in Hendersonville in concert with the state of Indiana, and the completion of the Mountain Parkway project. These funds give Kentucky an improved prospect at leveraging new federal funding from the Infrastructure Investment and Jobs Act.

An additional General Fund appropriation of \$25 million each year is provided to implement a County and City Bridge Improvement Program that uses bridge condition assessment data and other sources for a ranking process to determine prioritization for replacement and/or repair which will increase bridge longevity and make corrective actions to minimize more expensive future needs.

The budget includes new Road Fund debt service in the amount of \$1,896,100 in fiscal year 2025-2026 to support \$150,000,000 for Grant Anticipation Revenue Vehicle (GARVEE) bond debt service payments related to the I-69 Ohio River crossing project and the completion of the Mountain Parkway project.

The Governor's Budget includes \$14,000,000 in General Fund each year to support the Highway Construction Contingency Account as governed by KRS 42.247. The Highway Contingency Account is generally utilized for "worst condition" repairs to roads in the city and county road systems across the state.

The budget includes Road Fund in the amount of \$125,000,000 in each year to support resurfacing, and \$31,000,000 each year for the Highway Construction Contingency Account.

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.

**Transportation  
Highways  
Maintenance**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward		82,167	123,200		
Current Receipts	4,213,207	5,220,564	3,709,400	3,709,400	3,709,400
Non-Revenue Receipts	(627,947)	(1,293,605)			
<b>Total Restricted Funds</b>	<b>3,585,260</b>	<b>4,009,126</b>	<b>3,832,600</b>	<b>3,709,400</b>	<b>3,709,400</b>
<b>Road Fund</b>					
Regular Appropriation	393,769,000	438,456,200	463,427,500	477,876,000	486,599,200
State Salary and Compensation Allocation			6,459,200		
Current Year Appropriation	8,523,500				
Continuing Approp-Road Fund	39,720,663	23,423,624			
Other		84,000,000			
<b>Total Road Fund</b>	<b>442,013,163</b>	<b>545,879,824</b>	<b>469,886,700</b>	<b>477,876,000</b>	<b>486,599,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>445,598,423</b>	<b>549,888,950</b>	<b>473,719,300</b>	<b>481,585,400</b>	<b>490,308,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	225,799,918	241,901,365	261,751,900	266,310,800	275,034,000
Operating Expenses	192,041,051	262,199,018	210,589,400	206,889,100	206,889,100
Grants Loans Benefits	1,836	2,171			
Debt Service		900			
Capital Outlay	1,700,000	2,018,148			
Construction	2,549,827	15,908,472	1,378,000	8,385,500	8,385,500
<b>TOTAL EXPENDITURES</b>	<b>422,092,632</b>	<b>522,030,075</b>	<b>473,719,300</b>	<b>481,585,400</b>	<b>490,308,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,503,094	3,886,006	3,832,600	3,709,400	3,709,400
Road Fund	418,589,538	518,144,068	469,886,700	477,876,000	486,599,200
<b>TOTAL EXPENDITURES</b>	<b>422,092,632</b>	<b>522,030,075</b>	<b>473,719,300</b>	<b>481,585,400</b>	<b>490,308,600</b>

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.



**Transportation  
Highways  
Engineering Administration**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	18,183,800	20,807,800	19,886,700	23,890,300	21,837,500
State Salary and Compensation Allocation			1,017,400		
Current Year Appropriation	525,300				
<b>Total Road Fund</b>	<b>18,709,100</b>	<b>20,807,800</b>	<b>20,904,100</b>	<b>23,890,300</b>	<b>21,837,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,709,100</b>	<b>20,807,800</b>	<b>20,904,100</b>	<b>23,890,300</b>	<b>21,837,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	15,632,817	15,414,763	17,809,900	18,143,000	18,764,700
Operating Expenses	1,431,687	2,106,919	2,684,200	5,337,300	2,662,800
Capital Outlay	164,906	367,534	400,000	400,000	400,000
Construction	86,349	85,505	10,000	10,000	10,000
<b>TOTAL EXPENDITURES</b>	<b>17,315,759</b>	<b>17,974,721</b>	<b>20,904,100</b>	<b>23,890,300</b>	<b>21,837,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	17,315,759	17,974,721	20,904,100	23,890,300	21,837,500
<b>TOTAL EXPENDITURES</b>	<b>17,315,759</b>	<b>17,974,721</b>	<b>20,904,100</b>	<b>23,890,300</b>	<b>21,837,500</b>

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.

**Policy**

Additional Road Fund in the amount of \$2,674,500 is provided in fiscal year 2024-2025 to allow the Division of Materials to continue to sample and test materials from sources across the State. This funding will allow for the one time purchase of equipment to preform such tasks, much of the equipment is needed for various accreditations.

**Transportation  
Highways  
Planning**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Fund</b>					
Balance Forward	348,531	333,806	334,000		
Current Receipts	13,388,316	13,382,955	14,973,500	15,437,400	15,708,200
<b>Total Federal Fund</b>	<b>13,736,847</b>	<b>13,716,760</b>	<b>15,307,500</b>	<b>15,437,400</b>	<b>15,708,200</b>
<b>Road Fund</b>					
Regular Appropriation	4,693,500	5,211,700	4,889,300	5,447,200	5,557,600
State Salary and Compensation Allocation			502,600		
Current Year Appropriation	21,700				
Other	300,000	350,000			
<b>Total Road Fund</b>	<b>5,015,200</b>	<b>5,561,700</b>	<b>5,391,900</b>	<b>5,447,200</b>	<b>5,557,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,752,047</b>	<b>19,278,460</b>	<b>20,699,400</b>	<b>20,884,600</b>	<b>21,265,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	17,764,898	17,726,445	19,247,200	19,436,900	19,818,100
Operating Expenses	355,125	1,001,496	1,452,200	1,447,700	1,447,700
Construction	273,842	25,982			
<b>TOTAL EXPENDITURES</b>	<b>18,393,865</b>	<b>18,753,922</b>	<b>20,699,400</b>	<b>20,884,600</b>	<b>21,265,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Fund	13,403,042	13,382,779	15,307,500	15,437,400	15,708,200
Road Fund	4,990,823	5,371,143	5,391,900	5,447,200	5,557,600
<b>TOTAL EXPENDITURES</b>	<b>18,393,865</b>	<b>18,753,922</b>	<b>20,699,400</b>	<b>20,884,600</b>	<b>21,265,800</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	149,866				
Current Receipts	14,290,430	14,800,202	47,047,100	47,056,800	47,075,800
Non-Revenue Receipts	3,288,677	(1,677,237)			
<b>Total Restricted Funds</b>	<b>17,728,973</b>	<b>13,122,965</b>	<b>47,047,100</b>	<b>47,056,800</b>	<b>47,075,800</b>
<b>Road Fund</b>					
Regular Appropriation	37,605,100	42,709,900	40,991,200	43,593,300	44,899,600
State Salary and Compensation Allocation			1,879,200		
Current Year Appropriation	1,230,800				
Other	(300,000)	(350,000)			
<b>Total Road Fund</b>	<b>38,535,900</b>	<b>42,359,900</b>	<b>42,870,400</b>	<b>43,593,300</b>	<b>44,899,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>56,264,873</b>	<b>55,482,865</b>	<b>89,917,500</b>	<b>90,650,100</b>	<b>91,975,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	49,961,104	46,119,595	74,566,800	75,589,700	76,915,200
Operating Expenses	1,829,571	2,170,645	13,125,100	12,734,800	12,734,600
Debt Service		200			
Construction	219,001	169,406	2,225,600	2,325,600	2,325,600
<b>TOTAL EXPENDITURES</b>	<b>52,009,675</b>	<b>48,459,846</b>	<b>89,917,500</b>	<b>90,650,100</b>	<b>91,975,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	17,728,973	13,122,965	47,047,100	47,056,800	47,075,800
Road Fund	34,280,702	35,336,881	42,870,400	43,593,300	44,899,600
<b>TOTAL EXPENDITURES</b>	<b>52,009,675</b>	<b>48,459,846</b>	<b>89,917,500</b>	<b>90,650,100</b>	<b>91,975,400</b>

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**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	12,046,153	17,504,023	16,805,000		
Current Receipts	69,540,835	73,370,553	75,664,500	88,561,600	92,333,300
Non-Revenue Receipts		29,639			
<b>Total Restricted Funds</b>	<b>81,586,989</b>	<b>90,904,215</b>	<b>92,469,500</b>	<b>88,561,600</b>	<b>92,333,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>81,586,989</b>	<b>90,904,215</b>	<b>92,469,500</b>	<b>88,561,600</b>	<b>92,333,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	18,063,809	18,048,252	21,687,000	22,039,500	22,811,200
Operating Expenses	24,107,565	28,095,861	23,906,100	32,885,600	35,885,600
Debt Service		50			
Capital Outlay		85,000			
Construction	21,911,591	27,870,078	46,876,400	33,636,500	33,636,500
<b>TOTAL EXPENDITURES</b>	<b>64,082,966</b>	<b>74,099,242</b>	<b>92,469,500</b>	<b>88,561,600</b>	<b>92,333,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	64,082,966	74,099,242	92,469,500	88,561,600	92,333,300
<b>TOTAL EXPENDITURES</b>	<b>64,082,966</b>	<b>74,099,242</b>	<b>92,469,500</b>	<b>88,561,600</b>	<b>92,333,300</b>

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.

	<b>Transportation Highways Highway Safety</b>				
	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	2,005,000	2,192,263	2,279,400	2,271,900	2,271,900
Current Receipts	1,011,598	953,846	1,192,500	1,200,000	1,200,000
Non-Revenue Receipts	6,125	(243)			
<b>Total Restricted Funds</b>	<b>3,022,723</b>	<b>3,145,866</b>	<b>3,471,900</b>	<b>3,471,900</b>	<b>3,471,900</b>
<b>Federal Fund</b>					
Balance Forward	(1,057,547)	(2,166,187)	(874,100)		
Current Receipts	4,949,887	8,935,813	11,932,100	11,070,600	11,097,000
<b>Total Federal Fund</b>	<b>3,892,340</b>	<b>6,769,625</b>	<b>11,058,000</b>	<b>11,070,600</b>	<b>11,097,000</b>
<b>Road Fund</b>					
Regular Appropriation	8,438,900	8,857,600	8,753,600	8,827,400	8,962,300
State Salary and Compensation Allocation			6,200		
Current Year Appropriation	67,100				
<b>Total Road Fund</b>	<b>8,506,000</b>	<b>8,857,600</b>	<b>8,759,800</b>	<b>8,827,400</b>	<b>8,962,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,421,063</b>	<b>18,773,091</b>	<b>23,289,700</b>	<b>23,369,900</b>	<b>23,531,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,989,029	8,071,470	11,836,700	11,920,100	12,081,400
Operating Expenses	4,418,958	2,844,272	2,597,100	2,593,900	2,593,900
Grants Loans Benefits	3,808,132	4,802,067	6,584,000	6,584,000	6,584,000
Capital Outlay	9,992	17,525			
Construction	47,902	150,321			
<b>TOTAL EXPENDITURES</b>	<b>15,274,013</b>	<b>15,885,654</b>	<b>21,017,800</b>	<b>21,098,000</b>	<b>21,259,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	830,460	866,446	1,200,000	1,200,000	1,200,000
Federal Fund	6,058,528	7,643,678	11,058,000	11,070,600	11,097,000
Road Fund	8,385,025	7,375,530	8,759,800	8,827,400	8,962,300
<b>TOTAL EXPENDITURES</b>	<b>15,274,013</b>	<b>15,885,654</b>	<b>21,017,800</b>	<b>21,098,000</b>	<b>21,259,300</b>

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.

	<b>Transportation Highways EKY SAFE Fund</b>				
	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
<b>Balance Forward</b>			43,133,900		
<b>Non-Revenue Receipts</b>		45,000,000			
<b>Total Restricted Funds</b>		45,000,000	43,133,900		
<b>TOTAL SOURCE OF FUNDS</b>		45,000,000	43,133,900		
<b>EXPENDITURES BY CLASS</b>					
<b>Personnel Costs</b>		26,183	4,973,800		
<b>Operating Expenses</b>		1,839,910	23,160,100		
<b>Construction</b>			15,000,000		
<b>TOTAL EXPENDITURES</b>		1,866,093	43,133,900		
<b>EXPENDITURES BY FUND SOURCE</b>					
<b>Restricted Funds</b>		1,866,093	43,133,900		
<b>TOTAL EXPENDITURES</b>		1,866,093	43,133,900		

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.

**Transportation  
Public Transportation**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,989,000	15,575,800	15,575,800	15,575,800	15,575,800
Current Year Appropriation	63,800				
Continuing Approp-General Fund	883,163	7,822,922	17,302,700		
<b>Total General Fund</b>	<b>14,935,963</b>	<b>23,398,722</b>	<b>32,878,500</b>	<b>15,575,800</b>	<b>15,575,800</b>
<b>Restricted Funds</b>					
Current Receipts	4,704,343	3,683,068	2,251,700	718,700	727,700
<b>Total Restricted Funds</b>	<b>4,704,343</b>	<b>3,683,068</b>	<b>2,251,700</b>	<b>718,700</b>	<b>727,700</b>
<b>Federal Fund</b>					
Balance Forward	220,038	220,037	220,000		
Current Receipts	24,820,868	43,513,273	190,656,400	80,633,100	80,684,600
<b>Total Federal Fund</b>	<b>25,040,906</b>	<b>43,733,310</b>	<b>190,876,400</b>	<b>80,633,100</b>	<b>80,684,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>44,681,212</b>	<b>70,815,100</b>	<b>226,006,600</b>	<b>96,927,600</b>	<b>96,988,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,110,513	2,348,353	3,047,300	3,029,300	3,106,800
Operating Expenses	1,663	88,656	187,900	154,100	137,100
Grants Loans Benefits	34,526,076	50,855,322	222,771,400	93,744,200	93,744,200
<b>TOTAL EXPENDITURES</b>	<b>36,638,252</b>	<b>53,292,331</b>	<b>226,006,600</b>	<b>96,927,600</b>	<b>96,988,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,113,040	6,095,990	32,878,500	15,575,800	15,575,800
Restricted Funds	4,704,343	3,683,068	2,251,700	718,700	727,700
Federal Fund	24,820,869	43,513,273	190,876,400	80,633,100	80,684,600
<b>TOTAL EXPENDITURES</b>	<b>36,638,252</b>	<b>53,292,331</b>	<b>226,006,600</b>	<b>96,927,600</b>	<b>96,988,100</b>
<b>EXPENDITURES BY UNIT</b>					
Public Transportation	35,622,513	52,128,384	224,763,100	95,723,900	95,775,400
Multi-Modal Transportation	335,739	485,000	485,000	485,000	485,000
Human Services Delivery	680,000	678,947	758,500	718,700	727,700
<b>TOTAL EXPENDITURES</b>	<b>36,638,252</b>	<b>53,292,331</b>	<b>226,006,600</b>	<b>96,927,600</b>	<b>96,988,100</b>

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 budget includes General Fund in the amount of \$5,000,000 in both fiscal years for nonpublic school transportation.

The Governor's budget includes an additional amount of \$64,100 in fiscal year 2025 and \$63,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$108,100 in fiscal year 2025 and \$182,900 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Transportation  
Revenue Sharing**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	341,480,300	372,763,000	364,783,000	388,835,400	416,258,100
State Salary and Compensation Allocation			77,800		
Current Year Appropriation	214,500				
Continuing Approp-Road Fund	160,031,541	135,803,014	43,811,800		
Other	1,679,218	(18,192,647)	42,462,200		
<b>Total Road Fund</b>	<b>503,405,559</b>	<b>490,373,367</b>	<b>451,134,800</b>	<b>388,835,400</b>	<b>416,258,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>503,405,559</b>	<b>490,373,367</b>	<b>451,134,800</b>	<b>388,835,400</b>	<b>416,258,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,515,480	3,611,944	2,416,700	2,488,200	2,522,300
Operating Expenses	19,478,387	18,420,200	11,546,000	13,264,800	13,493,800
Grants Loans Benefits	185,468,244	189,452,784	242,485,900	208,781,400	223,553,800
Construction	157,683,818	147,800,164	194,686,200	164,301,000	176,688,200
<b>TOTAL EXPENDITURES</b>	<b>367,145,929</b>	<b>359,285,092</b>	<b>451,134,800</b>	<b>388,835,400</b>	<b>416,258,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	367,145,929	359,285,092	451,134,800	388,835,400	416,258,100
<b>TOTAL EXPENDITURES</b>	<b>367,145,929</b>	<b>359,285,092</b>	<b>451,134,800</b>	<b>388,835,400</b>	<b>416,258,100</b>
<b>EXPENDITURES BY UNIT</b>					
County Road Aid	130,400,045	133,141,984	170,506,600	146,874,400	157,268,800
Rural Secondary	181,429,693	169,101,704	206,844,100	178,175,600	190,785,200
Municipal Aid	54,243,238	55,952,309	71,743,200	61,799,600	66,173,200
Energy Recovery	65,268	80,278	398,100	276,000	287,000
Rural and Municipal Aid	1,007,685	1,008,817	1,642,800	1,709,800	1,743,900
<b>TOTAL EXPENDITURES</b>	<b>367,145,929</b>	<b>359,285,092</b>	<b>451,134,800</b>	<b>388,835,400</b>	<b>416,258,100</b>

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 2024 Motor Fuels revenue estimate was \$817.2 million, the updated estimate is \$922.6 million. This increases the revenue sharing appropriation by \$42.4 million in fiscal year 2024.

The Motor Fuels revenue estimate upon which the Road Fund appropriations in the Revenue Sharing program are based, is \$865,800,000 in fiscal year 2025 and \$922,600,000 in fiscal year 2026, increasing the amount for cities and counties allocated through the Revenue Sharing formula.

The Governor's budget includes an additional amount of \$17,600 in fiscal year 2025 and \$17,500 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$49,400 in fiscal year 2025 and \$83,600 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Transportation  
Vehicle Regulation**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	15,923,663	15,129,173	18,896,300	16,565,900	12,419,300
Current Receipts	19,763,423	20,636,335	20,791,600	22,958,000	23,508,700
Non-Revenue Receipts			1,386,900	1,819,500	1,821,500
Fund Transfers	(3,400,000)			(9,000,000)	(4,000,000)
<b>Total Restricted Funds</b>	<b>32,287,086</b>	<b>35,765,508</b>	<b>41,074,800</b>	<b>32,343,400</b>	<b>33,749,500</b>
<b>Federal Fund</b>					
Balance Forward	(422,130)	(552,053)	(892,100)		
Current Receipts	2,675,895	2,889,833	5,519,200	4,627,100	4,627,100
<b>Total Federal Fund</b>	<b>2,253,765</b>	<b>2,337,781</b>	<b>4,627,100</b>	<b>4,627,100</b>	<b>4,627,100</b>
<b>Road Fund</b>					
Regular Appropriation	45,483,500	46,728,300	47,052,200	53,252,400	54,002,800
State Salary and Compensation Allocation			534,400		
Current Year Appropriation	588,800				
<b>Total Road Fund</b>	<b>46,072,300</b>	<b>46,728,300</b>	<b>47,586,600</b>	<b>53,252,400</b>	<b>54,002,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>80,613,151</b>	<b>84,831,588</b>	<b>93,288,500</b>	<b>90,222,900</b>	<b>92,379,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	32,541,667	37,752,901	45,591,500	48,110,100	49,474,500
Operating Expenses	14,902,888	20,264,623	25,024,100	22,172,200	22,172,200
Grants Loans Benefits	4,397,804	4,409,705	4,600,000	4,600,000	4,600,000
Debt Service			1,507,000	2,107,000	2,107,000
Capital Outlay	4,312,078	2,743,102		814,300	814,300
Construction	32,838	125,795			
<b>TOTAL EXPENDITURES</b>	<b>56,187,275</b>	<b>65,296,126</b>	<b>76,722,600</b>	<b>77,803,600</b>	<b>79,168,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	17,157,913	16,869,209	24,508,900	19,924,100	20,538,100
Federal Fund	2,805,818	3,229,841	4,627,100	4,627,100	4,627,100
Road Fund	36,223,544	45,197,076	47,586,600	53,252,400	54,002,800
<b>TOTAL EXPENDITURES</b>	<b>56,187,275</b>	<b>65,296,126</b>	<b>76,722,600</b>	<b>77,803,600</b>	<b>79,168,000</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner	1,066,453	1,064,681	1,293,500	1,257,200	1,291,000
Drivers Licensing	25,141,923	34,808,123	36,520,400	41,062,600	41,605,200
Motor Carriers	7,149,453	6,235,155	9,169,400	9,050,700	9,170,700
Motor Vehicle Licensing	20,472,291	20,629,459	25,760,500	21,608,300	21,728,700
Customer Service	1,329,991	1,432,849	1,793,900	1,793,900	1,793,900
Motor Vehicle Commission	1,027,163	1,125,859	2,184,900	3,030,900	3,578,500
<b>TOTAL EXPENDITURES</b>	<b>56,187,275</b>	<b>65,296,126</b>	<b>76,722,600</b>	<b>77,803,600</b>	<b>79,168,000</b>

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**

An additional \$500,000 Restricted Fund appropriation is added each year to support County Clerk IT Improvements and planning.

The Governor's budget includes an additional amount of \$496,600 in fiscal year 2025 and \$491,400 in fiscal year 2026 to fund a variable percentage increase, effective June 16, 2024, for employees based upon years of service, to address the compression of salaries resulting from no salary increments in ten of the last fourteen years.

The Governor's budget includes an additional amount of \$1,082,300 in fiscal year 2025 and \$1,827,800 in fiscal year 2026 to fund a 6% salary increment in the first year and an additional 4% increment in the second year.

**Statewide**

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**Statewide  
Budget Reserve Trust Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	154,907,100	250,000,000			
Surplus Expenditure Plan	1,162,652,172	1,013,525,521	1,452,921,400		
Special Appropriation					
Continuing Approp-General Fund	599,999,982	1,482,127,088	2,260,597,200	3,713,518,600	3,713,518,600
Other	(435,432,167)	(485,055,453)			
<b>Total General Fund</b>	<b>1,482,127,088</b>	<b>2,260,597,156</b>	<b>3,713,518,600</b>	<b>3,713,518,600</b>	<b>3,713,518,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,482,127,088</b>	<b>2,260,597,156</b>	<b>3,713,518,600</b>	<b>3,713,518,600</b>	<b>3,713,518,600</b>
<b>EXPENDITURES BY CLASS</b>					
<b>TOTAL EXPENDITURES</b>					
<b>EXPENDITURES BY FUND SOURCE</b>					
<b>TOTAL EXPENDITURES</b>					

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides 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. The General Assembly has also appropriated amounts directly to the Budget Reserve Trust Fund after years in which withdrawals have reduced the balance to very low levels. The permitted uses of the Budget Reserve Trust Fund are outlined in each biennial Executive branch appropriations act. The most prominent use is when there is a revenue shortfall. The appropriation acts also provide that the Fund can be used for certain necessary government expenses if the General Fund surplus is insufficient to accommodate them. The Fund has not been used during the last four fiscal years when there was a General Fund revenue shortfall.

**Policy**

The current balance of the Budget Reserve Trust Fund is \$3,713,518,565. This is the fourth consecutive year of record balances in the Fund. Over \$1 billion has been deposited each of the last three years from year-ending surplus funds, over \$1.4 billion at the end of fiscal year 2023. During fiscal years 2022 and 2023, the Fund was tapped to respond to the tornadoes in Western Kentucky and the catastrophic flooding in Eastern Kentucky.

**Statewide  
Kentucky Permanent Pension Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation			200,000,000		
Special Appropriation			(127,320,800)		
<b>Total General Fund</b>			72,679,200		
<b>TOTAL SOURCE OF FUNDS</b>			72,679,200		
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs					
<b>TOTAL EXPENDITURES</b>					
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund					
<b>TOTAL EXPENDITURES</b>					

The Kentucky Permanent Pension Fund is codified in KRS 42.205 and was established for the purpose of addressing the Commonwealth's unfunded pension liabilities. This fund is set up as an off-budget trust fund in the Commonwealth's financial system. The display above only serves to record General Fund appropriations to the Fund.

KRS 230.817(1)(b)2. established a new, recurring source of revenue for the off-budget Permanent Pension Trust Fund. Money collected from the sports wagering excise tax (KRS 138.552) and sports wagering license fees (KRS 230.811, 230.814) shall be transferred to the Permanent Pension Trust Fund after taking into account administrative expenses and reserving 2.5% for the Kentucky problem gambling assistance account. Prior to this new act as enacted by the 2023 General Assembly, there was no existing source of recurring revenue for the fund.

**Policy**

The 2022-2024 appropriations act, House Bill 1, appropriated \$200,000,000 General Fund to the Kentucky Permanent Pension Fund as a set-aside for fiscal year 2024 state employee salary increases. A total of \$127,320,800 of the \$200 million appropriated was allocated in the 2023 Regular Session to fund 6% across-the-board raises for existing Executive Branch employees, a \$2,000 salary increase plus a 6% raise for Judicial Branch employees, a pay raises for Legislative Branch employees, and targeted pay raises for security staff within the Department of Juvenile Justice and the Department of Corrections.

The Governor's budget directs that all excise taxes and penalties from Sports Wagering that are deposited into the Permanent Pension Fund shall be transferred to the Kentucky Public Pensions Authority to be applied to the unfunded pension liability of the Kentucky Employees Retirement System Nonhazardous pension fund.



**West Ky State Aid Funding for Emergencies (WKSAFE) Fund**

	<b>Actual FY 2022</b>	<b>Actual FY 2023</b>	<b>Revised FY 2024</b>	<b>Recommended FY 2025</b>	<b>Recommended FY 2026</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Special Appropriation	155,000,000				
Continuing Approp.-General Fund		9,000,000			
<b>Total General Fund</b>	155,000,000	9,000,000			
<b>TOTAL SOURCE OF FUNDS</b>	155,000,000	9,000,000			
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	146,000,000	9,000,000			
<b>TOTAL EXPENDITURES</b>	146,000,000	9,000,000			
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	146,000,000	9,000,000			
<b>TOTAL EXPENDITURES</b>	146,000,000	9,000,000			

Codified in KRS 39A.305, the West Kentucky State Aid Funding for Emergencies (WKSAFE) Fund was established in response to the December 2021 storms and tornadoes that ravaged the western portion of the state, causing significant damage to communities. The display above serves to record General Fund appropriations to the Fund.

House Bill 5 from the 2022 Regular Session appropriated \$200,000,000 in fiscal year 2022 from the General Fund to the West Kentucky State Aid Funding for Emergencies Fund to provide relief to local communities, school districts, state agencies, and non-profit or public utility providers. Of the \$200,000,000, direct appropriations were made to the Department of Education for \$30,000,000 and to the Department of Military Affairs for \$15,000,000. The remaining \$155,000,000 was appropriated to the newly created West Kentucky State Aid Funding for Emergencies (WKSAFE) Fund appropriation unit.

Senate Bill 150 (2022 Regular Session) subsequently allocated \$146,000,000 through the following appropriation actions:

- \$25,000,000 to the Economic Development Cabinet for the Western Kentucky Risk Assurance Fund;
- \$120,890,000 to the Department of Military Affairs; and
- \$110,000 to Murray State University.

House Bill 1, the 2022-2024 appropriations act, allocated the remaining \$9,000,000 to the University of Kentucky in fiscal year 2023.

House Bill 448 from the 2023 Regular Session transferred \$10,000,000 of the amount allocated to the Department of Military Affairs to the Rural Housing Trust Fund administered by the Kentucky Housing Corporation.

The funds are available for expenditure through June 30, 2026.

**Statewide  
East Ky State Aid Funding for Emergencies (EKSAFE) Fund**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Recommended FY 2025	Recommended FY 2026
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation					
Special Appropriation		200,000,000			
Current Year Appropriation			75,000,000		
<b>Total General Fund</b>		200,000,000	75,000,000		
<b>TOTAL SOURCE OF FUNDS</b>		200,000,000	75,000,000		
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits		200,000,000	75,000,000		
<b>TOTAL EXPENDITURES</b>		200,000,000	75,000,000		
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		200,000,000	75,000,000		
<b>TOTAL EXPENDITURES</b>		200,000,000	75,000,000		

Codified in KRS 39A.303, the East Kentucky State Aid Funding for Emergencies (EKSAFE) Fund was established in response to the July 2022 storms and flooding that devastated the eastern portion of the state, causing significant damage to communities. The display above serves to record General Fund appropriations to the Fund. The funds are available through June 30, 2026.

House Bill 1 from the 2022 Special Session appropriated \$200,000,000 in fiscal year 2023 from the General Fund to the East Kentucky State Aid Funding for Emergencies Fund to provide relief to local communities, school districts, state agencies, and non-profit or public utility providers. The \$200,000,000 was allocated in fiscal year 2023 through the following appropriation actions:

- \$115,000,000 to the Department of Military Affairs;
- \$45,000,000 to the Department of Highways; and
- \$40,000,000 to the Department of Education.

House Bill 448 from the 2023 Regular Session transferred \$10,000,000 of the amount allocated to the Department of Military Affairs to the Rural Housing Trust Fund administered by the Kentucky Housing Corporation.

**Policy**

The Governor’s budget includes an additional \$75,000,000 from the General Fund in fiscal year 2024 for the East Kentucky State Aid Funding for Emergencies Fund. These funds will be allocated to the Department of Military Affairs. The portion of the East Kentucky SAFE Fund that is available to cities, counties, school districts, and public utilities has been exhausted and eligible applications for the funds have been denied due to lack of funds.