

Transportation

Transportation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,228,200	7,263,200	7,305,900	5,667,700	5,667,700
Continuing Approp-General Fund	197,100				
Total General Fund	6,425,300	7,263,200	7,305,900	5,667,700	5,667,700
Restricted Funds					
Balance Forward	410,525,900	474,671,900	594,553,700	474,721,900	594,670,900
Current Receipts	125,283,400	134,366,200	134,623,300	134,152,300	134,334,200
Non-Revenue Receipts	195,441,200	124,945,000	-55,000	124,945,000	-55,000
Fund Transfers	-8,564,800	-5,959,200	-5,961,200	-6,416,200	-6,418,900
Total Restricted Funds	722,685,700	728,023,900	723,160,800	727,403,000	722,531,200
Federal Fund					
Current Receipts	751,246,200	733,923,800	736,279,200	740,779,100	755,708,900
Total Federal Fund	751,246,200	733,923,800	736,279,200	740,779,100	755,708,900
Road Fund					
Regular Appropriation	1,443,678,300	1,419,679,800	1,441,225,200	1,346,366,500	1,365,512,200
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-30,832,500				
Other	-61,952,200				
Total Road Fund	1,357,231,700	1,419,679,800	1,441,225,200	1,346,366,500	1,365,512,200
TOTAL SOURCE OF FUNDS	2,837,588,900	2,888,890,700	2,907,971,100	2,820,216,300	2,849,420,000
EXPENDITURES BY CLASS					
Personnel Costs	478,730,900	510,595,000	504,355,000	491,612,500	470,000,900
Operating Expenses	300,118,600	318,482,900	318,498,400	307,407,400	307,400,800
Grants Loans Benefits	256,954,500	224,995,300	224,548,900	224,384,400	223,971,800
Debt Service	231,251,900	250,609,500	278,097,000	244,988,700	273,439,400
Capital Outlay	655,000	532,700	491,600	491,700	450,600
Construction	1,073,021,900	989,121,600	992,156,100	953,177,700	979,750,200
TOTAL EXPENDITURES	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,400	2,255,013,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,325,000	7,263,200	7,305,900	5,667,700	5,667,700
Restricted Funds	247,963,800	133,470,200	133,336,700	132,732,100	131,730,500
Federal Fund	751,246,200	733,923,800	736,279,200	740,779,100	755,708,900
Road Fund	1,335,197,800	1,419,679,800	1,441,225,200	1,342,883,500	1,361,906,600
TOTAL EXPENDITURES	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,400	2,255,013,700
EXPENDITURES BY UNIT					
General Administration and Support	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000
Aviation	29,361,400	15,075,000	13,677,400	14,964,700	13,427,000
Debt Service	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
Highways	1,664,504,300	1,628,487,500	1,643,844,000	1,564,906,300	1,590,765,500
Public Transportation	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300
Revenue Sharing	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
Vehicle Regulation	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700
TOTAL EXPENDITURES	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,400	2,255,013,700

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				
SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
General Fund					
Regular Appropriation	500,000	500,000	500,000	455,000	455,000
Total General Fund	500,000	500,000	500,000	455,000	455,000
Restricted Funds					
Balance Forward	168,900	114,200	59,500	114,200	59,500
Current Receipts	1,994,400	2,070,000	2,146,100	2,072,600	2,093,300
Total Restricted Funds	2,163,300	2,184,200	2,205,600	2,186,800	2,152,800
Road Fund					
Regular Appropriation	72,006,800	75,581,100	77,291,300	74,340,100	74,651,200
Budget Reduction-Road Fund	-968,600				
Total Road Fund	71,038,200	75,581,100	77,291,300	74,340,100	74,651,200
TOTAL SOURCE OF FUNDS	73,701,500	78,265,300	79,996,900	76,981,900	77,259,000
EXPENDITURES BY CLASS					
Personnel Costs	30,401,600	35,009,100	36,598,300	32,788,000	33,107,800
Operating Expenses	35,229,400	35,241,000	35,442,200	36,393,100	36,412,400
Grants Loans Benefits	504,800	501,000	501,000	456,000	456,000
Debt Service	6,846,500	7,210,000	7,207,000	7,113,600	7,107,400
Capital Outlay	231,000	187,700	180,400	146,700	139,400
Construction	25,000	57,000	57,000	25,000	25,000
TOTAL EXPENDITURES	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000
EXPENDITURES BY FUND SOURCE					
General Fund	500,000	500,000	500,000	455,000	455,000
Restricted Funds	2,049,100	2,124,700	2,194,600	2,127,300	2,141,800
Road Fund	70,689,200	75,581,100	77,291,300	74,340,100	74,651,200
TOTAL EXPENDITURES	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000
EXPENDITURES BY UNIT					
Office of the Secretary	6,382,000	7,977,300	8,366,000	6,689,600	6,757,500
Legal Services	5,762,200	6,229,200	6,437,200	6,105,200	6,155,500
Office of Human Resource Management	4,630,700	4,891,500	5,083,400	4,817,400	4,852,800
Office of Support Services	21,624,200	22,727,100	23,026,100	22,198,300	22,278,900
Technology	30,178,600	31,471,700	31,936,600	32,224,800	32,274,400
Office of Audits	4,660,600	4,909,000	5,136,600	4,887,100	4,928,900
TOTAL EXPENDITURES	73,238,300	78,205,800	79,985,900	76,922,400	77,248,000

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day to day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as the main policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to

provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. Beginning in April 2013, the Office of Support Services began providing production print services for the Executive Branch through its Division of Graphic Design and Printing, a function previously performed by the Commonwealth Office of Technology. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Policy

The Executive Budget includes Road fund in the amount of \$289,500 in fiscal year 2016-2017 and \$295,000 in fiscal year 2017-2018 for operating costs of the Kentucky Business One-Stop Portal.

The General Fund appropriation provides funding 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.

	Transportation Aviation				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,035,000	1,077,700		
Total General Fund		1,035,000	1,077,700		
Restricted Funds					
Balance Forward	14,976,900	1,335,700	207,100	1,335,700	160,900
Current Receipts	12,631,900	12,631,900	12,631,900	12,671,700	12,671,700
Fund Transfers	-1,464,800	-2,216,200	-2,218,900	-2,216,100	-2,218,900
Total Restricted Funds	26,144,000	11,751,400	10,620,100	11,791,300	10,613,700
Federal Fund					
Current Receipts	1,836,900	663,500	213,700	663,500	213,700
Total Federal Fund	1,836,900	663,500	213,700	663,500	213,700
Road Fund					
Regular Appropriation	2,884,500	1,832,200	1,830,700	12,670,900	12,676,100
Budget Reduction-Road Fund	-100,000				
Total Road Fund	2,784,500	1,832,200	1,830,700	12,670,900	12,676,100
TOTAL SOURCE OF FUNDS	30,765,400	15,282,100	13,742,200	25,125,700	23,503,500
EXPENDITURES BY CLASS					
Personnel Costs	3,881,600	3,791,300	3,499,800	3,669,900	3,248,100
Operating Expenses	1,094,000	1,061,100	1,059,100	1,061,700	1,060,400
Grants Loans Benefits	22,397,700	8,234,000	7,131,400	18,244,600	17,131,400
Debt Service	1,830,500	1,832,200	1,830,700	1,832,200	1,830,700
Construction	157,600	156,400	156,400	156,400	156,400
TOTAL EXPENDITURES	29,361,400	15,075,000	13,677,400	24,964,800	23,427,000
EXPENDITURES BY FUND SOURCE					
General Fund		1,035,000	1,077,700		
Restricted Funds	24,808,300	11,544,300	10,555,300	11,630,400	10,537,200
Federal Fund	1,836,900	663,500	213,700	663,500	213,700
Road Fund	2,716,200	1,832,200	1,830,700	12,670,900	12,676,100
TOTAL EXPENDITURES	29,361,400	15,075,000	13,677,400	24,964,800	23,427,000
EXPENDITURES BY UNIT					
Commonwealth Aviation	25,027,900	10,560,600	9,087,200	20,560,700	19,010,700
Capital City Airport	2,503,000	2,682,200	2,759,500	2,571,900	2,585,600
Aviation Administration	1,830,500	1,832,200	1,830,700	1,832,200	1,830,700
TOTAL EXPENDITURES	29,361,400	15,075,000	13,677,400	24,964,800	23,427,000

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 81 aircraft, including the fleet owned and operated by state government and the National Guard located in Frankfort.

Policy

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$383,900 in fiscal year 2016-2017 and \$388,200 in fiscal year 2017- 2018 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$994,000 in fiscal year 2016-2017 and \$994,500 in fiscal year 2017-2018 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$838,200 in fiscal year 2016-2017 and \$836,200 in fiscal year 2017-2018 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2010 General Assembly.

The Executive Budget includes Road Fund in the amount of \$10,000,000 in each year of the biennium for the Kentucky Aviation Economic Development program to support the development, rehabilitation, and maintenance of publicly owned or operated aviation facilities and for other aviation programs within the Commonwealth that will benefit publicly owned or operated aviation facilities.

	Transportation Debt Service				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	170,387,700	162,424,300	166,771,000	160,382,900	165,825,600
Total Road Fund	170,387,700	162,424,300	166,771,000	160,382,900	165,825,600
TOTAL SOURCE OF FUNDS	170,387,700	162,424,300	166,771,000	160,382,900	165,825,600
EXPENDITURES BY CLASS					
Debt Service	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
TOTAL EXPENDITURES	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
EXPENDITURES BY FUND SOURCE					
Road Fund	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
TOTAL EXPENDITURES	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
EXPENDITURES BY UNIT					
Economic Development Lease Rental	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000
TOTAL EXPENDITURES	150,430,100	162,424,300	166,771,000	156,899,900	162,220,000

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds that were issued to construct the state's parkways are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. The 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan. All but \$125 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 \$3,483,000 in fiscal year 2016-2017 and \$3,605,600 in fiscal year 2017-2018.

	Transportation Highways				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	390,221,800	469,589,000	590,291,500	469,589,000	591,174,600
Current Receipts	91,666,500	99,674,000	99,814,200	99,674,000	99,814,200
Non-Revenue Receipts	195,500,000	125,000,000		125,000,000	
Total Restricted Funds	677,388,300	694,263,000	690,105,700	694,263,000	690,988,800
Federal Fund					
Current Receipts	699,967,300	702,929,800	705,676,600	709,785,100	725,106,300
Total Federal Fund	699,967,300	702,929,800	705,676,600	709,785,100	725,106,300
Road Fund					
Regular Appropriation	779,181,500	821,586,200	833,456,200	742,032,800	752,426,900
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-28,781,900				
Total Road Fund	756,737,700	821,586,200	833,456,200	742,032,800	752,426,900
TOTAL SOURCE OF FUNDS	2,134,093,300	2,218,779,000	2,229,238,500	2,146,080,900	2,168,522,000
EXPENDITURES BY CLASS					
Personnel Costs	416,471,800	441,117,400	432,516,800	425,674,300	403,982,200
Operating Expenses	242,905,300	259,813,700	259,655,700	247,741,700	247,804,700
Grants Loans Benefits	8,034,200	8,034,200	8,034,200	8,034,200	8,034,200
Debt Service	69,000,000	76,000,000	97,500,000	76,000,000	97,500,000
Capital Outlay	424,000	345,000	311,200	345,000	311,200
Construction	927,669,000	843,177,200	845,826,100	797,111,100	823,133,200
TOTAL EXPENDITURES	1,664,504,300	1,628,487,500	1,643,844,000	1,554,906,300	1,580,765,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	207,799,300	103,971,500	104,711,200	103,088,400	103,232,300
Federal Fund	699,967,300	702,929,800	705,676,600	709,785,100	725,106,300
Road Fund	756,737,700	821,586,200	833,456,200	742,032,800	752,426,900
TOTAL EXPENDITURES	1,664,504,300	1,628,487,500	1,643,844,000	1,554,906,300	1,580,765,500
EXPENDITURES BY UNIT					
Research	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400
Construction	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200
Maintenance	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500
Engineering Administration	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
Planning	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900
Highway Operations	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000
Equipment Services	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500
Highway Safety	10,592,600	10,931,700	11,134,600	10,642,300	10,673,800
TOTAL EXPENDITURES	1,664,504,300	1,628,487,500	1,643,844,000	1,554,906,300	1,580,765,500

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 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately

9,000 state maintained bridges. Kentucky's interstate system, consisting of approximately 800 miles, carries 27 percent of all travel.

	Transportation Highways Research				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	3,383,400	3,383,400	3,383,400	3,383,400	3,383,400
Total Federal Fund	3,383,400	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Total Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL SOURCE OF FUNDS	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY CLASS					
Personnel Costs	4,519,400	4,519,400	4,519,400	4,519,400	4,519,400
Operating Expenses	298,000	298,000	298,000	298,000	298,000
TOTAL EXPENDITURES	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY FUND SOURCE					
Federal Fund	3,383,400	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL EXPENDITURES	4,817,400	4,817,400	4,817,400	4,817,400	4,817,400

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.

The Research program funds the Kentucky Transportation Center at one tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund pursuant to KRS 177.320(4). An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

**Transportation
Highways
Construction**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	375,580,300	458,442,100	585,252,100	458,442,100	585,252,100
Current Receipts	25,228,600	28,056,700	26,381,700	28,056,700	26,381,700
Non-Revenue Receipts	195,500,000	125,000,000		125,000,000	
Total Restricted Funds	596,308,900	611,498,800	611,633,800	611,498,800	611,633,800
Federal Fund					
Current Receipts	678,551,200	681,029,000	683,320,700	687,884,300	702,750,400
Total Federal Fund	678,551,200	681,029,000	683,320,700	687,884,300	702,750,400
Road Fund					
Regular Appropriation	385,941,100	393,884,400	395,371,800	337,985,000	346,375,100
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-28,781,900				
Total Road Fund	363,497,300	393,884,400	395,371,800	337,985,000	346,375,100
TOTAL SOURCE OF FUNDS	1,638,357,400	1,686,412,200	1,690,326,300	1,637,368,100	1,660,759,300
EXPENDITURES BY CLASS					
Personnel Costs	179,319,200	178,348,100	157,765,300	175,370,100	150,891,200
Operating Expenses	27,908,100	27,884,300	27,884,300	27,884,300	27,884,300
Grants Loans Benefits	8,034,200	8,034,200	8,034,200	8,034,200	8,034,200
Debt Service	69,000,000	76,000,000	97,500,000	76,000,000	97,500,000
Construction	895,653,800	810,893,500	813,755,400	764,827,400	791,062,500
TOTAL EXPENDITURES	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	137,866,800	26,246,700	26,246,700	26,246,700	26,246,700
Federal Fund	678,551,200	681,029,000	683,320,700	687,884,300	702,750,400
Road Fund	363,497,300	393,884,400	395,371,800	337,985,000	346,375,100
TOTAL EXPENDITURES	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200
EXPENDITURES BY UNIT					
Bond Funded Construction	11,620,100				
State Funded Construction	351,020,700	381,403,100	382,886,400	325,507,900	333,897,900
Federal Funded Construction	717,274,500	719,757,000	722,052,800	726,608,100	741,474,300
TIFIA Loan	100,000,000				
TOTAL EXPENDITURES	1,179,915,300	1,101,160,100	1,104,939,200	1,052,116,000	1,075,372,200

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. The Toll Bond Funded program and the TIFIA Loan program provide funding for one of KPTIA's projects, the Louisville-Southern Indiana Ohio River Bridges mega-project. The Commonwealth is working jointly with the state of Indiana on this \$2.6 billion project, which will reconstruct "spaghetti junction" in downtown Louisville, rehabilitate the existing Kennedy Bridge, and construct two new bridges – the Downtown I-65 bridge and the East End I-265 bridge. Kentucky is responsible for the completion of the downtown portion of the project and is financing the majority of the total cost with toll bonds and a TIFIA loan backed by the federal government. Kentucky's portion of the project is set to be complete in Fall 2017.

Policy

The Executive 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				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	3,687,900	3,687,900	3,687,900	3,687,900	3,687,900
Total Restricted Funds	3,687,900	3,687,900	3,687,900	3,687,900	3,687,900
Road Fund					
Regular Appropriation	338,751,200	369,298,500	377,240,300	347,457,900	349,072,600
Total Road Fund	338,751,200	369,298,500	377,240,300	347,457,900	349,072,600
TOTAL SOURCE OF FUNDS	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500
EXPENDITURES BY CLASS					
Personnel Costs	157,441,000	176,766,200	185,166,300	166,997,600	168,849,600
Operating Expenses	183,666,200	195,619,800	195,374,500	183,547,800	183,523,500
Construction	1,331,900	600,400	387,400	600,400	387,400
TOTAL EXPENDITURES	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,687,900	3,687,900	3,687,900	3,687,900	3,687,900
Road Fund	338,751,200	369,298,500	377,240,300	347,457,900	349,072,600
TOTAL EXPENDITURES	342,439,100	372,986,400	380,928,200	351,145,800	352,760,500

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
Total Road Fund	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
TOTAL SOURCE OF FUNDS	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
EXPENDITURES BY CLASS					
Personnel Costs	12,563,500	14,035,400	14,798,300	13,287,300	13,440,900
Operating Expenses	1,510,100	1,510,100	1,510,100	1,510,100	1,510,100
Capital Outlay	424,000	345,000	311,200	345,000	311,200
TOTAL EXPENDITURES	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
EXPENDITURES BY FUND SOURCE					
Road Fund	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200
TOTAL EXPENDITURES	14,497,600	15,890,500	16,619,600	15,142,400	15,262,200

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

	Transportation Highways Planning				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Federal Fund					
Current Receipts	12,498,000	12,955,700	13,383,600	12,955,700	13,383,600
Total Federal Fund	12,498,000	12,955,700	13,383,600	12,955,700	13,383,600
Road Fund					
Regular Appropriation	2,732,300	2,749,000	2,755,800	2,732,300	2,732,300
Total Road Fund	2,732,300	2,749,000	2,755,800	2,732,300	2,732,300
TOTAL SOURCE OF FUNDS	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900
EXPENDITURES BY CLASS					
Personnel Costs	14,608,100	15,138,700	15,583,700	15,122,000	15,560,200
Operating Expenses	622,200	566,000	555,700	566,000	555,700
TOTAL EXPENDITURES	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900
EXPENDITURES BY FUND SOURCE					
Federal Fund	12,498,000	12,955,700	13,383,600	12,955,700	13,383,600
Road Fund	2,732,300	2,749,000	2,755,800	2,732,300	2,732,300
TOTAL EXPENDITURES	15,230,300	15,704,700	16,139,400	15,688,000	16,115,900

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.

<div>Transportation</div> <div>Highways</div> <div>Highway Operations</div>					
SOURCE OF FUNDS	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
Restricted Funds					
Current Receipts		4,195,900	4,207,200	4,195,900	4,207,200
Total Restricted Funds		4,195,900	4,207,200	4,195,900	4,207,200
Road Fund					
Regular Appropriation	30,774,400	32,966,800	34,496,000	32,207,600	32,472,800
Total Road Fund	30,774,400	32,966,800	34,496,000	32,207,600	32,472,800
TOTAL SOURCE OF FUNDS	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000
EXPENDITURES BY CLASS					
Personnel Costs	30,896,100	33,135,000	34,557,800	32,375,800	32,534,600
Operating Expenses	-121,700	4,027,700	4,145,400	4,027,700	4,145,400
TOTAL EXPENDITURES	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds		4,195,900	4,207,200	4,195,900	4,207,200
Road Fund	30,774,400	32,966,800	34,496,000	32,207,600	32,472,800
TOTAL EXPENDITURES	30,774,400	37,162,700	38,703,200	36,403,500	36,680,000

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.

Policy

Beginning in fiscal year 2016-2017, the Transportation Cabinet will begin 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, which will be collected in a new enterprise fund within the Transportation Cabinet, and the costs that it supports are included in the above restricted funds.

**Transportation
Highways
Equipment Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	14,618,100	11,130,500	5,025,000	11,130,500	5,908,100
Current Receipts	62,750,000	63,728,500	65,537,400	63,728,500	65,537,400
Total Restricted Funds	77,368,100	74,859,000	70,562,400	74,859,000	71,445,500
TOTAL SOURCE OF FUNDS	77,368,100	74,859,000	70,562,400	74,859,000	71,445,500
EXPENDITURES BY CLASS					
Personnel Costs	12,432,500	14,121,400	14,865,700	13,238,300	13,386,800
Operating Expenses	23,121,800	24,029,300	24,013,400	24,029,300	24,013,400
Construction	30,683,300	31,683,300	31,683,300	31,683,300	31,683,300
TOTAL EXPENDITURES	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500
TOTAL EXPENDITURES	66,237,600	69,834,000	70,562,400	68,950,900	69,083,500

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 12 repair garages located throughout the state.

	Transportation Highways Highway Safety				
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	23,400	16,400	14,400	16,400	14,400
Current Receipts		5,000		5,000	
Total Restricted Funds	23,400	21,400	14,400	21,400	14,400
Federal Fund					
Current Receipts	5,534,700	5,561,700	5,588,900	5,561,700	5,588,900
Total Federal Fund	5,534,700	5,561,700	5,588,900	5,561,700	5,588,900
Road Fund					
Regular Appropriation	5,050,900	5,363,000	5,538,700	5,073,600	5,077,900
Total Road Fund	5,050,900	5,363,000	5,538,700	5,073,600	5,077,900
TOTAL SOURCE OF FUNDS	10,609,000	10,946,100	11,142,000	10,656,700	10,681,200
EXPENDITURES BY CLASS					
Personnel Costs	4,692,000	5,053,200	5,260,300	4,763,800	4,799,500
Operating Expenses	5,900,600	5,878,500	5,874,300	5,878,500	5,874,300
TOTAL EXPENDITURES	10,592,600	10,931,700	11,134,600	10,642,300	10,673,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	7,000	7,000	7,000	7,000	7,000
Federal Fund	5,534,700	5,561,700	5,588,900	5,561,700	5,588,900
Road Fund	5,050,900	5,363,000	5,538,700	5,073,600	5,077,900
TOTAL EXPENDITURES	10,592,600	10,931,700	11,134,600	10,642,300	10,673,800

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

Transportation
Public Transportation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,728,200	5,728,200	5,728,200	5,212,700	5,212,700
Continuing Approp-General Fund	197,100				
Total General Fund	5,925,300	5,728,200	5,728,200	5,212,700	5,212,700
Restricted Funds					
Balance Forward	100,100				
Current Receipts	560,000	689,400	717,200	692,600	698,700
Total Restricted Funds	660,100	689,400	717,200	692,600	698,700
Federal Fund					
Current Receipts	44,842,000	25,730,500	25,788,900	25,730,500	25,788,900
Total Federal Fund	44,842,000	25,730,500	25,788,900	25,730,500	25,788,900
TOTAL SOURCE OF FUNDS	51,427,400	32,148,100	32,234,300	31,635,800	31,700,300
EXPENDITURES BY CLASS					
Personnel Costs	1,989,700	2,101,500	2,187,700	2,056,400	2,072,300
Operating Expenses	121,800	121,800	121,800	121,800	121,800
Grants Loans Benefits	49,215,600	29,924,800	29,924,800	29,457,600	29,506,200
TOTAL EXPENDITURES	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300
EXPENDITURES BY FUND SOURCE					
General Fund	5,825,000	5,728,200	5,728,200	5,212,700	5,212,700
Restricted Funds	660,100	689,400	717,200	692,600	698,700
Federal Fund	44,842,000	25,730,500	25,788,900	25,730,500	25,788,900
TOTAL EXPENDITURES	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300
EXPENDITURES BY UNIT					
Public Transportation	50,361,400	31,133,900	31,192,300	30,656,600	30,715,000
Multi-Modal Transportation	405,700	424,800	424,800	386,600	386,600
Human Services Delivery	560,000	589,400	617,200	592,600	598,700
TOTAL EXPENDITURES	51,327,100	32,148,100	32,234,300	31,635,800	31,700,300

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 Executive Budget provides for the use of Toll Credits to be used by the Office of Transportation Delivery and public transit authorities as the match for federal funds.

**Transportation
Revenue Sharing**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	390,753,800	331,031,600	332,287,900	330,812,900	332,030,200
Budget Reduction-Road Fund	-169,300				
Other	-61,952,200				
Total Road Fund	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
TOTAL SOURCE OF FUNDS	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
EXPENDITURES BY CLASS					
Personnel Costs	3,670,100	4,101,600	4,321,500	3,754,700	3,770,800
Operating Expenses	2,989,700	2,981,000	2,979,800	2,981,000	2,979,800
Grants Loans Benefits	176,802,200	178,218,000	178,870,000	178,192,000	178,844,000
Construction	145,170,300	145,731,000	146,116,600	145,885,200	146,435,600
TOTAL EXPENDITURES	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
EXPENDITURES BY FUND SOURCE					
Road Fund	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
TOTAL EXPENDITURES	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200
EXPENDITURES BY UNIT					
County Road Aid	124,292,200	125,115,700	125,573,200	125,097,400	125,554,900
Rural Secondary	150,780,800	151,779,800	152,334,800	151,757,600	152,312,600
Municipal Aid	52,297,800	52,644,300	52,836,800	52,636,600	52,829,100
Energy Recovery	454,000	458,000	460,000	458,000	460,000
Rural and Municipal Aid	807,500	1,033,800	1,083,100	863,300	873,600
TOTAL EXPENDITURES	328,632,300	331,031,600	332,287,900	330,812,900	332,030,200

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 Motor Fuels revenue estimate for the fiscal biennium 2016-2018, upon which the Road Fund appropriations in the Revenue Sharing program are based, is \$747,300,000 in fiscal year 2016-2017 and \$749,800,000 for fiscal year 2017-2018.

**Transportation
Vehicle Regulation**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,058,200	3,633,000	3,995,600	3,683,000	3,275,900
Current Receipts	18,430,600	19,300,900	19,313,900	19,041,400	19,056,300
Non-Revenue Receipts	-58,800	-55,000	-55,000	-55,000	-55,000
Fund Transfers	-7,100,000	-3,743,000	-3,742,300	-4,200,000	-4,200,000
Total Restricted Funds	16,330,000	19,135,900	19,512,200	18,469,400	18,077,200
Federal Fund					
Current Receipts	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
Total Federal Fund	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
Road Fund					
Regular Appropriation	28,464,000	27,224,400	29,588,100	26,126,900	27,902,200
Budget Reduction-Road Fund	-812,700				
Total Road Fund	27,651,300	27,224,400	29,588,100	26,126,900	27,902,200
TOTAL SOURCE OF FUNDS	48,581,300	50,960,300	53,700,300	49,196,300	50,579,400
EXPENDITURES BY CLASS					
Personnel Costs	22,316,100	24,474,100	25,230,900	23,669,300	23,819,700
Operating Expenses	17,778,400	19,264,300	19,239,800	19,108,100	19,021,700
Grants Loans Benefits		83,300	87,500		
Debt Service	3,144,800	3,143,000	4,788,300	3,143,000	4,781,300
TOTAL EXPENDITURES	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	12,647,000	15,140,300	15,158,400	15,193,500	15,120,500
Federal Fund	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
Road Fund	25,992,300	27,224,400	29,588,100	26,126,900	27,902,200
TOTAL EXPENDITURES	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700
EXPENDITURES BY UNIT					
Commissioner	1,370,000	1,447,400	1,520,100	1,441,000	1,454,100
Drivers Licensing	13,261,800	14,529,100	15,581,400	13,667,300	14,486,400
Motor Carriers	7,369,000	7,826,200	8,886,300	7,807,900	8,703,700
Motor Vehicle Licensing	19,023,600	20,506,000	20,688,400	20,642,900	20,678,900
Customer Service	1,156,300	1,264,600	1,300,300	1,191,000	1,197,500
Motor Vehicle Commission	1,058,600	1,391,400	1,370,000	1,170,300	1,102,100
TOTAL EXPENDITURES	43,239,300	46,964,700	49,346,500	45,920,400	47,622,700

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

The 2015 General Assembly created the Ignition Interlock License program for drunk driving offenders as outlined in Senate Bill 133. The Transportation Cabinet administers the application process for the program for a fee that is deposited into the Road Fund. The above appropriation includes \$238,000 in fiscal year 2016-2017 and \$250,900 in fiscal year 2017-2018 for administration of the program. Restricted Funds collected under the provisions of KRS 45.345 and KRS 138.710(2) may be used to administer the Ignition Interlock License program.

Statewide

**Statewide
Budget Reserve Trust Fund**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				153,436,000	160,960,900
Surplus Expenditure Plan	82,514,310				
Special Appropriation	63,500,000				
Continuing Approp-General Fund	77,093,936	209,447,046	209,447,046	209,447,000	362,883,000
Other	-13,661,200				
Total General Fund	209,447,046	209,447,046	209,447,046	362,883,000	523,843,900
TOTAL SOURCE OF FUNDS	209,447,046	209,447,046	209,447,046	362,883,000	523,843,900

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 direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

Policy

A deposit of \$82,514,310 to the Budget Reserve Trust Fund was made from the fiscal year 2015 General Fund surplus. House Bill 510 from the 2015 General Assembly directed an additional deposit of \$63,500,000, sourced from an additional fund transfer to the General Fund. The 2014-16 enacted budget withdrew \$13,661,200 in fiscal year 2016.

The net effect is a balance in fiscal year 2016-2017 of \$209.4 million in the Budget Reserve Trust Fund, representing 2.1 percent of budgeted revenues.

The Executive Budget includes \$89,336,000 to the Budget Reserve Trust Fund in fiscal year 2016-2017 and \$89,335,900 in fiscal year 2017-2018, which would bring the balance up to \$388,118,900, which is 3.6 percent of the fiscal year 2017-2018 General Fund revenue estimate.

The official General Fund revenue estimate from the Consensus Forecasting Group for fiscal year 2016-2017 is \$10,617,200,000 and \$10,875,500,000 for fiscal year 2017-2018. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes totals \$10,489,000,000, or \$128,200,000 less than the official revenue estimate for fiscal year 2016-2017. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes totals \$10,732,250,000, or \$143,250,000 less than the official revenue estimate for fiscal year 2017-2018. The Executive Budget provides "contingent" appropriations of up to \$128,200,000 in fiscal year 2016-2017 and up to \$143,250,000 in fiscal year 2017-2018. Half of the amounts over the lower thresholds would go toward the unfunded pension liabilities of the Kentucky Teachers' Retirement System and Kentucky Employees Retirement Systems, and half would go to the Budget Reserve Trust Fund (\$64,100,000 and \$71,625,000, respectively).

If actual General Fund revenues meet the official estimates in both years, then the Budget Reserve Trust Fund balance would rise to \$362,883,000 at the end of fiscal year 2016-2017, and to \$523,843,900 at the end of fiscal year 2017-2018, 4.8 percent of the fiscal year 2017-2018 General Fund revenue estimate.

The Executive Budget directs any General Fund surplus to the Budget Reserve Trust Fund and to the unfunded pension liabilities through the General Fund Surplus Expenditure Plan, after allowing for sufficient resources for items authorized as necessary government expenses.