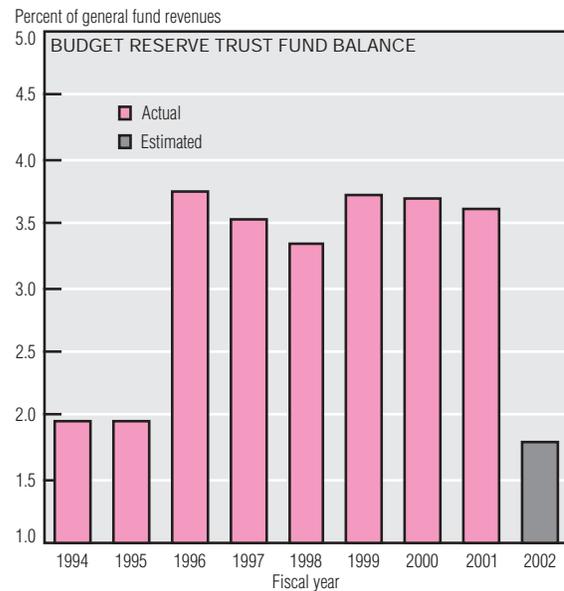
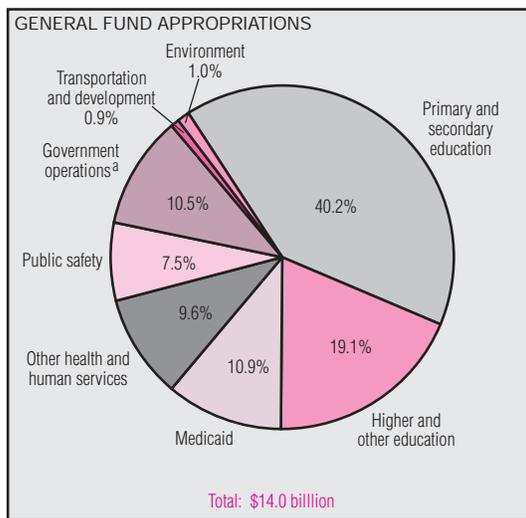
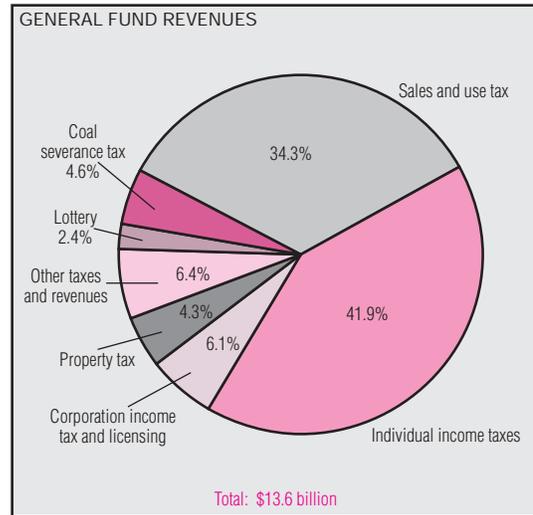
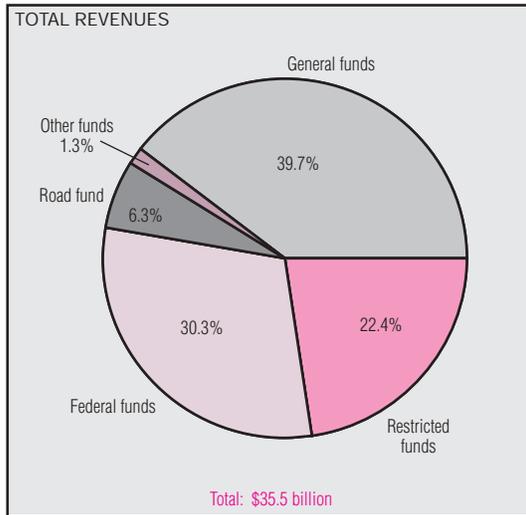


The Kentucky Budget



NOTE: Budget calculations are based on recommended figures for fiscal years 2002–2003. Kentucky’s fiscal year 2002 will begin July 1, 2002.
 a. Includes dollars allocated to local government as well as the operation of state executive, judicial, and legislative offices.
 SOURCE: Commonwealth of Kentucky, Office of the State Budget Director.

Kentucky’s governor presents a biennial proposal for state finances in every even-numbered year. In January, Governor Patton presented his budget proposal for the 2002–2004 biennium, which includes fiscal years 2002 and 2003.

The state’s revenues are derived from various sources, and most of the dollars it collects come with spending restrictions. Dollars derived from the road fund and restricted funds have uses specifically mandated by Kentucky’s state legislature, while dollars derived from the federal government

are largely associated with social welfare programs. The governor’s budget focuses primarily on expenditures from the general fund, which comprises nearly 40% of the state’s total budget. Collected for general purposes, dollars from this fund reflect the state’s discretionary spending. Most general fund dollars are derived from income and property taxes on individuals and businesses.

The governor’s proposed appropriations are a good indicator of his priorities. For example, Governor Patton, stressing the importance of education as a key strategy for

strengthening Kentucky’s financial future, has suggested that nearly 60% of the general fund balance be appropriated for education purposes.

The recession is evident in state spending plans: This biennium, Kentucky will spend more dollars than it expects to collect in revenues. The governor has proposed using some of the state’s budget reserve trust fund (commonly known as the “rainy day” fund) to smooth state spending. The 2002–2004 biennium will be the first time in more than 10 years that this fund’s balance has declined.