



Commonwealth of Kentucky
Office of the Governor

Gov. Beshear Praises Education-Driven Budget

Governor's budget proposal largely intact; line-item vetoes preserve flexibility in management

FRANKFORT, Ky. (April 11, 2014) – Governor Steve Beshear today praised the two-year budget approved by the General Assembly for retaining several of his key education-related proposals that will create a brighter future for Kentucky's children and families.

"I took a strong stand in my budget proposal: Rather than cower in the face of financial pressures, Kentucky must act aggressively to make bold investments in our schools, our workforce and our child care programs," Gov. Beshear said. "I'm excited that the legislature agreed with my use of strategic borrowing and targeted but harsh cuts to enable us to make those investments."

Among other things, House Bill 235 – the budget bill for the 2015-16 biennium – raises per-pupil spending to its highest level ever, gives teachers and other employees overdue raises, increases the number of 4-year-olds in preschool, enables community colleges to add critically needed classroom space and other facilities and restores cuts to child care programs that help working families keep their jobs. It also provides additional funding for school technology, school textbooks, school safety, professional development for educators and bonding for school construction.

While proud of the progress the budget will mean for education, the Governor said he was aware of the harm that cuts of up to 5 percent will do to other state agencies and programs. The 2015-16 budget marks the 14th time that the administration has cut programs and services since 2008, with some agencies enduring collective cuts of 41 percent. The impact may include service delays, more employee attrition, possible layoffs, loss of federal funds, and possible facility closures.

“Many Kentuckians will be affected by these cuts, and I’m as frustrated as they are,” Gov. Beshear said. “This is just further evidence of the need to fix the way we fund state services.”

As is customary, the Governor also today made limited use of his line-item veto authority to strike confusing and problematic language in the budget bill that diminished the administration’s ability to successfully manage the budget.

“Like other governors before me, I need the flexibility to implement this budget in the most efficient way possible to best serve our people day to day,” Gov. Beshear said. “This is especially true considering that funds have been tight and will remain tight for the next few years.”

In particular, the Governor excised language that would have limited the ability of the Kentucky Community and Technical College System to carry out long-overdue capital projects authorized at each of its 16 regional campuses. Specifically, the vetoed language would have prevented nine of the 16 projects from being built.

“Removing the limiting language will ensure that each campus will be able to take advantage of the \$145.5 million in authorized agency bonds, available to KCTCS for the first time,” said Gov. Beshear.

About 100,000 students access education through KCTCS and its 16 colleges and 73 campuses. The General Fund can’t meet the system’s infrastructure needs, so KCTCS leadership recommended issuing agency

bonds for up to 75 percent of project costs. The remaining 25 percent will come from local communities and other public or private sources. The bonds will support one project at each KCTCS college.

A copy of the veto message is attached. The Governor has also signed the judicial and legislative branch budgets.

Budget Highlights

The \$20.3 billion two-year budget as amended by the General Assembly makes a number of significant investments, including these highlights:

Education:

- An increase in base per-pupil funding for K-12 classrooms from the current \$3,827 per student to \$3,911 in Fiscal Year '15 and \$3,981 in FY16.
- Guaranteed pay raises for teachers and classified school personnel.
- Increases in technology funding by \$9.9 million, textbook funding by \$33.4 million, professional development by \$10 million, safety by \$9.4 million and extended school services by \$20 million.
- An increase of \$18.7 million in FY 16 to expand preschool services to reach 5,125 more 4-year-olds whose family income is within 160 percent of the federal poverty level.
- \$100 million in bonds for K-12 school building projects.

Higher education:

- \$145.5 million in agency bonds to support one high-priority building project at each of the state's 16 KCTCS campuses. Agency bonds are paid back using identified revenue streams at the schools.
- \$418.9 million in General Fund-supported bonds and \$450.8 million in agency bonds to support construction projects at the state's four-year public universities.

Child care:

- An increase of \$97 million over two years for the Child Care Assistance Program, which subsidizes child care for low-income families so parents can work.
- \$420,000 each fiscal year to staff the Child Fatality Review Commission.

Economic Development:

- \$30 million in bonds to extend high-speed broadband access across the state via the Next Generation Information Highway, beginning in Eastern Kentucky.
- \$24 million in bonds to build an advanced manufacturing training center in Georgetown that will produce workers for Toyota and other auto manufacturers.
- \$32.5 million for construction of the Breathitt Veterinary Center in Hopkinsville.
- \$56 million for the Kentucky International Convention Center in Louisville.
- \$200,000 each year to fund administrative costs of “Shaping Our Appalachian Region,” the initiative to boost the economy in Eastern Kentucky, and \$2 million each year for a new Regional Strategic Development Fund.

State government:

- \$101.3 million in FY15 and \$106.3 million in FY16 to fully fund the actuarially recommended contribution (ARC) for the Kentucky Retirement System.
- \$39 million over two years for raises for state workers, most of whom have not had a raise since 2010.

The legislature has not yet passed either the biennial Transportation budget or Six-Year Road Plan.