



**Media Contact:**  
Jessica Fletcher  
Communications Manager  
Kentucky Chamber  
[jfletcher@kychamber.com](mailto:jfletcher@kychamber.com)  
502-848-8731 (office)  
859-539-0511 (cell)

## **Kentucky Chamber gives governor's proposed budget mixed reviews**

**FRANKFORT, Ky.** (Jan. 19, 2010) – The Kentucky Chamber of Commerce gave Gov. Steve Beshear's proposed 2010-2012 budget mixed reviews Tuesday night, applauding cost-cutting initiatives in some areas but expressing concern about the continued pattern of unsustainable spending growth in others.

The governor's budget was based on the assumption that Kentucky would collect additional revenue from expanded gaming during the upcoming biennium; whether the General Assembly endorses or rejects that approach is still to be determined.

The Chamber's focus, the result of a months-long [research project](#), is on state spending – whatever the source of revenue. Toward that end, Chamber President and CEO Dave Adkisson made the following observations about the governor's proposed budget. Elements applauded by the statewide business organization included:

- No tax increases
- Protecting basic K-12 funding from cuts and minimizing the impact on postsecondary education
- Plans for a structural review of the state's Medicaid program to find ways to cut costs
- Smoking cessation programs for Medicaid recipients
- Initiatives to cut corrections costs by \$11 million over the biennium, including the increased use of community-based substance abuse programs and expanded home incarceration

Adkisson noted the following areas of concern:

- A 7 percent increase each year in public employee health insurance costs – an area where spending grew by 174 percent between 2000 and 2010 – and no proposal to require reasonable contributions from employees
- Minimal per pupil increases for basic education funding (\$25 in fiscal year 2011 and another \$36 in fiscal 2012) versus a biennial increase of \$173 million for health benefit costs
- The absence of an effort to expand cost-saving managed care practices within the Medicaid program
- Education funding cuts for programs that are not part of the basic funding formula; these include preschool, transportation, technology and other important areas
- Maintaining the status quo on public employee wellness programs that are voluntary and under-utilized

"Once again, the unsustainable growth in public employee health benefits is directing money away from our classrooms," Adkisson noted. "This is not the kind of investment we should be making in Kentucky's future."

"We encourage members of the General Assembly to address this and other areas of unsustainable spending increases as they develop the state's spending plan for the next two years."

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