



## **Session ends in disappointment, chance for progress remains**

By Dave Adkisson, President and CEO, Kentucky Chamber of Commerce

The Kentucky General Assembly concluded its regular session on April 15 as many observers feared it would – without passing a budget for the next two years. The end of the session was an angry, finger-pointing finale, with the House and Senate publicly criticizing each other for their failure to agree on a spending blueprint to guide Kentucky through the challenging financial times of the next two years.

By most accounts, the primary disagreement between the two chambers focused on debt: the House wanted to borrow money to finance more school and water/sewer construction projects and raise business taxes to finance them while the Senate wanted to keep borrowing and new construction to a minimum and reject additional taxes.

It now falls to the Gov. Beshear to call the lawmakers back into special session before the June 30 end of the fiscal year (Kentucky's courts have ruled that the state must have a budget to keep all government operations running). The governor has indicated he plans to act earlier than that – in May – because of debt restructuring considerations.

That timing also would work well for another important issue that failed to emerge from the 2010 session: charter schools. Kentucky's application for federal education funding is due on June 1, and having charter school legislation on the books would greatly improve the state's chances to receive critically needed funds from Washington.

During the closing weeks of the session, the Kentucky Chamber issued a statement to legislators and the public that still carries an important message, even with the breakdown at the end: [progress is still possible for the General Assembly.](#)

Here is what we hope our elected officials will keep in mind in the coming weeks.

### **The Budget**

The failure to reach a budget agreement should not obscure the fact that the versions approved by the House and Senate chambers had several positive elements in common: restructuring the public employee health insurance program to reduce costs, smoking cessation coverage for Medicaid recipients, reductions in personal service contracts and political appointees, and cost-saving measures in Medicaid and corrections.

The Kentucky Chamber has consistently encouraged the General Assembly to pass a fiscally responsible budget – one that protects education funding as much as possible during the recession, reduces unsustainable expenditures, limits growth in the state debt level and spares Kentuckians from a greater tax burden.

As a budget is developed for special session consideration, legislators should not increase the tax burden on individuals or employers and should limit the use of debt to sustainable levels. Creating jobs by bonding construction projects is a laudable goal. But in our view, the better approach is to protect the jobs Kentucky employers are already providing – not to put those jobs at risk by increasing taxes on business.

## **Education**

Kentucky had a strong application for federal education funding under the Race to the Top program, making it onto the list of finalists. But the state came up short for the first round of funding for one primary reason: the absence of a state law allowing charter schools.

Education Commissioner Terry Holliday has pointed out that, with the additional points a charter-school law would have provided, Kentucky would have moved up the list to No. 2 – high enough to bring \$200 million to the state's schools.

The state has another chance in the second round of the federal program, and the Senate approved legislation during the regular session that would allow school districts to create charter schools. The measure wasn't considered by the House.

At this point, Kentucky has lost \$200 million because of our failure to allow charter schools. We hope the governor will include the issue on the special session agenda and that the House will vote affirmatively to strengthen Kentucky's prospects for federal funding.

Conflict, debate and disagreement are part of any legislative session. Through it all, the Kentucky Chamber is proud to represent the interests of the businesses and private citizens whose taxes pay the public bills. As the special session approaches – one that will cost Kentuckians upwards of \$60,000 a day – we encourage our elected officials to take advantage of the second opportunity they have to make progress for the state.