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Kentucky moving ahead, but gains slow in some areas

LOUISVILLE, Ky. – Kentucky is making progress in education, competitiveness and other areas, but the gains are slow in some cases, emphasizing the need for more focused attention.

That is the conclusion of two updates developed by the Kentucky Chamber of Commerce and released Monday (July 12) during the Chamber's annual economic summit in Louisville.

The updates grew out of initiatives the Chamber has developed over the past several years: the New Agenda for Kentucky and the Task Force on Postsecondary Education. The New Agenda initiative encouraged Kentuckians to share their ideas about ways to improve their state while the postsecondary task force reviewed the progress that has been made since Kentucky changed its higher education system in 1997.

The New Agenda, released in January 2008, focused on five transformational goals that have now become the foundation of the Kentucky Chamber's strategic plan: 1) improving the education attainment of Kentuckians; 2) modernizing government; 3) promoting wellness and healthy Kentuckians; 4) preparing Kentucky to successfully compete in the global marketplace; and 5) expanding Kentucky's role as an energy leader.

The 2010 update concluded that the state has made progress in several areas despite the tough economy:

- Kentucky is moving ahead in **education** as a result of new standards that the state has adopted to better prepare students for college and work; legislation to make it easier for community college students to transfer to four-year public universities; improving student scores on national tests and other developments. Although the high school graduation rate has slipped, the dropout rate has improved.
- **Government modernization** is another area showing progress. The legislature enacted a 2010-12 budget that included significant savings in corrections, Medicaid and public employee health benefits. And Kentucky has been recognized as a national leader in making budget, salary and contract information available to the public online. On the negative side, a recent national report cited "serious concerns" about Kentucky's public pension system.
- The update described Kentucky's status in **wellness** as "standing still," in view of the state's continued low rankings on national indicators and the failure of wellness initiatives in the 2010 General Assembly. More positive was the legislature's decision to include funding in the 2010-12 budget for a smoking cessation program for Medicaid recipients.

- Kentucky's **global competitiveness** has improved. The state's business tax climate ranking moved from 34th to 20th in a Tax Foundation report, the result of the legislature's refusal to raise taxes during the economic downturn. Also cited was the consensus solution crafted by business and labor leaders to restore the balance in the state's unemployment insurance trust fund – saving Kentucky and its employers an estimated \$700 million over the next decade.
- Finally, the New Agenda update concluded that Kentucky was moving forward in **energy**. Key points there included Kentucky's continued leadership in coal production and low electricity prices, federal support for university research on cheaper ways to remove carbon dioxide from power plant releases and plans for the nation's second-largest algae factory.

The postsecondary education update included a review of several indicators that the task force considered in its report, released in late 2008. Key points of the progress report included:

- In the past eight years, Kentucky's rate of increase in the percentage of people age 25-34 with bachelor's degrees has exceeded the national rate.
- Enrollment in postsecondary institutions continues to increase steadily – up by 6 percent in 2009 over 2008. The Kentucky Community and Technical College System has shown the greatest growth.
- A record number of degrees and credentials were awarded by postsecondary institutions in 2010 – 57,247 at public and private schools.
- The progress has not affected Kentucky's per capita income relative to the national average. It remains at about 80 percent – where it has been for the past 30 years.
- Transfers from two- to four-year institutions are increasing, but very slowly. The legislation enacted this year to ease the process is expected to accelerate the pace of transfers.
- Tuition continues to go up, but at a slower pace than in the previous decade as a result of the Council on Postsecondary Education establishing ceilings for tuition and fees at the state's public institutions.

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