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## **Three key steps forward still possible for General Assembly**

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

The Kentucky General Assembly has an opportunity to move the state forward in three critical areas before final adjournment of the 2010 session next week by:

- Passing a fiscally responsible budget
- Addressing the state's out-of-balance unemployment insurance program
- Positioning Kentucky for success in the federal Race to the Top competition for education funding

### **The Budget**

Without question, the executive budget is the most important piece of legislation that lawmakers consider during their sessions in even-numbered years. The failure thus far of the House and Senate to reach agreement on the 2010-2012 budget should not obscure the fact that the versions approved by the two 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.

Significant points of contention focus on how much additional debt the state should incur for construction projects and whether business taxes should be increased to provide additional revenue. The Kentucky Chamber has consistently encouraged the General Assembly to pass a fiscally responsible budget – one that protects education funding to the extent possible, reduces unsustainable expenditures, limits growth in the state debt level and spares Kentuckians from a greater tax burden.

As the General Assembly works toward an agreement on the budget, 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.

### **Unemployment Insurance**

A measure awaiting Senate action would save Kentucky employers hundreds of millions of dollars through a comprehensive reform of the state unemployment insurance system.

Kentucky's system was out of balance before the economic downturn hit. When it did, the state was forced to borrow heavily from the federal government to pay unemployment benefits. A task force of business, labor and government representatives worked for several months to reach consensus on a solution that shares the responsibility for addressing the growing deficit among all parties.

Without the legislation, which won unanimous House approval, Kentucky's employers will be subject to automatic federal tax increases far more onerous than the new financial structure that is part of the Kentucky-sponsored solution.

### **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.

We have another chance in the second round of the federal program, and the state Senate has moved to fill the gap in Kentucky's application by approving legislation that would allow Kentucky school districts to create charter schools.

The bill now awaiting House action would address several other education matters – including some Dr. Holliday has said would also help the state's federal application. Its final passage and gubernatorial approval would significantly improve Kentucky's prospects for success with federal education officials.

Conflict, debate and disagreement are part of any legislative session. Love it or hate it, that's the way the system works. As the 2010 General Assembly enters its final two days, we encourage Kentucky's lawmakers to take advantage of the opportunity they have to ensure this one will be a truly successful session for the state and its citizens.