

GOVERNOR BEVIN'S EXECUTIVE BUDGET PROPOSAL

FACT SHEET

- The **FOCUS** of the budget is: **“Get our Financial House in Order.”**
- Difficult choices are required. The Governor’s budget reflects Kentucky’s true fiscal condition.
- Kentucky’s unfunded pension liability is among the highest in the nation — at over \$60 billion.
- Proposals to moderate pension costs are not included in the budget. However, some of the spending cuts could be avoided if meaningful pension reform is enacted this session.
- Projections indicate revenue growth in FY 2019 and FY 2020 will be modest — growth of 2.7% (\$287.5 million) and 2.6%, (\$284.1 million) respectively.
- This budget **FULLY FUNDS** pensions costs for state employees.
- \$1,017,921,000 in general fund for state employee retirement over the biennium.
- This budget **FULLY FUNDS** the request from the Teachers’ Retirement System.
- This is the **first time** the true teachers ARC has been **fully funded** in a decade.
- \$2,299,271,000 in general fund teacher retirement over the biennium.
- 14.5% of the General Fund is dedicated to retirement.
- K-12 Education is increasingly hard to protect, with the ballooning cost of pensions.
- Even so, this budget **FULLY FUNDS** the SEEK “Per Pupil” allocation at \$3,981 — the highest it has ever been in Kentucky history.
- Local school districts will have to chip in for their employee’s health insurance.
- Local school boards will be asked to **use their reserve funds**, which total almost \$1 billion statewide, to keep educating our children and supporting our teachers.
- Local school boards will be asked to **cut administrative overhead** and put those dollars toward the classroom.
- 100% of all lottery proceeds will go to student scholarships.
- The budget continues our historic investment in Kentucky’s workforce with another \$100 million bond pool for workforce investment which leverages local matching funds and private investment.
- This budget protects Kentuckians by funding 75 new prosecutors and 51 new public advocates. This investment will reduce the backlog in our courts.

- All KLEFPF funds are dedicated to law enforcement and fire fighters. **The KLEFPF stipend remains \$4,000.**
- This budget provides the funds to replace dangerous and worn out State Police cruisers and rifles. It also invests in a modern statewide communications system for law enforcement.
- Medicaid costs continue to rise, but the recently approved 1115 waiver will bring critical reforms to the Medicaid expansion program. We will begin to truly manage Medicaid costs in the future.
- The budget includes a **\$34 million increase in funding to fight against opioid and substance abuse.**
- More funding is provided to **support pregnant women with substance abuse problems.**
- The budget makes important investments in the public servants who care for Kentucky's most vulnerable citizens, including social workers by including \$24 million dollars to add positions and increase salaries for permanency and protection workers.
- This budget launches a **new program with \$10.8 million to support foster children and adoption initiatives.**
- This budget nearly doubles the funding for the Executive Branch Ethics Commission.
- To meet the pension obligation and balance the budget, spending cuts were required. Tough choices were made.
- This budget recommends the complete elimination of almost 70 programs. No funding is provided.
- Across the board cuts were still required — 6.25%. There is simply not enough money to afford the current pension system and fund every program.
- New borrowing is held to historically low levels — **debt service will be 5.63%** of revenue target. The ten year average is 6.58%.
- In order to be fiscally responsible, the Commonwealth must have an adequate Rainy Day fund. Without changes, that fund would be nearly depleted by the end of FY 2018.
- The Governor's budget calls for a \$250 million Rainy Day Fund. While it's less than half of the minimum amount we need, it is a good start.
- The Governor supports tax reform that will make **Kentucky's business environment more competitive** with surrounding states and simpler for Kentucky's taxpayers.

- It is past time for Kentucky to modernize its tax code so that economic growth will lead to much-needed additional revenue to invest in education, public safety, infrastructure, health care, and other areas of need.
- This is a **difficult but honest budget**.
- We must work together to make Kentucky the best version of itself.