



2021 State of the Commonwealth/Budget Address

Governor Andy Beshear

January 7, 2021

Good evening. President Stivers, Speaker Osborne, Members of the General Assembly and to everyone watching from home, including Justice Minton and the Kentucky Supreme Court, our Constitutional Officers, our Lieutenant Governor Jacqueline Coleman, the First Lady and my kids, Will and Lila:

Tonight, I address both a state and a country that are hurting. Hurting from a pandemic that has swept across the world, upended our economy and taken the lives of our loved ones. Hurting from attacks on our democracy that yesterday rose to the level of an attack on the United States Capitol.

It is hard to believe just how much can change in a single year.

A year ago, I delivered my first State of the Commonwealth address, laying out the vision and the values that would guide my administration as we work to build a better Kentucky. A Kentucky where we work together on one team – Team Kentucky – to achieve our goals of better-paying jobs; putting education first; ensuring access to affordable health care; supporting healthy retirements; and treating each other with dignity and respect.

That night, I spoke before a House chamber filled with lawmakers, and later, the First Lady and I hosted a reception where Democrats and Republicans alike had a few moments of fellowship.

But tonight, I speak to you remotely, virtually – a first for the State of the Commonwealth. I do so to set an example for how we fight the COVID-19 pandemic, which is spreading rapidly throughout this commonwealth.

And I speak to you after a one day delay of this speech because domestic terrorists who have the gall to call themselves patriots are using intimidation and violence to try to tear apart our great country.

But in difficult times, in troubling times, I turn to my faith, where the season of Epiphany reminds us that there is light in the darkness.

So in 2021, we will defeat the coronavirus, and we should be intentional about restoring our democracy. If we can accomplish both, 2021 will be a great year, but 2021 has the chance to be so much more.

Tonight, with my Better Kentucky Budget, I am offering my administration's blueprint for prioritizing our people and moving this commonwealth into the forefront of the emerging post-COVID economy.

Before tonight's address, I walked past the statue of President Abraham Lincoln – the epitome of leadership in times of turmoil and division. This statue holds pride of place in our Capitol Rotunda.

I was reminded of his message to the federal legislature in 1862. He said, “The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country.”

As Kentuckians, we are now called to rise to our occasion. Now is our time.

We can't play politics while our people and our country struggle. We must move our commonwealth forward.

But before we have that discussion, the depth of our sacrifices and the magnitude of our losses during this past year demands our attention.

Over the past 10 months, we have been at war. This evil virus has taken more than 2,700 of our fellow Kentuckians. That toll is heartbreaking; it is greater than the number of Kentuckians lost in Vietnam, Korea or even World War I.

And these aren't numbers. These are our grandparents and parents, our brothers and sisters, our friends and co-workers, and in some cases, even our children. We have lost doctors, teachers, bus drivers, a police chief, pastors and a 15-year-old student.

One Kentucky family in Hopkins County suffered an unbearable loss in April when a wife and a husband, Frida and Doug Woods, died of COVID-19 in the space of just two days. And in Campbellsville, I think about the Cheatham family, who lost both parents and their grandfather in less than a month.

So I'm asking everybody listening, in the chamber and at home, to observe a moment of silence, and if you are willing – say a prayer – as we remember the Kentuckians we've lost to this pandemic.

[Pause.]

Thank you.

March 6 of last year is a day I will never forget. It was the day we recorded our first case of COVID-19. From that moment, I committed to treating this as the once-in-a-century, life-and-death threat that it remains to this day. In fact, just yesterday, we had over 5,000 new cases.

We started this battle in March with limited tests and a single state lab to process them. So we went to work, building a robust coronavirus testing program across this state. Today, we now have more than 350 testing locations all across Kentucky and we've conducted more than 3.4 million tests. Anybody who wants a test can get one, and most of the time immediately.

We started this battle in March and in April with insufficient personal protective equipment to protect our people. Since then, we have created and maintained a strong 120-day stockpile; and along the way, we delivered more than 18 million pieces of PPE to government, medical and private sector entities. More than 100 companies jumped in to help, either by donating PPE or producing it, which helped ensure our health care workers and our other front-line heroes were protected.

In March, there was so much we didn't know. But today we provide the public with more information – more data – than has ever been available in any outbreak or in any pandemic. It includes cases by county; positivity rates; hospitalizations; positives and quarantines in schools, day cares and long-term care facilities; and now, even updates on vaccinations.

Throughout this pandemic, my administration has worked in a bipartisan fashion with the federal administration and with my fellow governors. We have taken advice from experts, including from White House experts like Dr. Anthony Fauci and Dr. Deborah Birx and our own expert, Dr. Steven Stack.

My actions have been targeted to have the greatest impact and they have been limited in both time and scope to avoid undue and unnecessary damage. I have reported on these actions, and their basis, in almost daily briefings, and my administration has testified on them over 40 times before the General Assembly in the last 10 months. The courts have backed our moves, with the Kentucky Supreme Court noting, in a unanimous decision, that our actions were not just legal but necessary to fight this deadly virus.

I have no doubt we did the best we could and I am proud of the actions my administration has taken, along with the personal actions and sacrifices of Kentuckians everywhere. Together, we have suppressed each of the three major waves of infections that have threatened us.

When the full story of this pandemic is told, Team Kentucky will stand tall on how we took care of one another.

I was inspired knowing how our people have responded with compassion, hard work and perseverance throughout this crisis. I think of the child who mailed me her allowance to donate to the Team Kentucky Fund. I think of the dozens of quilters who came together across Kentucky to sew thousands of masks. And I think about you. You followed the guidance. You made the hard decisions to forego holiday get-togethers. You postponed weddings and vacations. You missed funerals. You supported hard-hit local restaurants by ordering carry-out and curbside. And you lit your home up green every night to show compassion.

While this has been one of the hardest battles of our lifetime, because of our collective actions, we have saved lives and the state of this commonwealth is stronger and better prepared than most to finally defeat this virus.

But you don't have to take my word for it. You can look at the devastating experiences in states that failed to take the same aggressive actions we did to stop the coronavirus. Adjusted for population, we have suffered less than half the number of deaths as the people of Tennessee and less than one-fourth the number of deaths as the citizens of North and South Dakota.

Through these trials, we have learned that an effective virus response is necessary to sustain and rebuild our economy.

Even in the grip of this pandemic, we've announced \$2.4 billion invested in new and expanding projects that are going to create more than 8,000 new jobs. The average pay for these jobs is one of the highest in years.

We supported our rural communities with more than \$124 million invested for 160 projects that are going to diversify regional economies and they're going to provide clean drinking water. And we provided millions to support our agricultural economy to spawn the innovation that will feed future generations.

Now we are called to look ahead, not with fear, but with courage.

To do so, we must move past any remaining denial or rationalizations. That a public health crisis has been politicized, even as thousands have died, is troubling for both our state and our nation. Failure to take this virus seriously at this late date disrespects the memory of those we have lost, disrespects the pain of those who are grieving and disrespects the deep sacrifices so many have made in this war.

It also threatens to create much more pain, more death and more disruption, all of which can be avoided.

With the election season finally over, it's time to put aside squabbling and petty partisanship.

So, let me be clear: Every moment in this short session we spend fighting is a loss for our Kentucky families. Such fighting will leave us empty-handed and further behind those states that recognize this moment and this opportunity.

Our goal should be to act swiftly and with wisdom on behalf of the people of the commonwealth.

Because after a dark and difficult year, we have some very encouraging news.

Thanks to the hard work of my administration, especially my state budget director, we have the opportunity to move forward from a position of strength. We produced two balanced budgets during this pandemic.

Kentucky's "Rainy Day Fund" is at its highest level ever. And in this budget we are going to provide an extra \$100 million to further solidify and protect it.

And I'm pleased to report that with a better budget forecast than was initially anticipated, we have over \$600 million in one-time money available to invest in our future.

And this is important: This budget – my Better Kentucky Budget – doesn't rely on any increase in taxes; there are no spending cuts; and it doesn't rely on the passage of any new revenue measures.

So with this budget, we have an unprecedented opportunity – an opportunity to provide real relief and jump ahead of other states.

My Better Kentucky Budget is built on three pillars: relief for small business and Kentucky families; prioritizing our people; and bold investment in our future.

The first pillar provides relief to our families and businesses still hurting and addressing the damage caused by COVID-19.

For small business relief, I am proposing \$220 million be directed to the Better Kentucky Small Business Relief Fund, to help small businesses that have experienced losses as a result of this pandemic. This represents the single largest relief fund of its kind in generations, and it cannot wait. So I'm asking the General Assembly to pass this funding in a separate bill to make it available immediately.

For individual relief, today I am authorizing \$48 million in CARES Act funding to go to those who have waited too long to receive unemployment benefits and also to help out those who have missed out on the federal government's Lost Wages Assistance Program because they made too little. It is the right thing to do.

Further, this budget corrects a legacy of underfunding our unemployment insurance system. As you know, my administration inherited a UI operation that runs on an IT system that is functionally obsolete. In the years leading up to the pandemic, the previous administration, and in previous sessions, closed in-person offices and cut 95 skilled employees from UI. The UI budget was further slashed by \$16 million. This, coupled with a once-in-a-lifetime 1,300% year-over-year increase in claims, meant many Kentuckians have had to wait too long during a difficult time for their payments. This is the help they are owed and it is what they deserve, and far too many have waited far too long.

Finally, we're using CARES Act funding to repay \$152 million in UI loans, and on top of that, today I am calling for the General Assembly to provide \$100 million more in this budget to go to those loans.

The second pillar of the building a Better Kentucky Budget is all about putting our people first – prioritizing our children and families' education, health care and retirements.

Kentucky's great educators and school staff have had to overcome incredible challenges this year, quickly adjusting to online instruction when needed and making sure our children were fed even when they weren't in the classroom.

One teacher – Sarah Blades of Lexington – showed true Team Kentucky spirit. She not only helped her students but went above and beyond to help one of their parents earn a GED.

Thank you, Sarah, and every educator, for all that you do.

That is why my budget calls for a \$1,000 salary increase for every teacher, bus driver, cafeteria worker and other hardworking school employee in Kentucky.

Let's continue to invest in our children by increasing the SEEK formula and funding textbooks and electronic instruction resources.

I am also providing support for preschool programs to help children most in need get started early on a path to success and opportunity.

We are restoring a teacher loan forgiveness program and continuing to fund additional, full-time, school-based mental health services.

We need to invest in our workforce and the jobs of the future, so we provide more dollars to higher education, providing an additional \$17 million for postsecondary institutions. This represents a 2% increase in General Fund investment.

I am also creating the Better Kentucky Promise, a program that broadens the Work Ready Scholarship, creates new opportunities and provides the last dollar necessary for more than 6,300 Kentuckians to complete associate's degrees or secure certificates.

Imagine that – 6,300 Kentuckians gaining that educational opportunity that's going to move all of us forward.

I am also proposing a 1% raise for our hardworking state employees. They keep our communities running and they have more than earned it.

We are improving compensation for local and state law enforcement and firefighters who are always on the front lines with a \$600 stipend increase from the Law Enforcement and Firefighters Foundation Program funds.

And I have included the full exclusion of military pensions from the Kentucky income tax, recognizing the service of our men and women in uniform and what it means to our country.

My Better Kentucky Budget further prioritizes the health our people.

We are investing in our families by increasing the number of slots available for Michelle P. Medicaid waivers. We are fully funding Medicaid and we're adding 76 new social workers for child protective services.

And in this administration, we will continue to address inequities in access to health care. It shouldn't take a pandemic to show us such access is the difference between life and death.

We are also supporting our selfless local health departments by doubling their General Fund support to improve their epidemiology and their clinical capacity. This year has shown how important they are. These local heroes, like Michelle here in Frankfort, have been a lifeline to families. They have stood in the heat of the summer and the cold of the winter to provide testing.

And to support healthy retirements, we are providing pension relief to our critical quasi-governmental agencies like Child Advocacy Centers and Domestic Violence Shelters, as well as local health departments and community mental health centers.

Our Better Kentucky Budget also includes full pension funding for the Teachers' Retirement System for just the second time.

And we are investing in our retirement systems, fully funding the state's retirement plans.

The third pillar of building a better Kentucky is about making bold investments that allow us to sprint out of this pandemic and into our future – about how, together, we can not only survive, but thrive in 2021 and beyond.

Periods of difficulty can lead to incredible changes and opportunities that seemed impossible only years ago.

The Civil War was, perhaps, the lowest point for this country, but it led to the end of slavery and the guarantee of equal rights under law in the 14th Amendment. The Great Depression found Kentucky in dire economic straits, but out of it came the New Deal and a reimagining of how government could help its citizens. World War II tested our resolve, dramatically changed our economy, but out of that conflict, we build the world's strongest economy, a healthy middle class and we stepped into our role as leader of the free world.

The shock of COVID-19 has brought on our current transformational period, and how we lead in the next year will dictate whether Kentucky simply recovers back to the old normal or, instead, takes its place among the most productive and innovative states in the union.

For this, we need the courage to make bold investments in our people and in our future. It cannot wait.

The first key to revitalization in Kentucky must begin with education. Mine is and always will be an education-first administration.

This begins with the literal building blocks of our schools. Too many of Kentucky's schools are crumbling and in dire need of repair. Some date as far back as the 1930s. So my budget calls for \$100 million in additional one-time money to help rebuild and repair Kentucky's schools. This will improve the experience of students, educators and staff; it will enhance the surrounding communities. It will also create thousands of construction jobs and unleash a wave of positive economic activity across Kentucky.

The experience of our educators and our students during COVID-19 further points to a larger shift that Kentucky must be prepared for and invest in now. The move to virtual classrooms was mirrored in many occupations, especially the use of telehealth, pointing to the growing importance of broadband.

We used to think of broadband in terms of just business, but now we know it touches every part of our lives: the education of our kids, how we receive health care. This is the most important infrastructure of the future.

Even when COVID-19 is behind us, it's clear that many companies are moving toward policies that will continue to encourage telework. And medical providers have expanded telehealth, making in-person visits and needing to commute to your doctor's office a thing of the past.

This is particularly important in our rural communities in Eastern and Western Kentucky. Telehealth will boost the well-being of our people, and its technological expansion will further strengthen our health care sector, which provides thousands of jobs across the commonwealth.

That is why my budget provides \$50 million to fund the last mile of broadband. This is the first time that state dollars have been used to invest in expanding broadband. This historic investment will help make sure every family that needs it has it.

It is also time we addressed our Transportation Budget. Doing so will require both short-term and long-term solutions, but we need to invest in our transportation infrastructure now. This will create jobs and stimulate the economy immediately, even as it encourages future growth. I'm ready to step up to the plate. I hope others are too.

Finally, we must continue to nurture innovation and entrepreneurship.

Last year, in this speech, I highlighted the work of Jonathan Webb with AppHarvest. Since then, I'm pleased to announce that AppHarvest has opened one of the world's largest high-tech greenhouses in Morehead, Kentucky. Just that one facility will provide more than 300 jobs in Eastern Kentucky and result in millions of pounds of healthy produce being shipped all over the Eastern United States. The company has since broken ground on two more sites in Madison County. AppHarvest is the example of what Kentucky innovators can do, and I was proud to support it. In 2021, I'm committed to finding the next AppHarvest, creating the jobs of the future and not simply chasing the jobs of the past.

To do this, my budget includes a fund for emerging industries, such as agritech, to ensure Kentucky stays on the cutting edge of new opportunities and new businesses.

Building a better Kentucky also means that our laws do not unduly restrict us from innovation. That is why I'm asking all of my Cabinet secretaries to identify ways to modernize with an eye towards determining what services can remain remote. A resident of Paducah or Ashland who wants a license or certificate shouldn't have to spend more time in their car just coming to Frankfort than he or she does actually taking the test to get the certificate.

And speaking of laws that unduly restrict us from growth and innovation, it is time to legalize medical marijuana, pass sports betting and save historic horse racing.

And it is time to acknowledge and address the racism that continues to exist in this country and in this commonwealth.

And we must clearly denounce – in one voice – the domestic terrorists that threaten our country and stormed our U.S. Capitol. You cannot fan the flames and condemn the fire. To live the motto “United We Stand,” we have to be better.

This is the bold agenda we need now.

To achieve our goal of a better Kentucky, all branches of government need to be prepared to take bold action.

So I'm looking forward to working with President Stivers and Speaker Osborne and every member of the General Assembly to make that happen.

We should commit to working together and setting a positive example and tone in Frankfort. So many Kentuckians are depending on us.

We have not had this much opportunity for new investment in our people and in our future in a generation. Let's make it count. Let's have the courage. Let's be bold. Let's not fumble this opportunity.

We get to decide how history looks back on us in 10, 20 or even 50 years. This is our chance. So let's think and act differently so we can get different and better results.

We should all support relief for our small businesses.

We should all support building better schools.

We should all support affordable college, raises for our educators and creating more good-paying jobs.

We should all support broadband to move us forward.

And we all know the unemployment system has been cut to the bone and must improve to help our workers when they need it the most.

Folks, we can be fiscally responsible, help our people and invest in our future all at the same time.

I began tonight's speech talking about the different world in which I delivered my first State of the Commonwealth address – a world of in-person social engagement and fellowship.

But I spent most days in 2020 walking through a largely empty Capitol. On days – on the tough days – I would stand in the shadow of President Lincoln's statue. I reminded myself half the country disagreed with almost every decision he made, but history has judged him amongst our greatest leaders.

President Lincoln reminds us of the importance of this moment. He said, "Leave nothing for tomorrow which can be done today."

There is so much we can – so much we must – do right now.

Let's rise to the occasion.

2021 began on a high note with safe and effective vaccines being distributed to our health care workers and our long-term care residents. As these vaccines are distributed, Kentucky will have the confidence to sprint – not stumble – out of this pandemic and into our future.

And now – in the face of so much hate and even insurrection – we must be Kentuckians and Americans before we are anything else.

It's time to come together as Team Kentucky, both for our state and for our nation.

Yesterday was an emotional day for all of us. I hurt for our country, but I also hurt for my two kids. They deserve better. They deserve better than a world filled with hate and anger, a world with selfishness and sometimes even reckless disregard for other people's lives. My kids deserve better and so do yours.

This generation has been asked to do a lot. We've been asked to beat a once-in-a-century pandemic. But we're also called – called to build a better world, a just world, a world where everyone matters.

We raise our kids to know better and to behave better than what we saw yesterday in Washington. We're taught in our houses of worship to be better than this.

Proverbs 10:12 tells us, "Hatred stirs up conflict, but love covers over all wrongs."

I pledge I am going to do everything in my power to make sure Kentucky leads in the post-COVID economy, and I also pledge to lead in ways that show love, compassion and understanding.

This is likely one of the most important and formative years for Kentucky in a generation, both for our economy and for the soul of our country. Let's get to work on building a better Kentucky.

Thank you, God bless and God bless the Commonwealth of Kentucky.

Everybody out there, stay safe.

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