



## **Governor's Budget Address**

Governor Andy Beshear

January 13, 2022

President Stivers, Speaker Osborne, Members of the General Assembly, Lieutenant Governor Coleman, constitutional officers, justices of the Kentucky Supreme Court, secretaries of the Executive Cabinet – and to all the Kentuckians around the commonwealth who are watching safely from home, including Kentucky's First Lady Britainy Beshear and our children, Will and Lila. And, of course, Virginia, with us once again to make sure everybody is included.

One week ago, I spoke to you about the State of our Commonwealth. I talked about the strength and spirit of our people; that we do not break. Not to tornados, not to ice storms, not even to a pandemic. I also spoke about the record-breaking strength of our economy. Last, year we secured the biggest investments and created the most jobs in our history.

And while I laid out the challenges we still face, I also discussed the hope we have from the unprecedented opportunity that is within our reach. Tonight, I am here to share my recommended budget.

It is a values statement, a chance to seize opportunity, a chance to meet this historic moment, a chance not just to tread water, but to lead.

My budget is titled "Our Future Is Now." Because now is when we must make bold investments. Now is our chance to move our state forward: Not right, not left, but forward.

The budget I outline tonight reflects our Kentucky values of family, faith and community, as well as respect and compassion for our neighbors. It provides a blueprint for achieving our goals of building a better Kentucky for all our people and ensuring we are a national leader moving into the future.

We are coming off a year when we shattered every economic development record in the books. Last year, we attracted a record \$11.2 billion in private-sector investments. We created more than 18,000 quality jobs for Kentucky families. And those jobs were had the second-highest wage in our history.

Last year, through sound fiscal management, we had the largest budget surplus in our history. And the revenues in this budget are very, very good, with \$1.9 billion more in General Fund revenue than this year's budget.



We have \$1 billion in American Rescue Plan Act funds, and hundreds of millions of dollars from the federal Infrastructure Act just waiting to be deployed.

So here we are at this historic moment. No longer a flyover state, but the destination. No longer a follower, but the leader. Yes, we have arrived. But to stay here – to stay on top – we have to have courage to make the investments and we have to do the work.

My budget does the work. It provides record funding for pre-K-through post-secondary education. It invests in economic development and infrastructure. It funds health care – a basic human right. It works to shore up nursing and social work. It better protects our children and seniors. And it provides a real and long-overdue raise for educators and state workers.

And it starts with helping those that have been harmed by December's deadly tornadoes and doing what it takes to defeat the COVID pandemic.

December's tornadoes were the deadliest on record. They took the lives of 77 Kentuckians. One child just 6 days old. The level of devastation was unprecedented, unimaginable, with entire communities nearly erased, thousands of homes gone.

Today, I signed the first piece of legislation to help these communities. It provides \$30 million for the impacted school systems, so they can provide help and support for displaced and traumatized students. And it provides \$15 million to speed up medium-term housing for those who lost everything.

I've stood in Mayfield. I've walked the streets of what used to be the town of Dawson Springs, my Dad's hometown. My uncle's relatives drove me through their hometown of Bremen. There is so much pain. But there is also resolve. Our job, as a people, is to do more than rebuild buildings. We must rebuild lives.

And let me extend a thank you to everyone who has helped. From Rep. Richard Heath, who I called at first light on Saturday when he was on his tractor clearing roads, to the Kentucky Distillers Association, which raised more than \$3.4 million for tornado relief efforts, to our brave frontline heroes and every day Kentuckians; and even to thousands of folks who had never been to Kentucky who offered help. Thank you.

To our Western Kentucky families, I stand with you. The General Assembly stands with you, and the people of Kentucky stand with you!

To reach our bright future, we must continue to help these communities rebuild. And while we do that, we must keep up the fight to protect our people against COVID-19. The omicron variant is filling our hospitals, it has impacted the business of this body and so many private businesses. COVID-19 has taken the lives of more than 12,400 Kentuckians and over 840,000 Americans.

We need to continue to promote and support vaccinations and testing. We must help the sick, support our health care heroes and protect our hospitals. That's why I've deployed over 400 National Guard members to help our hospitals. Once again, the Guard has stepped up. Let's show them our appreciation.

My budget allocates nearly \$180 million of ARPA funds to COVID mitigation efforts.

It further addresses the critical shortages of nurses we face during COVID. It provides \$12 million in nursing scholarships, and \$25 million in nurse student loan forgiveness. Third, it provides hero pay to nurses, health care heroes, first responders, educators, grocery store workers, transit workers and so many others who have put their health and safety on the line.

My budget gets nurses into the profession, keeps them in the profession and shows them how much we care. And as your Governor, I want each and every nurse out there to know I care about you.

So this budget addresses the challenges of the present, but it also invests in our bright future. It does so in the most responsible and fiscally sound manner in decades. Its numbers come from outside economists.

It only spends one-time funding on one-time investments. It has more than \$1 billion less in recurring spending in 2023 than we will receive in recurring revenue. And it adds to the largest rainy day account in our state's history. My budget pays down our liabilities and fully funds our pension systems.

With this unique opportunity – there is no reason not to invest. For the next generation, for my kids and yours, we must seize this moment. The budget I am proposing sets the table for making game-changing and state-changing investments, which we must do.

Mine is and always will be an education-first administration, and this should be an education-first budget – because if we want to continue to attract world-class companies, we must provide a world-class public education system. It is how we begin to address historic inequities and build a world-class workforce. It's how we embrace the opportunities and jobs of the future. My budget does just that.

It adds record funding – \$2 billion over the last budget – to pre-K through high school education. That's right, this budget starts at the earliest age, providing universal preschool for all 4-year-olds and full-day kindergarten for every Kentucky child – for the first time ever!

No longer will tens of thousands of our children be left out of preschool or Head Start. No longer will thousands of children fail to be kindergarten-ready. No longer will any child be behind on their first day of school.

At the same time, pre-K helps address one of the biggest, most pressing obstacles for workforce participation. If we fund pre-K, we do more than just complain about parents getting back into the workforce. We do something about it.

And the cost is more than affordable. It is \$172 million a year to make universal pre-K happen. This is only 8 percent of the budget surplus; 8 percent for the future of our kids. I know they are worth it, they are more than worth it, and I hope you think so, too.

Getting our children into early learning is critical, but our budget does more – making the single largest investment in K-through-12 education in our history, too. These historic investments start with a 16.9% increase in SEEK funding. It includes 12.5% increases in the per-pupil funding.

The budget fully funds student transportation, an 81 percent increase in funding. This budget provides \$22.9 million each year to restore funding for professional development as well as textbooks and instructional resources. No longer will a teacher have to dip into his or her pocket to fund their classrooms ever again. It provides \$6.2 million each year to create Social Emotional Learning institutes.

It creates two new grant programs to provide wrap-around services to students impacted by violence, substance abuse, child abuse and parental incarceration. This budget does more than just talk about mental health, it provides resources to help students recover and to heal.

It also helps them build careers. Career and technical education centers are a critical component to the high school curriculum and for filling the jobs of the future. They help us meet the needs of students in academic achievement, career preparation and leadership development, and attract jobs to the community.

So, I have included \$97.4 million this year to support the renovation of another 11 local centers. The CTE centers included in this funding are in the following school districts: Boyd, Carter, Edmonson, Fleming, Grayson, Lewis, Livingston, McCreary, Marshall, Nelson and Union counties. And we are going to provide an additional pool of \$75 million for a new round of applications to renovate more career and technical education centers.

And we have not forgotten our schools chosen by the Department of Education that need some additional help: We are providing \$14.4 million each year to support all 48 schools identified. And I am restoring the longstanding library grant program with \$2.5 million annually for grants to local libraries.

Jason Glass, our great commissioner of Education, said earlier this week, “All of Kentucky Department for Education’s priorities...are supported by this budget proposal.” Dr. Glass is here with us tonight. Let’s give him a big round of applause.

Now, let’s talk more about our outstanding educators. As Lieutenant Governor Coleman always says, “The future of our economy is in our classrooms,” and we need to make sure those educating our children are paid closer to what they are worth.

That is why this budget calls for a minimum 5% salary increase for all school personnel. That's in addition to the regular salary schedule increases for certified staff. And there will be no health insurance premium increases for school employees. So this is a real 5%.

Lori Baker, an educator from Knox County Public Schools who has taught for 18 years, said the increase would allow her family to make ends meet without relying on second jobs for the first time. Laura Hartke, a math intervention teacher, had to drive an Uber because her teacher salary was not enough. We hope this raise helps your family make ends meet – and with just one job.

We need to implement this salary increase, and we must do more in this budget to keep, to retain our great teachers, so I am providing \$79 million over the next three years for a student loan forgiveness program for public school teachers. And we are also fully funding our teachers' pensions and medical benefits.

And we have not forgotten about funding for Family Resource and Youth Service Centers. I have included almost \$6 million more each year to support them. Remember, when a kid shows up to school shivering on a cold day, it's our FRYSCs that find them a coat.

Now let's talk about the next critical step in building a world-class education system: Higher education. My budget provides the highest funding increase – nearly 12%– in decades. It also includes \$60 million for the Bucks for Brains program.

Another top priority for postsecondary education is paying down the debt of deferred maintenance. We can't let our schools crumble. My budget includes \$500 million, the first significant funding for this in 20 years.

And finally, I am excited we are continuing to push a necessary new program – the Better Kentucky Promise Scholarship. This new program provides the last dollar for associate degree- and certificate-seeking students. It will cover the cost of tuition and mandatory fees for approximately 15,700 additional students over two years.

We are in a transformative time. Whether we are referring to COVID or our economic boom, its clear things are going to be different going forward. A transformative time demands transformative investments in education. It also requires investment in our successes.

We are being chosen as the destination by more and more world-class companies. Major corporations – including Ford, Toyota, Amazon, Pratt, GE Appliances and Fidelity, Kruger, Ahlstrom-Munksjo, and Crown – are betting their future on us.

Last year, our growth, this growth was more inclusive than ever before, with opportunities spread over so many Kentucky communities, from:

- Firestone Industrial Products adding hundreds of jobs in Williamsburg;
- LION First Responder, returning to Beattyville;
- T. Marzetti with a giant expansion in Horse Cave; and

- Novelis just this week announced they are expanding again in Todd County.

My budget aims to pair record funding for public education with key investments so we can turn two years of amazing progress into 20 years of prosperity.

Let's start with creating and attracting jobs. Last year, we landed the largest single economic development project in our history, from Ford and its partner SK Innovation. At nearly \$6 billion and creating 5,000 new jobs, the BlueOvalSK Battery Park will make us, Kentucky a global leader in electric battery production. That project would not have happened without years of investment.

From land purchases to infrastructure. My budget prepares us to secure the next Ford. And it aims to provide every Kentucky region with that opportunity.

That is why my budget calls for \$250 million to develop a Site Identification and Development program. This fund will help communities prepare build-ready sites for our next big economic development project.

Kentucky is also leading in agriculture technology, with AppHarvest announcing four expansions. AppleAtcha launched last year in Inez; Fresh Harvest continues to grow in Stanford; and Enviroflight is thriving in Maysville.

My budget ensures that Kentucky will be the agritech capital of the United States not just now, but into the future. That means not just having the facilities and the workers, but also the ideas and intellectual property. That's why my budget invests \$75 million to support a state-of-the-art agritech research and development center in the heart of Eastern Kentucky.

We also are working to attract the jobs of tomorrow, so my budget invests \$10 million to build a life sciences R&D facility in Northern Kentucky.

With Kentucky's economy booming, we must continue to improve crucial infrastructure. My road plan provides \$8.5 billion to invest across Kentucky, like four-lane-ing the Mountain Parkway, building the I-69 bridge and charting the path to building the Brent Spence companion bridge without tolls.

In fact, my budget goes above and beyond to support these projects with a \$250 million investment. Folks, we are using one-time funds so we can push ahead in our application to the federal government for Brent Spence funding. These type of dollars say we are not only serious, we are already putting up our share.

There are other key areas we are investing in that will move us forward: like providing \$100 million to build out our EV infrastructure, and providing record funding for water and sewer systems at half a billion dollars.

I believe access to clean water is a basic human right and should never depend on where you live. I've seen examples of how our clean drinking water programs have helped families. Take Mortons Gap in Hopkins County, a community of about 1,000 people, which also got hit by the tornadoes, and thanks to this program several households now have clean water for the very first time.

And the pandemic has shown us that access to reliable, high-speed internet is a necessity in our world. My budget adds funds to reach a half-a-billion-dollars to expand high-speed internet to every part of the commonwealth.

My budget also invests in our airports and keeps our promise to support the construction of a new terminal building at the Barkley Regional Airport in Paducah, with \$6 million in additional funding for their terminal.

Now, lets talk about our workforce. With high-quality education and now pre-K as a foundation, bridging the gap between learning and workforce participation becomes all the more crucial to our future. My administration helped launch the Everybody Counts program in Jefferson County. We have great partners – Ford Motor Company, UPS, GE Appliances and Kroger. They're helping us move toward a goal of having every single high school senior, before they graduate, hired into a job, enrolled in post-secondary education, or both.

I want to thank Jefferson County Superintendent Dr. Marty Pollio, who is here with us tonight. Thank you for helping us with this transformative program. My new budget includes funding to extend this important program. We are also launching a competitive workforce grant program, where public and private schools can secure funding for programs that directly connect employers and trainees.

Continuing our economic momentum requires us to keep and attract top talent. To continue growing our workforce we are funding a media campaign to help us attract talent from across the globe to come join us on Team Kentucky. We have a great story to tell. The world needs to hear it.

My budget also aims to stimulate jobs in regions and neighborhoods too often left out. It provides funding to the Louisville Urban League to reinstate its CDL program. It expands the Louisville waterfront to West Louisville, and it returns 100 percent of coal severance funds to coal counties. That is nearly \$40 million more than the last budget.

And we can't talk about economic development without talking about our outstanding tourism industry. Kentucky is a destination for world-class and delicious bourbon, the finest horse racing, great music, cuisine as well as our beautiful outdoors and so much more.

To keep the visitors coming, I am directing \$200 million in one-time money to pay for badly needed work at our state parks. They deserve it. Whether housing visitors or those who recently lost their homes, they have been there for our Kentucky families. And we are providing more dollars to boost our tourism industry through a targeted marketing campaign.

Now, as I said early on, a budget is a values statement. We lead with our shared Kentucky values of family, faith and our deep commitment to one another. And to move the commonwealth forward, we need strong people, strong families and strong communities.

So, I want to go back to the title of this budget: “Our Future Is Now.” When we say “our” it must mean everyone. This value is rooted in my faith. Scripture (Luke 19:10) tells us: “For the Son of Man came to seek and to save the lost.”

What more powerful message can there be than Jesus being sent to Earth, not for the wealthy or pious, but those who hurt, those who suffer, those who need a little more help? Living this faith starts with a basic human right – access to high-quality, affordable health care.

That’s why I made good on my promise to relaunch kynect, our state-based health insurance marketplace – to make sure all Kentuckians have access to affordable health care. In addition to kynect, this budget fully funds Medicaid and Medicaid expansion, which provides health care coverage to many of our people, including more than 660,000 Kentucky children – children of God who deserve a healthy start to what we hope are amazing lives.

My budget funds hundreds of additional slots in the Michelle P. waiver program and additional slots for the Supports for Community Living waiver program, as well.

My budget works to take care of the most vulnerable. It extends the daily reimbursement increase to nursing homes, representing \$150 million annually to the nursing homes. And our nursing home workers – they deserve hero pay too.

And through the pandemic our local health departments have been critical. From testing to administering life-saving vaccines and boosters, our health departments are on the front lines. Now, my budget is stepping up for them. I am recommending more than \$36 million of additional funding for our local health departments. How incredible are your local health departments? And they are filled with heroes – and they deserve hero pay too.

My budget also provides funds to support mental health. We fund the new 988 mental health lifeline and fund 24/7/365 support teams right here in the commonwealth.

We must also look out for the most vulnerable, like Kentucky’s children and seniors.

One of the most heartbreaking times of need, is when a child faces a cancer diagnosis. Childhood cancer is the number one cause of death by disease in children. That’s always been a devastating statistic to talk about, but this year, it became personal for Britainy and me when our friend, David Turner Jr., died of brain cancer after an incredibly courageous battle. He was just 9 years old. You may remember that we honored him by proclaiming May 21, 2021, as David Turner Jr. Ice Cream Day in the commonwealth. We celebrated his life and his spirit just as I think he would have wanted us to.



So in my budget, I am proud in his honor to increase funding to the Kentucky Pediatric Research Trust Fund to help move forward research and better outcomes for our children.

If we are to live out our faith, and especially serve the lost, the lonely and the left behind, we must also do more to address child abuse and domestic violence. This is why my budget includes a 34 percent increase in funding to help support Domestic Violence Centers, Rape Crisis Centers and Child Advocacy Centers. It also includes \$19.6 million each year to sustain and expand abuse prevention services.

Like our children, our seniors need our help. During this pandemic, we have learned how hunger remains a major problem for our seniors. I'll admit I was a little ashamed to learn that even before COVID, too many of our seniors were going to bed hungry. We had a wait list. Seniors were signed up, but we were not getting meals to them. That's just wrong, and this budget fixes it. I am proposing \$36.2 million over the next two-and-a-half years to provide an additional 49,000 meals per week, which fully meets the needs of Kentucky's senior citizens. None of them will go hungry.

And Kentucky's military veterans represent the best of Team Kentucky, and we have a sacred duty to take care of our people when their service ends. That's why I've included additional funds for the Homeless Veterans Program. It increases the number of veterans' field representatives and provides more outreach to more veterans.

Importantly, my budget boosts funding to provide more staff at our veterans cemeteries. It is our sacred duty to honor our veterans and their families as they mourn their loss. The extra staff is needed for the number of interments that, right now, our funding does not keep up with. This is the least we can do. We are also providing funding to create a permanent memorial honoring Kentucky Medal of Honor recipients at Valley Forge, Pennsylvania. The current monument is fiberglass – and it is time we honor them with a permanent monument that gives them the honor they deserve.

My budget also puts a priority on improving public safety.

The Kentucky State Police is experiencing an unprecedented shortage of troopers – the lowest in over 30 years. My budget supports an immediate \$15,000 pay increase for sworn troopers and officers, and an \$8,000 pay increase for telecommunicators. These raises will assist in both recruitment and retention efforts.

My budget also funds body cameras for state troopers for the first time. These cameras protect everyone: both the trooper and the public.

I also direct funding to support other first responders as well. Local and state law enforcement officers and local firefighters will receive a 15 percent increase in their training stipend in my budget recommendation.

My budget also supports our incredible state workers. That is why this budget includes the largest salary increase in decades. My budget proposal – which went to print before the House – provides a 5% raise effective May 1. The House Budget includes a 6% raise, at a later date, on an employee’s anniversary date. Our state workers deserve the best. Let’s provide the 6% raise for everyone and let’s do it May 1.

And my budget ensures this raise is real, providing funds to ensure no health care premium increases for state workers.

And as I announced last month, we’re taking steps to help our state’s social workers, who are struggling with caseloads; and my budget addresses those challenges head-on. In December, we provided a 10 percent pay raise and now we are adding 350 more social workers to reduce the average caseload by nearly 25 percent. To attract and retain more workers, my budget includes a student loan forgiveness program to provide a maximum \$3,000 a year for each year of employment as a social service worker with DCBS.

I want to tell you all an incredible story about DCBS field supervisor Julie Son, and her 16-year-old, Michael. After the tornadoes passed near their house, they searched their neighborhood for survivors. They heard a gentleman crying for help who had escaped from a collapsed home with 12 people still in the basement. They worked through the debris to rescue them all... including five kids. One was just 3 months old.

Julie not only provided shelter for survivors, she was back to work the next Monday serving the people of Kentucky. They aren’t able to be with us tonight, but can we give Julie and Michael a huge round of applause? They are true Team Kentucky heroes.

To further support our employees this budget fully funds our state employee pensions. But that’s not all. It provides an additional over-and-above payment of \$750 million dollars to lessen future liabilities.

And when we talk about doing right in state government we must reinstate the Commission on Women, we must restore funding to the Commission on Human Rights and we must reinstate the Office of Minority Empowerment. My budget does it.

Now, in this time, after our people have suffered so much through natural disasters and a pandemic we need to listen to what President Abraham Lincoln called the “better angels of our nature.” We must forge this new path with confidence, cooperation and bold action to help us heal and move our state forward. And our future is now.

And right now we don’t have to choose – we are able to be fiscally responsible while making record investments in our people and in our future. The investments that we make now will benefit many generations to come and forever change our commonwealth.

We need to continue to build a world-class education system. We need to continue to be a national leader attracting the jobs of the future. Our families must have access to affordable health care and our most vulnerable need our support and protection.

Let's commit to work together on behalf of our people to build this better Kentucky that we all want. Let's continue to lead with our shared Kentucky values and achieve great things for our people – together. Our time is here. Our future is now.

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

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