



Budget Address
GOVERNOR ANDY BESHEAR
December 18, 2023

Good evening, everyone. I'm speaking to you tonight from our state Capitol after being sworn in last week to my second term as your Governor.

I was honored to place my hand on our family Bible with Britanny, our amazing First Lady, and our kids, Will and Lila.

When I took the oath, I made a solemn pledge to continue to put politics aside, to bring our people together, and to move our state forward, so that we can leave a better Kentucky for all of our children.

Part of building that better Kentucky means leading by example – not tolerating or participating in hate or division but instead leading with empathy, kindness, and compassion. That is what my faith teaches me: to love my neighbor.

With the Christmas season upon us, our families are enjoying this special time of year, attending church services, spending time with loved ones, and enjoying giving to others.

Here in Frankfort, we're also preparing to usher in a new year, which requires that we pass a new state budget. That's why I am speaking to you tonight, to unveil my two-year budget plan, which is titled *Forward, Together*.

I want all Kentuckians and our lawmakers to know, it is critical that we work together, so that we pass a budget that invests in our families and turns the last four years of progress into decades of prosperity.

Right now, I see a bright future with more opportunity than at any time in my life, and it is within our grasp. The foundation of what we've built together over these past four years gives me great confidence that we can do just that. So, before we get to the new plan, let's think about how far we have come.

After facing some of the biggest challenges that anyone can remember – including a global health pandemic, and multiple historic natural disasters – we are rebuilding, revitalizing, and we are emerging stronger than ever.

No longer a "flyover state," we have become a destination for global businesses. We've secured the best four-year period for economic growth in our history. We set a record for new private sector investment – more than \$28.5 billion – the most secured by any Governor.

We're building the two largest electric vehicle battery plants on planet Earth, and we've opened the cleanest, greenest recycled paper mill and the greenest steel plant in the country.

We're moving forward on huge infrastructure projects, like building the Brent Spence companion bridge without tolls, four-laning the entire Mountain Parkway, and pushing I-69 forward.

We secured federal funding to run high-speed internet to every community, and many families are getting clean drinking water for the first time.

We've expanded health care across the state; we've capped the price of insulin; and we've increased drug treatment and recovery services statewide. In fact, we now have the most drug treatment beds per capita in the country.

We've had the best years on record for our tourism and our bourbon industries.

And we passed sports betting and medical marijuana – two wins many said could never happen in a partisan environment.

But working together with lawmakers, we passed not only those but 627 bipartisan bills.

Folks, we have record high budget surpluses and record low unemployment.

We secured the largest General Fund surplus and largest Rainy Day Fund ever. And we did it all while cutting property and income taxes.

Best of all, more than 50,500 new jobs have been created these past four years at some of the highest wages we've ever seen. That's 50,500 more Kentuckians with the security of having a really good job.

And all this progress is proof that we have gotten good things done for our families by working together.

When you have historic win after historic win, there is enough credit to go around. So, thank you to the General Assembly, to our local leaders, to our private sector leaders, to our nonprofits. Thank you to everyone who has helped us accomplish so much for our people.

So now, it's time to do even more, and my *Forward, Together* budget proposal does just that.

This budget aims to meet our families where they are, to address the concerns they worry most about. Look, Kentuckians don't wake up every morning thinking about Democrat or Republican and neither does this budget.

Kentuckians wake up thinking about their jobs and whether they can provide for their families. They're thinking about the safety and the security of their children, their homes, and their communities. They're thinking about the condition of the roads and the bridges they travel on to get to school, to work, and to church. They're thinking about the public schools they send their kids to and how their kids are being prepared for the jobs and the opportunities of the future.

These are the things that actually matter to our people – not red, not blue – these are the things that are important to everyone.

This budget reflects our shared Kentucky values of family, faith, and community.

Let's start with the value we place on public education.

I have always been an "Education First" Governor. I'm a proud graduate of Kentucky public schools, and both of my kids are in our public schools, so Brittainy and I, we understand the worries of our Kentucky parents.

So does your Lieutenant Governor, who is also a teacher.

That's why we have worked hard to protect educators' pensions, and why we've worked with the General Assembly to secure modest raises, fund full-day kindergarten, and invest over \$250 million in career and technical education.

We've also raised the per pupil elementary and secondary education funding by 7.5%, the biggest hike since 2008. And we've made the biggest increase in post-secondary education funding since before the Great Recession.

But more must be done. Our children deserve the very best education and all the opportunities coming their way.

So, to make sure we deliver on this promise, we must first provide an 11% raise to all public-school employees, including teachers, bus drivers, cafeteria workers, janitors – everyone.

The National Education Association currently ranks us, Kentucky, 44th in starting teacher pay and 40th in average teacher pay. We must do better.

It's simple: You cannot give a child every opportunity if they don't have a teacher in every classroom. We won't have enough bus drivers unless we pay a better wage. And we cannot remain competitive with other states if we don't pay our teachers and other employees what they are worth.

This pay raise would move us to 24th place in starting teacher pay and up to 25th place in average teacher salary. Acting now would go a long way to showing our educators that we care about them by paying them closer to what they deserve.

Our public schools are the backbone of every community. And in many counties, they also serve as the largest employer. In fact, teacher salaries make up 10% or more of all wages paid in 26 Kentucky counties – that's Bath, Bracken, Edmonson, Elliott, Estill, Gallatin, Garrard, Green, Henry, Hickman, Jackson, Knott, LaRue, Leslie, Lewis, Magoffin, McCreary, Menifee, Nicholas, Owen, Owsley, Pendleton, Robertson, Spencer, Trimble, and Wolfe.

So, just imagine the local economic impact of an 11% raise to every employee of the county's largest employer. And we have the funding to do it.

These raises will not only help us recruit but will have a major impact on local communities.

Eden Gabbard, a special education teacher at Bullitt Central High School, understands this and told us that an increase in pay would not just benefit her and her co-workers, but also their students and community.

Eden said, “We are at a crossroads in the world of education. We have teaching assistants, paraprofessionals, and teachers not making a living wage in some parts of the state. We have to step up to say that the future of Kentucky’s education is important enough to invest in now.”

We also heard from **Jolena Sizemore**, a 5th-grade teacher at Hazel Green Elementary in Laurel County. She told us an 11% raise would be life-changing, and it would make things a lot easier, and perhaps she and some of her co-workers wouldn’t have to look for second and third jobs just to make ends meet.

Making our teachers search for those extra jobs is unacceptable.

The states around us know how important increasing teacher pay is, and they’ve proven it is not about politics. The Republican governor of Tennessee signed a bill this year to provide their teachers the largest pay raise in state history.

This budget is our opportunity, our chance to make things right here in Kentucky.

Next, we must fund universal pre-K for all 4-year-olds, so that every Kentucky child is kindergarten-ready and we stop learning loss before it starts.

In the 2022-23 academic year, only 46% of kindergartners were considered kindergarten-ready. That’s why my budget will provide \$172 million each year to fund universal preschool for all 4-year-old children so that every child is kindergarten-ready.

The Department of Education estimates that, under this plan, about 34,000 additional Kentucky 4-year-olds would be provided with a preschool education. This would be an unprecedented investment for Kentucky’s children.

Imagine the difference it’ll make when every single Kentucky child enters kindergarten prepared to learn. Funding universal pre-K is also the No. 1 most effective action we can take to get more people back to work. It takes the burden of paying for an extra year of child care off the backs of working parents.

But to make universal pre-K work and to get more folks in the workplace, we have to support and invest in child care as well. These are the providers who are caring for and helping prepare our earliest learners. And we know that when parents cannot find quality child care, the stress and the anxiety they feel can just become too much and drives many out of the workforce.

To help, we’re making a major investment. I’m including about \$68 million in fiscal year 2025 and \$73 million in fiscal year 2026 for child care assistance. Of that amount, \$40 million a year allows us to retain the average per-day provider reimbursement rate for the Child Care

Assistance Program. And about \$13 million in existing federal child care development funds will be freed up due to universal preschool. And we're going to make that available to fund and target children from birth to 3 years old to make sure there are more child care slots for them.

It also allows us to encourage additional private child care slots, with an additional \$15 million in fiscal year 2025 and \$20 million in fiscal year 2026 from the General Fund that will be included for child care payments, again to providers who care for children from birth to 3 years old, so that we can have more slots right there as they move into universal pre-K.

These investments show our commitment to helping relieve the worries that parents face when it comes to their children getting quality care and the best education.

My *Forward, Together* budget also responds to recent bussing issues by fully funding student transportation. And this is on top of the pay raises for our drivers. We've seen the disruption that underfunding causes. If we're serious about fixing it, we need to give our schools the resources that they need.

My budget plan also funds student loan forgiveness, fully funds teacher pensions and again ensures there will be no health insurance premium increases for school employees. It further funds teacher professional development, new textbooks, student mental health services, and continued investment in career and technical education centers all across Kentucky.

And when it comes to higher education, my plan adds nearly 8% to the base budgets of our nine public institutions over two years. And in our current budget, we made sure that for the first time in several years, all eligible applicants for need-based student financial aid received it.

Like public education, public infrastructure is critical to building that better Kentucky we all want. In many ways, we are living through our Eisenhower Moment. We're not just repairing our roads, bridges, and water systems statewide, we're also pushing ahead with some of the largest, most important public works projects ever imagined.

We're building a true legacy of infrastructure in the commonwealth, with investments that will improve the lives of Kentuckians for many decades to come. Now is the time to follow through on important work we've started and to expand these projects to lift up every community.

Having access to clean drinking water is a basic human right, so let's start by providing even more clean water to our families. I'm proposing another \$500 million in grants to our counties and our local governments to continue to provide unserved families access to clean water and wastewater systems. If passed, it will build upon the \$500 million we have already allocated in federal dollars since 2021 through a bipartisan agreement with the General Assembly.

Seeing the impact of this program firsthand is incredible. Earlier this year, I visited with Ruth Baglin and June Vandiver, whose homes were part of the very first Cleaner Water Program project we announced.

Ruth and June lived in Mortons Gap for more than 60 years without running water. Just watching them turn on the tap and be able to trust what was coming out, it was really special. The

difference this made for this one family was life-changing, and it's something we owe to all of our people.

It is also time to make a final push to expand high-speed internet into every home and every business across Kentucky. We've already made historic investments totaling over \$590 million. Now, we've secured a nearly \$1.1 billion federal grant, which will be the largest public investment in high-speed internet in state history.

So, I'm asking the General Assembly to approve these funds for distribution. By combining federal and matching funds, we should see a nearly \$2 billion investment to finally make high-speed internet a reality in every Kentucky household.

Next, I am recommending investing \$10 million in General Fund dollars over the next two years in the Affordable Housing Trust Fund to provide more Kentuckians in need with affordable housing. This would mark the first investment of General Funds in this program in almost 20 years. The fund typically leverages about \$9 in private funds for every \$1 included in the Trust Fund, so this should generate around \$100 million in additional investment for affordable housing above and beyond what the Trust Fund normally does.

Moving forward, together also means making the investments to get major road projects done. In this budget proposal, I'm seeking \$300 million over two years to continue and speed up the work we've started on the four-laning of the Mountain Parkway and moving the I-69 River Crossing forward. These funds will further help our applications for federal grants.

We must also keep supporting local projects that help our families get to those ballgames, family gatherings, and to their houses of worship. That's why my new budget creates a \$50 million fund for grants to repair more city and county bridges across the state.

While the responsibility for repair and replacement of these bridges falls on local governments, the repair costs often far exceed available local resources; so it's time that we step up and help, to make sure the bridges and the roads we travel are reliable and safe.

I am also proposing to use one-time funds to underwrite a one-year tax credit for Kentuckians for the tolls they pay driving over the Louisville/Jefferson County bridges during the calendar year 2024.

We are also making sure our communities have an open door to the world by investing \$50 million to support the state's 58 general aviation airports for development, rehabilitation, and maintenance. Since we are no longer a fly-over state and are now the destination, we must ensure our airports are working and welcoming.

These investments help our families and keep our red-hot economy booming.

We've already cemented our status as the Electric Vehicle Battery Production Capital of the United States of America, and Kentuckians should expect even more wins as we build out the EV supply chain right here.

In addition to our great workers, companies looking to locate here are focused on speed-to-market as a critical deciding factor. And it's clear: When we have Build-Ready sites, we win the race for new jobs.

All we have to do is look at Ford and SK On's BlueOval SK project in Glendale. That is a \$5.8 billion, 5,000-job economic development project that is the largest in our state's history. And it was made possible because of decades of investment and hard work that prepared the Hardin County megasite to land such a game-changing, state-changing project.

To ensure even more communities get these opportunities, my new budget proposal invests another \$200 million over the next two years: \$100 million to prepare mega-development projects and another \$100 million for county and regional site development.

We know this works. Working with lawmakers, we've already dedicated \$100 million to this kind of site development through our successful Kentucky Product Development Initiative.

We've made key investments all across the state, including a site in Graves County's Hickory Industrial Park that has already secured a manufacturer, aiding the rebuilding efforts following tornadoes that devastated Mayfield.

To date, more than 47 counties have received funding to develop more Build-Ready sites, and a second round of funding is on its way. My budget adds urgency to this initiative and spreads the benefits to even more communities.

Finally, my plan provides \$15 million in the first year of the budget to help the state build a globally competitive talent development system. These funds will be used to launch a national marketing campaign as well as targeted regional campaigns to recruit and retain top talent in Kentucky.

Kentucky is attracting both more businesses and more visitors. 2022 was the best year on record for the state's tourism industry, with \$12.9 billion in economic impact that sustained more than 91,600 Kentucky jobs.

Now, to keep the momentum moving, we must invest more in our state parks. That is why this budget puts to use the \$71 million set aside by the 2022 legislative session for improvements and repairs to these properties. The release of these funds is vital to maintain and revitalize the parks that allow every citizen to enjoy some of the commonwealth's greatest treasures, like Cumberland Falls, Natural Bridge, Lake Barkley, and Carter Caves.

Additionally, I'm proposing \$184 million for another set of projects for the parks system, ranging from the reconstruction of marinas and new conference centers to updating critical electrical and water systems. These parks provide tourists from all over the nation and all over the world with unique opportunities to take in the unsurpassed beauty of this great commonwealth, and these funds will be used to ensure an experience that keeps them coming back.

For all of us in state government, public safety is more than just a top priority – it’s a sacred trust we have with the people we serve. As Governor, but also as a dad, I believe every single Kentuckian should be able to feel safe in their community, workplace, and school.

I have focused on these issues both as Attorney General and now as Governor, and I’m proud of the progress we’ve made. Just in the last two years, we have taken steps that have resulted in more than an \$18,800 pay bump for KSP troopers and officers. Due to these increases and the tireless efforts from the KSP recruitment branch, more than 1,000 troopers are now keeping us safe, the highest number since 2017.

We’ve also supported training for local law enforcement officers by raising the current training stipend to an all-time high during the last budget.

Like our educators, our law enforcement officers deserve to be respected and paid fairly for the incredibly difficult work they perform on our behalf every day. To achieve that, first I am proposing an additional \$2,500 raise for all KSP troopers and officers, and enough new funding to add 150 more troopers over the next two years.

My budget also raises that training stipend that the state pays local and state law enforcement officers and local firefighters, and for the first time adds certified, part-time local law enforcement officers to eligibility for the fund. Approximately 8,000 law enforcement officers and over 4,100 firefighters would receive this increase.

I’m proposing \$35 million to fund grants for body armor to protect our law enforcement officers and first responders. This investment was inspired by KSP Trooper Billy Ball. Trooper Ball’s life was saved by the protective gear he wore during a deadly shooting in Floyd County in 2022 that tragically took the lives of three of his fellow officers as well as a police K-9.

We’re also supporting law enforcement with a \$146.1 million investment to construct a Western Kentucky Regional Training Center to expand law enforcement training.

Our law enforcement officers and first responders provide Kentuckians with safety and security daily, and they deserve the same in return.

When it comes to helping our justice-involved youth and keeping them safe while in the state’s Juvenile Detention Centers, this budget provides funding for two new, female-only juvenile detention centers: one in Fayette County and the other one in Western Kentucky. It funds the renovation of the Jefferson County Youth Detention Center, and it retrofits detention centers in Breathitt, McCracken, and Fayette counties, as well as the Lyndon Detention Center in Jefferson County.

These projects are necessary, because we cannot have low-level male offenders in the same areas as more violent offenders, and we must separate males and females in custody for their safety.

But to keep more youth out of detention, we’re adding additional funding – \$3.9 million each year – to add approximately 450 additional placements so that more youth can be diverted from detention centers through programs like home detention.

We are also doing more to help our adult inmates by expanding support for them as they reenter society. My faith teaches me that second chances are not only possible, they're our responsibility, and we are our brothers' and sisters' keepers.

Currently, only half of the inmate population is receiving reentry services. To change this, we're proposing to add \$10.5 million over two years to increase reentry services in jails and to the entire adult correctional institution inmate population.

To do this we're going to build a reentry skilled training facility on the grounds of Eastern Kentucky Correctional Complex that will help us provide job-skills training so that those who have paid their debt to society can secure and keep a good job upon their release.

We currently have the lowest recidivism rate in our history. That makes us safer, and we want to keep it going.

Next, let's talk about access to affordable health care. Kentuckians deserve to be safe wherever they are. They also deserve to be cared for properly, and with compassion, when they're sick or injured.

Health care is a basic human right, and I've worked tirelessly to expand access to quality care in every corner of the commonwealth.

We've seen some amazing progress: We protected health care access for nearly 100,000 Kentuckians by removing governmental roadblocks; we relaunched and expanded the state insurance marketplace, called kynect; we expanded Medicaid coverage for new mothers; we boosted our workforce by adding dental, vision, and hearing coverage; we capped the cost of insulin; and we expanded health care all over Kentucky, including working to build the first hospital in West Louisville in 150 years.

To make sure we capitalize on these successes, in this budget, we fully fund Medicaid, including Medicaid expansion, to ensure that health care continues to be provided for over 1.5 million Kentuckians.

We are also including new funding for 500 additional slots in the Michelle P. waiver program and 250 additional slots in the Supports for Community Living waiver program. These are critical health care services that Kentuckians with mental or intellectual disabilities rely on.

Our administration has always treated mental health the same as physical health, so in this budget, we are taking a giant leap forward in helping Kentuckians. We're launching mobile crisis intervention services. These community-based programs will provide trained health care professionals to respond to Kentuckians battling addiction or a behavioral health crisis.

We're going to do all we can to help Kentuckians in need. Sending them to the emergency room or jail is not always the right answer, and this program provides people with the targeted help they need and deserve.

And to help our most vulnerable children, we are going to continue to fund the Pediatric Research Trust Fund by adding \$5 million additionally in each year. And when it comes to our children, each one deserves a safe and loving home. But the world we live in is tough, and when a parent loses the ability to care for their child, we need to do more to support relatives who want to step in as a primary caregiver.

That's why I'm proposing \$10 million from the General Fund each fiscal year to increase rates for relative caregivers who agree to take a child that is already in the state's custody. And we are also increasing foster care rates by 12% or \$9.8 million each year. We're doing more to support those who step up and provide a loving home for each child in need.

One great common element to many if not most of the projects included in my *Forward, Together* budget is support for our local governments and local communities.

The \$500 million in water and sewer grants go to local communities for projects they select. The Product Development Initiative grants fund local plans from local officials. The job site development grants fund local plans from local officials. The bridge grant supports county and city bridge repairs, all decided by them and not anyone in Frankfort.

That's as it should be. Being a good Team Kentucky partner means having the humility to know when others know better than you do and the trust that they will do right by the people they serve as well. That's why my administration works closely with county judge/executives, mayors, regional economic development groups, local councils, nonprofits, and other stakeholders to make sure the projects we fund have the most impact locally.

And when it comes to supporting our coal communities. My budget returns 100% of the state coal severance tax revenues back to our coal-producing counties. These communities fueled this country through two world wars, and they deserve our continued support. Just think about the counties hit by flooding and tornadoes and the needs they have right now. These are important dollars that will help these communities thrive.

So, in this budget, I'm also proposing more than 75 million additional dollars to the Eastern Kentucky SAFE Fund in the current fiscal year to shore up the fund and provide more resources for rebuilding our Eastern Kentucky communities. This funding builds off the good work by lawmakers and this administration to create this fund for both the East following the flooding and the West following the tornadoes.

This state and local collaboration is a key part of making sure we move forward, together.

Another key part are our state workers. I cannot thank them enough for the work they do to better people's lives. That's why I was happy to work with lawmakers and grateful that the General Assembly passed a 14% raise for our public servants over the past two years. This was their first significant pay raise in more than a decade.

Now, I'm recommending yet another raise for state employees. I am proposing another 6% across the board raise in the first year – fiscal year 2025 – and in fiscal year 2026, I'm proposing another 4% increase. Combined, we would see the largest four years of increases that we are

aware of. But remember, this is after no increases for 10 of the past 12 years, and we have seen, when we pay people closer to what they're worth, we can fill these critical jobs that provide services to our people.

I'm also proud that all of our budgets have fully funded state employee pensions, and they made extra payments to reduce the unfunded liability. A pension is a promise, and it's wrong to weaken or reduce benefits that people have worked for and they've planned for, and they planned their retirements around them.

I am going to continue to strengthen our families by ensuring retirements are lived with dignity by once again fully funding our state employees' pensions and including \$209 million over the biennium to continue to pay down the pension liability.

We want to thank our public servants for what you do for the people of Kentucky – we would not be building this brighter future without you.

All of these investments are necessary, and the good news is, we can afford them. Over the years, we have been responsible stewards of Kentuckians' dollars. The results speak for themselves. We have been efficient, consistently bringing many projects in under budget and on time, and we've built record surpluses.

We've secured the largest Rainy Day Fund and General Fund surplus in state history. And this new budget makes these great new investments without touching any of that record savings.

Even some of our toughest critics – the credit rating agencies – have recognized our strong fiscal management and have upgraded our financial outlook, and our credit ratings, for the first time in a long time. This means it's going to cost us less to make many of these investments, and folks, these are investments that we can't afford not to make.

In closing, I want Kentuckians to know that my priority is to work with your lawmakers to pass this plan, or something close to it, because these investments help you and your communities.

This plan does not focus on moving the state to the left or the right, just forward, together.

Last week, during the inauguration I talked about how our commonwealth is 231 years old and in December of our first year, "United We Stand, Divided We Fall" became our state motto. It's been with us every step of the way.

Our people, like the motto, have been tested over two centuries. We've gotten through the hard times together, and now we're going to get to the good times together. This is exactly how we must approach our shared future.

This next two-year budget period is our chance – Kentucky's chance – to be both an economic and moral leader of this country. To get there, we have to put partisanship, division, and anger politics aside and instead choose progress, cooperation, and continued economic momentum.

I know that we can do this. I know that we can continue building that better Kentucky that we all want – one where my children and yours can stay right here at home and chase their dreams.

So, to everyone out there: Thank you, Merry Christmas and happy holidays, and may God bless the Commonwealth of Kentucky.

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