



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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Dear Educator:

Last week I presented my proposal for the Fiscal Year 2012-2014 budget. Despite an improving economy, we will again have to make cuts to most of state government because of slow-to-recover revenues, the loss of one-time funds, and the lingering effects of a devastating recession. Though my budget proposes 8.4 percent cuts for most state agencies, I have once again made protecting and investing in education my top priority.

My budget proposal provides the same overall dollar amount to the SEEK formula for the next two years as we are currently spending. Measured in per-pupil funding, this is a slip back to 2008 levels. However, I have also proposed that if revenues come in better than projected and we have a surplus, we should dedicate half to restore the Rainy Day Fund and dedicate half to restore SEEK to 2012 per-pupil funding levels, because I know that you, our children and our state deserve better. My proposal limits the cuts to the other areas of the Kentucky Department of Education's budget that flow to districts to 4.5 percent, as well as limits cuts to higher education to 6.4 percent. It includes \$100 million in school facilities construction bonds for improvements in deteriorating schools to honor the offers of assistance already made, and authorizes an additional \$100 million in new offers of assistance. And, it fully funds the employer contributions for the Kentucky Teachers' Retirement System and provides for small increases each year for the State Health Plan.

I am also proposing to expand our preschool program so that 4,400 more four-year-olds have access to this quality program. As our frontline educators, you know how critical this investment is. Too many children begin kindergarten unprepared, and they never catch up. More children receiving quality preschool not only means more children will be better prepared for kindergarten, but more children will be staying in school, graduating from high school and more Kentuckians will go on to lead successful lives.

Last week, in *Education Week's* annual Quality Counts report, Kentucky ranked 14th among the 50 states in an overall assessment of key education indicators, an impressive jump of 20 spots in one year. This amazing improvement is due to many factors, but I personally know that it is due in large part to your tremendous efforts, your unwavering dedication and your back-breaking hard work to give Kentucky children the best education possible. I thank you for this commitment.

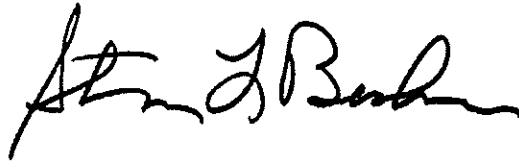


Unfortunately, with this budget, we risk putting that progress in jeopardy. That is why we need to take steps to ensure we have adequate revenue to meet our needs. I have made two proposals to do this. First, I have named Lieutenant Governor Jerry Abramson to lead a Blue Ribbon Commission on Tax Reform to look at Kentucky's tax system to see how we can better align it with the principles of fairness, business competitiveness and a 21st Century economy. Second, I am urging legislators to place a constitutional amendment on the ballot to allow the people of Kentucky to vote on whether to allow expanded gaming in Kentucky. A recent study found that Kentuckians spent \$451 million at neighboring casinos in 2011. Under one scenario, the state could see \$266 million in license fees, and an additional \$377 million each year in tax revenues.

Just imagine the progress we could make in education with that revenue – restore SEEK, rebuild schools, or give teachers the pay raise they deserve. It is time Kentuckians decide if they want to keep letting Kentucky dollars fund schools in West Virginia, Indiana and Illinois.

As you know, the budget will progress through the General Assembly over the next two months and changes may be made. Once again, I thank you for your service. My door is always open to you and your representatives.

Your friend,

A handwritten signature in black ink, appearing to read "Steven L. Beshear". The signature is fluid and cursive, with a large initial "S" and "B".

Steven L. Beshear