

## Current Revenue Picture, Expectations and Implications



**September 10, 2016**

# State Budget Funds Key Public Systems

## Education

- Early childhood education/child care
- K-12 education
- Higher education
- Arts and heritage

## Health care

- Health care for poor, children, people with disabilities, elderly in nursing homes
- Public health

## Human services & supports

- Child and domestic violence protection
- Foster care & adoption

## Infrastructure

- Roads
- Public transit
- Water & sewer systems

## Environmental protection

- Land conservation
- Environmental regulation
- State parks
- Forest management
- Home weatherization

## Public safety & justice

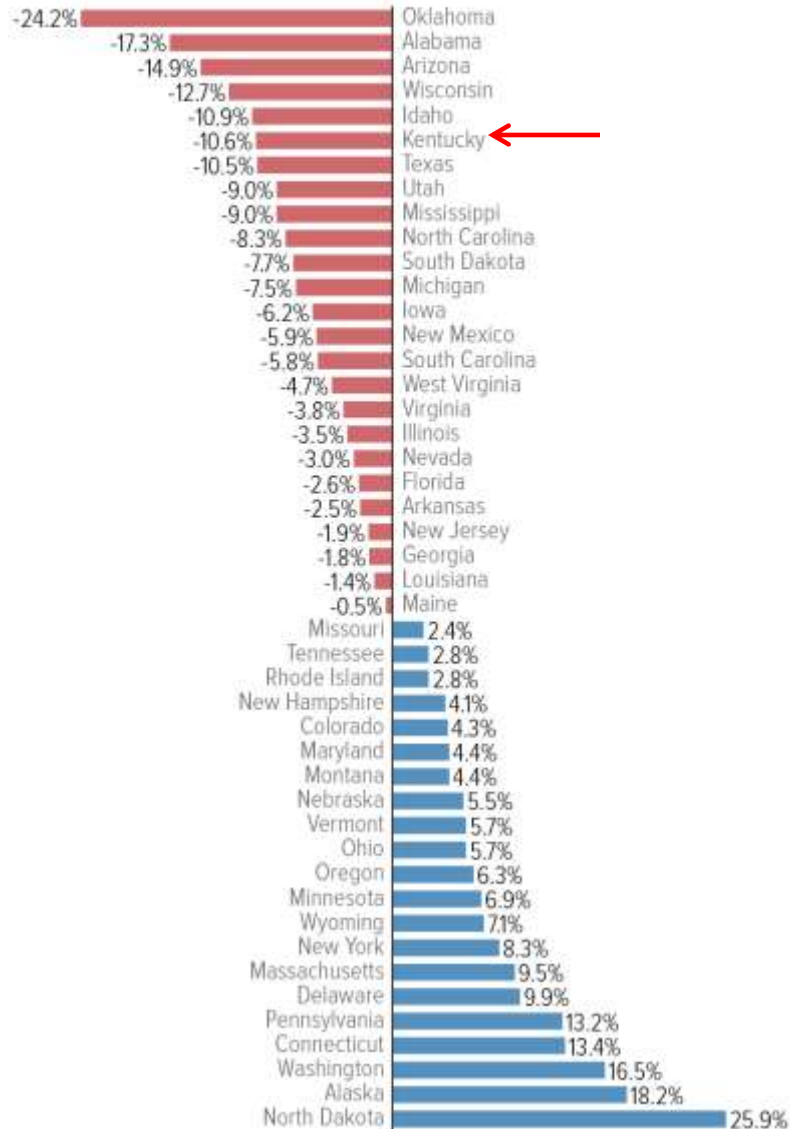
- Court system
- State police and prisons
- Disaster relief
- Consumer & worker safety regulation

## Economic & workforce development

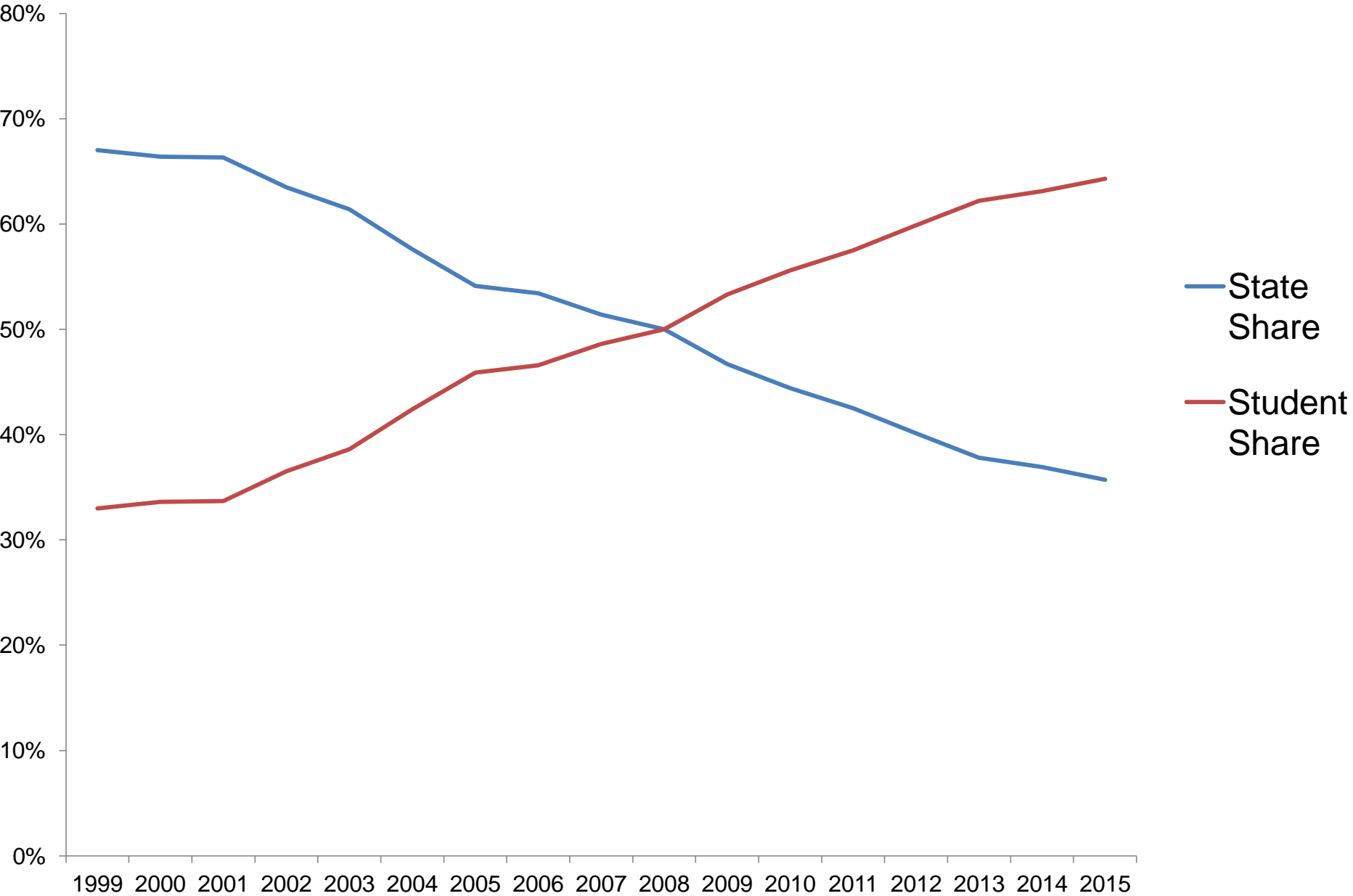
- Small business development
- Workforce training
- Tourism
- Agricultural development

## State General Funding Per Student Still Lower Than 2008 in 25 States

Percent change in state formula funding\* per student, inflation-adjusted, fiscal years 2008-2016



# Cost of Higher Education Shifting from State to Students



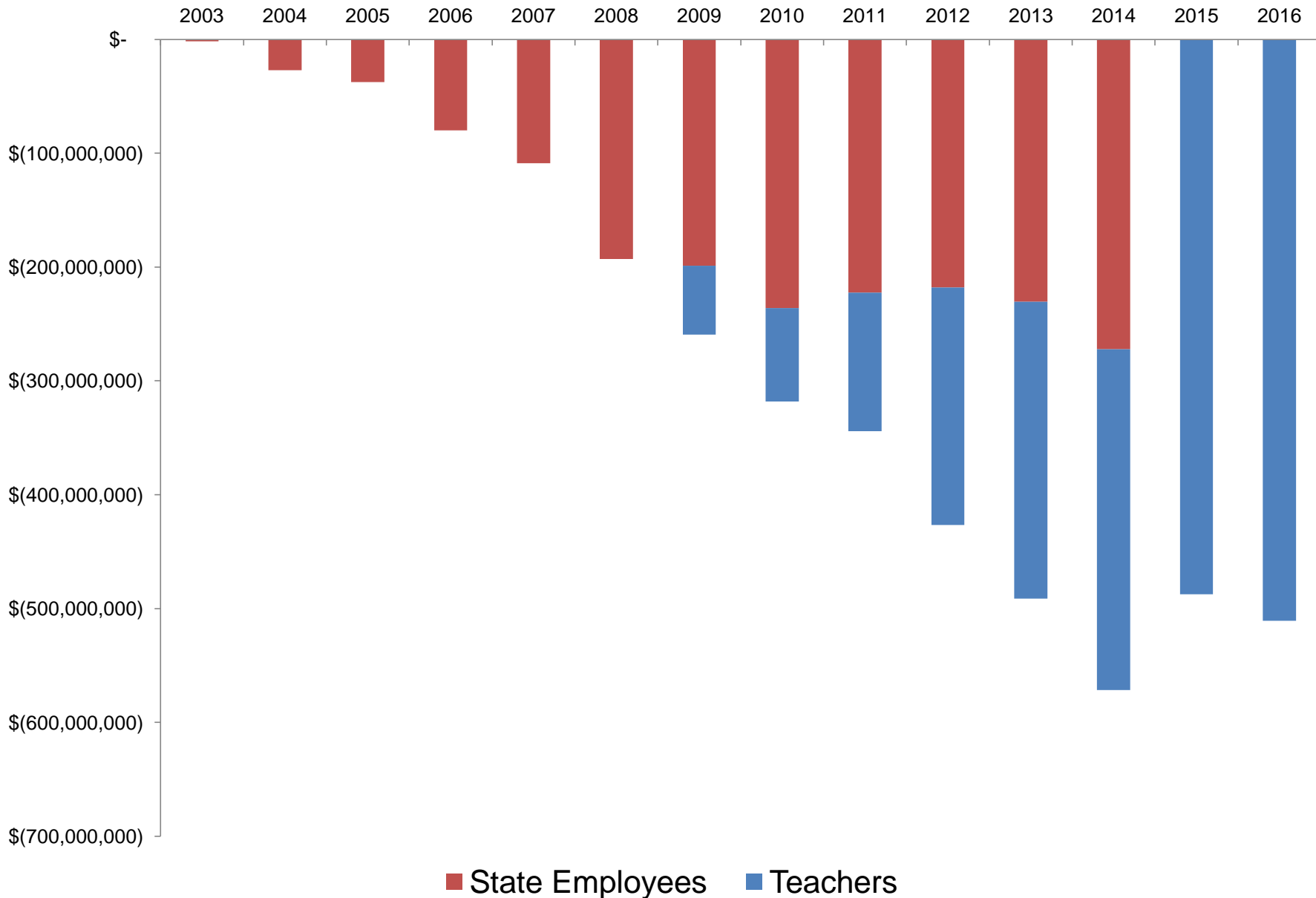
Source: KCEP analysis of Office of the State Budget Director data

# Many Other Areas Cut Deeply Since 2008

- Kentucky Arts Council 47%,  
KET 30%, Libraries 25%
- Secretary of State, Attorney General,  
Auditor 27%-35%
- Environmental protection 27%
- Vocational rehabilitation 24%
- Commission on Human Rights,  
Women 19%, 25%
- Nature Preserves Commission, 23%
- Public health 15%
- Public defenders 13%



# State Contribution Shortfalls to Public Employee Pension Systems





## Worst State Credit Ratings

47. Michigan

47. Arizona

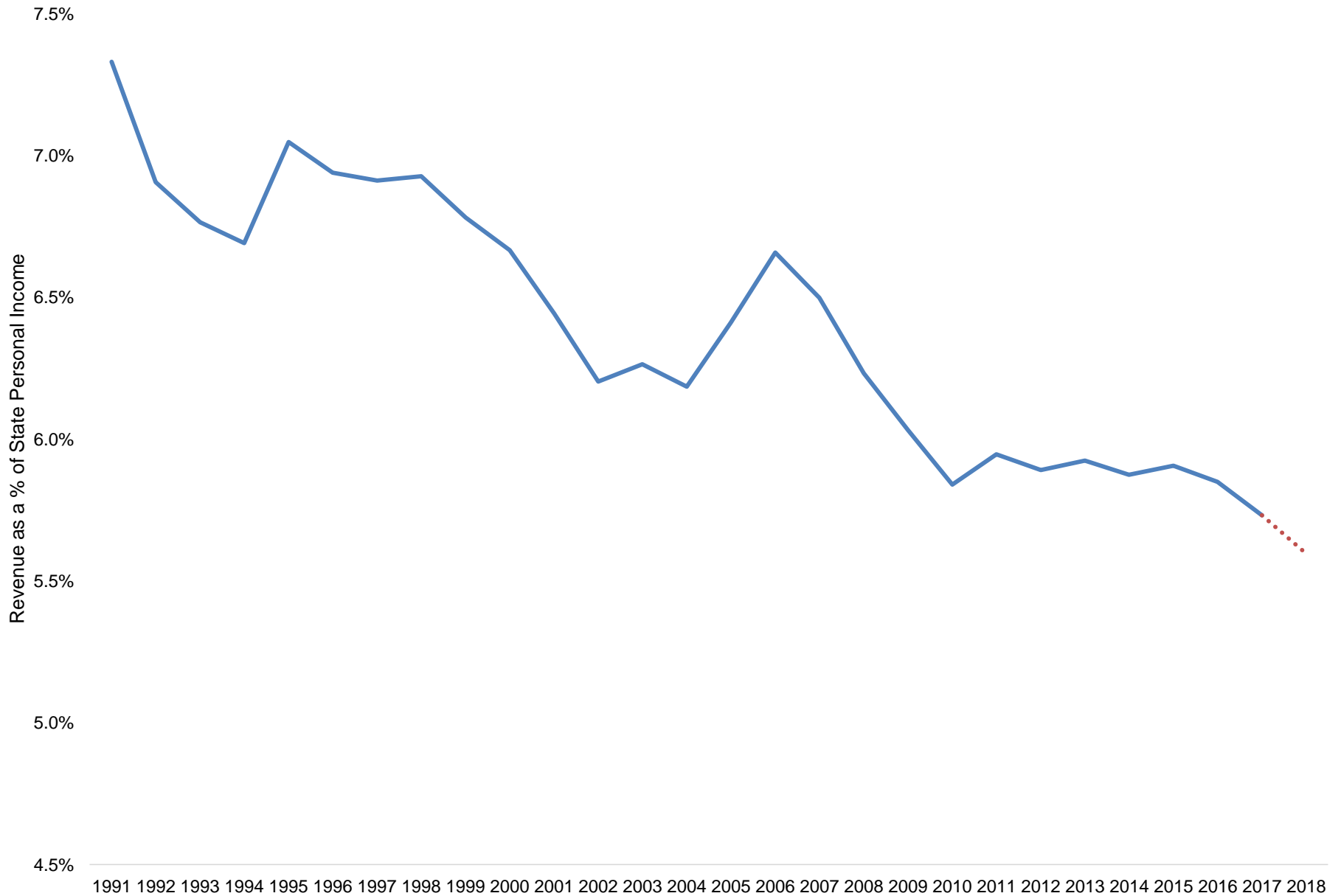
**47. Kentucky**

48. New Jersey

49. California

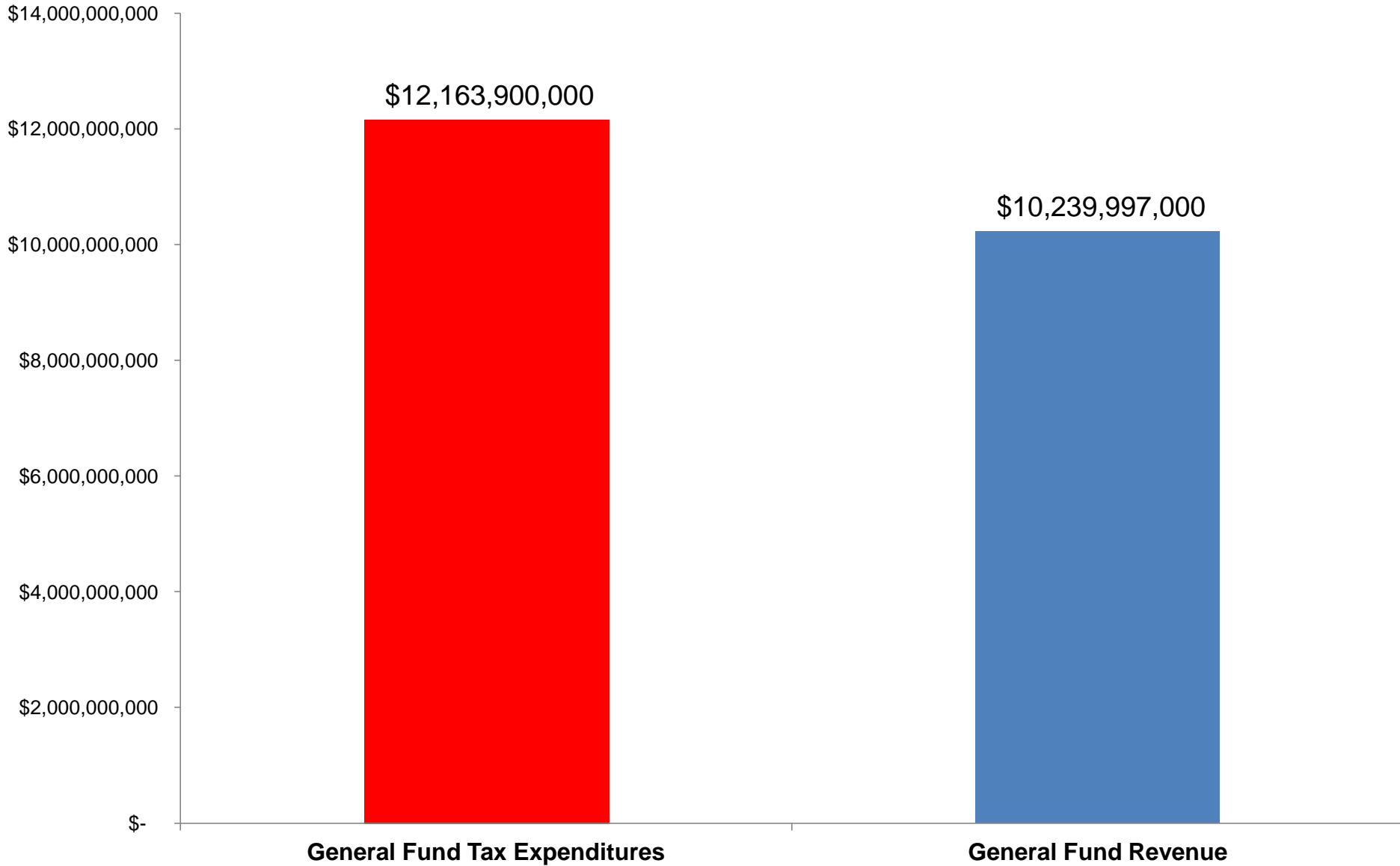
50. Illinois

# General Fund Revenue Shrinking As Share of Economy



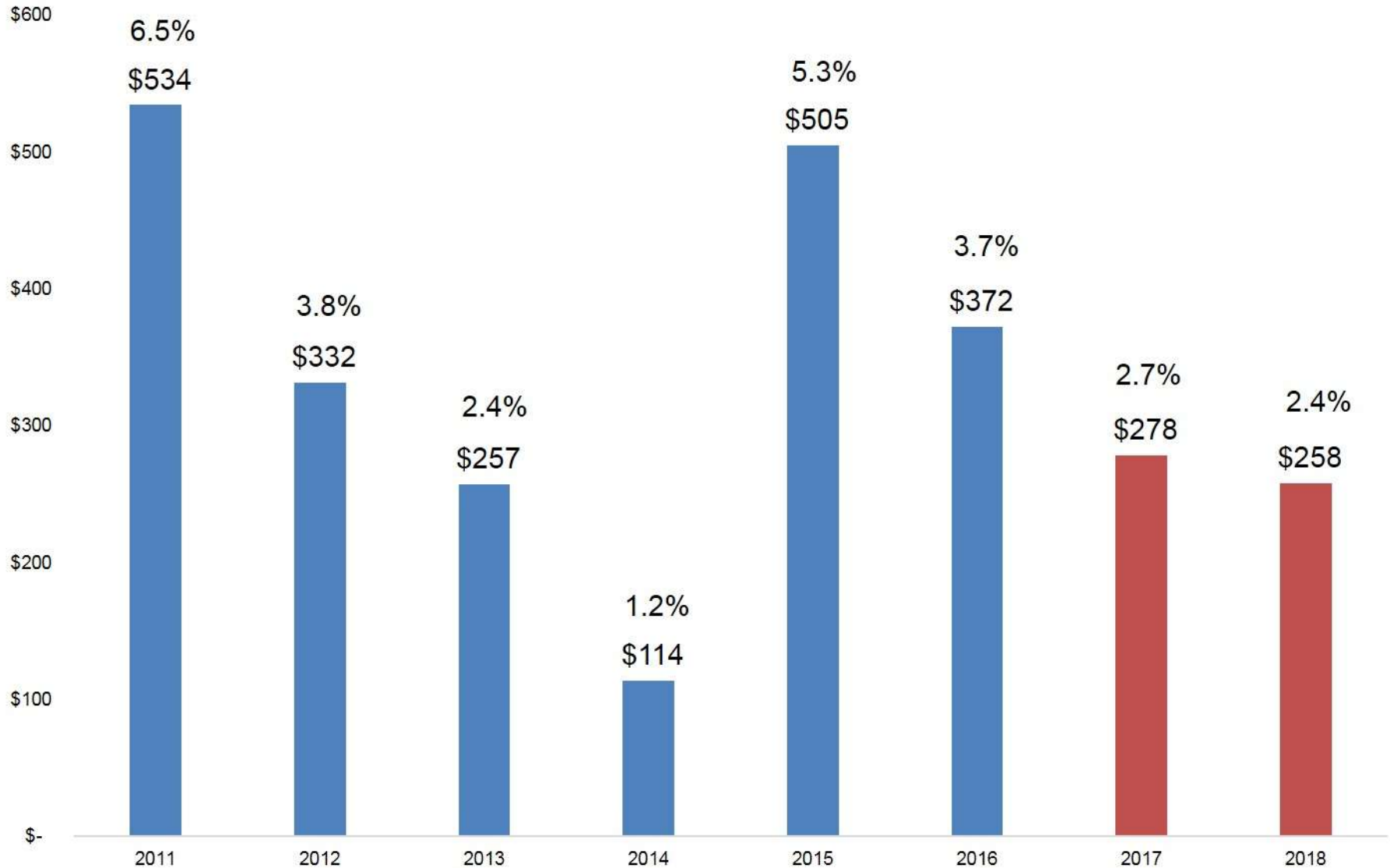


# Tax Expenditures Cost More than Kentucky Collects in General Fund Revenue



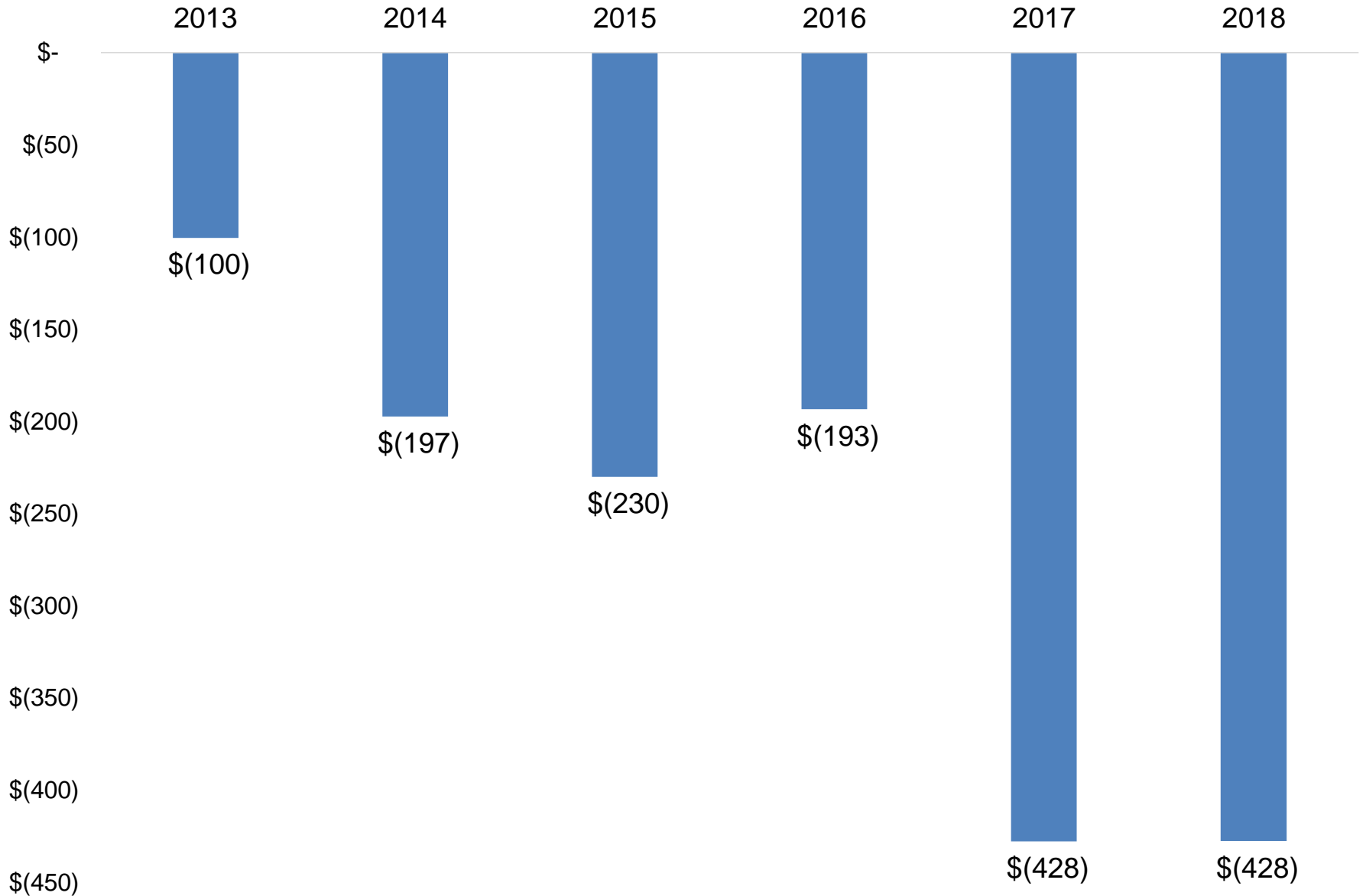
# 2015 and 2016 Good Years for Revenue Growth, But Not Expected to Sustain

New Dollars of General Fund Revenue Each Year (Millions)

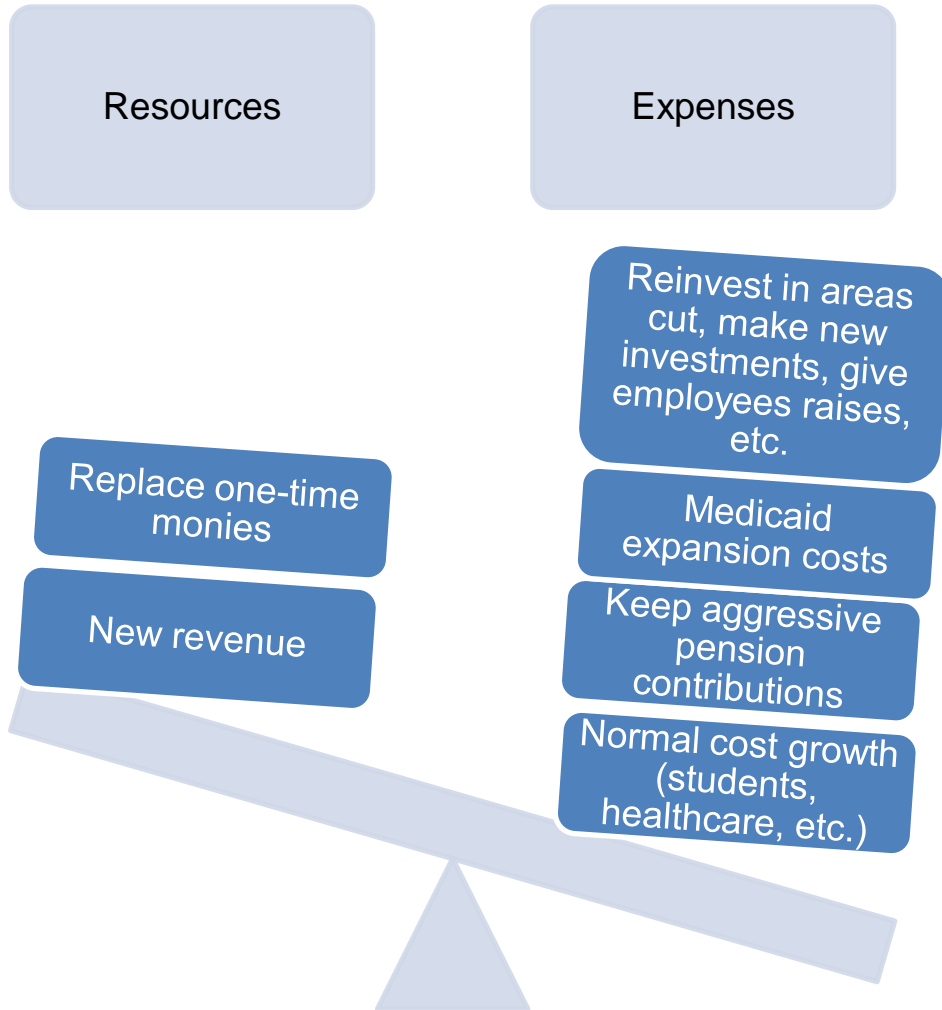


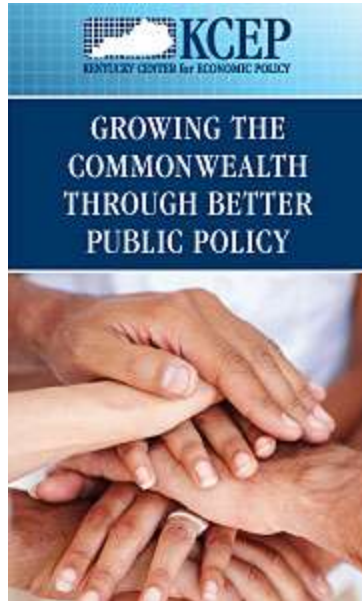
# New Two-Year Budget Built on Big Structural Deficit

(Millions of Dollars)



# Challenge Facing Next Budget





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