



Report on the public forum

## **Kentucky State Budget: Challenges & Opportunities**

A public discussion presented by The Kentucky Tax and Budget Initiative (a project of the Kentucky Youth Advocates)

**October 28, 2009**

### **Participants:**

45 pre-registered  
7 no-shows  
16 walk-ups  
54 participated  
24 completed questionnaires

### **Presenter:**

Brigitte Ramsey, Budget Analyst  
Kentucky Youth Advocates

### **Sponsors:**

Kentucky Youth Advocates  
Citizens for Good Government  
Wendell Ford Government Education Center  
Hager Educational Foundation  
Owensboro Museum of Science and History  
Public Life Foundation of Owensboro  
We the People Initiative

### **Discussion Facilitators:**

Belinda Abell  
Ed Allen  
Rodney Berry  
Bob Darling  
Don McCarty  
Kathy Olson

### **Moderator:**

Keith Sanders, Executive Director,  
Hager Educational Foundation

### **Location:**

Owensboro Museum of Science & History

### **Materials developed by:**

Ky. Youth Advocates and a local steering committee\*

### **Participants:**

Belinda Abell\*  
Sherry Baber  
Mel Bryan  
Martha Clark  
Bill Craig  
Dr. Larry Durrence  
Kelley Fallon  
Becky Hagan  
Larry Hager  
Allen Holbrook  
Kim Johnson  
Bill Kelley  
Amy Lanham  
Lura Locher  
Frances Maloney  
Virginia Marx  
Don McCarty  
Laura Morris  
Shelly Nichols\*  
Brigitte Ramsey  
Forrest Roberts  
Tom Shelton  
Dora Smith  
Evan Taylor  
Dr. Gene Tice  
Nancy Whitmer  
Roy Woodward  
Jim Zabek

\* steering committee

Ed Allen\*  
Rodney Berry\*  
Kathryn Carter  
Larry Conder  
Bob Darling  
Alan Englehart  
Joy Gray  
Frankie Hager  
Donna Hawn  
Hervey Howell  
Bill Johnson  
Bruce Kunze  
David Lashbrook  
Mark Maloney  
Carol Mark  
Jim Mattingly  
Kenny McCarty  
Rich Nading  
Kathy Olson  
Jim Riney  
Keith Sanders\*  
Meredith Skaggs  
Kathy Strobel\*  
Tommy Thompson  
Larry Vick  
Bruce Whitmer  
Leo Wright



## Format

- **Welcome and Overview** Keith Sanders
- **PowerPoint Presentation** Brigitte Ramsey
- **Review of Dialogue Guide:** Keith Sanders  
Overview, Goals, Ground Rules
- **Review of Option 1: Decrease Expenses** Keith Sanders  
What would characterize such an option?  
Potential advantages and disadvantages  
Small group discussion period # 1  
Report from tables  
Facilitators  
Recorders
- **Review of Option 2: Increase Revenues** Keith Sanders  
What would characterize such an option?  
Potential advantages and disadvantages  
Small group discussion period # 2  
Report from tables  
Facilitators  
Recorders
- **Review of Option 3: Decrease Expenses and Increase Revenues** Keith Sanders  
What would characterize such an option?  
Potential advantages and disadvantages  
Small group discussion period # 3  
Report from tables  
Facilitators  
Recorders
- **Closing comments** Participants
- **Questionnaire** Participants

# Executive Summary

## **Citizens wrestle with state budget challenges**

Following an orientation on state government finances by Kentucky Tax and Budget Initiative analyst Brigitte Ramsey, a group of local residents shared ideas and ranked their preferences for ways to balance the state budget and sustain vital services during a public forum in Owensboro on October 28.

Ramsey's presentation was supplemented by a review of strategic options for addressing state budget challenges, potential advantages and disadvantages of each option, and three small group discussion periods followed by reports from each group. The forum attracted 54 participants; 24 submitted a questionnaire following the forum.

## **Be efficient, cut spending, increase taxes responsibly**

Participants acknowledged that state government should intensify efforts to be more efficient and reduce spending, but they also indicated that the financial difficulties in state government reflect more of a revenue problem (62 percent) than a spending problem (37 percent).

## **Preferred ways to generate more revenue**

Participants endorsed ten forms of tax increases to address state government financial challenges. The top choices\* were:

- Create a more progressive income tax (91 percent)
- Expand the tax on restaurant sales (91 percent)
- Increase income taxes (83 percent)
- Increase cigarette/tobacco taxes (79 percent)
- Tax services (79 percent)
- Increase taxes on wealthy individuals (79 percent)
- Tax soft drink sales (75 percent)

\* Participants "agreed somewhat" or "agreed strongly" with the choice

Even though the option had not been offered on the questionnaire, a tax on Internet sales was a popular suggestion.

*Note: By indicating support for these options, it should not be construed that participants endorsed raising all the different forms of taxation that were presented. Participants may have been suggesting that a reasonable plan to address state government financial challenges could be drawn from the options they support.*

## **Role for state government**

Participants were presented with 30 examples of current state government services. They acknowledged that 22 are vital roles for state

government. These include the following (and the percent of participants who checked it as a vital role for state government):

- Programs for abused and neglected children (96 percent)
- Health care for people/families with low incomes (92 percent)
- K-12 public education (87 percent)
- Roads, bridges and highways (87 percent)
- Air and water pollution regulation (83 percent)
- Early childhood education (79 percent)
- Public universities (75 percent)
- Community and technical colleges (71 percent)
- Programs for the elderly (71 percent)
- School nurses/immunizations (67 percent)
- Mine safety regulation (67 percent)
- Sewer/water systems (67 percent)
- Substance abuse facilities and programs (62 percent)
- Facilities and programs for people with developmental disabilities (62 percent)
- Workforce training programs (62 percent)
- Youth detention facilities and programs (62 percent)
- Parole administration (62 percent)
- Programs for abused spouses (62 percent)
- Alternative education (e.g., GED, programs, KET) (58 percent)
- Adult prisons and jails (58 percent)
- Rehabilitation programs (58 percent)
- Programs for the poor/single parent families (58 percent)
- Programs for the homeless (54 percent)

The following roles for state government received less than a majority of votes. This suggests that participants would be more likely to support spending cuts in these areas:

- Home health care (46 percent)
- Nursing homes (46 percent)
- Factory farm regulation (46 percent)
- Legal service for the poor (33 percent)
- Industrial parks (33 percent)
- Economic development incentives (25 percent)

**For a complete tabulation of the forum questionnaires, contact:** Kathy Strobel at 270/685-2652 ● [kathy.strobel@plfo.org](mailto:kathy.strobel@plfo.org)

**For more information, contact:** Keith Sanders (moderator) at 270/685-5707 ● [ksanders@lahef.org](mailto:ksanders@lahef.org)

# Results of Questionnaires

## Share your views of possible strategies to address state budget challenges:

	Disagree Strongly	Disagree Somewhat	Not Sure	Agree Somewhat	Agree Strongly
Cut government spending	8%	12%	4%	33%	42%
Find more efficiencies				25%	75%
Eliminate waste, fraud and abuse		4%		12%	83%
Eliminate loopholes and exemptions				29%	71%
Expand gaming	17%	8%	17%	42%	17%
Create a more progressive income tax	4%	4%		37%	54%

## Increase taxes:

	Disagree Strongly	Disagree Somewhat	Not Sure	Agree Somewhat	Agree Strongly
...on cigarette sales		8%	12%	29%	50%
...on services	4%	8%	8%	46%	33%
...on incomes	8%	8%		58%	25%
...on restaurant sales	4%	4%		54%	37%
...on soft drinks	4%	8%	12%	29%	46%
...on the wealthy	8%	8%		58%	21%
...on business net profits	8%	12%	17%	29%	25%
...on retail sales	4%	17%	21%	33%	17%
...on estates	17%	21%	21%	33%	4%
...on property	17%	21%	21%	33%	4%

**...other suggestions:** Internet sales (listed three times)  
 Institute combined tax reporting  
 Collaborate with other states  
 Gross receipts

Educate! Educate! Educate!  
 Reform the state pension system  
 Toll roads  
 Tobacco

Do you think that state government has	(check one)
...more of a revenue problem than a spending problem	62%
...more of a spending problem than a revenue problem	37%

## What do you consider to be vital roles of state government:

Health Care	(check all that apply)
for people/families with low income	92%
school nurses/immunizations	67%
substance abuse facilities and programs	62%
facilities and programs for people with developmental disabilities	62%
home health care	46%
nursing homes	46%

## Results of Questionnaires (continued)

### What do you consider to be vital roles of state government (continued):

Public Education	(check all that apply)
early childhood education	79%
K-12	87%
alternative education (e.g., GED programs, KET)	58%
community and technical colleges	71%
public universities	75%
workforce training programs	62%

Corrections	(check all that apply)
adult prisons and jails	58%
youth detention facilities and programs	62%
legal service for the poor	33%
parole administration	62%
rehabilitation programs	58%

Environmental Protection	(check all that apply)
mine safety regulation	67%
air and water pollution regulation	83%
factory farm regulation	46%

Economic Development	(check all that apply)
roads, highways and bridges	87%
sewer/water systems	67%
industrial parks	33%
workforce training	54%
incentives	29%

Social Services	(check all that apply)
programs for the poor/single parent families	58%
programs for abused and neglected children	96%
programs for abused spouses	62%
programs for the elderly	71%
programs for the homeless	54%

### Other views on what is a vital role for state government:

- Support arts and culture
- Wish we had an office of Riverkeeper for Kentucky
- Program for abused elderly
- Program to enforce mine safety  
...or shut 'em down. Too many violations ignored.
- Programs for inmates who have been released
- More state taxes rebated to local governments

## Results of Questionnaires (continued)

### Other comments/suggestions about state government budget issues:

- Government needs to stop give-aways to corporations locating in Kentucky. Many communities give big support benefits to international corporations for a few jobs they will bring – car and mining corporations plus power operation companies like AEP.
- Revamp Kentucky’s tax code. Tax Internet sales.
- More education for our legislators to make more informed decisions on our behalf.
- More public input, studies, forums need to be conducted.
- Need to raise retirement eligibility ages and years of service – need to reduce costs. Too many people are eligible to retire and it costs younger generations too much money.
- Increase incentives for corporate and manufacturing business locations in Kentucky.
- Privatize services.
- State mandated programs MUST be funded by the legislature.
- More equitable payments for travel allowances based on actual necessary travel miles.
- More efficacious use of time in Frankfort, less special sessions or regular yearly sessions.
- Combine counties and lessen operating costs.
- Cut spending when it comes to prisons – reform prisons!
- Increase sales tax.
- Make prisons self-sufficient.
- Release inmates who are not violent. Rehab the drug offenders and see that jobs are created, for those who have done their time and have gone through the SAP program successfully can be as they were in prison (successful) on the outside. Remember we’re not talking about a sex offender either. In my opinion, they are violent! They ruin too many lives as it is.
- Eliminate overspending in the school systems.
- If you retire at a job with a six-figure salary, that should be enough. Don’t jump from state to state and bleed the taxpayers.
- We need jobs for all people who want to work. That’s the answer to the economy. Without jobs, how are we going to pay for any taxes? A lot of us don’t want a handout. We would like to make an honest living.
- On the tobacco tax: enough is enough.
- Taxes on services should be limited, should not include medical/financial.
- I support a restaurant tax if one percent could stay local.
- On taxing the wealthy: They will figure out how not to pay unless it is a flat tax across the board.
- Need to evaluate the merits of community and technical colleges and our public universities.

## Forum Analysis

Prior to this forum, did you consider yourself	(check one)
...well informed about state government budget issues and choices	12%
...somewhat informed about state government budget issues and choices	67%
...not very informed about state government budget issues and choices	17%

As a result of your participation in this forum on the state budget, do you now consider yourself	(check one)
...better informed	96%
...about as informed as before	–
...less informed	–

## Forum Analysis (continued)

Did the forum present balanced points of view?	(check one)
Yes	96%
No	–

Was information presented in a clear and understandable manner?	(check one)
Yes	96%
No	–

Did the forum help you come to judgment about state government budget issues and choices?	(check one)
Yes	79%
No	17%

Was the discussion format effective?	(check one)
Yes	79%
Somewhat	12%
No	–

Do you feel that it is important for citizens to express their views about the state government budget?	(check one)
Yes	96%
No	–

Would you recommend that others participate in a similar forum?	(check one)
Yes	96%
No	–

### Other comments/suggestions about the forum:

- A microphone for speakers in groups
- Thanks for dinner – wasn't necessary, but considering length of meeting it was nice to have. Snacks would have been fine.
- This forum would be a good exercise to put before youth groups – educate them on the issues, get their feedback on solutions and concerns.
- Great thing for debate teams, groups
- Adapt to high school class.
- Could not hear over heating system.
- Tables too strung out, maybe a layout that would enhance being able to hear all tables was possible.
- Good to see that others are interested in improving state government. Maybe that will encourage gathering of folks to raise a unified voice for specific changes such as NECESSARY re-working of TAX STRUCTURE at state level.
- The forum was an eye-opener. I feel we need to be more informed and have more say in our government. State as well as federal. The persons we elect should vote for the majority and take less from some lobbyist. Sometimes it would be better to just listen and vote the way the average person wants. The state could save more money, with less influence from some lobbyist (because of a special interest!)