



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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GOVERNOR

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July 15, 2010

Dear Kentucky Educator:

The work all our school employees, both certified and classified, do for our state and our children is invaluable. All of us have an educator who believed in us and made us believe in ourselves. You come to work every day with the opportunity and responsibility to have a long-term impact on the success of the Commonwealth, and for that you deserve support and commendation from your state government.

The recognition of your hard work and sacrifice weighed heavily on my mind as I proposed a biennial state budget in January. That is why, despite a \$1.5 billion revenue deficit, I proposed a budget with no cuts to SEEK, the primary funding formula for our classrooms and school employees' salaries. In addition, as part of a proposed contingency plan if additional funds became available, I proposed a one percent salary increase for school employees.

I also recognize that the costs of health insurance rank as one of the biggest expenditures of most Kentucky families, and those costs are growing. Health care costs have been increasing annually at an estimated rate of seven percent to ten percent every year, both nationally and in Kentucky, far outpacing the growth in state revenues that support our health insurance plan. For the last two years, my administration has worked closely with representatives of educators, state employees and retirees to ensure quality and affordable plans were offered. In addition, we launched wellness and prevention programs that are helping us reduce long-term health care costs. Recognizing the continued growth in health insurance costs, my budget proposal for the next two years provided for a seven percent increase in costs for both 2011 and 2012. This proposed increase would have allowed us to provide very similar health plan options to what we have this year.

Unfortunately, the General Assembly did not share my priorities. Some proposed slashing the number of instructional days for our schools – a move that would reduce the time our children spend in the classroom and move our state in the wrong direction. I am happy to say education advocates and I were successful in reversing this proposal, and the school calendar remains the same.

Second, the General Assembly chose to make deep cuts to the proposed funding for health insurance. Despite health care inflation, the budget the legislators passed has no increase for 2011 and just a two percent increase for 2012. These reduced funding levels

KENTUCKY EDUCATOR

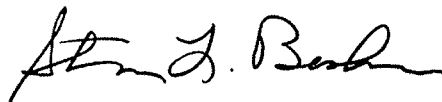
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will severely limit the options available to families, as well as significantly increase out-of-pocket costs. In addition, the General Assembly included a specific plan that would have further restricted the available options. The leadership of groups representing school employees asked me to veto that included plan, and I did so in order to maximize flexibility in the health plan development. Therefore, I will not only ask your representatives for their input but will ask them to be at the table, every step of the way, helping make decisions to ensure you receive the best benefits possible with the limited funds provided.

Please do not hesitate to reach out to your leadership as well as the Kentucky Employees' Health Plan (KEHP) with your ideas on how to tackle this problem. You can reach KEHP by emailing keh@ky.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven L. Beshear". The signature is fluid and cursive, with the first name "Steven" and last name "Beshear" clearly legible.

Steven L. Beshear