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Public Funds for Public Schools

HB 500 : A BUDGET THAT ABANDONS PUBLIC EDUCATION

The House budget doesn't just shortchange Kentucky's public schools — it freezes funding, guts transportation, offers zero raises, and then delivers a likely **78% health insurance premium increase** on every teacher, bus driver, school employee, and retiree in the Commonwealth.

SCHOOL FUNDING: FROZEN AND FALLING BEHIND

- **SEEK funding frozen:** HB 500 freezes the per-pupil guarantee at $4,586 for two straight years, continuing a 20-year pattern of letting school funding fall further behind the cost of living. HB 500 will result in SEEK funding falling 29% below 2008 levels after adjusting for inflation.
- **School bus transportation to get students to school defunded:** Transportation funding is cut $40 million below 2026 levels for both years. By 2028, the General Assembly will fund school buses at $129 million less than their own law requires.
- **Zero educator raises:** Despite Kentucky's worsening teacher shortage, which results in larger classes and fewer course offerings, this budget provides nothing for educator compensation.
- **No preschool investment:** Early childhood education — proven to close achievement gaps — receives no new funding.

HEALTH INSURANCE: THE FINAL BLOW

On February 11, the Governor's Personnel Cabinet warned legislators that HB 500's cap on employer health insurance contributions will create a **$202 million shortfall by 2028** — passed entirely to workers through premium hikes, gutted benefits, higher copays, and lost prescription drug coverage. **310,506 people are impacted**. **Below are the premium cost projections provided by the Kentucky Secretary of the Personnel Cabinet.**

Position	Monthly Cuts in Benefits	Annual Loss
Teacher (Rank III)	**–$486/mo**	**–$5,832/yr**
School Bus Driver	**–$535/mo**	**–$6,420/yr**
Correctional Officer	**–$426/mo**	**–$5,112/yr**
Social Worker	**–$426/mo**	**–$5,112/yr**
State Trooper	**–$394/mo**	**–$4,728/yr**

If passed, the Personnel Cabinet says KEHP would be forced to consider: *increased copays, higher deductibles, separate medical and pharmacy deductibles, removal of certain treatments from coverage, moving to the most restrictive drug formulary, and removal of certain drugs from coverage entirely.*

KEY TALKING POINTS

- **This cut is another kick in the teeth to educators and state employees.** The General Assembly has denied raises for years to state and school employees and has significantly reduced or ended traditional pensions. The House budget, as introduced, adds insult to injury by massively cutting health insurance benefits and increasing monthly premiums for these dedicated public employees.

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- **Kentucky chose tax cuts for the rich over its own public servants.** Legislators cut income taxes that disproportionately benefited wealthy Kentuckians—and now claim there isn't enough money to fund the public employee health plan. This is a manufactured crisis.

- **It will drive educators and public employees out of the profession.** Kentucky already struggles to recruit and retain teachers and school staff along with social workers and public safety employees. Slashing take-home pay by $400–$535 per month to pay for jacked up health insurance premiums will accelerate the exodus from our classrooms and public services and will make it impossible to recruit new employees to these vital positions.

- **Affordability is already a crisis and this will make it worse.** Kentucky state and school employees already struggle with the cost of housing, groceries, electricity and more. A massive increase in their health care costs is the last thing they can afford.

- **The numbers come from the official Kentucky State Personnel Cabinet.** Kentucky Personnel Cabinet Secretary Mary Elizabeth Bailey said it will "have a devastating impact on all Kentucky Health Plan members and their dependents, resulting in a possible 78% increase in employee premiums."

THE BOTTOM LINE

- **HB 500 is not a responsible budget. It is a comprehensive abandonment of Kentucky's public schools.**
    - Frozen per-pupil funding for 2 years
    - Transportation funding to get kids to school slashed, passing more costs onto already strained local districts
    - Zero educator raises
    - Zero preschool investment
    - Up to 78% health insurance premium increase on 310,506 dedicated public employees and their families
    - Income tax cuts for the wealthy protected and likely increased