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Ted's and my suggestions. Thanks.

KENTUCKY BRIEFING

POLITICAL CLIMATE

KENTUCKY POLLING

In a poll released on February 9, Kentucky residents gave you a 63 percent job approval rating.¹

STATE BUDGET

Governor Ernie Fletcher (R) proposed a \$14.9 billion, two-year state budget, in which spending is cut by 2.5 percent and \$68 million in special Federal relief money and \$54 million from the state's Rainy Day fund is utilized. This proposed budget would cut the state's expected budget deficit for FY 2005 [?] – currently estimated at \$710 million – by \$100 million. Governor Fletcher's plan includes cutting the number of Cabinet agencies from 14 to eight, cutting \$6.9 million from elementary and secondary school grant programs, requiring state employees to pay more for health care coverage, and cutting \$65.8 million from state universities. Fletcher also wants state parks to become more productive; they have been operating with a deficit of \$29 million per year.

Governor Fletcher amended his budget proposal on February 4 and 16 to include \$50.3 million more for education. These funds were gained by refinancing state bonds at lower interest rates and cutting the amount put into personal health care accounts for state employees. On March 9, State House Democrats passed their own version of the budget, adding \$312 million to the budget, including \$260 million for education. The main difference between the two budgets is that the House Democrats' version has a larger pay increase for teachers and state employees. Democrats fought 42 amendments to the bill by Republicans before a motion was passed to block consideration of any more amendments. Under the Democrat proposal, the State would borrow heavily to finance the budget. Republicans argue that the Democrats' budget would put Kentucky \$1.4 billion in debt and does not address the Medicaid shortfall. The Republican-controlled Senate will now consider the bill, with any differences between the two versions worked out in a conference committee.

TAX REFORM

Governor Fletcher announced a tax modernization plan on March 11. The plan is "revenue neutral," meaning that in the first year, the revenues from added taxes will make up for the losses from tax cuts. The plan could start generating profits and creating jobs as early as the 2005 fiscal year. Governor Fletcher is proposing a 26-cent rise in the state cigarette tax, a 7.62 percent communications tax, an increase in the liquor tax, and a statewide lodging tax. He also wants to lower the rate on the top income bracket from 6

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percent to 5.68 percent, exempt 125,000 low-income residents from taxes altogether, and reduce taxes on corporations.

Governor Fletcher will attempt to have the Legislature pass his package before the Legislature adjourns on March 31. Democrat State Representative Bob Damron is a sponsor of the bill, and the House Democrat leadership is upset that Damron and eleven other Democrats helped Fletcher draft the plan. There is some doubt whether there will be enough time to get the bill through the House by the end of the session. The bill was heard before the House Appropriations and Revenue Committee on March 16. To soothe Legislators worried about raising taxes, Fletcher said that he would not support any Republican candidate that exploited a Democrat's vote for the budget bill but added that he would look at each race individually before deciding whether to support a candidate.

MEDICAID MODERNIZATION PLAN

Governor Fletcher announced a Medicaid modernization plan on January 30. The plan attempts to improve care management, benefit management, and technology. The Medicaid program provides health care services to 673,000 Kentuckians and has an annual budget of nearly \$4 billion. On February 11, Medicaid officials announced they would cut costs by hiring a private company to teach people how to manage the symptoms of diseases like asthma and diabetes. Effective management is expected to lower the amount paid for expensive services like emergency room visits. Officials are also considering hiring a private company to help manage pharmacy benefits.

READ TO ACHIEVE

Governor Fletcher supported State Senator Dan Kelly (R) on January 15 when Kelly announced his Read to Achieve Act of 2004. The Read to Achieve initiative is intended to help every child read by third grade through expanded elementary school reading programs and state assistance for struggling students. The Senate passed the Read to Achieve Act on February 4, and the bill went to the House for approval. The program faces an uncertain future, as it was cut in the budget passed by the House on March 9.

TORT REFORM

A medical malpractice reform bill being considered by the State House would allow voters to decide if future sessions of the General Assembly can limit monetary damages for pain and suffering (the limit may not be less than \$250,000), impose a time limit for filing malpractice claims, and create a mandatory alternative dispute resolution system.

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If this bill is passed, the amendment would appear on the November ballot. The State Senate passed this bill in January.

Governor Fletcher, who supports the measure, has said it will lower health care costs in Kentucky. State House Democrats have proposed an alternative plan, which would create a state-run insurance company from which doctors could purchase malpractice coverage. The bill has passed the House and may be heard by the State Senate soon. Lawmakers are looking for a compromise in which each chamber passes the other's bill.

FETAL HOMICIDE LEGISLATION

On February 19, the State Senate passed legislation making it a crime to harm a fetus in the womb. The maximum penalty is life in prison without parole. The bill, already passed by the State House, was sent to Governor Fletcher, who signed it into law on February 20.

SAME-SEX MARRIAGE

Proposals for a state constitutional amendment defining marriage as between a man and a woman were introduced in the State House and Senate on February 26. The Senate version would also allow the State to ignore civil unions performed elsewhere. Both proposals were introduced by Republicans one day after a similar proposal in the State House, sponsored by a Democrat, was withdrawn. The Senate version was passed on March 11, and is waiting for approval from the House.

On March 2, the Kentucky State House approved a resolution urging Congress to send a proposed Constitutional Amendment to the states for ratification that defines marriage as between one man and one woman. The resolution is now before the State Senate.

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STATISTICS

The President won Kentucky by 16 points, the largest margin ever for a statewide Republican.

2000 General Election Results

(Presidential):

	Total Votes	% Won
Bush	872,520	57%
Gore	638,923	41%
Nader	23,118	1%
Other	9,465	1%

1996 General Election Results

(Presidential):

	Total Votes	% Won
Clinton	636,614	46%
Dole	623,283	45%
Perot	120,396	9%

CONGRESSIONAL DELEGATION

U.S. SENATE:

- Senator Mitch McConnell (R), 4th term, re-elected in 2002 with 65%
- Senator Jim Bunning (R), 1st term, elected in 1998 with 50%

U.S. HOUSE: 6 Total (2D, 4R)

- Edward Whitfield (R-01), 5th term, re-elected with 65%
- Ron Lewis (R-02), 5th term, re-elected with 70%
- Anne Northup (R-03), 4th term, re-elected with 52%
- Ken Lucas (D-04), 3rd term, re-elected with 51%
- Harold Rogers (R-05), 12th term, re-elected with 78%
- Ben Chandler (D-06), 1st term, elected with 55%

STATE GOVERNMENT

Governor Ernie Fletcher (R), 1st term elected with 55%
Lieutenant Governor Steve Pence (R), 1st term, elected with Fletcher
Secretary of State Trey Greyson (R), 1st term, elected with 53%
Attorney General Greg Stumbo, (D), 1st term, elected with 48%
State Treasurer Jonathan Miller, (D), 1st term, elected with 57%
State Auditor Crit Luallen, (D), 1st term, elected with 51%
Commissioner of Agriculture Richie Farmer (R), 1st term, elected with 55%

State House:

100 (36R, 64D)

Speaker:

Jody Richards (D)

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Majority Floor Leader: Rocky Adkins (D)
Minority Floor Leader: Jeffrey Hoover (R)

State Senate: **38 (22R, 16D)**
President: David L. Williams (R)
Majority Leader: Dan Kelly (R)
Minority Leader: Ed Worley (D)

STATE PARTY

Chairwoman: Ellen Williams
National Committeeman: Mike Duncan
National Committeewoman: Cathy Bailey

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STATE DEMOGRAPHIC PROFILE

Estimated Population 2000:

Kentucky: 4,041,769, an increase of 9.6% since 1990

National: 281,421,906, an increase of 13.1% since 1990

Race/Ethnicity:

Kentucky: 89.3% White; 7.3% African-American; 1.5% Hispanic; 0.7% Asian

National Average: 69.1% White; 12.5% Hispanic; 12.3% African-American;
3.6% Asian; 0.9% Native American

Median Age:

Kentucky: 34.5 years (12.5% are 65 years and older)

National Median: 35.3 years (12.4% are 65 years and older)

College Educated:

Kentucky: 17.1%

National Average: 24.4%

Median Income:

Kentucky: \$33,672

National Median: \$41,994

Households:

Kentucky: 69.4% family households; 53.9% married couple families

National Average: 68.1% family households; 51.7% married couple families

(Source: 2000 U.S. Census Bureau)

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YOUR PREVIOUS TRAVEL

Event	Date	City
A Conversation on Job Training and the Economy	February 26, 2004	Louisville
Finance Event for Bush-Cheney '04	February 26, 2004	Louisville
Kentucky Welcome	November 1, 2003	London
Kentucky Welcome	November 1, 2003	Paducah
Photo-op and Remarks at Ernie Fletcher for Governor Reception	October 9, 2003	Lexington
Kentucky Welcome	November 1, 2002	Louisville
Economy Message Event & Northup Fundraiser	September 5, 2002	Louisville
Thanksgiving Day Meal with Troops and Speech to Troops and their families	November 21, 2001	Clarksville

THE VICE PRESIDENT'S PREVIOUS TRAVEL

Event	Date	City
Fundraiser for Senator Jim Bunning	March 12, 2004	Florence
Fundraiser for Congresswoman Anne Northup	November 24, 2003	Louisville
Ernie Fletcher for Governor Fundraiser	September 8, 2003	Cincinnati, OH
Fundraiser for Congressman Ed Whitfield	February 7, 2002	Hopkinsville
Remarks at the Southern Governors Association meeting and Fundraisers for the RNC and Congressman Ernie Fletcher	September 10, 2001	Lexington

¹ *Louisville Courier-Journal* Bluegrass Poll 1/30-2/4, 658 Kentucky adults, released 2/9/04.