



**Press Release**  
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**Statement by Terry Brooks,  
Executive Director, Kentucky Youth Advocates,  
on the Consensus Forecasting Group Planning Estimates**

Today's meeting of the Consensus Forecasting Group affirms that state leaders have to honestly admit that the Commonwealth stands at a crossroads. There are no more budget silver bullets like the rainy day fund or new stimulus dollars. We can pursue a "tighten-the-belt-even-more" strategy that will strangle the prosperity potential for both families and the state. Conversely, our elected leaders can demonstrate that rare political commodity – courage – and tackle comprehensive tax reform. This is not an easy challenge, but it is an imperative one unless we want to be in a state of perpetual fiscal emergency.

The Consensus Forecasting Group met today to produce planning estimates for Governor Beshear and state agencies to use in drafting the 2011 and 2012 budget. The group of economic experts determined revenue growth is likely to turn around over the course of the two year period, but will do so slowly. To date, there is nothing to indicate Kentucky's economy is beginning to grow.

Today's planning estimates suggest that the Commonwealth can rely on growth in revenues of 2.2 percent in 2011 with anticipated revenues of \$8.3 billion. The anticipated growth in 2012 is 3.7 percent with revenues estimated at \$8.6 billion.

If these planning estimates hold true and no changes are made to the tax structure to increase revenue, revenues in 2012 will be less than actual revenues in 2008. They will more closely match revenues in 2007, but costs to provide service will certainly be higher in 2012 than it was in 2007 because of inflation. If the current decrease of revenue continues, losses for FY 2010 could include another \$161 million, in addition to the \$1.1 billion already experienced.

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Kentucky Youth Advocates is the home of Kentucky's Tax and Budget Initiative, a member of the nationwide State Fiscal Analysis Initiative