

One Year Later, A Battered Gov. Fletcher Looks to November

NOVEMBER 2 will be the one-year anniversary of Governor Ernie Fletcher's 2003 election as Kentucky's first Republican governor in over three decades.

Since his swearing-in last January, his political mandate has been eroded for various reasons.

The Democrat-controlled House of Representatives effectively blocked Fletcher's proposed legislation that would have started the tax modernization process. The legislature also failed to finalize the state's budget.

Governor Fletcher's plans to reorganize state government and restructure compensation for state employees also didn't make it through the legislative pipeline.

The rapid escalation of health care plan costs for state teachers and a threatened strike by the NEA were difficult, if not impossible, financial and political issues to manage because of no budget.

Of course, there was the ill-fated flight by Governor Fletcher on the state's airplane that triggered an evacuation of the White House and some unfavorable press for Kentucky during the course of former President Reagan's funeral.



Gov. Ernie Fletcher

The constant negative commentary by editorial writers at major newspapers has slowly denigrated Gov. Fletcher's favorable ratings with Kentuckians.

And there is also the tedious process of hiring competent and politically savvy personnel to move forward the governor's agenda for Kentucky. After 30-plus years of Democrat control in state government, finding good and competent new state employees takes time and a strong recruiting effort.

The outcome of the November 2 state legislative elections will have a major impact on the governor's future. The number of Republicans elected to the House and Senate will either significantly improve or diminish Governor Fletcher's ability to get legislation passed.

Governor Fletcher would obviously like a big vote and turnout for George Bush with strong coattails for state Republican House and Senate candidates.

If the Republicans gain legislative seats, the ability of the Kentucky House and its Speaker Jody Richards to block budgets and legislation will be curtailed. If the Republicans lose seats or remain static, Governor

Fletcher will have to initiate a plan to go directly to the people of Kentucky and ask for their support.

The governor does have several aces up his sleeve.

Kentucky's economy is strong and increased sales tax revenues are likely.

Unemployment in Kentucky is about one percent lower than it was last year. With higher employment and a growing workforce, occupational tax revenues should also increase the state's revenues.

Even though legislation to reorganize state government did not pass, Gov. Fletcher and his management team have quietly been working aggressively to cut waste and streamline state government. The cumulative effects of these cuts most likely will start to become obvious to voters at the end of this fiscal year. The positive effect of higher revenues and restrained spending on the state's future financial situation could be significant.

Ernie Fletcher's best ace is his values. The governor knows what he stands for and he proceeds with conviction and confidence. Jody Richards will have to be on the lookout for a smarter, hard-knocks experienced, better prepared, more focused Ernie Fletcher.

Next year will be a politically exciting – and hopefully productive – one for the people of Kentucky. And maybe Gov. Fletcher will have occasion to smile more frequently.

One Strike, KEA Out of Commission

THE failure of the General Assembly and Governor Ernie Fletcher to pass a budget, the low pay raises for teachers due to the lack of an approved budget, and the escalating costs of health insurance are all factors that have come together in Frankfort like a string of hurricanes in Florida. In their wake are stormy politics and unhappy teachers just a month before the November elections.

The Kentucky Education Association's (KEA) vote to strike is a major disappointment and seems to smack of political considerations. In no case should teachers or government employees conduct illegal walkouts. A strike action by teachers will harm students and reduce the high esteem in which the public holds educators.

Perhaps Governor Fletcher should have called a special legislative session as soon as he determined that the high costs of health insurance would likely require new legislation. It is not an easy decision to call a special session 30 days before the November election. On the other hand, the legislators failed to perform their constitutionally mandated responsibility to pass a budget. Kentuckians are all looking for a speedy resolution to the winds of malcontent and for calm after the storm in Frankfort.

Louisville Area Outlook Improves

A recent survey of business owners in greater Louisville provides a favorable forecast for increased sales, profits and hiring. The economic outlook survey was conducted by PNC Bank.

Greater Louisville Outlook 2003 v. 2004

	Sept. 2003	Sept. 2004
Sales to increase	52%	61%
Profits to increase or stay the same	91%	90%
Hiring to increase or stay the same	95%	98%
Outlook – optimistic or moderately optimistic	88%	90%

Source: PNC survey conducted by Warrillow & Co.

The survey also reported that the major issues in the presidential election by order of importance were: taxes, health care, jobs, interest rates, homeland security/terrorism, and education. The survey indicated the business owners were concerned about the prices charged by suppliers and the cost of health care benefits for employees. Fifty-two percent of the owners in Louisville said health care costs had limited the raises given to workers.

Passing Lane

Commentary on Life in Kentucky

Estill Robinson



Left: Florida bloodstock agent J.B. McKathen, legendary trainer Bob Baffert and Goldolphin stable trainer Eoin Harty chat during the Keeneland September Yearling Sale. This year's sales set a record for the highest-grossing Thoroughbred sale ever at nearly \$325 million.

Below: Sheik Mohammed bin Rashid Al Maktoum and his wife, Princess Haya (right), meet at the Keeneland September Yearling Sales with Diana Cooper, a representative from Goldolphin stable. Sheik Mohammed, a United Arab Emirates native, owns

Keeneland's Yearling Sales Rebound to Set New Record

TOTAL sales exceeded \$324 million at Keeneland's yearling auction in September, breaking nearly every record in Thoroughbred sales.

Keeneland Yearling Sales

Year	Sales
2001	\$254,190,600
2002	\$210,809,000
2003	\$274,125,300
2004	\$324,904,300

The previous sales record at Keeneland was set in 1999 when \$317,666,000 were expended for 3,461 horses. Keeneland did not hold its July auction of premier horses in 2003 or this year.

"The overall economy of the United States plays a significant role in our industry. As the stock market goes up, so go equine sales," David Switzer, the executive director of the Kentucky Thoroughbred Association, recently said. Based on

Switzer's criteria, it looks like the 2004 economy is red hot.

Keeneland's record sales follow other good news for the Kentucky equine industry. A recent Jockey Club report indicates that the number of Thoroughbred foals conceived and born in Kentucky this year as of Sept. 9 had increased by about 12 percent. The higher number of foals



indicates that Kentucky's equine industry is recovering from the effects of Mare Reproductive Loss Syndrome.



New on the Block



Above: The new corporate headquarters building for Ball Homes and its real estate affiliate, Milestone Realty Consultants, was recently occupied. The new facility is located at 3609 Walder Drive in Lexington.

Left: The PM Partners \$12 million office building nears completion. Located at Preston St. and Main St. in Louisville, the 90,000-square-foot facility is being built by Bosse & Mattingly Constructors.