

Passing Lane

Commentary on Life in Kentucky

Anything, Please, But a Committee

FIXING Kentucky's finances will take a bit of courage. That's an ingredient that's been scarce lately in the state's politics. Case in point: Rep. Harry Moberly's January announcement that he and fellow legislators would push to extend the 2005 public-employee insurance plan for an extra six months to allow more time to study the system.



Gov. Ernie Fletcher

In other words, within a year the state will be right back to where it was in 2004 – staring down a massively expensive problem that Gov. Ernie Fletcher will once again have to take on single-handedly.

Meanwhile, the state could spend as much as \$1.178 billion next year on health insurance for teachers and state workers if the current benefits remain in place.

That's nearly \$780 million more than the program's price tag was last year, according to the state Department for Employee Insurance.

It doesn't take rocket science to know that the only way to stem rising costs (costs the cash-strapped government can't afford) is to make employees pay higher out-of-pocket fees. That's no fun for anyone, but it's the same fate millions of workers in the private sector around the country are facing. The answer is no different for government employees.

Unless, of course, you're more worried about your reelection than accomplishing anything.

Gov. Fletcher attempted to shift more costs to employees but was thwarted by predictable opposition and a lack of cooperation in Frankfort. When it fell to the legislature to fix the system, they caved to political pressure and actually exacerbated the crisis by increasing benefits in some areas.

So a bit of political hiding out will likely cost Kentuckians tens of millions of dollars that the state doesn't have, and has yet to produce a solution. That's pretty bold leadership.

U of L Outscores UK

A recent report by the National Association of College and University Business Officers on endowment assets placed the University of Louisville Foundation at 89th with \$544 million and University of Kentucky at 99th with \$488 million. The balance of each fund, based on change in market values, increased 16.8 percent and 18.6 percent, respectively, over the last year.

Snow Storm Ices Comair President

Randy Rademacher, Comair's 20-year veteran and president for five years, resigned after a computer failure during the holiday season caused nearly every flight at the Cincinnati/Northern Kentucky International Airport hub to be cancelled. The glitch resulted in an operating loss of \$20 million and a lot of unhappy airline passengers.

During his tenure, Rademacher helped grow Comair to over 1,100 daily flights to 116 cities. Evidently his successful long-term track record with Comair was not enough to save his job after Comair's credibility and reputation were tarnished.

New Chairman Caters to Democrat's Hunger for Victory

RECENTLY elected Democratic Chairman Jerry Lundergan plans to reverse a series of GOP victories by raising \$1 million to rebuild the Kentucky Democratic Party.

That's a positive step for a party that's nearly bankrupt and has gone through seven chairmen in the past three years. Lundergan has said the party's only financial resource is a \$100,000 line of credit that won't last long. Lundergan is experienced, having previously served as the party's state chairman in the early 1980s. A former state legislator and owner of Lundy's Catering, he is a focused business executive who will bring a shot of positive thinking and energy to the Democrats.

Lundergan is also savvy and his political timing could be good – the Democrat Party's fortunes are such that they will likely be on the rebound by Election Day in November 2006. Lundergan unfortunately carries some baggage – a no-bid state contract for a catering services scandal during the term of Wallace Wilkinson.

An editorial published by the Louisville *Courier-Journal* described Lundergan's selection as *hara kiri*: "The party's central committee stuck a knife in itself by choosing a scandal-scarred chairman." This negative response means the Democrat's operations must be squeaky clean, since the media will have no mercy if Lundergan creates even the perception of an impropriety.

This is Abramson Territory!

In a special commentary to Louisville voters, Louisville Mayor Jerry Abramson summarized the major issues on which his administration is focused:

Public safety, growing jobs, promoting education, enhancing quality of life, bringing Louisvillians together, and creating a partnership with residents of Jefferson County.

The tone of Mayor Abramson's comments sound like good political rhetoric. The irony is the mayor is delivering on his promises and looks like a good bet for re-election in 2006.

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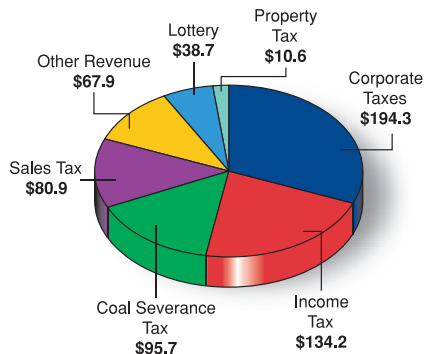


Revenues Up for Kentucky

BRAD Cowgill, Governor Ernie Fletcher's budget director, estimates that Kentucky's tax revenue increased by \$622.3 million this fiscal year.

Revised general fund revenues for the 2004 – 2005 fiscal year are estimated to be \$7.43 billion.

Source of Increased Revenue 2004-2005 Fiscal Year



Source: Governor's Office of Economic Analysis

Poachers Pluck Mussels from Licking River

THE *Cincinnati Enquirer* reports that sophisticated out-of-state scuba divers have been taking large numbers of washboard mussels from Northern Kentucky's Licking River.

The mussel can live up to 100 years and grow to the size of a dinner plate. When shipped to Japan, the shells are worth \$8 per pound. The poachers can collect up to 1,500 pounds of shells in a few hours. Pieces of the shells are inserted into oysters to create black cultured pearls.

Kentucky wildlife and game officials report that 17 arrests have been made over the last 24 months.

Fourteen species of mussels in Kentucky are on the endangered species list. Hopefully, the same will be true for the mussel poachers.

4,000 Miles Logged and Still Flipping

A 150-pound loggerhead turtle from the Newport Aquarium was released in the Atlantic Ocean off the coast of North Carolina last July. Based on a signal from a satellite transmitter attached to its shell, the loggerhead has traveled 4,000 miles and is now about 600 miles from the coast of Africa.

Perhaps Kentucky's General Assembly should pass a resolution making the loggerhead turtle the official mascot of this year's legislative session – slow but steady progress will be needed by our senators and representatives to pass a budget and tax modernization legislation.



Wealthy Americans Worry About 'Entitled' and 'Spoiled' Children

A recent study conducted by The Hubbell Group for PNC Advisors provided an insight into the attitudes of high net worth individuals.

A sampling of the nationwide survey:

A surprising number of people with \$10 million or more in investable assets have done nothing to protect their assets.

Fewer than half (46 percent) of survey respondents say that they have become happier as they have accumulated more money.

Half (49 percent) of survey respondents with children at home worry that their kids will grow up feel-

ing "entitled" and nearly as many (44 percent) believe their children are "spoiled."

While nine out of 10 respondents with children



agree that it is important for children to learn the value of money through hard work, half (50 percent) of these respondents say they do not believe kids today know the true value of a dollar.

More than half (53 percent) of survey respondents feel obligated to share the family's wealth with charitable causes, but the wealth-

iest are concerned about the details of their giving.

While having money today makes life less stressful, increased longevity has created new anxieties about financial security in the future.

When asked how much they needed to feel financially secure in the future, respondents consistently cited a need to approximately double their current level of assets.

More than half (58 percent) of survey respondents have never discussed the transfer of wealth with family members, and one in five (23 percent) who have plans feel no need to discuss them.

Reversal of Power in Louisville Metro Council

IT took 100 ballots for Louisville's Council to elect Democrat Barbara Shanklin its new president.

Shanklin replaced Republican Kelly Downard, who, during the last term, had pieced together a coalition of Republicans and Democrats to capture the president's gavel.

The Republicans lost not only the presidency, but also appointments of chairmen to key council committees.

Farm Bureau Grows to a Membership Record

DAVID Beck, executive vice president for Kentucky Farm Bureau, credits the bureau's recent growth to 446,436 members – a record – to various successful programs.

The bureau offers scholarships, discounts on services, and is Kentucky's largest property and casualty insurer.

Beck attributes the growth in insurance to new advertising campaigns targeted to property owners in urban and suburban markets.