

VISIONING KENTUCKY'S FUTURE

measures and milestones 2004



KENTUCKY
LONG-TERM POLICY RESEARCH CENTER

Visioning Kentucky's Future: measures and milestones 2004

KENTUCKY
LONG-TERM POLICY RESEARCH CENTER

PUBLISHED BY

KENTUCKY

LONG-TERM POLICY RESEARCH CENTER

111 St. James Court
Frankfort, Kentucky 40601-8486

2004

*printed with state funds
available in alternative forms upon request*

KENTUCKY

LONG-TERM POLICY RESEARCH CENTER

BOARD OF DIRECTORS

Dr. Paul B. Cook, Chair
Sen. Alice Forgy Kerr, Vice Chair

EXECUTIVE BRANCH

J. Andrew Hightower
Mary E. Lassiter
J. Brent Legg
Andrew V. McNeill

LEGISLATIVE BRANCH

Rep. John Adams
Sen. Walter Blevins
Sen. Lindy Casebier
Rep. Reginald Meeks
Rep. Steve Nunn

AT LARGE MEMBERS

Ron Carson
Betty Griffin
Daniel Hall
Jennifer M. Headdy
Robert Sexton
Marshall Slagle
Brian Van Horn

EXECUTIVE DIRECTOR

Michael T. Childress

preface

As part of its mission to advise and inform the Governor, the General Assembly, and the public about the long-term implications of trends and policies, the Kentucky Long-Term Policy Research Center presents the 2004 biennial trends report, the sixth in a series. In accordance with the Center's statutory requirements, this report is designed to inform policymakers and citizens about trends that are likely to influence the future of the state.

This report is organized around five sections: communities, education, economy, environment, and government. Within these five areas are 26 long-term goals derived from a citizen vision of the Commonwealth's future. The report also includes 103 benchmarks, trends, or indicators that are measures of the progress made toward each goal and the results of a statewide opinion poll that gauged citizen assessments of progress and the importance of each goal. This report should be of interest to all who believe in the importance of improving Kentucky's future.

KENTUCKY

LONG-TERM POLICY RESEARCH CENTER

The Kentucky Long-Term Policy Research Center was created by the General Assembly in 1992 to bring a broader context to the decisionmaking process. The Center's mission is to illuminate the long-range implications of current policies, emerging issues, and trends influencing the Commonwealth's future. The Center has a responsibility to identify and study issues of long-term significance to the Commonwealth and to serve as a mechanism for coordinating resources and groups to focus on long-term planning.

The Kentucky Long-Term Policy Research Center is governed by a 21-member board of directors that includes four appointees from the executive branch, six from the legislative branch, and 11 at-large members who represent universities, local governments, communities, and the private sector. In accordance with its authorizing legislation, the Center is attached to the legislative branch of Kentucky state government. The composition of its board, however, affords it functional independence and permits it to serve both the executive and legislative branches of government equally, as well as the public.

Michael T. Childress is Executive Director of the Center. Those interested in further information about the Kentucky Long-Term Policy Research Center should contact his office at:

111 St. James Court
Frankfort, Kentucky 40601-8486
800-853-2851 or 502-564-2851
ltprc@lrc.ky.gov

table of contents

preface	v
acknowledgments	ix
introduction.....	1
state of the commonwealth index	3
How the Index Was Created	3
Over a Decade of Progress, Kentucky Moves Up in Rank	4
Education Pays, the Economy Grows	5
Sustained Commitments to Education Key to Momentum	8
milestones in public opinion	11
Background	11
Trends in Public Opinion	12
Lost Ground	13
Conclusion	16
communities	17
Goal 1: Kentucky communities will be safe and caring places that enable all citizens to lead productive, fulfilling lives.	19
Goal 2: Kentucky’s communities and citizens will share responsibility for helping families succeed.	20
Goal 3: Kentuckians will have decent, safe, and affordable housing.	22
Goal 4: All Kentuckians will have access to affordable, high-quality, and comprehensive health care that stresses the importance of preventive care.	23
Goal 5: Kentucky communities will have high levels of trust and civic pride realized from broad citizen participation in their continuous development.	25
Goal 6: Kentucky communities will value and respect all individuals regardless of culture, race, ethnic background, religion, or gender.	26
education	29
Goal 7: Kentuckians will have an education system of lifelong learning that exemplifies excellence.	31
Goal 8: Kentuckians will have equal opportunity to obtain an internationally competitive education.	33
Goal 9: Kentucky’s children will come to school ready and able to learn.	34
Goal 10: Kentucky’s children will have safe, stable learning environments.	36
Goal 11: Kentuckians will promote partnerships among parents, schools, and communities to enhance the social and academic development of children.	38
Goal 12: Kentuckians will have opportunities to appreciate, participate in, and contribute to the arts and humanities and historic preservation.	40
economy.....	43
Goal 13: Kentucky will end poverty and alleviate its adverse consequences and debilitating effects.	45
Goal 14: Kentucky will have diversified long-term development that stresses competitiveness and a rising standard of living for all citizens while maintaining a quality environment.	47
Goal 15: Kentucky will benefit from participation in an integrated global economy.	49
Goal 16: Kentucky will maintain and enhance a strong farm economy through diversification, internal networks, and agricultural processing industries.	51
Goal 17: Kentucky will develop and enhance its physical infrastructure to support and sustain economic development and a high quality of life.	53
Goal 18: Kentucky will develop a state-of-the-art technological infrastructure that complements its learning culture and bolsters its competitive position in the world economy.	54
Goal 19: Kentucky will establish a fair, competitive, and responsible fiscal, tax, and regulatory structure.	56
Goal 20: Kentucky will create an entrepreneurial economy.	58
environment	61
Goal 21: Kentucky will protect and enhance its environment through the responsible stewardship of its natural resources and the preservation of its scenic beauty.	63
Goal 22: Individuals, communities, and businesses will use resources wisely and reduce waste through recycling.	65
Goal 23: Kentucky communities will foster and promote a high level of environmental awareness and pollution abatement.	67

government.....	69
Goal 24: Government at all levels will be accountable, open, participatory, and responsive to the changing needs of Kentuckians.	71
Goal 25: Kentucky will ensure a fair, equitable, and effective system of justice.	74
Goal 26: Citizens should continue to broaden their understanding of issues, play a role in the civic life of their communities, and recognize the enduring importance of their participation.	75
notes	77

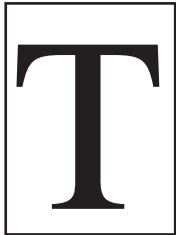
acknowledgments

The Kentucky Long-Term Policy Research Center extends its thanks to the many representatives of cabinets and agencies throughout state government who contributed so generously to this report. They, along with selected nonprofit and private entities, helped to make this a rich body of data about our state and the trends that are influencing the goals citizens have set for its future. We sincerely hope that citizens across the Commonwealth, as well as agencies throughout state and local governments, will find this compendium of data a useful tool and guide for the future.

As with all of the Center's publications and projects, this was a team effort. Michael T. Childress, Billie S. Dunavent, Suzanne King, Mark Schirmer, Michal Smith-Mello, and Amy L. Watts contributed in some way to this report, such as collecting data, writing sections, editing text, designing the cover and interior of the report, and executing the final layout.

While many individuals and agencies contributed to this project, the Kentucky Long-Term Policy Research Center takes full responsibility for the content of this document. We welcome all comments.

introduction



Those who have followed, read, and used the Kentucky Long-Term Policy Research Center's biennial trends reports since their introduction in 1994 will discover a number of changes in this edition. With the 2004 report, the Center follows tradition while presenting new information in new ways.

For this report, we have melded the trends report with *Visioning Kentucky's Future: Measures and Milestones*, a report we have produced in opposing years since 1998. We have chosen to merge these reports due to their similarities—both present data on trends; a lag in the availability of some benchmark data; the desire to make these data more accessible to both citizens and policymakers; and the need to use limited resources as wisely as possible. Like all Center products, this report is available in an electronic format at our Web site <<http://www.kltprc.net>>.

In its new form, we believe that the trends report will continue to provide important, timely trend data. History has shown that trends change little annually or biennially. Indeed, they seldom become noteworthy until the lines they have traced in our lives leave a trail so well defined that it can be followed and examined for answers and understanding. Only the rarest of events, September 11, 2001, for example, wields such a cataclysmic blow to our world that its effects are measurable and meaningful in the short- as well as over the long-term. In general, it is our history and the changes we see in the ways we live, work, and learn, that permits us to glimpse something of the future that lies ahead. Hence, we have collapsed these two reports into one in the interest of fulfilling our mandate to inform policymakers and the public about the trends influencing Kentucky's future in the most efficient, effective manner possible.

Readers will find that the following report examines the implications of our recent history from both the “big picture” and the “street-level” perspective, from the sweep of larger trends to the discrete detail of citizen opinion about the state's progress on an issue of importance.

For the first time, we introduce the *State of the Commonwealth Index*, a barometer of well-being in Kentucky. The index is the product of a comprehensive analysis of various comparative trend data for the years 1990 through 2001 that gauges Kentucky's overall progress and its current standing relative to the nation as a whole and as compared to 17 benchmark states with similar geographic, demographic, and economic characteristics.

We follow the index with a presentation of citizen perspectives on overall progress and priorities as derived from 2003 survey findings. The fourth in a series, the survey tracks public opinion on the state's progress on 26 major goals that have been the focus of the *Visioning Kentucky's Future* series since our first report in 1996. Our analysis of these survey findings includes a comparative ranking of these 26 goals by the level of importance citizens place on them and the progress citizens believe we have made.

Similarly, the subsequent chapters move from discussion of the larger trends influencing our lives to discrete measures of public opinion and trend or benchmark data that shows how much and how far Kentucky has progressed on measures for each of the 26 goals. The chapters follow the five elements of the citizen vision for the future first shaped in 1994:

We envision a future for the Commonwealth of Kentucky that unites us in common purpose and builds on the strengths of our heritage and our resources. We see vibrant, nurturing communities, lifelong, quality educational opportunities, a sustainable, prosperous economy, a clean, beautiful environment, and honest, participatory government at all levels.

Five of the subsequent chapters are organized around the central themes of the citizen vision and present data, often in the form of trend lines, that have served as benchmarks by which to measure progress on each goal. These measures often compare Kentucky to the nation and/or surrounding or similar states. In several instances, we present new data from recent surveys that provide a timely assessment of progress and, in selected instances, introduce some new measures designed to more accurately assess the

Commonwealth's progress toward realization of a goal.

In total, this melding of our biennial trends report and the visioning/measures report represents a fresh approach to two of the Center's mainstay publications. The report, we believe, preserves and expands the flow of widely used information while streamlining the vehicle for delivery. We hope that it proves to be a useful, useable resource for all who are interested in the future of our state.

state of the commonwealth index



here Kentucky stands relative to other states is often measured. Countless organizations, researchers, and government agencies routinely rank the state relative to other states and the nation as a whole. But such measures are inherently limited, as they generally offer only a partial glimpse of life in Kentucky.

For example, data from the Federal Bureau of Investigation (FBI) show that Kentucky had the seventh lowest crime rate in the country in 2002. Equally positive, the U.S. Census Bureau reports that Kentucky's homeownership rate ranked 13th among the states in 2002. But in that same year Kentucky ranked 43rd in the proportion of adults aged 25 and older who had attained at least a bachelor's degree. These data indicate that Kentucky is a relatively safe place to live with abundant opportunity for homeownership, but lacks a large population of educated adults. What these data do not provide is an overall portrait of life in Kentucky. That is, given its many strengths and weaknesses, does Kentucky provide a relatively high quality of life for its citizens? And how has this status changed over time?

Here, we offer an answer to these questions based upon a newly constructed index of quality of life in Kentucky. The State of the Commonwealth Index is a single number that summarizes Kentucky's overall quality of life relative to other states over time. Based on data for 1990 to 2001 derived from national surveys and studies of various indicators of well-being in the states, the State of the Commonwealth Index includes factors ranging from teen pregnancy, poverty, and voter participation rates to toxic releases to air, water, and land. Together, they form a data-driven index that offers a richer understanding of how we are faring now and how our status has changed relative to other states.

How the Index Was Created

The State of the Commonwealth Index combines 26 long-term quality of life indicators from 1990 to 2001,¹ including measures of community attributes,

education, the economy, the environment, and government (see Table 1).² The index uses summary statistical information about each indicator to construct a number ranging from 0 to 1000 that expresses how each state's measure compares with that of other states. The higher the score, the better a state ranks.³ The final index score is the average of five subindex scores based on the quality of life themes measured by the indicators. They include five subindexes: communities, education, the economy, the environment, and government. Scores range from 0 to 200 based on the equal weights given to each theme. In addition to comparing Kentucky with all the states, a second index was created comparing Kentucky with its peer states.⁴ This group of states includes those demographically, geographically, and economically similar in makeup to Kentucky; 17 states are included in this second index.⁵

While it is a comprehensive, data-driven index, caveats and other factors potentially may affect the outcome of its values. They include the choice of weighting scheme, the quantity and types of indicators included, and the inherent quantitative bias of the method. The framework used to construct the index was the result of 15 public forums held throughout Kentucky, culminating in a statewide conference in 1994, in which over 500 people participated. From these meetings a vision statement of Kentucky's future emerged that highlighted the five main themes used here to construct the subindexes. The weighting scheme reflects the values and priorities highlighted during these meetings.⁶ In addition, while countless quality of life indicators are available, those chosen reflect the values and ideals offered by Kentuckians as goals for the state's long-term future.

TABLE 1
The 26 Long-Term Quality-of-Life Indicators Used
in the State of the Commonwealth Index

Name	Description
<i>Communities</i>	
1. Crime Index	number of serious crimes reported to law enforcement per 100,000 persons
2. Employment Rate for Persons w/th Disabilities	percent of noninstitutionalized civilians with disabilities aged 25 through 61 who are employed
3. Homeownership Rate	percent of the total number of occupied households that are owner-occupied
4. Health Insurance Rate	percent of all people covered by private or government health insurance
5. Teen Birth Rate	number of births to girls aged 15 to 17 years old per 1,000 girls age 15 to 17 years old
6. Smoking Rate	percent of the population aged 18 and older who smoke
7. Charitable Contributions	average annual contributions deductions per total number of tax returns filed
<i>Education</i>	
8. High School Attainment Rate	percent of adults 25 to 64 years old with at least a high school diploma or equivalent
9. College Attainment Rate	percent of adults 25 to 64 years old with at least a four-year college degree
10. ACT Average Composite Score	state-level average composite ACT scores
11. 8th Grade NAEP Math Results	percent of 8th graders who scored at or above basic level on the National Assessment of Educational Progress Math Exam
<i>Economy</i>	
12. Per Capita Income	total personal income in constant 2000 dollars divided by total state population
13. Poverty Rate	three-year moving average of the percent of people living below the federal poverty level
14. Per Capita Gross State Product	total gross state product in constant 2000 dollars divided by total state population
15. Business Formation	number of establishments per 100 people
16. U.S. Patents	average annual number of U.S. patents issued per 10,000 business establishments
17. Home Computer Access	percent of people with access to a computer in their home
18. Internet Access	percent of people with access to the Internet anywhere
<i>Environment</i>	
19. Per Capita Air Emissions	total air emissions divided by total state population
20. Per Capita Surface Water Discharges	total surface water discharges divided by total state population
21. Per Capita Toxic Land Releases	total toxic land releases divided by total state population
22. Air Quality	percent of people who live in counties that meet standards for air pollutants
23. Water Quality	percent of state population served by community water systems with no health-based violations
<i>Government</i>	
24. State and Local Government Efficiency	number of state residents served per 100 state and local government employees, excluding education employees
25. Women in State Legislature	percent of total state legislature offices held by women
26. Voter Participation Rates	percent of the citizen voting-age population that voted in the most recent presidential election
<small>Note: The final index is weighted so that each of the five thematic categories (communities, education, economy, environment, and government) are equally weighted (i.e., 20 percent each).</small>	

That said, arguably many facets define quality of life that do not easily lend themselves to quantification, inherently biasing any index of this kind toward those that can be quantified.⁷ These caveats notwithstanding, the final form and methodology used here are reasonable given the objective, unbiased approach taken to reflect the values and ideals generally held by many Kentuckians.

Over a Decade of Progress, Kentucky Moves Up in Rank

Quality of life and well-being improved for Kentuckians as the State of the Commonwealth Index climbed six places from a rank of 46th nationally in 1990 to 40th by 2001. Table 2 shows the states ranked by their 2001 index scores, each one's corresponding 1990 rank by index score, and the net change in rank that occurred during the time period.

These data reveal that regional differences among the states did not change much during the 1990s. Those states that are "getting it right" tend to be located in the northeast and the midwest United States, whereas those states that ranked near or at the bottom all lie in the South, which has struggled to escape a legacy of poverty and undereducation. Inextricably linked, these weaknesses give rise to myriad negative, multigenerational outcomes. Furthermore, these extreme positions remained relatively static during the decade. The same top five states ranked by index score in 1990, remained there in 2001. Of the bottom five states, only Kentucky moved out of this category by 2001. Figure 1 shows the trajectory of Kentucky's progress in both indexes over the period. Improvement began early in the period, followed by several years of losing ground, and then a major jump in both indexes in 1998. Although Kentucky's path of progress has fallen

slightly since 1998, it has maintained its net improvement compared to 1990.⁸

In terms of progress, Kentucky ranked among the top 10, with only 7 other states climbing more places in rank than did the Commonwealth. Michigan increased the most in rank nationally, moving up 17 places, from 24th in 1990 to 7th in 2001. Utah declined the most in rank nationally, falling 12 places from 8th in 1990 to 20th in 2001. Kentucky's net change in rank exceeded the majority of states. Approximately 36 states saw a net change in rank of

five or fewer places in either the positive or negative direction.

Compared with its peers, Kentucky improved the most in rank. Table 3 shows that Kentucky moved up two places among its peer states from 12th in 1990 to 10th in 2001. This is the highest positive net change in rank for this group of states. Only Arkansas saw a comparable net change in rank, moving down two places from 11th in 1990 to 13th by 2001. The remaining states changed by only one position or not at all.

In spite of this progress, Kentucky maintains a “below-average” status based on either comprehensive measure. Ranked 40th of the 50 states, the Commonwealth falls well short of the national average. Kentucky compares relatively better among its peer states, ranking 10th of the 17 states, but still falls short of the average for this group. While the state continues to lag behind national and peer state averages, the considerable improvement in these two index scores over the time period strongly suggests that commitments made to improving the social and economic well-being of citizens of the Commonwealth are achieving their desired result. However, they have not been sufficient to achieve parity or overcome the well-established positions of other states, which continue to make their own gains.

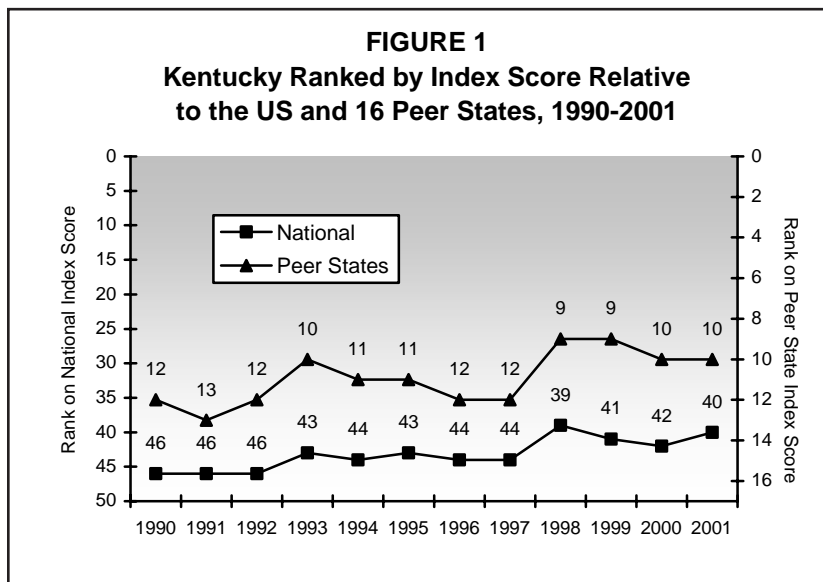


TABLE 2
Kentucky and the 49 States Ranked from Highest to Lowest 2001 and 1990 Index Scores with Change in Rank

State	2001	1990	Change in Rank	State	2001	1990	Change in Rank
Minnesota	1	4	+3	Ohio	26	27	+1
Connecticut	2	3	+1	Alaska	27	29	+2
New Hampshire	3	2	-1	Idaho	28	17	-11
Vermont	4	1	-3	Delaware	29	26	-3
Wisconsin	5	5	0	Hawaii	30	19	-11
Massachusetts	6	14	+8	Indiana	31	33	+2
Maryland	7	18	+11	Montana	32	21	-11
Michigan	7	24	+17	California	33	36	+3
Colorado	9	7	-2	New York	34	35	+1
Iowa	10	6	-4	Nevada	35	34	-1
South Dakota	11	22	+11	Florida	36	37	+1
Kansas	12	11	-1	Arizona	37	32	-5
Washington	12	11	-1	North Carolina	38	40	+2
Virginia	14	23	+9	Texas	39	39	0
Oregon	15	10	-5	Kentucky	40	46	+6
Wyoming	16	13	-3	Georgia	41	42	+1
North Dakota	17	9	-8	Oklahoma	42	38	-4
Maine	18	15	-3	New Mexico	43	43	0
Pennsylvania	19	28	+9	West Virginia	44	41	-3
Utah	20	8	-12	Tennessee	45	45	0
New Jersey	21	20	-1	Arkansas	46	44	-2
Missouri	22	25	+3	South Carolina	47	47	0
Nebraska	23	16	-7	Alabama	48	48	0
Rhode Island	24	31	+7	Mississippi	49	49	0
Illinois	25	30	+5	Louisiana	50	50	0

Education Pays, the Economy Grows

Kentucky improved its standing nationally and among its peer states in the majority of the 26 long-term quality of life indicators (see Table 4). The state made progress in 15 of the indicators both nationally and relative to the comparison states. Of the remaining indicators, Kentucky held steady on 3 and lost ground in 8 nationally, and 1 and 10, respectively, relative to its peer states.

Most of the indicators that declined or held steady in rank measured Kentucky's performance relative to other states in the areas of communities, the environment, and government. Kentucky declined in rank in all but one of the environmental indicators, two indicators of community attributes, and at least one of the government indicators relative to both the United States and the peer states. Among the education indicators, only one held steady over the time period nationally and declined relative to the peer states. None of the economy indicators fell in rank either nationally or relative to the 17 peer states.

Improvements in Kentucky's historically weak performance areas of education and the economy account for the majority of the progress shown here. The net growth in Kentucky's education and economy subindex scores from 1990 to 2001 represent approximately 70 percent of the growth in the state's overall index score among all the states and 80 percent among the peer states.

As evidence of Kentucky's woefully inadequate educational system, ruled unconstitutional by the Kentucky Supreme Court in 1989, the Commonwealth placed 47th among the 50 states and 14th among these peer states based on a ranking of the 1990 education subindex scores (see Table 4). By 2001, the education reforms that soon followed this ruling had been in effect for more than a decade, along with approximately four years of systemic reform at the postsecondary level.

Kentucky's education subindex over the same period advanced five places in rank to 42nd in the nation and four places to 10th among the peer states in 2001. A ranking of the states based on the indicator index scores shows that Kentucky held steady or improved in each one, with the exception of high school attainment rates relative to Kentucky's peer states.

Kentucky's National Assessment of Educational Progress (NAEP) Eighth Grade Math Exam scores improved the most relative to the remaining education indicators. The percentage of Kentucky eighth-grade students scoring at or above the basic level on the NAEP Math Exam increased from 43 percent in 1990 to 63 percent in 2001. A ranking of the states based on the NAEP index scores shows Kentucky

moving from 43rd in the nation and 12th among its peers in 1990 to 34th and 9th in 2001, respectively.

Improving economic conditions during this relatively prosperous period for Kentucky helped bolster the Commonwealth's standing nationally and among its peers. A ranking of the states based on each one's economy subindex score places Kentucky 44th of the 50 states and 13th of the 17 peer states in 1990. By 2001, the

Commonwealth climbed 7 places to 37th nationally and 4 places to 9th relative to its peer states. In a ranking of all the states and the peer states by indicator index scores in this area, Kentucky held steady at its 1990 rank or improved in every indicator in this area. The state made considerable progress toward reducing poverty and increasing access to information technology during this period. Kentucky's poverty rate fell from 17 percent in 1990 to 13 percent in 2001. Based on rankings of state poverty index scores, this decline in poverty translated into increases in rank over the same period of 11 places nationally and 4 places among Kentucky's peer states. Home computer access climbed 6 places nationally and 3 places among the peer states over this period, while the percentage of those accessing the Internet in the last year increased 15 and 7 places, respectively.

In terms of performance, Kentucky places relatively well among the states in the areas of communities, environment, and government compared to the areas of education and the economy, but compares less favorably in terms of progress.

	2001 Rank	1990 Rank	Change in Rank 1990 to 2001
Michigan	1	1	0
Virginia	2	2	0
Missouri	3	3	0
Illinois	4	5	+1
Ohio	5	4	-1
Indiana	6	6	0
Florida	7	7	0
North Carolina	8	8	0
Georgia	9	9	0
Kentucky	10	12	+2
West Virginia	11	10	-1
Tennessee	12	13	+1
Arkansas	13	11	-2
South Carolina	14	14	0
Alabama	15	15	0
Louisiana	16	17	+1
Mississippi	17	16	-1

TABLE 4
Kentucky Rankings by Subindex Scores and Indicator Index Scores,
2001 and 1990 and the Net Change in Rank, 1990-2001

Subindex or Indicator Name	National Index Rankings			Peer State Index Rankings		
	2001	1990	Change in Rank	2001	1990	Change in Rank
Communities	33	37	+4	7	11	+4
1. Crime Index	8	4	-4	2	2	0
2. Employment Rate for Persons with Disabilities	39	43	+4	8	12	+4
3. Homeownership Rate	13	31	+18	8	13	+5
4. Health Insurance Rate	23	26	+3	7	6	-1
5. Teen Birth Rate	33	36	+3	7	8	+1
6. Smoking Rate	50	49	-1	17	16	-1
7. Charitable Contributions	37	32	-5	14	13	-1
Education	42	47	+5	10	14	+4
8. High School Attainment Rate	47	47	0	16	14	-2
9. College Attainment Rate	40	45	+5	11	12	+1
10. ACT Average Composite Score	41	43	+2	9	11	+2
11. Grade 8 NAEP Math Results	34	43	+9	9	12	+3
Economy	37	44	+7	9	13	+4
12. Per Capita Income	40	44	+4	11	13	+2
13. Poverty Rate	33	44	+11	8	12	+4
14. Per Capita Gross State Product	41	41	0	12	13	+1
15. Business Formation	3	6	+3	2	5	+3
16. U.S. Patents	36	40	+4	12	15	+3
17. Home Computer Access	39	45	+6	9	12	+3
18. Internet Access	31	46	+15	6	13	+7
Environment	34	37	+3	10	10	0
19. Per Capita Air Emissions	43	38	-5	11	8	-3
20. Per Capita Surface Water Discharges	37	31	-6	9	8	-1
21. Per Capita Toxic Land Releases	38	14	-24	9	1	-8
22. Air Quality	25	18	-7	13	8	-5
23. Water Quality	29	46	+17	13	16	+3
Government	34	29	-5	8	7	-1
24. State and Local Government Efficiency	13	6	-7	5	3	-2
25. Women in State Legislatures	47	47	0	15	14	-1
26. Voter Participation Rates	31	34	+3	7	8	+1

Note: The indicator ranks are based on the index scores for each indicator used to calculate the final index score. An increase in rank, such as from 10th to 1st, signifies a positive increase in performance for that indicator regardless of what indicator it is. The last place ranking in smoking rate for Kentucky signifies that it has the highest adult smoking rate in the country, not the lowest. The index adjusts for the inverted nature of the original value so that it may be compared to and combined with the other indicators in a meaningful way.

Table 4 shows that, in general, Kentucky has performed relatively better in each of these three areas compared with its performance in the areas of education and the economy. Nationally, Kentucky's 2001 rank based on each of these three subindex scores exceeds its rank based on its education and economy subindex scores in 2001. This also holds true for Kentucky's performance among its peer states, with the exception of Kentucky's 2001 rank based on its environment subindex score. However, the state

improved in rank in only two of these three areas relative to the nation and in only one relative to the peer states. Kentucky's national and peer state ranks based on the communities subindex scores both increased four places. Kentucky increased three places in a ranking of the environment subindex score relative to all 50 states and held steady at 10th place in both 1990 and 2001 among its peers. In a ranking of the states based on the government subindex score, Kentucky dropped five places nationally and one place among its peers.

Sustained Commitments to Education Key to Momentum

The State of the Commonwealth Index shows that Kentucky made great strides in improving quality of life in the state relative to the nation and its peer states between 1990 to 2001. The index is a single number that summarizes Kentucky's performance relative to other states in 26 long-term indicators of well-being, including measures of community attributes, education, the economy, the environment, and government. Using this measure to rank the states, Kentucky falls short of the national average and just below the average quality of life found in its peer states, but it improved its position considerably over the period. Only seven other states nationally climbed more places in rank than did Kentucky, and none of its peer states improved in rank more than did the Commonwealth.

As quality of life steadily improved in Kentucky throughout this time period, a consistent corollary to this growth was the state's commitment to improving its education system. The economic situation waxed and waned with fluctuations in the business cycle, but the state did not waver from policy initiatives taken to provide high-quality education for all Kentuckians. Vibrant communities, a beautiful environment, and honest participatory government remained characteristic of the quality of life found in the state but showed little to no growth, while dramatic growth occurred in the area of education and, in turn, overall quality of life.

Education pays—and everyone knows it. Research confirms what common sense suggests: more education is generally associated with greater earnings capacity.⁹ But the higher standard of living gained by a more educated populace involves much more than the obvious economic rewards. A range of other societal benefits accrue, from better health to increased volunteerism.¹⁰ In general, more education relates to higher incomes and lower poverty. Other benefits include increased access to and use of information technology and increased entrepreneurial activity, such as business formation and the patenting of new ideas and inventions. Beyond these economy-related outcomes are increases in voter participation rates, greater interest in the arts and other cultural activities, declines in crime, and lower reliance on public assistance programs.

These relationships help illustrate the importance of education as the foundation upon which quality of

life is built. In the midst of cyclical downturns and slow-growth areas, the Commonwealth built momentum in closing the quality of life gap between itself and other states from 1990 to 2001, but much work remains before the state can claim parity with the rest of the nation and its peer states. An underlying constant across this period was Kentucky's commitment to education, from which many benefits accrue. Whether the state maintains this momentum in coming years will depend on its level of dedication to the policies and goals that brought it this far, most importantly providing a high-quality education *at all levels* for all Kentuckians.

Notes

¹ 2001 is the last year for which we have data for all the indicators and all the states.

² For further information on the indicators and their sources please see <<http://www.kltprc.net/stateofthecommonwealthappendix.htm>>.

³ The indicators were standardized to facilitate comparison among them and the combination of them into one summary statistic. By transforming all outcomes to Z-scores, with the same mean (0) and standard deviation (1), each indicator was able to be compared and combined using a common yardstick. Although the use of standardized outcome measures provides a common yardstick with which to compare and combine the different indicator measures, it still is not completely satisfying for the purpose of presentation. This drawback is attributable to the fact that standardized outcomes can indicate only the direction and number of standard deviations of the difference between the given score and the mean score for the particular outcome. In contrast, the probability values associated with the standardized outcome scores represent a measure with more intuitive appeal. They range from 0 to 1 or, in this case, from 0 to 1000, with an average of 500. These values were derived directly from the Z-scores, using a cumulative standard normal distribution. For example a Z-score of 0 equals a probability of 50 percent or, here, an index score of 500. Conceptually, the result represents the percentile ranking of the Z-scores, and it indicates the extent to which the state performed well or poorly relative to the other states included in the calculation of the index.

For example, using per capita income, the first step in this method is to calculate the mean and standard deviation across all the states for a particular year. In 2001, Kentucky's per capita income was \$24,190. The mean and standard deviation across all 50 states for that year were \$28,416 and \$4,537, respectively. The Z-score was calculated as $(\$24,190 - \$28,416) / \$4,537$, which equals a value of -0.9. The probability value for this Z-score value is 0.176. This value was then multiplied by 1000 to obtain 176—Kentucky's per capita income index score for 2001 relative to the nation. The economy subindex score was then obtained by calculating the average of this score and the six other indicators included in this quality of life theme. Upon calculation of this score, the final index score was the average of each of the five subindex scores.

⁴ For further information on how these states were selected please see <<http://www.kltprc.net/stateofthecommonwealthappendix.htm>>.

⁵ The peer states include Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Louisiana, Michigan, Mississippi, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Virginia, and West Virginia. Including Kentucky, the total number of states used in calculating this index is 17.

⁶ Choosing a weighting scheme can be problematic in that any one chosen inherently makes assumptions about the relative importance of the indicators and imposes those assumptions on the final calculation. For example, weighting the indicators equally in the index imposes the assumption that those themes with more indicators are more important than those with fewer indicators. In this case, Kentucky is again ranked 46th in 1990 based on a ranking of the national index score and increases to 39th in 2001, as opposed to 40th in the weighting scheme used here. Attempts to resolve this situation compels the researcher to make judgements about the relative importance of the indicators and themes, which then biases the final outcome. For instance, weighting education more than the other four themes and ranking the states based on this new index score leads to the same ranks attained upon ranking the states based on the education subindex score. Carrying this notion further and assuming that college attainment is the most important indicator of quality of life, would lead to an index ranking that matches the results found when ranking the states based on this indicator index score. These are just a few examples of the possible weighting schemes that could be used to calculate the final index score and what the final outcomes would be if the weights are taken to an extreme, such as one theme or indicator being dominant in the final calculations. In the end, the results based on the more impartial weighting schemes are comparable and not that different from each other. In addition, the index score would only be able to be as great as any single indicator in extreme situations. And finally, these all require a certain subjectivity and judgement of the relative importance of each indicator. The current weighting scheme does not avoid this inherent bias, but instead draws upon the input of a multitude of people throughout the state rather than a few.

⁷ It is important to note that the indicators chosen here are simply that—they *indicate* certain notions of what constitutes a high quality of life. There are complicating factors that detract from complete and perfect measurement of the qualities represented here. For instance, state government efficiency is imperfect in that a pure interpretation of its definition indicates that one person offering services at the levels of state and local government would be the most efficient outcome. However, this measure assumes that, all other things equal, less state and local government workers serving more state residents is more efficient. That is, the quality of services offered remains the same as efficiency increases. Nevertheless, in this era of constrained resources and higher productivity in the face of technological advances, we believe this indicator reasonably captures the notion of efficiency in the services offered at the levels of state and local government.

⁸ For further information on the index scores please see <http://www.kltprc.net/stateofthecommonwealthappendix.htm>.

⁹ See for example: Gary Becker, *Human Capital* (1964; New York: National Bureau of Economic Analysis, 1975); Mark C. Berger and Dan Black, *The Long-Run Economic Impact of Kentucky Public Institutions of Higher Education* (Lexington, KY: University of Kentucky Department of Economics, 1993).

¹⁰ See for example: Amy Watts, *Education and the Common Good: Social Benefits of Higher Education in Kentucky*, Kentucky Long-Term Policy Research Center, Frankfort, Kentucky, 2001; Richard A. Krop, *The Social Returns to Increased Investment in Education: Measuring the Effect of Education on the Cost of Social Programs* (Santa Monica, CA: RAND Graduate School, 1998); Georges Vernez, Richard A. Krop, and C. Peter Rydell, *Closing the Education Gap: Benefits and Costs* (Santa Monica: RAND 1999).

milestones in public opinion

Now in its eleventh year, *Visioning Kentucky's Future* was launched by the Center in 1993. Like similar projects around the nation, it sought to monitor state progress on key long-term goals. Importantly, this biennial progress report also measured public opinion on the progress and importance of goals for our state.

Specifically, since 1998, the Center's *Measures and Milestones* reports have included results from state-wide surveys conducted by the University of Kentucky Survey Research Center. The surveys sought public opinion about how far the state has progressed on each of 26 long-term goals and how highly citizens value each goal. Each survey asked respondents if we, the Commonwealth of Kentucky, are *making progress, standing still, or losing ground* on each goal.

Today, these survey results permit the Center's analysts to examine responses over time to learn more about the relationship between the value citizens assign to goals relative to their perceptions of progress.

Background

During the developmental stages of the *Visioning Kentucky's Future* project, the Center sponsored a series of public forums across the state. These "town meetings" provided unprecedented opportunity for citizens of the Commonwealth to share their views on goals for the future of the state. Indeed, some of those long-term goals, citizens hoped, would be realized by now, more than a decade after the project was launched.

Following the forums, the hundreds of citizen responses the Center received were methodically sorted, categorized, and distilled into a vessel we have come to know as Kentucky's vision statement. Its language embraces the scope of issues citizens raised and offers a sweeping vision to inspire and guide us for years to come. Broadly inclusive, the vision statement focuses on five issue areas that have consistently formed the framework for the Center's *Visioning* reports:

- *vibrant, nurturing communities*
- *lifelong, quality educational opportunities*
- *a sustainable, prosperous economy*
- *a clean, beautiful environment, and*
- *honest, participatory government at all levels.*

Each of these elements of the vision statement implied that a number of discrete, long-term goals would have to be realized in order for the state to achieve these ideals. To help gauge our progress and facilitate the realization of the vision, 25 long-term goals were carefully crafted by the Center's Board of Directors in the months following the public forums. Each goal, it was hoped, would reflect the many citizen expressions of hope for our shared future.

To measure progress on each goal, indicators or benchmarks also were developed. The selected measures were based on research into ongoing benchmarking processes in other states, as well as reviews of the many strategic planning processes underway by public, private, and nonprofit organizations all across Kentucky.

The vision statement, the goals, and the benchmarks were then vetted extensively both in written materials that were mailed to a large audience and discussed and circulated at successive Center conferences. Policy experts were also given extensive opportunity for review and comment on the language of the goals and the benchmarks selected to measure progress.

Then, as now, it was recognized that our priorities and the goals they imply, as well as the tools available to us for measuring progress, would change over time. For example, it quickly became evident that entrepreneurship was emerging as an

economic growth and that our economic success would, in part, be determined by the energy emanating from this component of our economy. Thus, a goal was added and benchmarks were developed to measure the state's progress toward its realization. Similarly, a legislative leader wisely noted that measures of our success in achieving caring communities necessarily must include some indicator about the well-being of older citizens. Thus, a new benchmark was added. In this report, followers of the *Measures* series will find that a number of benchmarks have been refined or replaced in an effort to more accurately assess progress.

Since its inception, the series of reports that issued from the Visioning Kentucky's Future project has been integrated into the work of public and private organizations across the state. They have shaped the organizing framework for dozens of groups who share the common goal of improving their communities and establishing priorities in their work. In several instances, they have helped other states form their own visioning processes.

Trends in Public Opinion

As part of the project, the Center has been conducting a series of biennial public opinion surveys since 1998 to determine where Kentuckians think we stand in regard to progress. Each survey has asked respondents if we are *making progress*, *standing still*, or *losing ground* on each of the 26 core goals.¹¹ The responses have enabled the Center to analyze citizen perspectives on the goals and draw conclusions about the relative importance they assign to them as well as the progress they believe we have made.¹²

This series of surveys now provides four data points in time that offer us some perspective on shifts in public opinion, but, perhaps more importantly, on the constancy of public perceptions about critical issues. That is, these surveys show us what public issues have remained foremost in the minds of Kentuckians as vital to our future and how well they believe the state has performed in addressing them.

Consistent patterns have emerged among the five broad categories of goals implied by the vision statement. For example, public opinion on the progress of education has improved substantially over the life of these surveys. In short, citizens see progress on five of the six education goals, including and perhaps most importantly, *an excellent system of lifelong learning*, which has moved from ranking 14th in terms of

progress in 1998 to 5th in 2004 (see Table 5). Likewise, *children who are ready, able to learn* initially moved slowly from 19th in 1998 to 15th in 2002, then leapt to 7th in 2004, signifying an increasingly positive perspective on the progress of education reform and early childhood programs in the state. Only the goal of an *internationally competitive education* has not registered noteworthy movement, but it has consistently remained in the top half of the goals in regard to progress.

On individual goals, we find that Kentuckians have held unwavering opinions on both the progress and the importance (see Table 5) of certain issues across the entire time period we have examined. For example, when we weigh the importance citizens assign to these goals, we find that *safe and caring communities*, *accessible, quality health care*, and an *excellent system of lifelong learning* have remained among the top three issues in every year but 2002 when *responsibility for family success*, which has been ascending in importance, made its way into the top three.

In regard to opinions about our progress, citizens have ranked *accessible, quality health care*—an issue they regard as being one of the most important to our state's future—last in terms of progress on every survey conducted by the Center (see Table 5). Conversely, *arts opportunities* and *environmental protection* ranked at the top of the two most recent surveys and near the top in the preceding two in terms of progress, but the *arts* consistently rank at or near the bottom in the public's assessment of their relative importance. Environmental protection ranks more highly, in the middle tier of priorities (17th on the 2004 survey), possibly in response to the visibility of environmental issues at the time of the surveys.

Similar schisms can be seen between the importance assigned to other goals and perceived progress. For example, the lofty goal *end to poverty and its effects* has consistently ranked highly in importance, as high as 4th in 1998 and 7th on the 2004 survey. As with health care, however, citizens see little progress. Indeed, the progress ranking has fallen from 21st in 1998 to 25th on the most recent survey. Similarly, *open, responsive government* has consistently ranked highly in importance (6th on the 2002 and 2004 surveys and 7th on the preceding surveys) but registered its lowest level of progress at 24th this year. Likewise, *broadly beneficial development* has ranked 8th in importance on the last 3 surveys but has fallen from

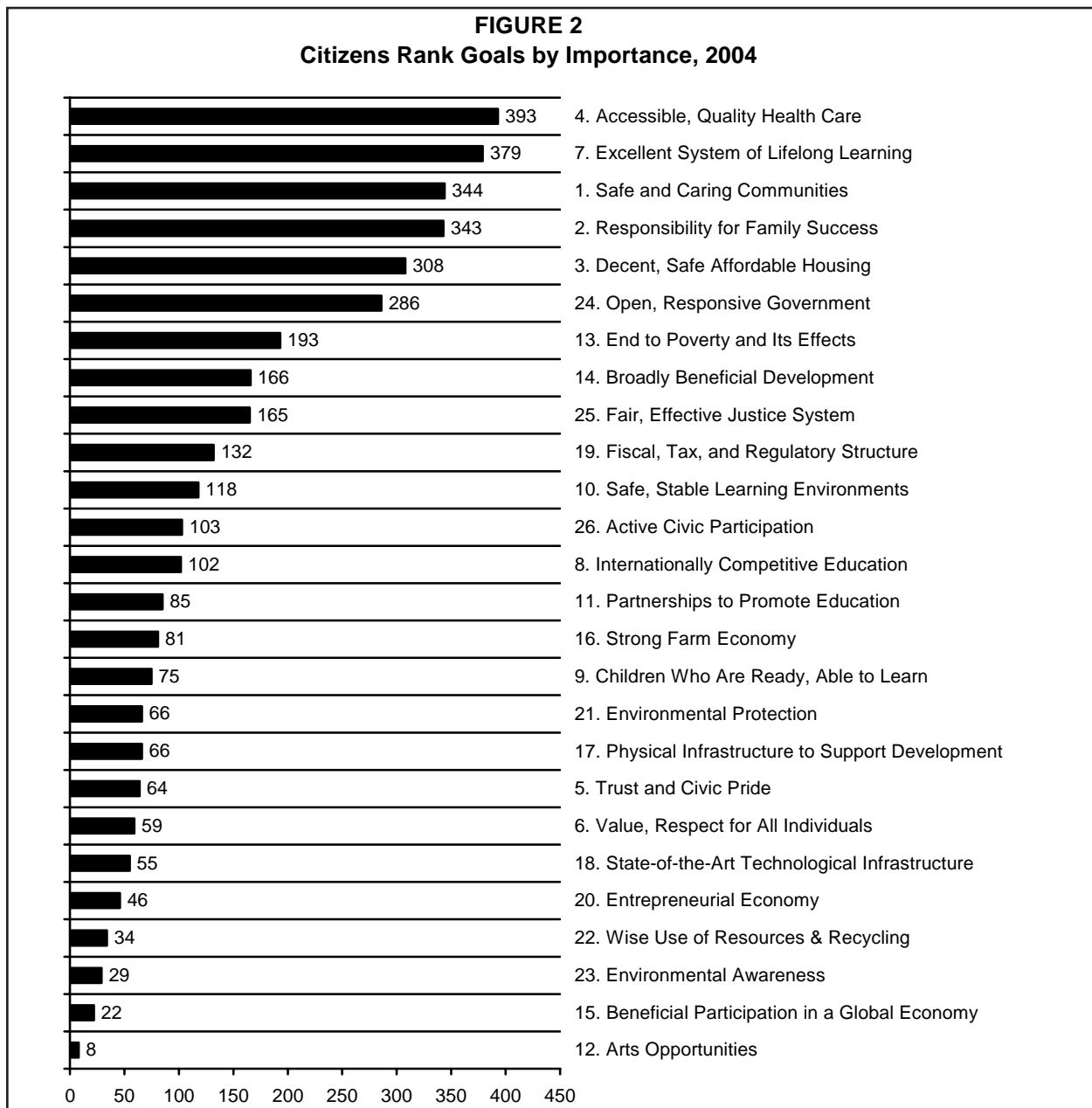
15th to 22nd in progress, suggesting that the Kentucky economy may not be generating the types of benefits citizens believe it should. At 10th in terms of importance in 2004, progress on our *fiscal, tax, regulatory structure* has ranked near the bottom in terms of progress for some time in the public mind (23rd in 2004).

Also noteworthy is the pattern of public opinion on the goal of *beneficial participation in a global economy* which has fallen from the highest-ranking goal in terms of progress in 1998 to 15th in 2004. Its importance, however, has consistently turned up near the bottom across the surveys (25th on all but the

2000 survey when it ranked 24th). Thus, these responses suggest that Kentuckians either do not see the potential for benefits from participation in the global economy or they view the realized benefits as inadequate.

Lost Ground

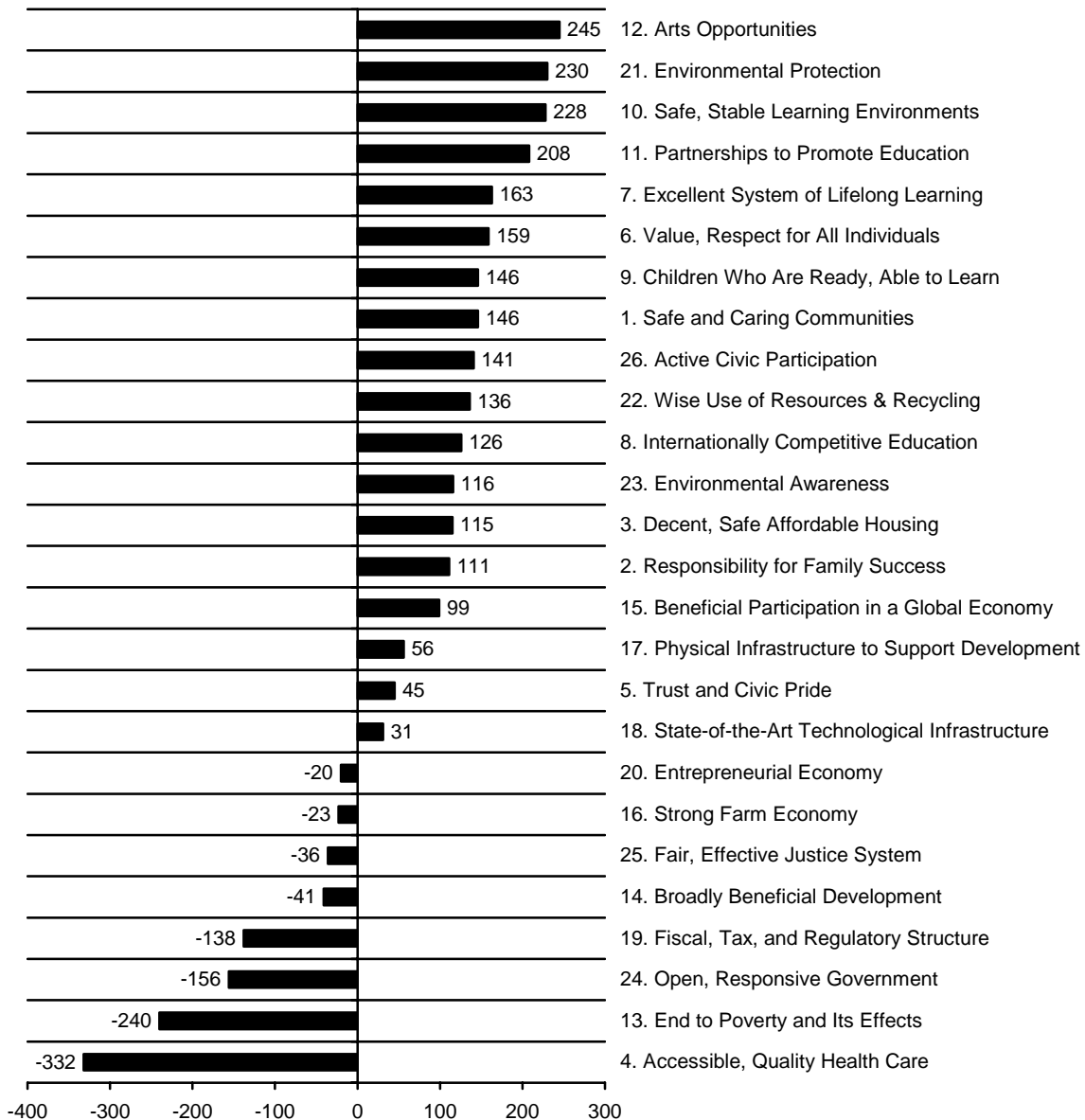
Our most recent survey results show a reversal of what had been a steadily improving profile of public perceptions about progress toward realization of the goals that emanate from the vision statement.¹³ Specifically, the number of goals for which respondents indicated the state was losing ground declined



from seven in 1998 to six in 2000 to just three in 2002. The 2002 responses were remarkable in that the survey was in the field immediately before and after September 11, 2001, yet it showed continued optimism. In 2004, as shown in Figure 3, eight goals fell into losing ground territory, signaling the perception of decline on a number of goals. Additionally, more respondents said the state was losing ground or standing still on these goals than said it was making progress.

Pessimism about health care, which citizens consistently rank among the most important issues for the state's future but last in terms of progress, was remarkably acute. This deepening pessimism about our progress on this key issue was most likely influenced by widely reported and widely felt increases in the cost of health care and health insurance and the resultant increases in uninsured citizens. While many indicators are on a hopeful trajectory, lingering uncertainty about the economy is directly linked

FIGURE 3
Where Citizens Think We Stand, 2004



to perceptions about the future of health care in America. Losing ground responses increased 27.6 percent on the 2004 survey compared to the 2002 survey, but the score on this goal alone was 76 percent lower than that received just two years earlier, suggesting that public opinion on the severity of problems associated with health care became far more negative in a relatively short span of time.

Kentuckians also registered higher levels of pessimism about the progress of entrepreneurship, which remains a vital engine for jobs creation in a state that relies on small businesses for much of its employment, and the strength of the farm economy, which has been severely undermined by the precipitous decline of burley tobacco. Citizens also expressed doubts about the progress of *broadly beneficial de-*

TABLE 5
Goals Ranked by Progress and Importance

Goal	Progress Rank				Importance Rank			
	1998	2000	2002	2004	1998	2000	2002	2004
<i>Kentuckians envision:</i>								
<i>vibrant, nurturing communities</i>								
1. Safe and Caring Communities	17	12	5	8	2	3	1	3
2. Responsibility for Family Success	16	15	14	14	10	13	2	4
3. Decent, Safe, Affordable Housing	11	7	12	13	8	6	5	5
4. Accessible, Quality Health Care	26	26	26	26	3	1	3	1
5. Trust and Civic Pride	10	19	18	17	22	23	16	19
6. Value, Respect for All Individuals	13	11	16	6	15	16	15	20
<i>lifelong, quality educational opportunities</i>								
7. Excellent System of Lifelong Learning	14	8	6	5	1	2	4	2
8. Internationally Competitive Education	12	10	10	11	11	10	14	13
9. Children Who Are Ready, Able to Learn	19	16	15	7	13	9	10	16
10. Safe, Stable Learning Environments	23	20	4	3	6	4	7	11
11. Partnerships to Promote Education	3	5	3	4	14	12	18	14
12. Arts Opportunities	4	2	1	1	26	26	26	26
<i>a sustainable, prosperous economy</i>								
13. End to Poverty and Its Effects	21	24	25	25	4	5	9	7
14. Broadly Beneficial Development	15	17	19	22	5	8	8	8
15. Beneficial Participation in a Global Economy	1	4	8	15	25	24	25	25
16. Strong Farm Economy	25	22	21	20	17	15	17	15
17. Physical Infrastructure to Support Development	9	13	17	16	19	17	21	18
18. State-of-the-Art Technological Infrastructure	5	6	13	18	20	22	20	21
19. Fiscal, Tax, and Regulatory Structure	20	25	24	23	9	14	12	10
20. Entrepreneurial Economy	18	18	20	19	21	25	23	22
<i>a clean, beautiful environment</i>								
21. Environmental Protection	6	1	2	2	12	18	13	17
22. Wise Use of Resources & Recycling	2	3	9	10	24	21	22	23
23. Environmental Awareness	7	9	11	12	23	20	24	24
<i>honest, participatory government at all levels</i>								
24. Open, Responsive Government	22	23	23	24	7	7	6	6
25. Fair, Effective Justice System	24	21	22	21	16	11	11	9
26. Active Civic Participation	8	14	7	9	18	19	19	12

velopment, again suggesting dissatisfaction with the quality of jobs being created in the state. Too, the responses may in part be indicative of a lack of confidence in the development strategies being used to lure jobs to the state.

Also clearly related to the health of our economy, the score assigned to respondents who indicated that Kentucky was “losing ground” on the goal of *ending poverty and its effects* increased 145 percent between 2002 and 2004. This goal ranked 25th, as it did in 2002 and 1998 in terms of progress. In 2000, it also ranked near the bottom at 24th, ahead of goals for our *fiscal, tax, and regulatory structure* and *accessible, quality health care*.

Our results also suggest a high level of concern about the progress of justice and the health of government in the Commonwealth. *Open, responsive government*, which ranked 24th overall in progress in 2004, moved from having a foot in positive territory in 2002, when the positive “making progress” responses outweighed the negative or “losing ground” responses by a slim margin of 6, deeply into negative territory. In 2004, 284 respondents said Kentucky is “losing ground” on this highly valued issue, resulting in a score of -156. To a significantly lesser extent, respondents also registered dissatisfaction with the progress of a *fair, effective justice system*, as “losing ground” responses outweighed “making progress.” Overall, our tally showed +54 responses in 2002 compared to -36 in 2004.

Conclusion

As shown in Table 5, the priorities of Kentuckians have remained fairly constant over the life of these surveys, indicating that core issues remain of utmost importance to citizens of the Commonwealth. Likewise, their perceptions of progress in many of the areas they value most remain quite negative.

Too, the nation’s slow and unsteady emergence from the economic doldrums of the early 2000s, the

rising costs of living that have cut deeply into household incomes, and an element of dissatisfaction with government likely contributed to an overall loss of progress in the public mind.

Importantly, the notable exception remains education. Here, citizens of the Commonwealth exhibit confidence in the progress we are making on virtually every education goal. The general consensus found on education suggests that the path of education reform and the measurable outcomes it is achieving are perceived in the positive light of progress. Indeed, because Kentuckians have seen measurable progress on many of our education goals, some have declined in the importance assigned to them. In short, citizens express confidence in the path we have taken; therefore, urgency as signified by importance has abated somewhat, just as, from the outset, citizens placed less importance on environmental goals while indicating that they perceived some of the state’s most significant progress as having been made in these areas.

The economy, cornerstones of good government, and critical elements of strong communities, however, remain issues of considerable concern. In short, Kentuckians view these as critically important goals, yet see fewer signs of progress than in the past.

Notes

¹¹ We gave +1 point to each goal that a respondent felt was “making progress” and -1 point to each goal believed to be “losing ground.” A response of “standing still” received no points. For example, Figure 3 shows Goal 12 with 245 points, more than any other goal. This is the sum of +1 multiplied by 344 “making progress” votes, -1 multiplied by 99 “losing ground” votes, and 0 multiplied by 288 “standing still” votes.

¹² We gave three points to the goal each respondent listed as the *most* important, two points to the goal each respondent listed as the *second most* important, and one point to the goal each respondent listed as the *third most* important. In this way, we can rank each of the goals by points to determine which goals are deemed most important.

¹³ The surveys were mailed in August 2003 and the survey was closed in November 2003. The Center received a total of 761 eligible responses.

communities

The strength of our communities is a measure of who we are and what we value, from the compassion and generosity we show one another to the provisions we make for those who are less fortunate.

The web of relationships among family, neighbors, and friends, and the institutions on which they rely for protection, care, support, and opportunity determines the health of our communities. From hospitals, child care centers, and schools, to churches, civic groups, and soccer leagues, the capacity of community institutions to bring people together in common purpose is indicative of its fundamental well-being. Further, as the strongest among them have demonstrated time and again, thriving communities welcome and support new and established businesses. In turn, their owners typically lead countless efforts to improve quality of life for all.

“Social capital,” the glue that holds us together, social scientists have long been showing and telling us, elevates quality of life in the places where we live and, ultimately, makes people wealthier. In short, giving to and sharing with the larger community, becoming engaged in its life, can produce extraordinary results over time.

Community matters very much to Kentuckians. The surveys we discuss in “Milestones in Public Opinion” offer scientific validation of how highly Kentuckians value community and all it entails. Indeed, four of the six goals for communities ranked in the top five in both 2002 and 2004 in terms of importance to our state’s future. They are: building safe and caring communities; providing affordable, high-quality health care to all; helping families to succeed; and ensuring that decent, affordable housing is available to all. For Kentuckians, these are among the most important goals we can achieve as a people.

Our way of life reveals much about why we value community so highly. We are, by many accounts, a neighborly people. Some would argue that this intangible but invaluable quality relates to our historic

relative lack of wealth and the interdependence that survival demanded of so many Kentuckians. At the same time, rural life, which still characterizes the way we live throughout much of our state, compels us to rely more heavily on one another. As a rule, we know our neighbors throughout much of Kentucky, and we rely upon them in times of need. Literally and figuratively, neighbors look to one another for the tool they need to get a job done or the shared strength to shoulder a burden too heavy to bear alone. This enviable quality compels many native Kentuckians to return to the welcoming arms of their homeplaces when they reach the ends of careers in distant places. Still others leave behind more lucrative jobs and so-called “amenity-rich” places for the ultimate amenity, the gentleness and kindness we find in abundance here in Kentucky.

Kentuckians have indicated that they recognize and value the networks of support that enable families to succeed, as they rank this goal among the most important for the future of our communities and our state. We examine our progress here in light of the quality of care Kentuckians believe the elders and children in their families receive. Too, we return to reports of child abuse and the incidence of teen pregnancies as indicators of the failure of community support systems. Both are proven determinants that greatly increase the likelihood that children will be consigned to marginalized lives.

Healthy communities, citizens of the Commonwealth assert, extend the enviable qualities of neighborliness to all, regardless of their ethnicity, race, religion, background, or gender. As our state offers a growing number of international immigrants a new home, we are reminded of the need to remain ever vigilant in our efforts to ensure that all who live

among us are valued as people, extended their due respect, and spared the ugliness of prejudice. Here, we revisit data on opportunity and fairness for minorities, women, and persons with disabilities to determine if we are upholding the central tenets of democracy, as well as the laws of simple human decency.

Fundamental to the relative health of our communities is the sense of safety most of us enjoy in our own homes, in spite of the looming threats of crime, war, and terrorism in our larger world. Crime rates remain quite low here relative to most other states, contributing to the sense of security most Kentuckians feel in their homes.

Like most Americans, however, some of the fundamental elements of financial and personal security have been eroded in recent years. Most notably, health care has become less affordable and thus less accessible. While Kentucky's uninsured rate has been somewhat lower than the national average in recent years, more than half a million Kentuckians number among the uninsured at any given time, perhaps many more. Beyond the small sample collected annually by the Census Bureau, which provides a statewide

estimate, we can say little with specificity about the uninsured of our state. We do, however, know with some certainty that the vast majority of the uninsured number among the working poor, a category into which many Kentuckians fall.

In spite of the enormous growth in home ownership that has come with record low interest rates, affordable housing remains at a premium for many. Some fear that rising interest rates will push many Americans who have assumed too much credit risk into bankruptcy. As with health care, diminishing federal resources threaten the monies that presently help finance housing options for the poor.

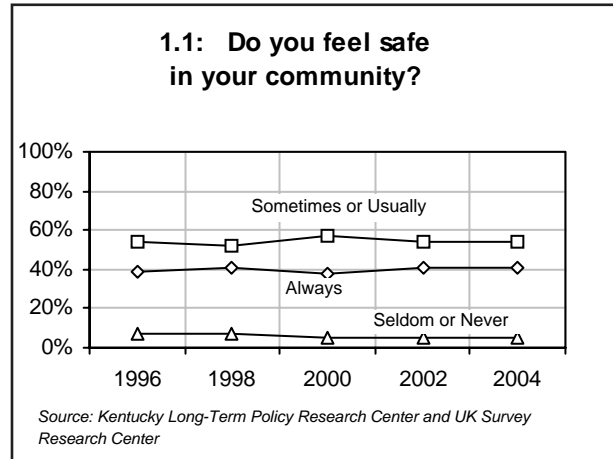
Finally, great communities enjoy high levels of trust and civic pride that arise out of the riches that come from broad citizen participation. Kentuckians place this intangible sense of community well-being in a mid tier of goals both in terms of progress and importance, ranking many of the more tangible strengths of community higher on both measures. Nevertheless, Kentuckians give generously, volunteer in significant numbers, enjoy high levels of trust, and express pride in their communities, a remarkable achievement by any measure.

Kentucky communities will be safe and caring places that enable all citizens to lead productive, fulfilling lives.

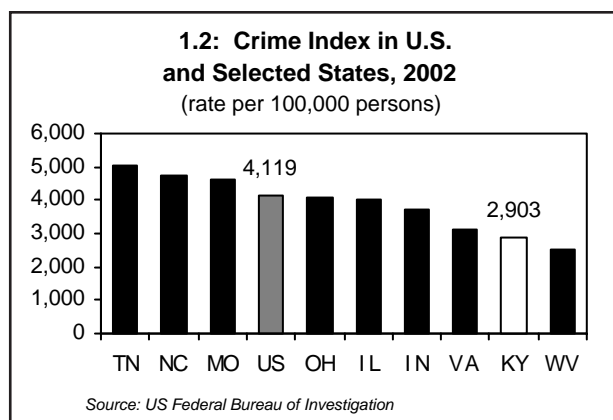
Despite a shift in perceptions possibly linked to 9/11, citizens rank this fundamental goal eighth in terms of our progress. Moreover, citizens assign great importance to Goal 1, ranking it third overall.

	1998	2000	2002	2004
Making Progress	38%	38%	47%	39%
Standing Still	35%	39%	38%	41%
Losing Ground	27%	23%	15%	19%

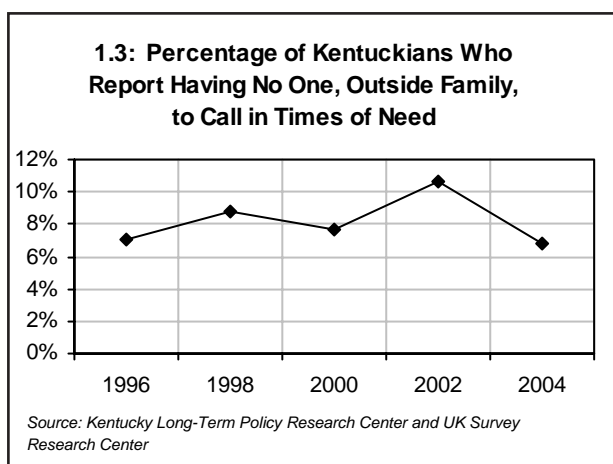
1.1 Personal Safety. Five statewide surveys conducted in the Spring of 1996, 1998, 2000, 2002, and 2004 track a fundamental measure of the health of Kentucky communities—how safe individuals believe they are in the places they call home. On average, 40 percent of Kentuckians have reported that they always feel safe in their communities, testament to an enviable quality of life by any measure. At the same time, only about 6 percent of Kentuckians, on average, have reported that they seldom or never feel safe in their communities. The strong sense of personal safety that most citizens enjoy is undoubtedly tied to the enduring rural way of life that remains here and the no-locked-doors sense of well-being that low crime rates, neighborliness, and strong community ties engender in these communities.



1.2 Crime. A host of quality of life issues are directly affected by crime. Part I crimes—from violent offenses such as murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault to property crimes such as burglary, larceny-theft, and motor vehicle theft—that are reported to law enforcement offer particularly telling evidence of community well-being. Kentucky's Part I crime rate remains well below the national rate and that of every surrounding state except West Virginia. The national crime index, however, has declined more sharply than in the Commonwealth, thus narrowing the gap between the two. Nevertheless, Kentucky's relatively low crime rate remains a strong asset.

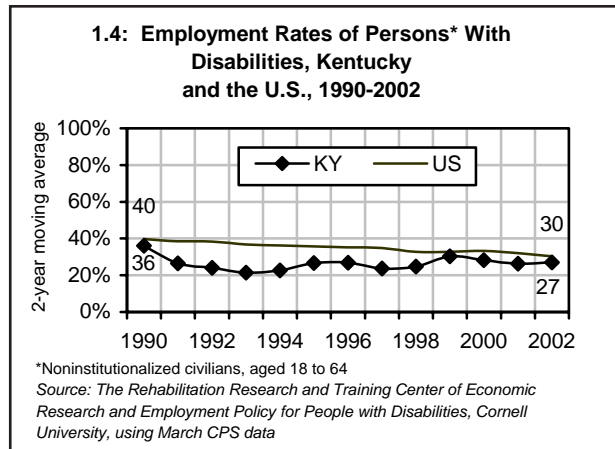


1.3 Neighborliness. The more extensive our networks of neighbors, friends, and community members who share common interests, the more secure we are likely to feel. Such networks are especially important for older Kentuckians, whose needs for support often become more acute. In surveys conducted biennially between 1996 and 2004, we consistently found that fewer than 10 percent of all respondents reported having no one other than a family member to rely upon in time of need, a finding that suggests an enduring presence of healthy social networks. Moreover, we found no statistically significant difference between the responses of Kentuckians aged 65 and older and those from adults under age 65. Our enduring rural heritage combined with Kentucky's high native population likely contribute significantly to our sense of neighborliness.



1.4 Employment of Persons with Disabilities.

Equal employment opportunities enable individuals to build productive, fulfilling lives. An important part of our identities, work allows us the ability to express our talents and interests while building financial independence and contributing to society as a whole. The employment rates for persons with disabilities in both Kentucky and the United States have been falling since the early 1990s. By the end of the time period, fewer than one in three civilian, noninstitutionalized Kentuckians aged 18 to 64 were employed. Further, the percentage of employed Kentuckians with disabilities continues to lag behind the national rate.

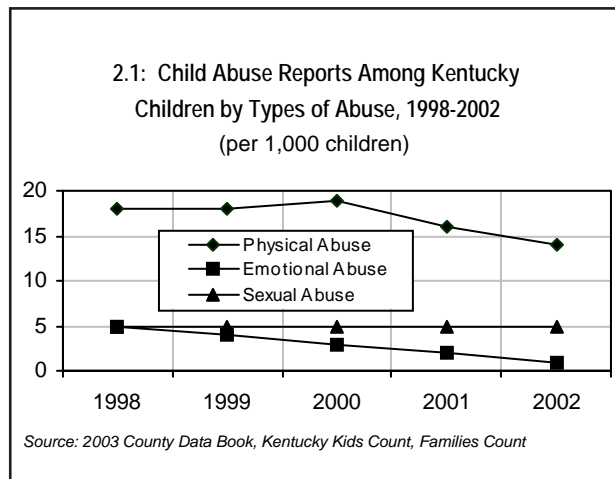


2 Kentucky's communities and citizens will share responsibility for helping families succeed.

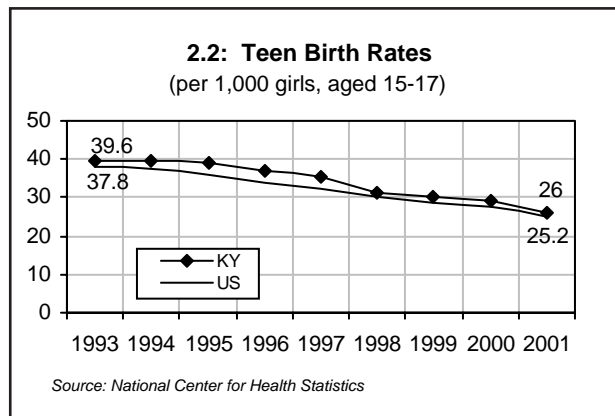
Family success has risen in importance among Kentuckians, from ranking tenth in 1998 to third and fourth in 2002 and 2004, respectively. At the same time, citizen assessments of progress remain virtually unchanged.

	1998	2000	2002	2004
Making Progress	35%	35%	41%	34%
Standing Still	43%	42%	44%	48%
Losing Ground	22%	24%	15%	18%

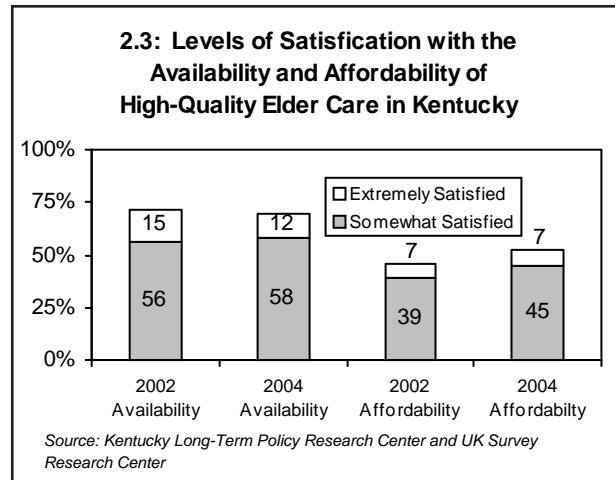
2.1 Child Abuse. Without question, child abuse ranks among the most disturbing of all societal aberrations, and thus demands vigilance in all our communities. The horror of child abuse extends well beyond the immediacy of the pain and suffering it exacts. Over time, victims are far more likely to suffer from mental illness, abuse drugs and alcohol, commit crimes, or be incarcerated. Worst of all, however, victims are more likely to become perpetrators of abuse. In the absence of proven preventive programs and appropriate interventions, this severely damaging family dysfunction can take a toll for generations. According to the Cabinet for Health and Family Services, reports of child abuse in Kentucky over the past five years have remained virtually unchanged. Most experts acknowledge, however, that many incidences of child abuse continue to go unreported.



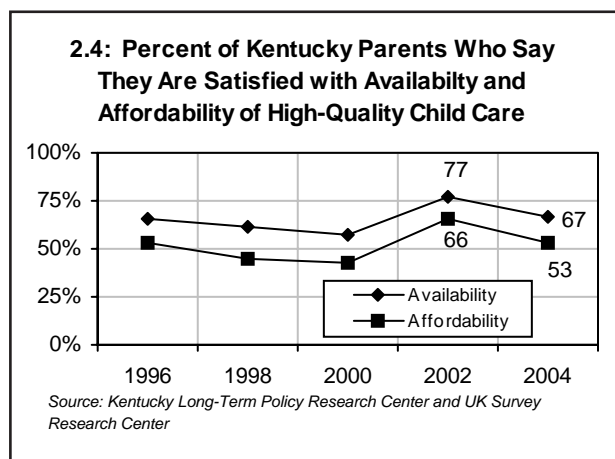
2.2 Teen Parents. Children, we are so often reminded, are our future. But when they must assume responsibilities for which they are neither emotionally, psychologically, nor financially prepared, the consequences are too often negative. What's more, these negative outcomes are likely to become multigenerational problems. When children have children, the likelihood that they will live in poverty increases dramatically, undermining their capacity to do what is perhaps the most important work of our society—rearing and nurturing children. Birth rates among teen girls aged 15-17 have declined at state and national levels in recent years, and the gap between Kentucky's and U.S. rates has narrowed to less than 1 percentage point.



2.3 Elder Care. As Kentucky's aging population predictably expands, our ability to meet the many and varied needs of elders will become an increasingly important aspect of family success. Access to high-quality elder care services, from all levels of institutional care to in-home support, is critical to the well-being of older citizens. Here, our surveys show that about 70 percent of Kentuckians express high levels of satisfaction with the availability of quality elder care services, but a significantly lower and declining percentage express satisfaction with the affordability of these services. Thus, availability becomes a relative term for Kentuckians who cannot afford quality elder care but whose incomes are too high to qualify for assistance from Medicaid.



2.4 Child Care. Research consistently shows that the earliest physical, mental, emotional, and social influences on a child's life establish the framework for their lives. In recent years, Kentucky has sought to coordinate efforts to meet early childhood needs and support families and other caregivers to help ensure that each child reaches his or her full potential. The efficacy of these efforts, however, depends on our vigilance in reaching small children, many of whom are in child care centers, the quality of which is critically important to child development. Statewide surveys conducted in 1996, 1998, 2000, 2002, and 2004 showed a steady decline in overall satisfaction levels with both the availability and the affordability of high-quality child care through 2000, followed by a sharp improvement in 2002. In 2004, satisfaction reverted to 1996 levels.

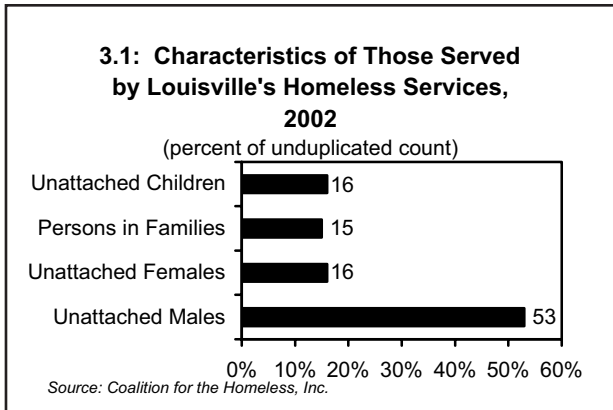


3 Kentuckians will have decent, safe, and affordable housing.

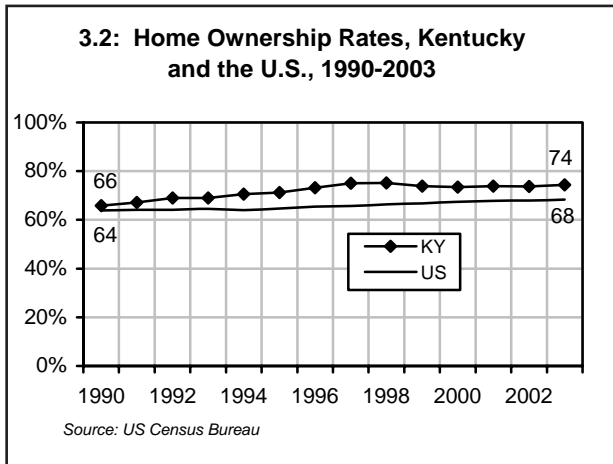
Consistently of high importance to Kentuckians, the availability of decent, safe, affordable housing ranked fifth overall on our past two surveys. However, citizens see lost progress since the peak of 2002.

	1998	2000	2002	2004
Making Progress	41%	44%	45%	38%
Standing Still	37%	32%	38%	39%
Losing Ground	22%	24%	17%	22%

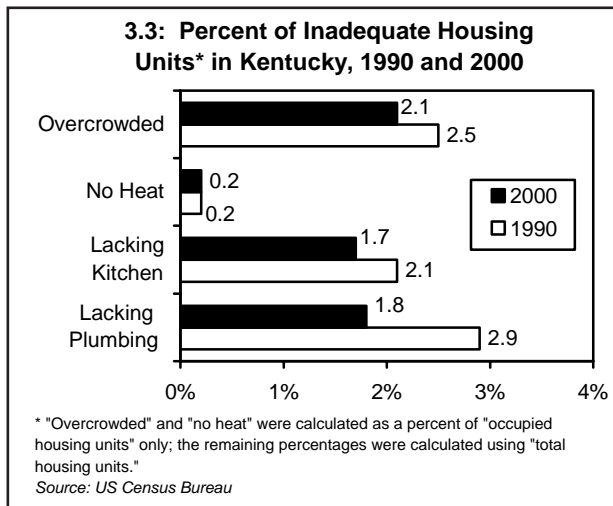
3.1 Homelessness. Because census counts rely on residency as a means of contact, no truly reliable measure of homelessness exists. While acknowledged as unreliable, a 2000 Census Bureau report estimated the number of homeless in Kentucky at between 36,400 and 52,500. More recently, a 2003 survey by the U.S. Conference of Mayors found that the number of homeless families seeking help from Louisville’s Metro Department of Services alone increased 107 percent between 2002 and 2003, from 177 to 370 families; the number of individuals increased from 72 to 235, a 226 percent increase. Here, we illustrate the characteristics of the nearly 11,000 homeless persons served by Louisville’s overnight shelters in 2002, excluding the duplications reflected in past data.



3.2 Housing Affordability. Long perceived as key to realizing the American Dream, home ownership has surged in the past few years as record-low interest rates have given thousands of lower-income Kentuckians the opportunity to own a home. Home ownership rates, which remained consistently above the national average over the past decade, were 6 percentage points higher here in 2003.



3.3 Housing Adequacy. Many Kentuckians still live in woefully inadequate housing. The factors that classify housing as “substandard” include incomplete plumbing and kitchen facilities and, in some cases, no heat. Overcrowding, defined as more than one person per room, also constitutes housing inadequacy. Kentucky progressed over the 1990-2000 decade in most of these areas. While these data are encouraging, the small percentages belie the numbers—more than 30,000 homes in Kentucky remain inadequate. The state lost ground in the remaining category, as the number of homes without heat actually increased from 2,075 in 1990 to 3,500 in 2000. In short, many Kentuckians continue to live in housing that does not meet even the most basic standards for adequacy.



3.4 Access to Subsidized Housing. Section 8 housing is subsidized by the government to give needy individuals and families access to affordable housing. The overall trend in Kentucky had been one of declining waiting lists in each of the selected cities we examined here and those administered by the Kentucky Housing Corporation (KHC). More recently, however, waiting lists have swelled in all but one city, suggesting that underlying weaknesses in the present economy are limiting housing options for many of Kentucky's most vulnerable citizens. Further, federal outlays for Section 8 housing are expected to decline or, at best, remain unchanged. Consequently, the future of this critical housing assistance program remains in jeopardy.

	1997	1999	2001	2003
KHC	8,700	5,115	7,155	12,611
Covington	900	396	500	312
Louisville	12,000	9,972	6,987	11,560
Paducah	100	175	227	258
Lexington	1,900	1,604	2,819	4,039
Bowling Green	200	204	270	350

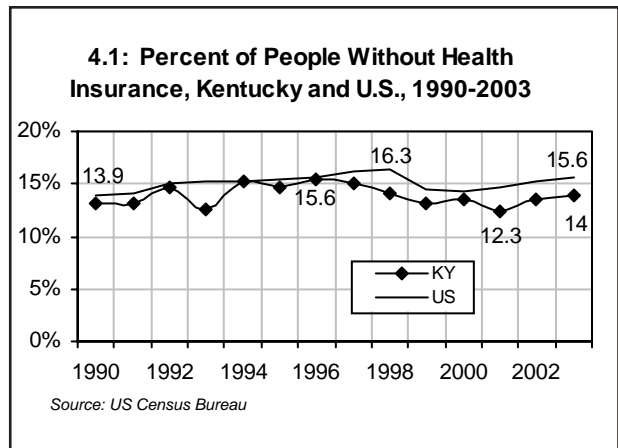
Source: Kentucky Housing Corporation and selected city governments

4 All Kentuckians will have access to affordable, high-quality, and comprehensive health care that stresses the importance of preventive care.

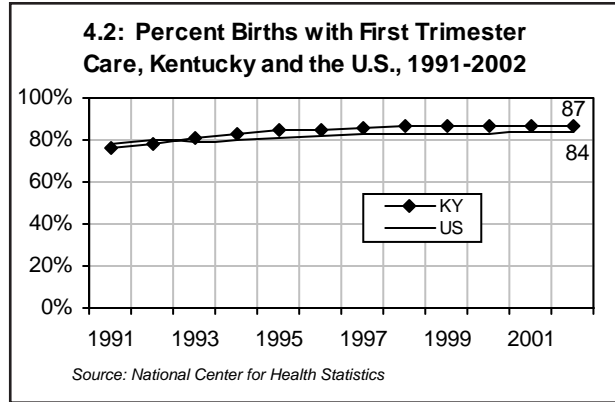
With absolute consistency, Kentuckians have ranked our progress toward accessible, quality health care at the bottom, 26th on each survey, even as they rank it among or as the most important goal for our future.

	1998	2000	2002	2004
Making Progress	18%	17%	19%	13%
Standing Still	30%	30%	37%	28%
Losing Ground	52%	53%	44%	59%

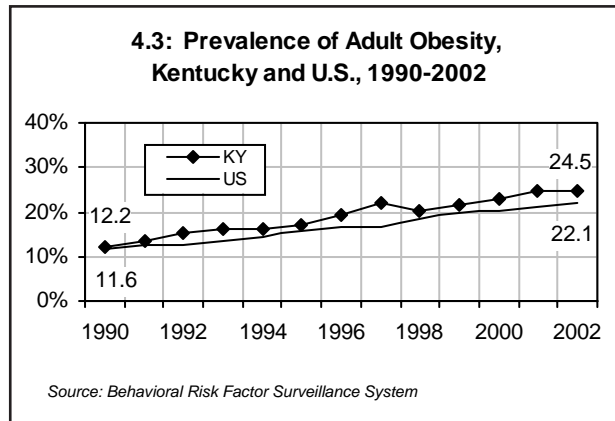
4.1 Health Insurance Coverage. Rising health care costs combined with a decline in employer-sponsored health plans have resulted in three consecutive years of rising numbers of uninsured Americans, culminating in a record number of uninsured—45 million people—in 2003, according to the U.S. Census Bureau. While the percent of persons without health insurance in Kentucky is below the national average, the gap again has begun to narrow. This key indicator of community health and well-being shows that the percent of Kentuckians without health insurance grew by nearly a full percentage point between 2001 and 2003, from an estimated 12.3 percent of the population to 14 percent, compared to a U.S. rate of 14.6 and 15.6 percent, respectively. Consequently, more than half a million people in Kentucky were without health insurance by 2003. The true extent of the impact of under- and uninsurance on the health of citizens in our state, however, remains unknown.



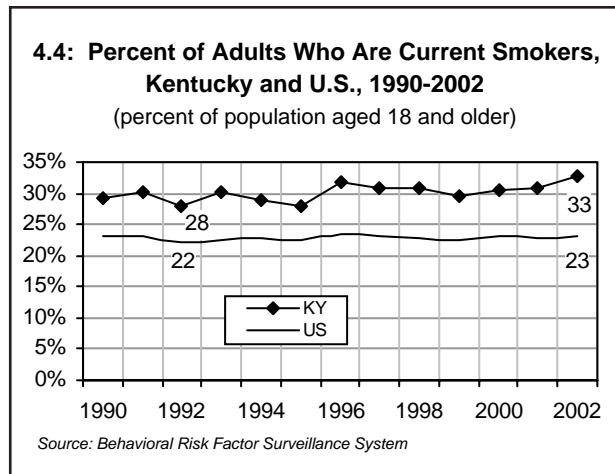
4.2 Prenatal Care. Babies born to mothers who did not receive prenatal care are four times more likely to die than babies whose mothers received adequate prenatal care in the first trimester. Indeed, a range of short- and long-term negative outcomes have been linked to low-birthweight babies, perhaps the most negative consequence of the failure to receive prenatal care. Kentucky has taken several steps through its early childhood initiatives to educate pregnant women about what constitutes good prenatal care and to insure more pregnant women and children through expanded Medicaid support. In 1993 Kentucky moved above the national average on this important measure of health and has remained there throughout the subsequent years.



4.3 Adult Obesity. Some medical researchers now conclude that obesity is as much of a factor in disease, early mortality, and health care costs as smoking. A major risk factor for the leading causes of death here and nationally, the rates of obesity have more than doubled among adult Kentuckians since 1990. In Kentucky, 24 percent of adults or 683,000 people are obese, and the state now ranks eighth in the nation in the prevalence of adult obesity. Estimates of annual obesity-related medical spending place its cost at around \$1.16 billion in Kentucky, and more than half of these expenditures (\$610 million) are met by Medicare and Medicaid. Because the obesity rates are higher among Medicaid recipients, the public cost of obesity-related health care spending will only rise if the problem is left unchecked and unmet by aggressive public health efforts to educate and encourage healthier lifestyles.



4.4 Smoking Rates. Smoking has long been recognized as the leading preventable cause of death in the United States, yet Kentuckians continue to smoke at the highest rate in the nation. As a consequence, leading causes of death, including lung cancer and heart disease, take a disproportionately high toll here. With a smoking rate of almost 33 percent, Kentucky fell far short of its objective to reduce its adult smoking rate to 23 percent by the year 2000. Indeed, the gap between state and national smoking rates has widened in recent years. The slight rate drop in 1999 was short lived, and the 32.6 percent of Kentuckians aged 18 and older who reported being smokers in 2002 is the highest since 1990. Thus, smoking remains a significant health problem for the Commonwealth, rivaled in its scope and cost only by obesity.

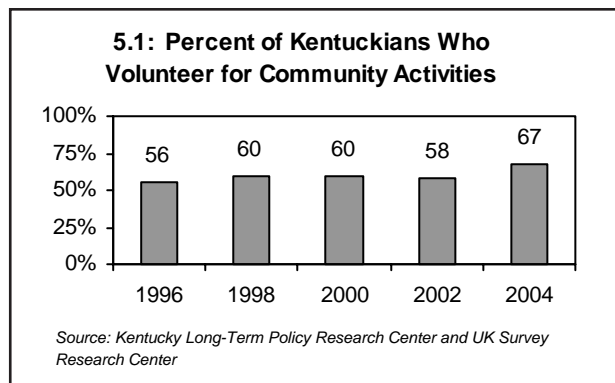


5 Kentucky communities will have high levels of trust and civic pride realized from broad citizen participation in their continuous development.

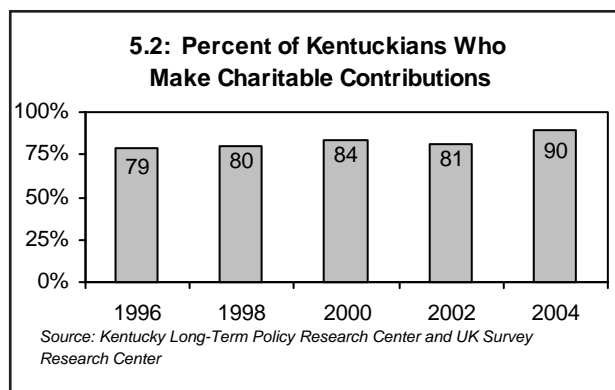
Ranked highest in 1998, perceptions of progress on this goal have yet to return to that level. Moreover, the importance of trust and civic pride has shifted from a low of 23rd in 2000 to a peak of 16th on our post-9/11 survey for 2002.

	1998	2000	2002	2004
Making Progress	39%	30%	32%	28%
Standing Still	41%	45%	51%	51%
Losing Ground	20%	25%	17%	21%

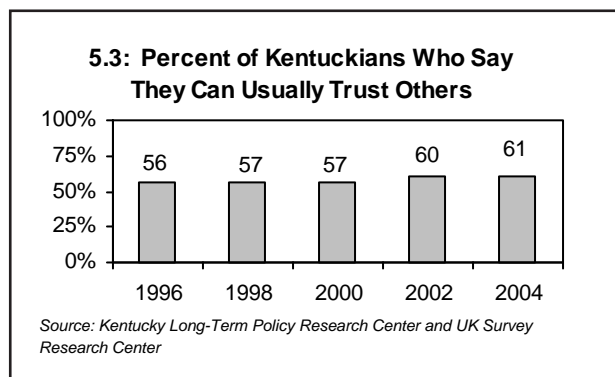
5.1 Volunteerism. Civil society, one observer noted, is the “space where people come together outside the institutions of market and government.” Some social scientists conclude that the well-being of communities, indeed entire regions and nations, depends on the vibrancy of the activity filling the spaces. That space is partly filled by volunteer activity, by individuals who help bridge gaps in the care, opportunities, and resources unmet by traditional institutions. The percent of the Kentucky adults who reported having volunteered in the previous 12 months reached 67 percent in 2004—the highest volunteerism rate reported since this question was first asked in 1996.



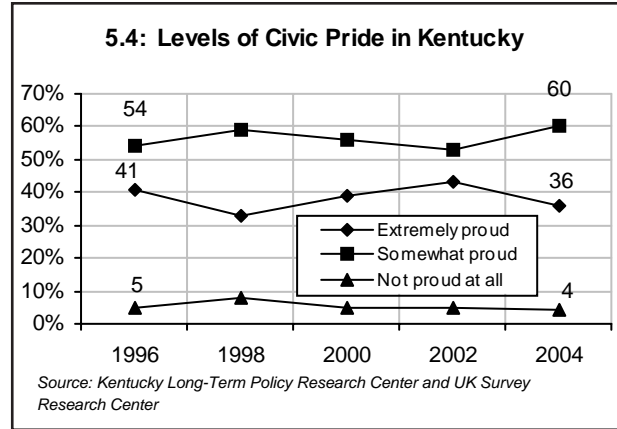
5.2 Charitable Giving. People also “bridge the gap” by making financial contributions to those causes and efforts they believe merit such giving. Accompanying the increased volunteerism, giving also surged ahead in 2004, with 90 percent of adult Kentuckians reporting that they have made donations to charitable organizations in the previous 12 months. As with volunteerism, this marks the highest rate of charitable giving reported since this question was first asked in 1996. This remarkable level of generosity came at a time when the state’s and the nation’s recovery from an economic downturn remained uncertain. In 2000, 89 percent of households nationally reported making charitable contributions at an average of \$1,620 annually.



5.3 Trust. High levels of trust in a community enrich cooperation among individuals, as they pull together to make things happen, to lift their communities to higher levels in a host of ways. Trust has been called the lubricant that facilitates charitable acts, community development, and everyday commerce. When asked on our surveys, most Kentuckians, approximately 61 percent in 2004, said that you can usually trust people. Remarkably, the percentage of Kentuckians expressing this belief has risen slightly in spite of the looming national threat of terrorism. In 1998, approximately 38 percent of U.S. adults said that, generally speaking, most people can be trusted compared to 57 percent who said you can’t be too careful in dealing with people.



5.4 Community Pride. A sense of pride in the community where you live naturally strengthens your allegiance to it and, in turn, your willingness to give of yourself in the interest of its greater good. When home is indeed where the heart is, people are more likely to work cooperatively to improve and maintain the qualities that they value. Most Kentuckians take measurable pride in their communities. Approximately 36 percent said they were extremely proud and 60 percent said they were somewhat proud of their communities in 2004. Since this question was first asked in 1996, fewer than 10 percent of Kentuckians have expressed no pride at all in their communities.

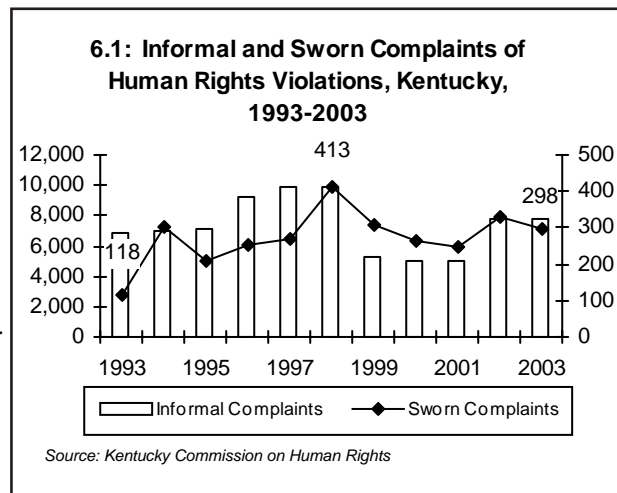


6 Kentucky communities will value and respect all individuals regardless of culture, race, ethnic background, religion, or gender.

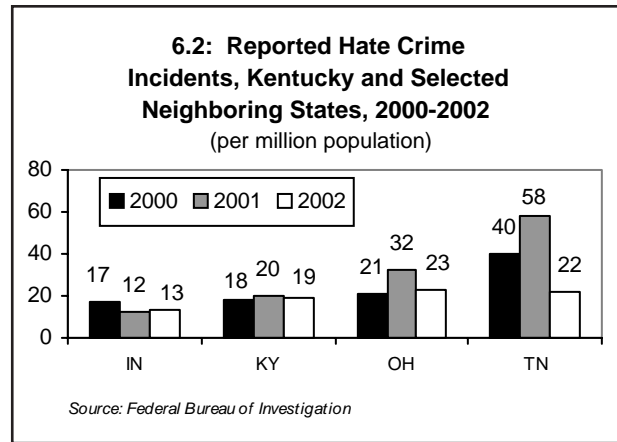
Public opinion about the progress of this goal has changed little. Moreover, citizens assigned far less importance to it in 2004, possibly because they saw few signs of progress, and terrorism and war have raised new fears.

	1998	2000	2002	2004
Making Progress	38%	40%	41%	40%
Standing Still	41%	38%	41%	42%
Losing Ground	21%	23%	18%	18%

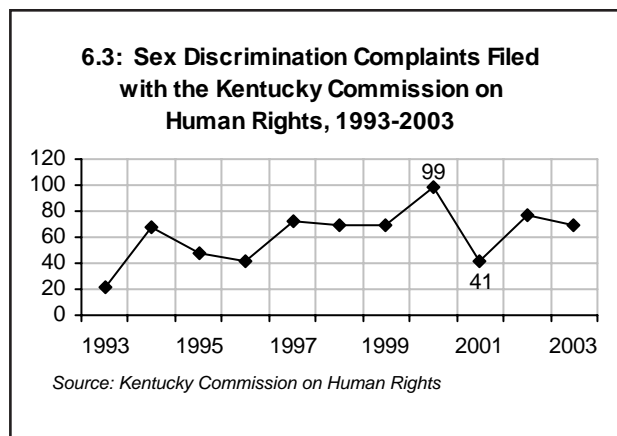
6.1 Discrimination. While large numbers of informal discrimination complaints, known as “intakes,” come to the Kentucky Commission on Human Rights, a relatively small number result in signed, sworn complaints that are filed and investigated each year. Not unexpectedly, intakes have greatly outnumbered filed complaints in Kentucky over the years, as the Commission may determine that some complaints do not constitute discrimination, or some claimants may demur when faced with pursuing a process that makes demands on their already limited time and resources. Though the complaint rate has dropped considerably in recent years, 2002 saw a 56 percent increase in informal complaints and a 32 percent increase in sworn complaints over the previous year, followed by a slight decline in 2003. The number of 2003 complaints, however, was nearly three times the low reported in 1993.



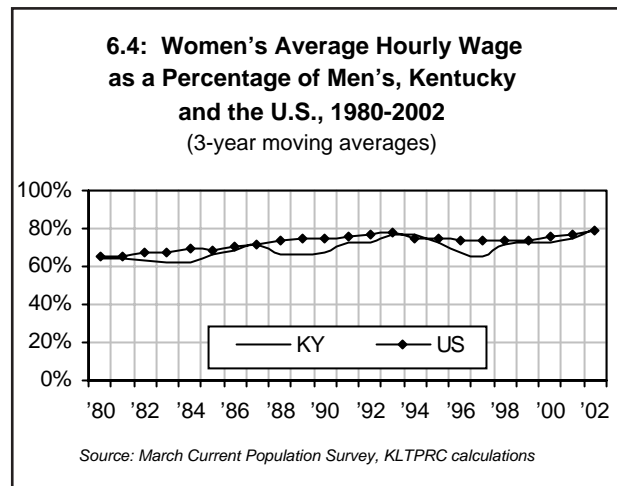
6.2 Hate Crimes. A hate crime or a crime of bias is a punishable offense committed against a person, property, or society that is motivated in whole or in part by the offender's prejudice. Fortunately, these aberrant crimes occur only rarely. While some hate crimes may go unreported out of fear, 20 or fewer incidents were reported per 1 million Kentuckians for the years 2000-2002. Moreover, the number of such crimes reported here has consistently been lower than the rates reported for neighboring states Ohio and Tennessee, and only slightly above those reported for Indiana. Whatever the number, these crimes are intolerable acts. In response, our educational institutions have become increasingly sensitized to the need to counter blind prejudice and hatred with messages of tolerance.



6.3 Sex Discrimination. No pattern in the number of sex discrimination complaints filed with the Kentucky Commission on Human Rights was evident over the course of the most recent decade, as the number has fluctuated from a low of 21 to a high of 99. The primary reasons cited for the complaints are job termination, issues of pay equity, and unfair treatment during or after pregnancy. Rises in the number of complaints filed may be partly attributable to the level of media attention to the issue, which varies from year to year. Certainly, large and small workplaces are now far more aware of the nature and the potential ramifications of proven discrimination based on sex. Again, however, complaints against fellow employees or supervisors hold the potential for jeopardizing income and well-being and often deter individuals from filing legitimate complaints.



6.4 Pay Equity. The issue of equity in earnings between the sexes emerged nationally as women began entering the labor force in record numbers in the 1970s and 1980s. Since then, female labor force participation rates have continued to rise and even outpace those of men in some states. Nationally, the percent of women in the civilian labor force has risen from 40.8 in 1970 to 56.3 percent in 2002, according to the Bureau of Labor Statistics. About 6 percent of women were in the labor force but unemployed at both points in time. Overall, however, earnings for women continue to lag behind those of men. This "raw" gender wage gap, however, does not take into account the differences in full- and part-time earnings, experience, occupations, educational attainment, or other decisions that affect wages, such as the decision to leave the workforce to care for children or other family members. Still, the raw gender wage gap for both Kentucky and the nation has narrowed since the early 1980s when the average hourly wage for women was about 65 percent of that earned by men. By 2002 this percentage had increased to approximately 80 percent.



education



he cornerstone of economic well-being, education holds the promise of boundless possibilities for a more prosperous and a higher quality of life for individuals, their communities, and, ultimately, the state and nation.

From the status of public health to crime rates, more and higher-quality education has been shown to lead to better social outcomes and increased individual well-being. The import of these relationships has not been lost on Kentucky's citizens and policymakers, who in the recent past have taken bold steps to rectify decades of deterioration in the state's provision of education. The Kentucky Education Reform Act of 1990 (KERA) implemented policies that would lead not only to more equitable funding but also to curriculum reform in Kentucky's primary and secondary schools. The 1997 Kentucky Postsecondary Education Improvement Act recognized the relationship between higher education and economic development in a knowledge-based economy undergoing rapid transformation by technology and increasingly demanding higher-skilled workers. Policymakers also recognized the critical importance of early childhood development and fashioned initiatives to better prepare young children for learning and thus improve long-term outcomes. Much of the data presented in this section show that these efforts have not been made in vain, and based on the results of our public opinion surveys, a solid majority of Kentuckians agree.

Rising levels of educational attainment and achievement are indicative of the quality of a state's education system at all levels, and Kentucky has improved in both of these critical areas. For example, the 2000 census shows that, for the first time ever, Kentucky slightly exceeded the national high school educational attainment rate among those aged 25 to 34 years old. Additionally, high school dropout rates have been declining since 1996, and college-going rates have risen to parity with the rest of the nation. Improvement has also been seen in interstate comparisons of national test scores for primary and sec-

ondary students. Performance on the National Assessment of Educational Progress exams, where Kentucky leads among competitor states, is yet another bright spot on the state's education landscape. Of Kentucky students who took the 8th grade NAEP reading exam, 34 percent scored at or above the proficient level compared to 30 percent nationally and higher than students in every other state in the southeast region. And, for the first time in a decade, Kentucky's composite score on the ACT exam inched up slightly in 2004 while the gap between the state and the national average narrowed.

Early childhood development establishes the foundation upon which learning can build. Policies that help provide a safe, healthy environment, rich with stimuli that spark curiosity and help form attitudes about learning, as well as actual opportunities to begin learning, help prepare our youngest children to get the most from education. Some indicators show that Kentucky has improved in this area while others suggest room for improvement. For instance, we have seen a significant increase in the proportion of parents who read to their children on a daily basis, a critical predictor of future performance. In addition, enrollment rates in early childhood education programs increased significantly over the decade of the 1990s. However, rates of immunization, which can prevent conditions that affect learning, declined in recent years. At the same time, childhood poverty rates, the strongest indicator of underachievement, rose.

A primary goal for KERA was to provide the state with an equitable system of education, leaving no child behind, regardless of socioeconomic status. Kentucky has made progress on this goal by closing a once-significant gap in per-pupil spending between the poorest and wealthiest school districts in our state.

Likewise, access to information technology, an increasingly important learning tool, has been equitably distributed. Indeed, in selected years throughout the 1990s, poorer school districts actually had fewer pupils per computer workstation. While the state has made strides in equitably distributing opportunity among poor and wealthy districts, evidence shows that disparities may still remain based on race and ethnicity. A study by the Education Trust showed that Kentucky school districts with lower minority populations received an average of \$737 more per student than those with the highest minority populations in the 2001-2002 school year.

Importantly, Kentuckians see real gains in education, dramatic progress in some cases. In 1998, Kentuckians ranked *an excellent system of lifelong learning* 16th in terms of progress among 26 long-term goals for the Commonwealth. By 2004, this goal had climbed to 5th in terms of progress. Similarly, Kentuckians have consistently ranked this goal among the most important, ranking it 1st in 1998, 4th in 2002, and 2nd in 2000 and 2004. Of the remaining education goals, Kentuckians see dramatic progress in the area of *children who are ready, able to learn* and *safe, stable learning environments*. The former rose from 19th to 7th, and the latter from 23rd to 3rd in 1998 and 2004, respectively, in terms of progress.

Growing public recognition of the importance of education in improving individual and social well-being and political action on this core value have helped elevate the state's status in education relative to other states. Using four basic indicators of educational attainment and achievement, our education index compares Kentucky to 16 selected peer states and the nation. Relative to its peers, Kentucky's education index moved up in rank from 14th in 1990 to 10th in 2001. Relative to the nation, Kentucky improved its standing five places moving from 47th in the nation in 1990 to 42nd by 2001, remarkable progress by virtually any measure, given the difficulty of the challenge.

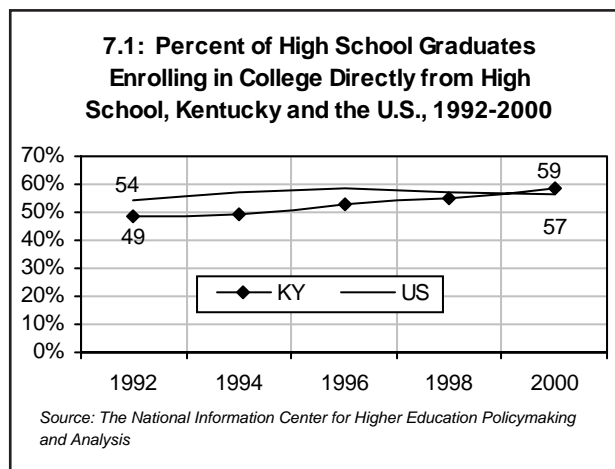
As a result of purposeful, intentional policies designed to fundamentally change education, from early childhood to postsecondary education, both attainment and opportunity in Kentucky improved markedly in the 1990s. Overall, Kentucky has made considerable progress in correcting decades of neglect in its provision of education, and the results are very promising. Thus, the commitment to continue the pursuit of excellence that has brought Kentucky this far is critical to our state's future well-being. Given how far we have come in by what most experts would agree is a very short time, our unwavering commitment to the pursuit of excellence in education at every level will almost certainly yield unimagined gains in the years to come.

7 Kentuckians will have an education system of lifelong learning that exemplifies excellence.

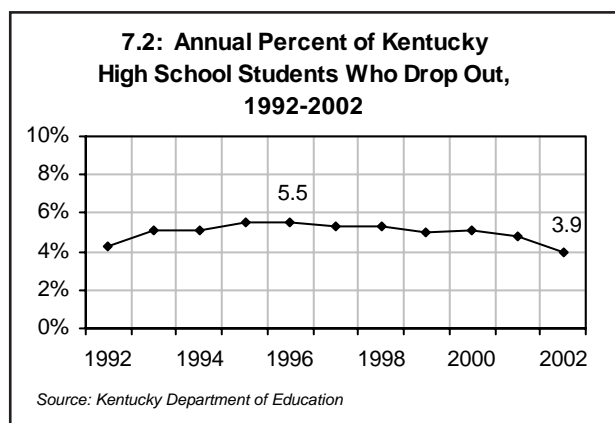
Kentuckians' assessment of progress toward this goal reached a record high in 2002 and a record low in 2004. Nonetheless, its ranking with regard to progress is at its peak, while opinion about its importance has remained steadfastly high.

	1998	2000	2002	2004
Making Progress	43%	44%	49%	42%
Standing Still	28%	31%	33%	38%
Losing Ground	28%	25%	17%	20%

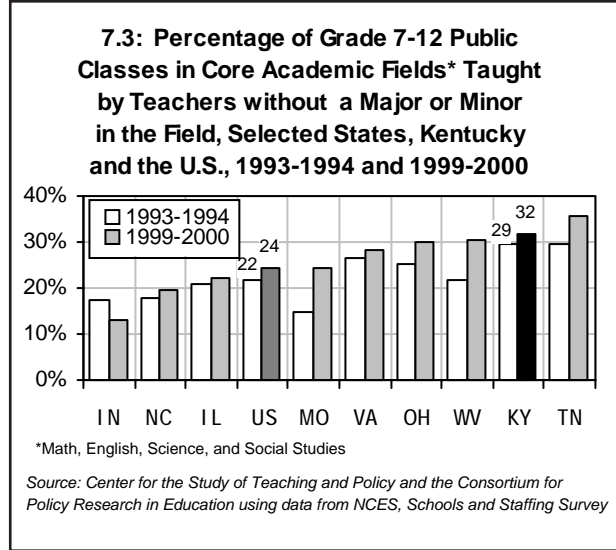
7.1 College Enrollment. Young Kentuckians are clearly getting the message about the importance of a college education as evidenced by the dramatic and rapid progress in the percentage of high school graduates who enter college directly after high school graduation. During the late 1990s, the state steadily closed the gap between its performance and that of the nation as a whole, finally surpassing it in 2000 when 58.7 percent of Kentucky's recent high school graduates went directly to college. By 2000, the state ranked 26th overall, a remarkable improvement over its 1994 status when it ranked 43rd and fell 7.7 percentage points below the national average. If Kentucky continues improving its educational system and sustains a system of incentives and support for college attendance, college-going rates will likely continue to rise in the years ahead.



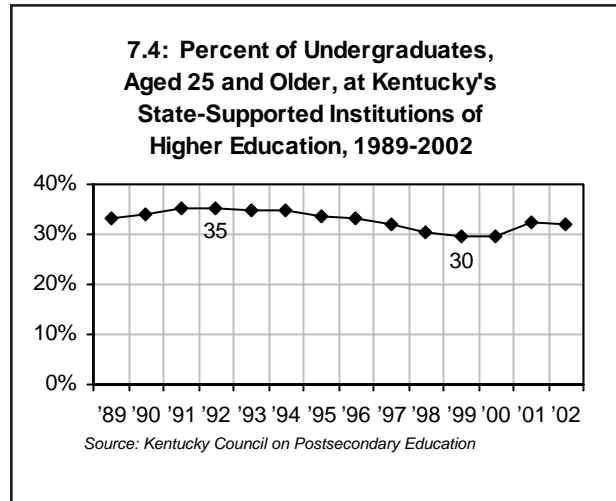
7.2 High School Dropouts. After cresting at 5.5 percent in the mid-1990s, the percentage of Kentucky high school students who drop out annually has steadily declined to slightly under 4 percent. As a result of House Bill 77 passed in the 2000 General Assembly, the Kentucky Department of Education crafted the Dropout Prevention Resource Guide to assist educators and families in meeting the educational and personal needs of children to keep them in school until they obtain diplomas. What's more, the guide offers materials for elementary, middle, and high school students, recognizing that the chain of events which culminate in a student dropping out of high school begin much earlier in childhood. The bill also asserted that the statewide annual average school dropout rate would be cut by 50 percent of the 2000 rate by 2006. Assuming that the rate of change seen since 2000 continues, the General Assembly's directive is within reach.



7.3 Teacher Preparation. While considerable attention has been drawn to the qualifications of the nation’s teachers in recent years, “out-of-field” teaching—teachers assigned to teach courses in subjects for which they have no educational foundation—remains prevalent and is actually increasing. Numerous studies have shown teacher education and training to be significantly related to increases in student achievement, according to the Center for the Study of Teaching and Policy at the University of Washington. Data from the National Center for Education Statistics’ Schools and Staffing Survey show that out-of-field teaching grew nationally as well as in Kentucky and surrounding states, with the noted exception of Indiana, between the 1993-1994 and 1999-2000 school years. The percentage of public middle and high school teachers in Kentucky teaching courses out of their fields exceeds the national average by a wider margin than in all surrounding states but Tennessee, which had a higher rate of out-of-field teaching in core courses.



7.4 Nontraditional Students. Since its formation in 1997, the Council on Postsecondary Education (CPE) has strived to increase lifelong learning. One of its target populations has been “nontraditional students,” those aged 25 and older. Given that a large portion of the adult population has never attained a bachelor’s or technical degree, the percentage of nontraditional undergraduates provides a measure of the extent to which adult Kentuckians are working towards a degree or pursuing education to stay competitive in the job market. While enrollment at state-supported institutions has risen each year since CPE’s inception, the portion of nontraditional students continues to hover between 30 and 35 percent. As the Kentucky Virtual University becomes institutionalized, this anytime-anywhere delivery system may bring more nontraditional students into the system.

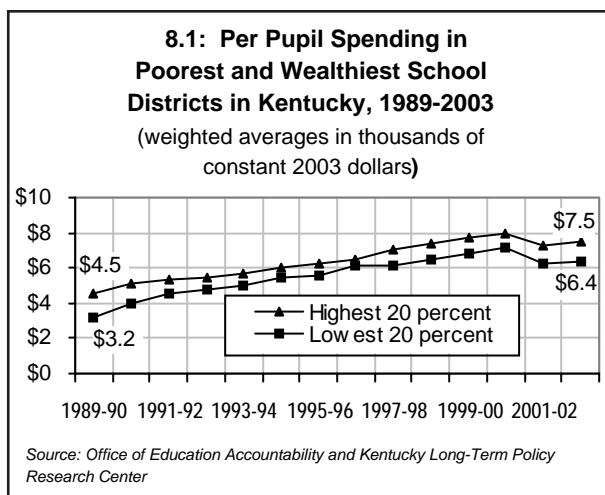


8 Kentuckians will have equal opportunity to obtain an internationally competitive education.

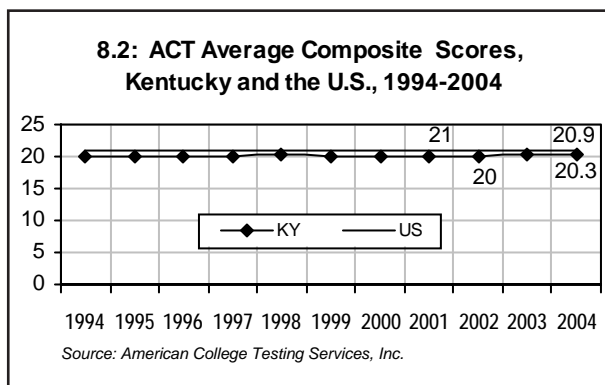
The opportunity for an internationally competitive education only once made the list of the ten most important goals—in 2000—but has always ranked highly. Citizen rankings of progress has remained similarly stable despite a diminished perception of progress in 2004.

	1998	2000	2002	2004
Making Progress	41%	41%	45%	38%
Standing Still	37%	36%	39%	42%
Losing Ground	23%	24%	16%	21%

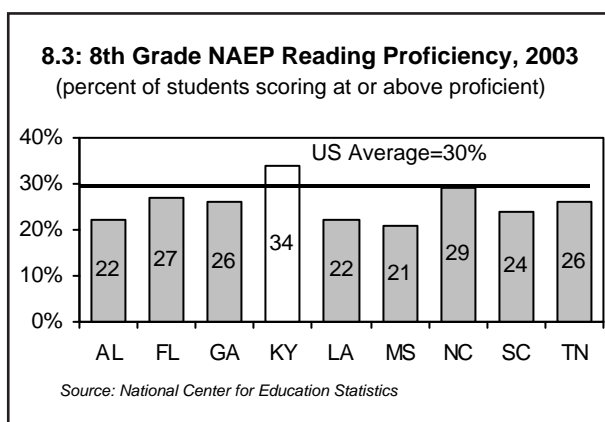
8.1 Funding Equity. Kentucky has made considerable progress in assuring equal opportunity for a high-quality education, regardless of economic status. In the 1989-1990 school year, the per pupil state and local revenue allocated to the poorest fifth of Kentucky's school districts for education was approximately 71 percent of that allocated to the wealthiest fifth. By the 2002-2003 school year this ratio had increased to 85 percent.



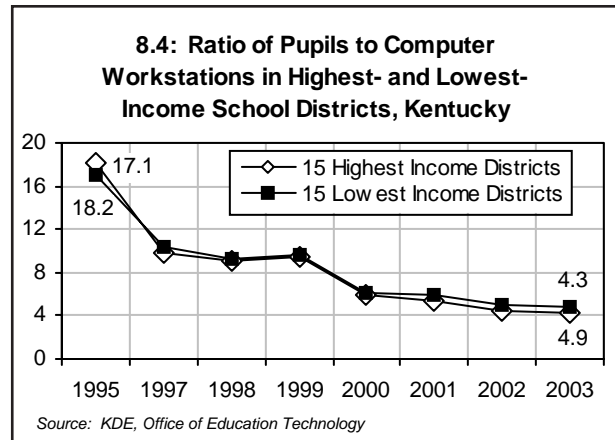
8.2 Achievement Test Scores. The rising number of Kentuckians who are taking the ACT college entrance exam is an encouraging sign that more high school students and adults are preparing for the possibility of continuing their education. Because Kentucky's public institutions require the ACT rather than the SAT, it is significant that the portion of graduating high school seniors taking the ACT rose from 67 percent in 1998 to 75 percent in 2004. The composite score for the state has also inched upward since 2000 after remaining virtually unchanged over the prior decade. The gap between national and state composite scores also narrowed to a 0.6-point difference.



8.3 Performance Test Scores. In 2003, all 50 states participated in the National Assessment of Educational Progress (NAEP) mathematics and reading assessments for the first time under new federal law. Kentucky's 8th graders led southeastern and surrounding states and, for the first time ever, surpassed the national average in reading, with 34 percent scoring at the proficient level here compared with 30 percent nationally. Kentucky students have improved over the last decade on NAEP achievement scores at the 4th and 8th grade levels in both math and reading proficiency. Kentucky's students have yet to achieve parity with the nation on math scores, but their progress on this key measure has been dramatic.



8.4 Computers in Schools. Computers have come to be regarded as essential classroom tools that help students become more successful, informed, and well-rounded while readying them for today's workplaces, where information technology is ubiquitous. Equitable access to computers helps ensure that all of Kentucky's students, regardless of their socioeconomic backgrounds, will not be left behind in today's economy. Kentucky schools have maintained a highly equitable distribution of student-to-computer-work-station ratios among the lowest and highest income districts since 1995.

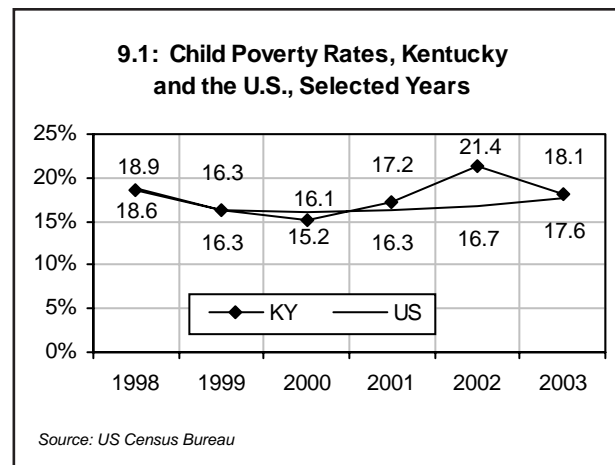


9 Kentucky's children will come to school ready and able to learn.

Kentuckians have never been particularly optimistic about progress toward this goal, yet its ranking has improved with each successive survey. Meanwhile, rankings of its importance continue to slide, reaching a new low in 2004.

	1998	2000	2002	2004
Making Progress	41%	41%	45%	38%
Standing Still	37%	36%	39%	42%
Losing Ground	23%	24%	16%	21%

9.1 Child Poverty. Since the nation first began collecting data on poverty in 1970 following the launch of the War on Poverty, poverty rates have followed broad economic conditions and policy choices on support for poor families. In the decade following the nation's first measurement of this critical indicator of child health and well-being, poverty rates declined both here and nationally. Between 1980 and 1990, however, this positive trend was reversed, and every measure of poverty increased sharply, more so here than at the national level. During the 1990s, trends reversed yet again, poverty rates began to decline, and the gap between the state and the national rates narrowed. Yet another reversal of fortune appears to be underway, as national poverty rates for children again are climbing, from the low of 16.1 percent for 2000 to 17.6 percent for 2003. Child poverty in Kentucky is following a similar trend, increasing from its low of 15.2 percent in 2000 to 18.1 percent by 2003. Moreover, children comprised approximately a third of all Kentuckians in poverty, according to the U.S. Census Bureau.



9.2 Youth Alcohol and Drug Abuse. Levels of alcohol and marijuana use among Kentucky teens have varied by gender over the past decade. Episodic heavy drinking among male high school students declined in recent years, while it rose somewhat among female high school students to a level comparable to that of males. Both rates are higher than the national 2003 rates of 29 percent for males and 28 percent for females reporting having drunk five or more drinks in a row during the previous 30 days. The proportion of Kentucky students reporting marijuana use in the past 30 days peaked in 1997 for both males and females and has generally declined in recent years, after spiking upward in 1997. The rate for males dropped below the 25 percent reported nationally in 2003. Again, estimates for Kentucky females are now nearly as high as those for males, but only 1 percentage point above the 2003 national average of 19 percent.

9.2: Percent of Kentucky High School Students* Reporting Alcohol Abuse** and Marijuana Use in the Past 30 Days, Selected Years				
Year	Alcohol Abuse**		Marijuana Use	
	Male	Female	Male	Female
1993	41	27	19	11
1997	43	30	34	23
1999	40	34	26	22
2001	40	31	30	22
2003	33	32	23	20

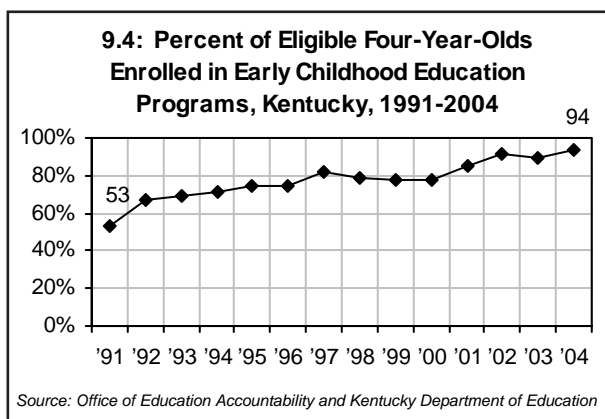
* Grades 9-12
 ** Five or more drinks at one time
 Source: Kentucky Youth Risk Behavior Survey

9.3 Child Immunizations. While public programs and outreach efforts enabled the state to increase immunization rates among its youngest children throughout the 1990s, Kentucky has lost ground on this key benchmark of child well-being. Funding for child vaccination programs has remained fixed in recent years, even as vaccine costs have risen, and shortages of some vaccines occurred. In short, state-funded programs for children without private insurance have too few resources to meet public need and, thus, fewer and fewer children have been vaccinated. These survey data include children with private health insurance, whom private physicians are responsible for vaccinating; they are not a measure of the efficacy of public programs. Overall, immunization rates for 19-to-35-month-old children have declined sharply here from a high of 88.6 percent in 1999 to a low of 74.4 percent in 2002. Rates for this age group rose in 2003 but barely surpassed the national average. The Commonwealth's rates for two-year-olds have fared far worse, falling below the national average in both 2002 and 2003, after exceeding the U.S. average by as much as 9 percentage points in 1995.

9.3: Immunization Rates for Children Aged 19-35 Months and 24 Months, Kentucky and the U.S., 1995-2003			
Year	Age Groups	Kentucky	U.S.
1995	19-35 months	81.8	76.0
	24 months	81.2	72.2
1996	19-35 months	78.8	78.4
	24 months	75.4	75.2
1997	19-35 months	80.2	77.9
	24 months	72.7	74.3
1998	19-35 months	83.0	80.6
	24 months	78.1	77.6
1999	19-35 months	88.6	79.9
	24 months	83.8	77.9
2000	19-35 months	81.4	77.6
	24 months	81.0	75.3
2001	19-35 months	80.2	78.6
	24 months	82.4	75.8
2002	19-35 months	74.4	78.5
	24 months	70.6	77.4
2003	19-35 months	82.7	82.2
	24 months	72.7	76.9

Source: National Immunization Surveys, Centers for Disease Control and Prevention

9.4 Early Childhood Education. Kentucky began providing a significant prekindergarten program in 1990 and has since made efforts to ensure that eligible children—those from impoverished homes or with learning or developmental problems—are served through these preschool programs. The Commonwealth has made enormous strides in reaching this population as the highest percentage enrollment ever (94 percent) was reported for the most recent school year, 2003-04.

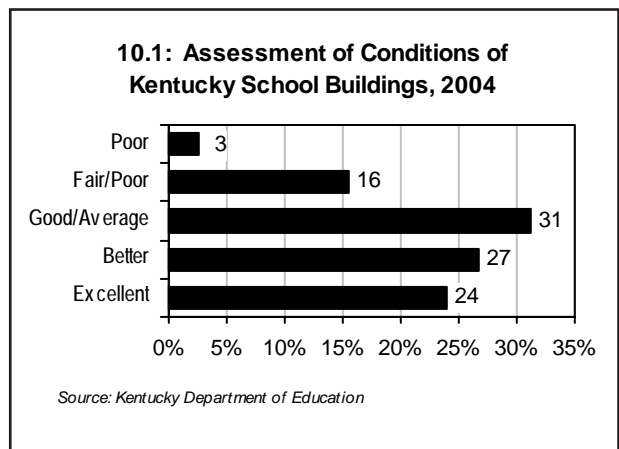


10 Kentucky's children will have safe, stable learning environments.

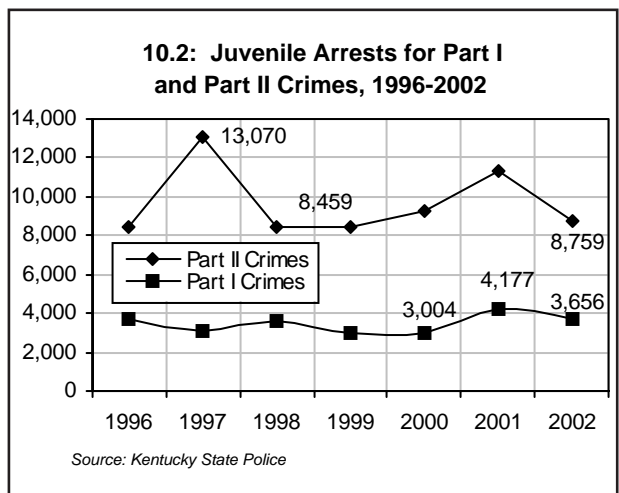
In spite of a drop since 2002, citizens view our children's learning environments as considerably safer and more stable than six years ago, catapulting its rank from 23rd to 3rd, the most dramatic improvement of any of the 26 goals. Its rank in importance, however, slipped out of the top ten for the first time in 2004.

	1998	2000	2002	2004
Making Progress	32%	35%	51%	47%
Standing Still	28%	31%	32%	38%
Losing Ground	40%	34%	17%	15%

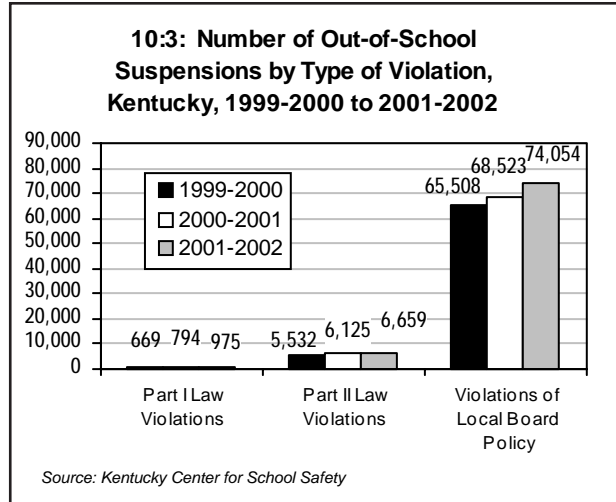
10.1 Condition of School Buildings. The goal of safe and stable learning environments for children demands that we consider the condition of the buildings where our most vulnerable citizens are being taught. An assessment of the quality of public school buildings is conducted by the Kentucky Department of Education on an ongoing basis for all 1,213 schools in the state. In 2004, about half of the state's school buildings were deemed to be in excellent or better-than-average condition. In general, schools in these two categories are no more than 20 years old. At the same time, 31 percent of these structures were rated as being in good or average condition while another 16 percent of the state's school buildings were deemed to be in fair or poor condition.



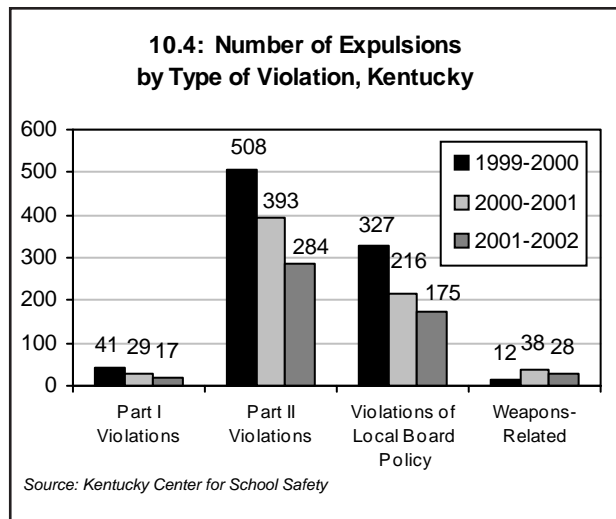
10.2 Juvenile Crime. The prevention of juvenile crime begins with an awareness of its depth and breadth as a tool for understanding and addressing its underlying root causes. Here, we illustrate the highs, lows, and most recently available reported incidents of juvenile crime. These data suggest that the number of incidents of the more serious and often violent Part I crimes have varied by more than 1,000 incidents, rising to a high of 4,177 crimes in 2001. Trends in Part II crimes, which include drug-related crimes and vandalism as well as nonaggravated assaults, suggest instability either in recordkeeping or actual incidents since 1996 when these juvenile arrests stood below 8,500. Since then, these crimes have fluctuated sharply, rising to a high of more than 13,000 reported crimes in 1997, then falling. In 2000, Part II crimes again began rising steadily, then declined again in 2002 but remained higher than the low of preceding years.



10.3 School Suspensions. The mission of the Kentucky Center for School Safety (KCSS) is to coordinate efforts, including data collection and training, to create safer, more secure learning environments in Kentucky schools that would permit students to achieve success. Overall, fewer than 10 percent of Kentucky’s public school students commit a law or board policy violation that results in a reportable disciplinary action; however, the data show steady increases in suspensions related to each type of violation shown here. Some may be attributable to an increasing emphasis on discipline and the adoption of stricter school board policies, but trends among these schools are not positive.



10.4 Expulsions from School. In this more serious category of school disciplinary actions, KCSS reports a general decline in expulsions from schools, indicating that more serious offenses have abated. Schools usually expel students only in response to violations that threaten school safety. Expulsions that result from violations of the law or board policy, other than weapons-related violations, have consistently declined each year over the three-year period for which these data are available. After increasing during the 2000-2001 school year, the number of weapons-related incidents declined, an encouraging shift. However, the presence of weapons in schools at any level remains a critical school safety concern.

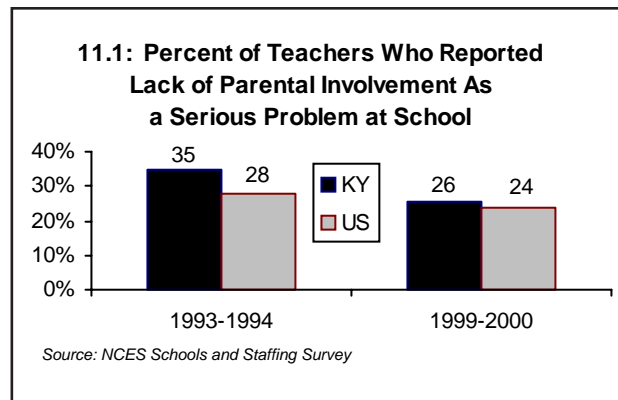


11 Kentuckians will promote partnerships among parents, schools, and communities to enhance the social and academic development of children.

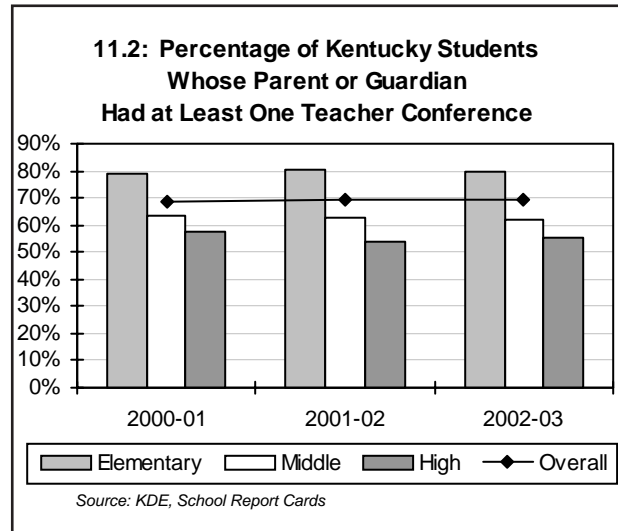
Assessments of progress reached a record low in 2004, though its ranking remained in the top five as it has in past years. Citizens rated educational partnerships as the 14th most important goal, up four places from 2002's low.

	1998	2000	2002	2004
Making Progress	52%	45%	51%	44%
Standing Still	30%	34%	35%	41%
Losing Ground	18%	20%	14%	15%

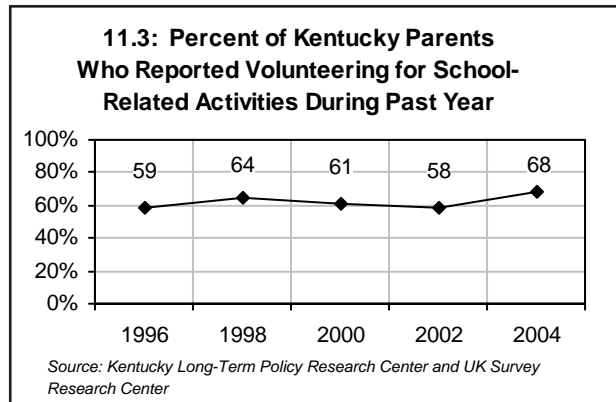
11.1 Parent Involvement at Schools. That parent involvement improves student achievement is practically irrefutable. A 2002 report from the Southwest Educational Development Laboratory concludes, “When schools, families, and community groups work together to support learning, children tend to do better in school, stay in school longer, and like school more.” The report notes that “students with involved parents, no matter what their income or background, were more likely to earn higher grades and test scores, and enroll in higher-level programs; be promoted, pass their classes, and earn credits; attend school regularly; have better social skills, show improved behavior, and adapt well to school; and graduate and go on to postsecondary education.” These data suggest that Kentucky parents are becoming more involved in their children’s education. While the more recent data on teacher observations lag slightly behind the national average, the gap has narrowed considerably from the earlier survey.



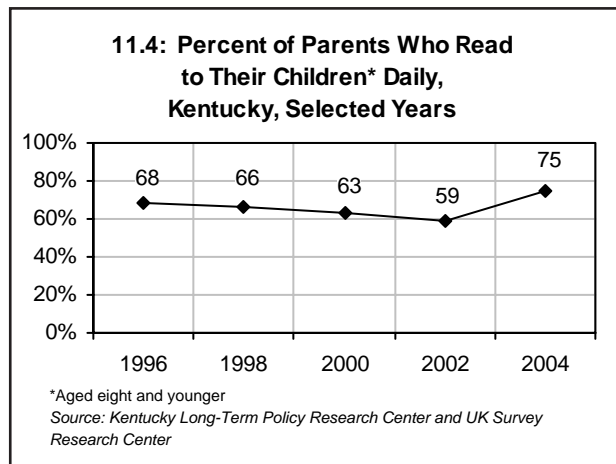
11.2 Parent-Teacher Conferences. The parent-teacher conference represents the most obvious and perhaps the most important way parents can participate in their children’s education. Unfortunately, a significant percentage of parents do not talk to their children’s teachers about academic and social progress. On average, about 70 percent of Kentucky students say that their parents or guardians had at least one teacher conference during the academic year. The percentage is higher for elementary students (80 percent) but progressively declines for middle and high school students. This measure of parental involvement corresponds with declines in academic performance, which worsens markedly among high school students. Indeed, a 2000 Center survey of high school students found that only about half agreed with the statement “My parents talk to my teachers about me.” Thus, adolescent disengagement, it appears, is matched by a measure of parental disengagement that research clearly links to underperformance.



11.3 Parent Volunteerism. Volunteering for school-related activities is another way in which parents can play an active role in their children’s education. Survey data from the last several years show that more than half of parents of school children in Kentucky report volunteering for school-related activities, with an estimated 68 percent volunteering in 2004, a marked improvement over the 59 percent who reported doing so in 1996.



11.4 Parents Who Read to Their Children. Research has shown that reading to young children “promotes language acquisition and correlates with literacy development and, later on, with achievement in reading comprehension and overall success in school.” Nationally, 58 percent of children three to five years old were read to daily by a family member in 2001, with the percentage fluctuating between 53 and 58 percent since 1993. The percentage of Kentucky parents who read to their children eight and younger has been, until recently, in this range of values. However, by 2004 nearly three fourths of parents said they read to their children daily.

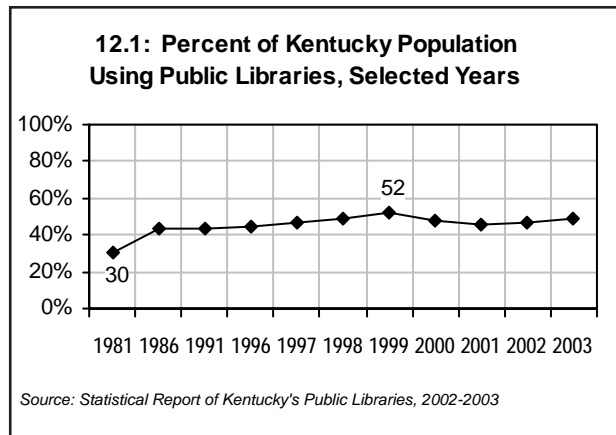


12 Kentuckians will have opportunities to appreciate, participate in, and contribute to the arts and humanities and historic preservation.

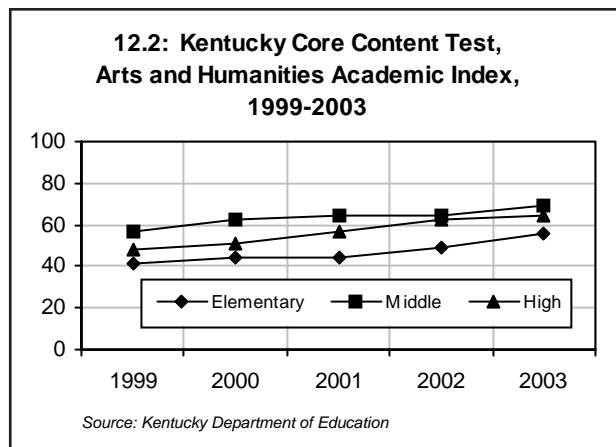
Yet again, Kentuckians cited arts opportunities as the area in which the state has made the most progress, while identifying the availability of such activities as the least important goal for the fourth consecutive survey.

	1998	2000	2002	2004
Making Progress	47%	48%	55%	47%
Standing Still	40%	38%	36%	39%
Losing Ground	13%	13%	10%	14%

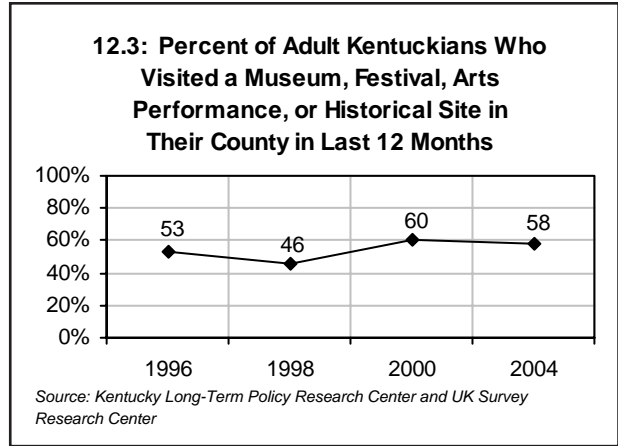
12.1 Library Use. For many, the first visit to a public library or to one of Kentucky's 88 bookmobiles serves as an introduction to the limitless possibilities that lie within books and other media. Literature, art, film, and music all live in libraries. And attraction to these rich cultural resources appears to be growing in spite of—or because of—the online availability of vast resources. Between 2002 and 2003, the number of registered borrowers at Kentucky's libraries grew to more than 2 million people, an increase of nearly 113,000 people or 6 percent. Remarkably, an estimated 15 million people entered Kentucky's public libraries in 2003 to use the growing wealth of resources found there, participate in programs, conduct research, or simply enjoy a quiet read. A potentially important indicator for the future, attendance at children's programs in libraries jumped 14 percent in 2003 to nearly 800,000, suggesting that more parents may be introducing their children to the fundamental habits of reading and library-going, and the cultural riches to which they open doors.



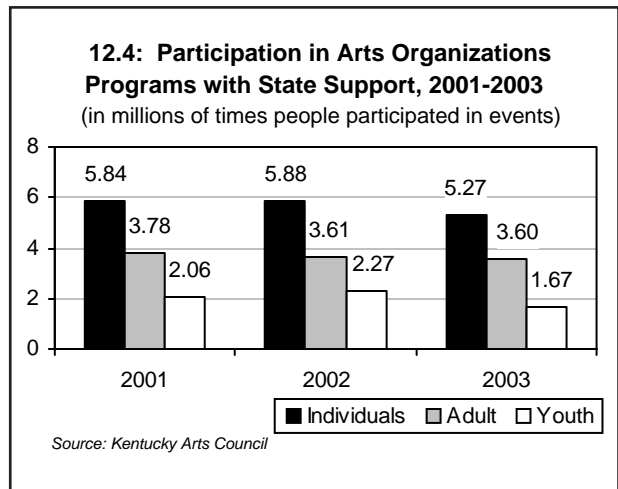
12.2 Academic Performance in Arts and Humanities. The Kentucky Core Content Test, the academic heart of CATS, provides an indicator of the level of knowledge and understanding of the arts and humanities that is being cultivated in our schools. These results show steady growth in performance on this gauge of knowledge of the arts and humanities among Kentucky students at every level since 1999 when the CATS tests were revised. In spite of the marked improvement seen, however, Kentucky schools have significant ground to close on this important cornerstone of a full, prosperous life.



12.3 Cultural Opportunities. The breadth of opportunities to experience the riches of Kentucky’s cultural past or the immediacy of an arts performance or a festival expands with each year. Citizens of the Commonwealth are working to preserve our heritage by seeking official designation of historic sites, raising funds to restore and preserve them, and maintaining them for generations to come. Likewise, active arts communities across the Commonwealth have brought innumerable community theaters, festivals, musical series, and other arts events to life and made them part of their local landscapes. Our data show that the percentage of Kentuckians who have taken advantage of these “home-grown” cultural opportunities has increased somewhat since 1996 though it declined slightly during the late 1990s. Overall, more than half (58 percent) of Kentuckians seized a cultural opportunity in their very own backyards in 2004.



12.4 Participation in the Arts. Attendance at events presented by Kentucky arts organizations that receive state funds has fluctuated somewhat in recent years, possibly as a reflection of depressed economic conditions. While the number of arts participation experiences reported by these organizations declined by only 9.8 percent over the three-year time period shown here, youth participation fell 19 percent at events presented by these 107 arts organizations. The decline in youth participation again may be a reflection of the economy and tighter family budgets. Nationally, state support for the arts fell 13.4 percent between fiscal years 2002 and 2003. Spending cuts in Kentucky have been spread across all state agencies that compete for discretionary dollars, reflecting the national trend. But these cuts have come at a time when the importance of arts and cultural events as vital contributors to local and regional economies is gaining long-overdue recognition.



economy

T

he strength of our economy can be viewed from many perspectives. How well are our citizens and businesses faring in the global economy? How readily are we embracing the New Economy? How strong is the entrepreneurial impulse of our citizens?

To what extent are we investing in basic infrastructure? And does the tax and regulatory structure facilitate and support economic development? Our Commonwealth Index shows that the state made overall economic progress during the decade of the 1990s, at both the national and regional levels. Yet, our data focus almost exclusively on statewide trends, and a closer examination reveals important geographic and group differences in the way our citizens are responding to the economic challenges and opportunities of today.

If there is a single word or phrase that characterizes today's economic structure it is globalization. By many measures, like the number of Kentucky firms able to compete globally, the level of foreign direct investment in Kentucky, and the value of exports by businesses in Kentucky, we are able to compete on a global scale in a range of industries. The trends are moving in an upward direction, and Kentucky's national ranking on various scales continues to improve. However, most of these businesses are located in the state's urban triangle, suggesting long-term consequences for our rural areas if this trend continues.

The global economy rewards those with higher levels of education, skills, and training, and punishes those without the requisite skills. We are creating jobs in Kentucky, leading to a decline in the poverty rate, but not an abundance of high-paying jobs. Consequently, income indicators have not progressed significantly for the last several years. While both the average wage per job and per capita personal income have increased since 1990, neither has made appreciable progress relative to the U.S. average. Indeed, our national ranking in per capita personal income, a commonly used indicator of economic well-being,

has languished for the past 34 years at around 42nd place.

The seven counties that anchor the three vertices of the "urban triangle" are the only ones currently above the national average for per capita net earnings (Boone, Kenton, Jefferson, Oldham, Fayette, Scott, and Woodford). The challenge in front of us is to broaden the base of prosperity. However, the entrenched poverty in many counties makes this challenge exceedingly difficult. Of the 30 counties in the bottom quartile in 2002, 24 were in the bottom quartile 35 years ago in 1969. Obviously, there are systemic, deep-seated development hurdles in these counties. With the decline in the number of small farms, dropping farm income to historically low levels, and the loss of tobacco as a significant source of income, it will become even harder to develop a viable rural development strategy.

In a substantially rural state like Kentucky, rural development policy demands attention. However, our urban centers cannot afford to embrace their relative prosperity to the exclusion of entrepreneurial enhancement, market expansion, infrastructure development, workforce improvement, and continuous innovation. In this globally competitive economy, the window of economic opportunity can open quickly and shut suddenly.

For both urban and rural regions, it is essential to nurture entrepreneurial capacity. From university faculty at our major institutions to small business owners in rural areas, entrepreneurial energy will play an essential role in future economic development efforts. And Kentuckians appear to have a relatively strong entrepreneurial impulse, evidenced by the steady increase since the mid-1990s in the percentage of Kentuckians who have started a business.

With respect to infrastructure investments, we have been increasing the number of Kentucky households participating in door-to-door garbage collection, holding steady in the percentage of roads in fair or better condition, and decreasing the number of bridges either functionally obsolete or structurally deficient. Increasingly, the economic development experts now talk about the digital infrastructure along with the traditional road, water, and sewer infrastructure. The trends for computer

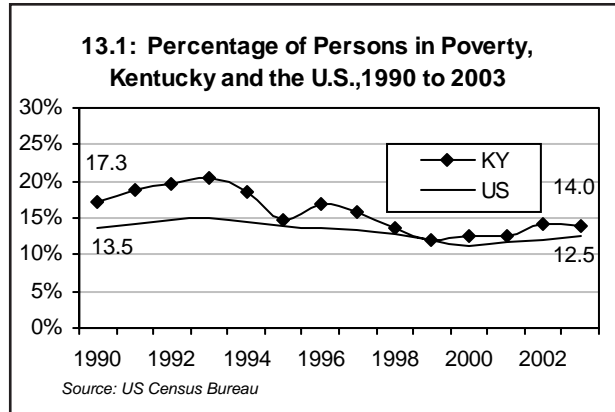
and Internet access show that a majority has joined the digital age. However, continued investments in the digital, road, water, and sewer infrastructure will be ongoing and costly. Kentucky will need to modernize its revenue structure, as demonstrated by the steady decline in revenue elasticity for the last several years, to ensure adequate resources are available for these and other essential services important for economic development, like education and health care.

13 Kentucky will end poverty and alleviate its adverse consequences and debilitating effects.

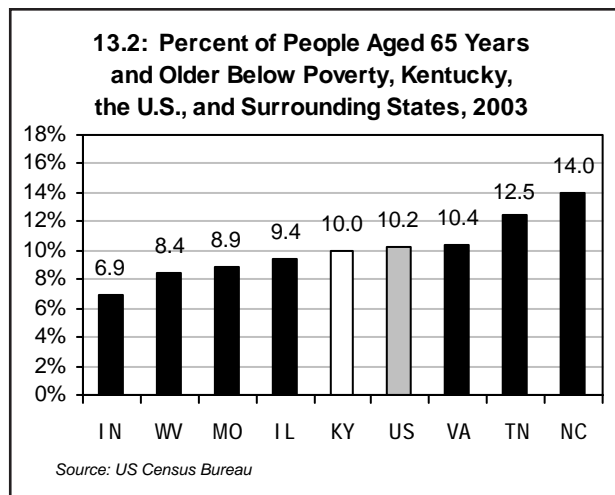
Ending poverty remains of high importance to Kentuckians, who ranked it seventh overall. However, fewer people saw progress toward this achievement than toward any of the 25 other goals.

	1998	2000	2002	2004
Making Progress	18%	20%	18%	11%
Standing Still	43%	48%	52%	46%
Losing Ground	39%	33%	31%	44%

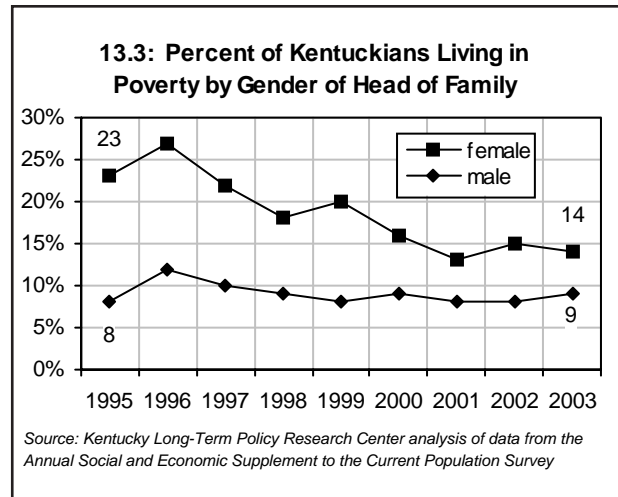
13.1 Poverty Rate. The breadth of poverty arguably remains the most telling indicator of economic well-being. Since this benchmark was established after the launch of the federal War on Poverty in the mid-1960s, the portion of Kentuckians who live in poverty has declined substantially. At the same time, the once substantial gap between poverty in our state and the nation as a whole has narrowed considerably. Our first measure of poverty, the 1970 decennial census, found 22.9 percent of Kentuckians living in poverty compared with 13.7 percent nationally. While little change occurred over the course of three decades at the national level where poverty declined by only 1.3 percentage points, Kentucky's poverty rate fell 8.9 percentage points. Here, we show the progress of poverty rates in Kentucky relative to the national average over the past decade. As shown, poverty rates here nearly merged with national rates over the course of the past decade and into the early 2000s. By any measure, however, poverty and its costly consequences remain with us, as 14.0 percent of Kentuckians, nearly a third of whom are children, continue to live in poverty as defined by federal standards.



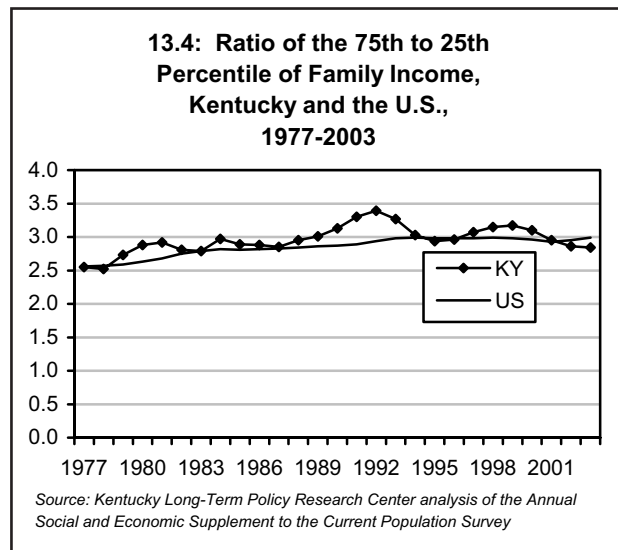
13.2 Poverty Among Elders. Historically, a disproportionate percentage of older Kentuckians ranked among the poor, but, in recent years, Kentucky has closed the gap in poverty among older citizens here and nationally. Moreover, the Commonwealth's poverty rate among those aged 65 and older remains about average compared to the surrounding states. Though the economic status of older citizens improved dramatically over the last half century, many face new financial pressures in the 2000s. A combination of fixed and limited incomes, uncertain and even disappearing pension benefits, spiraling out-of-pocket health care costs, and the increased likelihood of disability is pushing a record number of elders into insolvency. Bankruptcies among older citizens have skyrocketed. More than 10 percent of Kentucky's older citizens, who are often quite vulnerable due to isolation and poor health, remain poor.



13.3 Poverty by Gender of Head of Family. The economic status of individuals in female-headed families has improved in recent years, as poverty rates for this population have fallen. Since the landmark welfare reform legislation in 1995, the poverty rate for female-headed families has decreased from 23 percent to 14 percent. Although the gap between those individuals from families supported by women and men is narrowing, this population continues to have consistently higher rates of poverty than those individuals from families headed by males. The rate for males of approximately 9 percent has remained relatively unchanged over the time period. Among the number of factors contributing to this discrepancy are the concentration of women in low-wage jobs, lost years of employment due to childbearing and child rearing, disproportionate responsibility for the care of children and other family members throughout working-age years, lingering discrimination, and, in their senior years, lower or non-existent work-related benefits.



13.4 Income Distribution. Over the past decade, the gap between those at the bottom and the top of the income spectrum, which began to widen after 1968, has garnered widespread attention and raised concerns about the potential long-term implications of sustained inequality. Social cohesiveness and widely accepted, if uniquely American, notions about hard work as a means to improving one's economic status form the underpinnings of objections to the persistent trend. Data from the Census Bureau show that the income gap has widened since 1977 when family income at the 75th percentile was approximately 2.5 times greater than at the 25th percentile for both Kentucky and the United States. By the early 1990s, however, these income levels were 3.0 times higher nationally and 3.5 times higher here. More recently, the data show a narrowing of the gap between state and national income inequality, but the fundamental shift in income distribution has persisted. Removing the effect of inflation and examining these data in real terms shows that family income in Kentucky during this period increased 7 percent for families at the 25th percentile and 16 percent for families at the 75th percentile. At the national level, the percentages are 15 and 33 respectively.



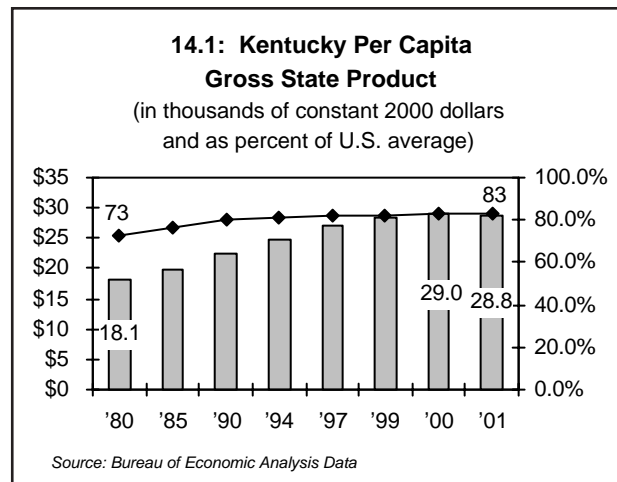
14

Kentucky will have diversified long-term development that stresses competitiveness and a rising standard of living for all citizens while maintaining a quality environment.

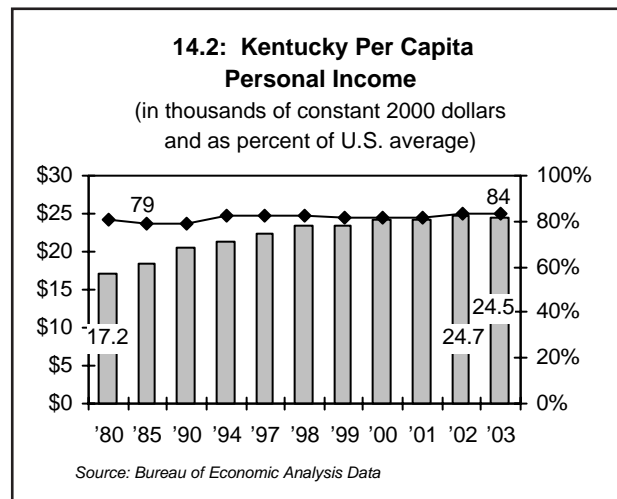
Citizens' appraisal of progress toward this goal has sharply plunged as has its ranking, down from 15th in 1998 to 22nd in 2004. Opinion on its importance has remained ever-consistent, ranking it eighth for the third consecutive survey.

	1998	2000	2002	2004
Making Progress	36%	31%	32%	22%
Standing Still	40%	45%	50%	51%
Losing Ground	23%	25%	18%	27%

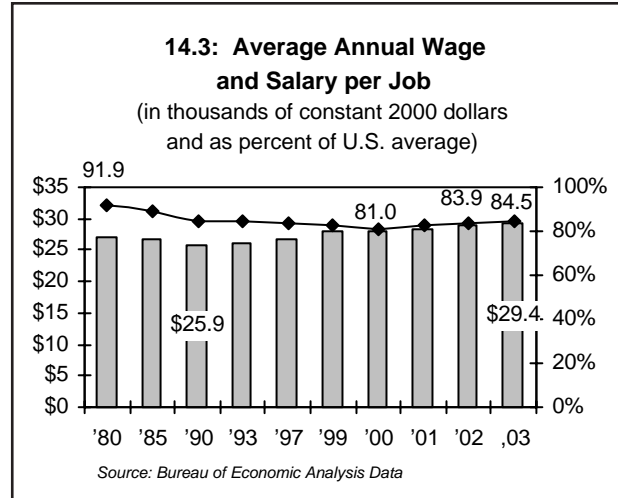
14.1 Gross State Product. Indicative of an increasingly prosperous economy, rises in gross state product (GSP) reflect higher levels of business activity and production within the state. A state's GSP measures the market value of its goods and services. Kentucky's per capita GSP has grown 59 percent in real terms, rising from \$18,100 in 1980 to \$28,800 in 2001. The decade of the 1980s was a period of considerable growth in this benchmark measure relative to the rest of the country. The state made great strides in closing this gap, increasing from 73 percent of the national average in 1980 to 80 percent in 1990, with moderate progress throughout the 1990s, increasing to 83 percent of the national average in 2001.



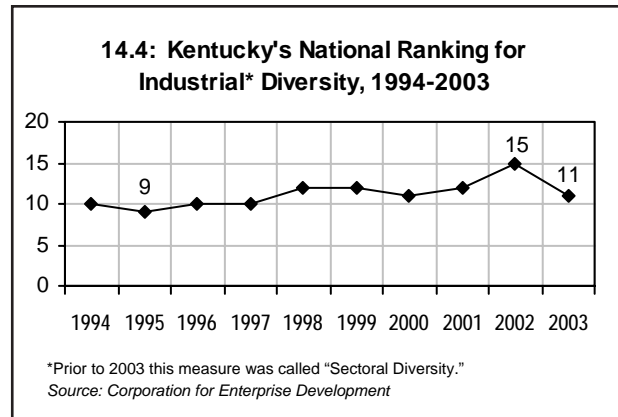
14.2 Income. A crucial aspect of Kentucky's long-term development, per capita personal income (PCI) is indicative of a state's average standard of living. While Kentucky's PCI increased 42 percent between 1980 and 2003, the state made only modest gains in closing the gap between itself and the nation. Kentucky's PCI as a percent of the U.S. average increased 4 percent in real terms from approximately 81 percent in 1980 to 84 percent by 2003.



14.3 Wages. Since 1980, the average yearly wage paid per job in Kentucky has fallen relative to the nation as a whole. Although real wages have risen since that time, estimates show that the average annual wage and salary per Kentucky job as a percent of the national average has fallen from approximately 92 percent in 1980 to 84 percent in 2003. As globalization pressures companies to lower operating costs, they continue to move operations to lower-cost, off-shore locations, leaving behind primarily jobs that require at least some postsecondary education or jobs in lower-wage occupational categories that offer limited opportunity for wage growth. Clearly, the long-term solution to this problem includes continued improvement of Kentucky's educational system, systematic efforts to attract businesses and industries that employ more educated workers, and a corresponding decline in our reliance on low-skill jobs.



14.4 Economic Diversity. Like a healthy portfolio, a state's economy cannot be overly reliant on the success of a single industry and successfully weather inevitable economic downturns. Rather, it should possess sufficient diversity in its industrial makeup to help offset losses in any single sector. Industrial diversity as measured here by the Corporation for Enterprise Development represents the degree of diversity among industries within the state's traded sector, which includes "businesses that sell goods and services in markets broader than the state alone." Kentucky's industrial diversity ranked 10th among the states in 1994 and has hovered around this mark since, with its lowest ranking of 15th occurring in 2002. In the most recent ranking of this measure, Kentucky's economy was deemed sufficiently diverse to secure a ranking of 11th among the states in 2003.

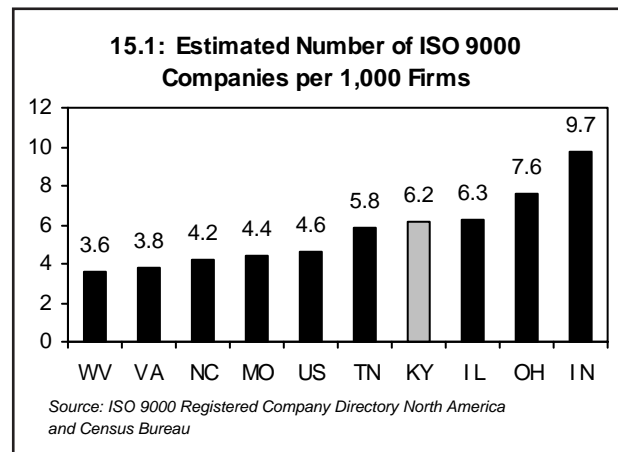


15 Kentucky will benefit from participation in an integrated global economy.

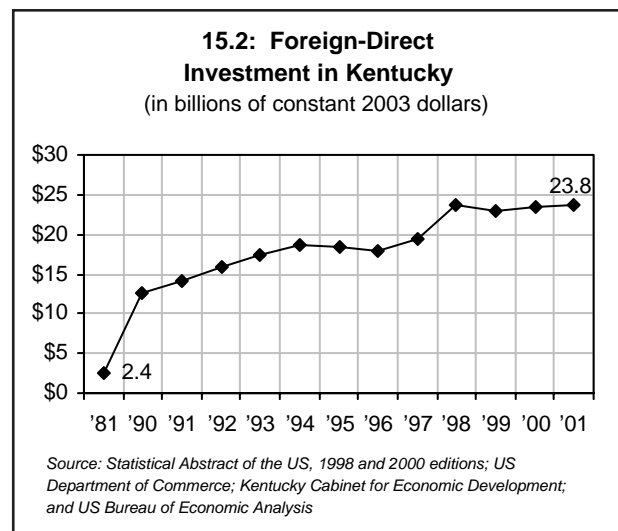
In 1998, Kentuckians viewed participation in the global economy as the goal toward which the state had made the most progress; that rank dropped to 15th in 2004. But as in previous years, respondents perceived relatively little value in this objective, ranking it 25th in importance.

	1998	2000	2002	2004
Making Progress	57%	45%	45%	34%
Standing Still	27%	37%	40%	46%
Losing Ground	16%	19%	15%	20%

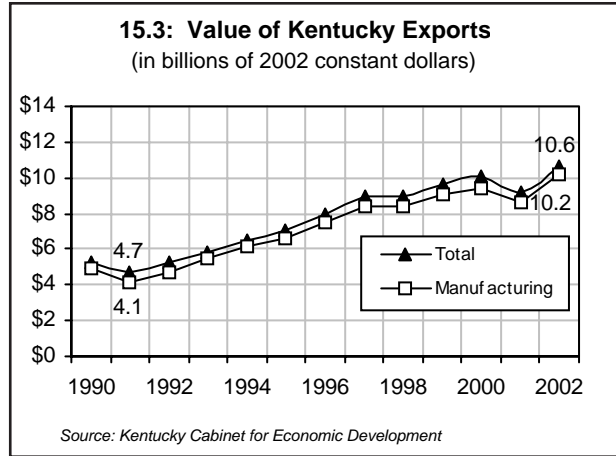
15.1 Quality Standards. The robustness of the state's economy depends in part on the prevalence of firms equipped to compete in the global marketplace. Businesses can demonstrate such a capability by attaining ISO 9000 certification, a set of rigorous, internationally recognized standards of quality practices, thus widening opportunities to take part in global commerce. The number of Kentucky firms that have met this test of preparedness for the international marketplace has increased eightfold since 1994. Moreover, relative to our neighboring states, the majority of which have far more urban economies than our own, Kentucky is well positioned in regard to the number of registered ISO 9000 businesses per 1,000 firms. Only the larger, more urban states of Ohio, Illinois, and Indiana have higher rates.



15.2 Foreign-Direct Investment. By investing in property, equipment, and plants in Kentucky, foreign businesses provide an influx of resources to the state, boosting the economy by expanding job opportunities and their associated increases in earnings, income, and tax revenues. Though these new jobs tend to be in the manufacturing sector, where the location of production is subject to change, average pay also tends to be higher than for jobs created by domestic firms. The employment opportunities and higher pay created by foreign-direct investment have strengthened the finances of many working Kentuckians. From 1981 to 2001, foreign-direct investment in Kentucky increased nearly tenfold, from \$2.4 billion (in 2003 constant dollars) to \$23.8 billion, helping the state counter the effects of the recent economic downturn.



15.3 Value of Exports. Growth in the value of Kentucky's exports has been nothing if not robust. Adjusting for inflation, the state's exports more than doubled between 1990 and 2002, rising to \$10.6 billion dollars (in 2002 constant dollars). Transportation equipment represented the lion's share of these gains, increasing over \$3.2 billion in value, an increase of 264 percent. Currently, transportation equipment comprises approximately 42 percent of Kentucky's total exports, due in large part to the presence of the Toyota factory in Georgetown. Exports of the remaining commodities rose 53 percent in value.



15.4 Export Ranking. Though Kentucky's export ranking has been rising slowly but steadily, the actual dollar value of its exports has jumped dramatically in recent years. From 2001 to 2002, the state's exports grew \$1.5 billion in value, the largest growth found anywhere in the country. Now ranked 20th in terms of total export value, Kentucky now leads the nation as the leading exporter of livestock and livestock products.

15.4: Kentucky's National Ranking in Exports, 1993-2002

Year	Rank
1993	25
1994	25
1995	24
1996	23
1997	22
1998	22
1999	22
2000	22
2001	22
2002	20

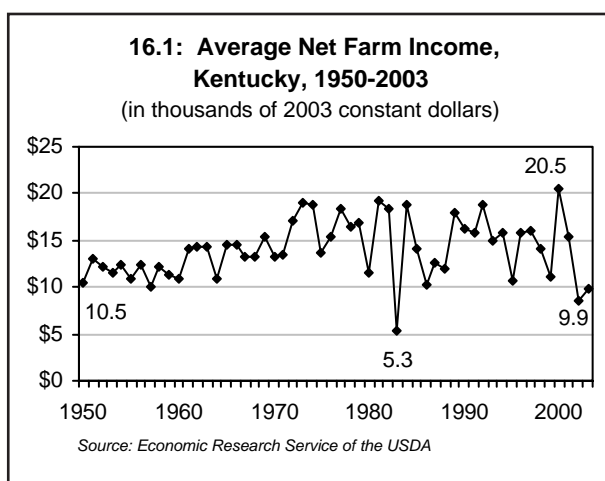
Source: Kentucky Cabinet for Economic Development, Deskbook of Economic Statistics and Kentucky Exports: 2002

16 Kentucky will maintain and enhance a strong farm economy through diversification, internal networks, and agricultural processing industries.

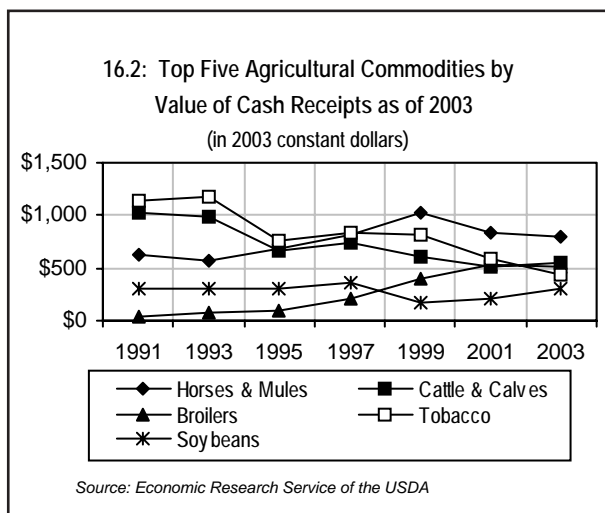
Though rankings of progress toward a strong farm economy have increased with each successive survey—ascending to the 20th spot—in actuality, fewer saw progress in 2004 than in 2002. With regard to its importance, opinion has perennially placed it in the middle of the pack, ranking it 15th overall most recently.

	1998	2000	2002	2004
Making Progress	28%	29%	35%	30%
Standing Still	37%	33%	36%	36%
Losing Ground	36%	38%	28%	34%

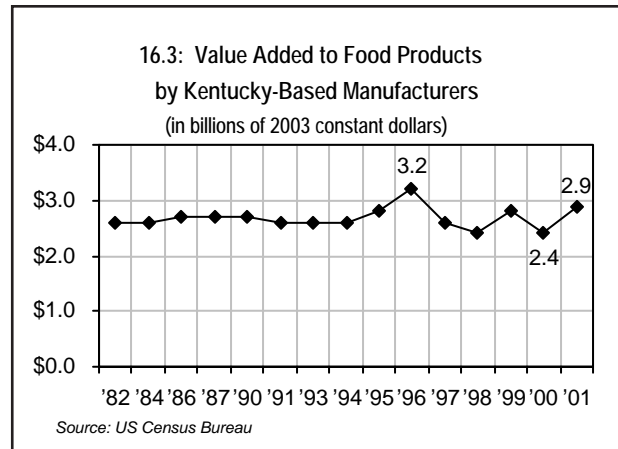
16.1 Farm Income. Farm income in Kentucky has been volatile for many years, but recent data show a precipitous drop, the likely result of a decline in the state’s once-dominant burley tobacco crop. Net income per farm in Kentucky, where small farms have long been commonplace, fluctuated between \$10,500 and \$19,000 in 2003 constant dollars during the 1990s. In 2000, average net income spiked to \$20,542, due in part to higher receipts but also to government payments from the tobacco disaster fund and Phase II tobacco settlement funds. The state saw a return to 1990s-level income in 2001 when the average fell to \$15,418. Average net farm income then took a nosedive in 2002, plunging to a discouraging \$8,558, growing slightly to \$9,928 in 2003. Only once in the past 50 years (1983) has average net farm income been lower.



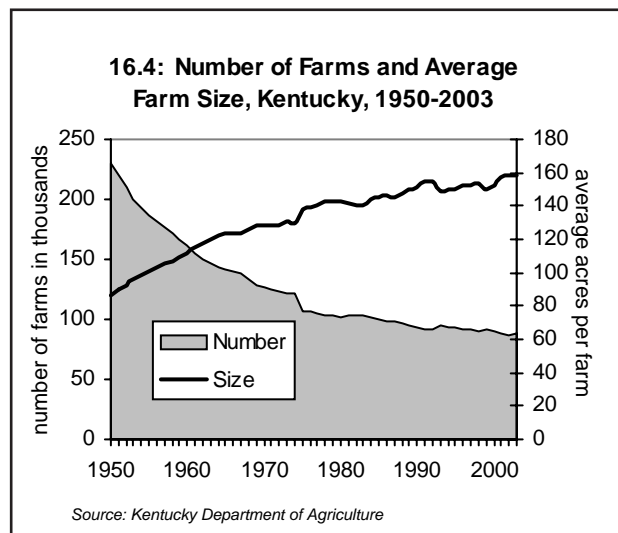
16.2 Agricultural Diversity. Diversity of agricultural products helps protect the economic health of farms and farmers by providing a variety of potential revenue sources. However, as Kentucky’s experience has shown, diversity is no guarantee of prosperity. Combined cash receipts for livestock fell about 6.7 percent here between 1990 and 2003; receipts for crops collapsed an alarming 37 percent, and in 2002 hit their inflation-adjusted lowest point since 1941. Receipts for cattle and calves—once the state’s top livestock commodity—plummeted 43 percent. All of the state’s top five crops lost ground but tobacco proved the biggest loser, with receipts plunging 59 percent. Broilers (chickens raised for meat) didn’t even make the top ten in 1990, but emerged as the number three commodity in 2003, surpassing tobacco’s receipts. Horses and mules, now the state’s number one agricultural commodity, finished 16 percent ahead of receipts from 1990 after hitting a record high in 2000.



16.3 Value-Added Food Products. Though no commodity can be created without raw components of some sort, manufacturing offers far greater economic rewards than merely producing unrefined materials. Global demand for processed foods has grown rapidly. Ideally, Kentucky would maximize the benefits of its agrarian character by hosting a robust manufacturing sector to refine the state's numerous agricultural commodities. Unfortunately, the value added to food products by Kentucky-based manufacturers has been relatively stagnant for the last 20 years though 1996 saw an encouraging, if temporary, upswing. The need for a far more extensive component of food processing manufacturers to realize the fullest potential of farm crops grows all the more urgent as a counterbalance to the current, dramatic slump in farm receipts.



16.4 Farms. Kentucky has a rich history of family-owned farms, and farming has been a lynchpin of the state's economy. But the downturn in the tobacco market—not to mention drops in the production value of the state's other major crops—has compelled many farmers to sell off cropland, often to be used for nonagricultural purposes. Recent years have seen the rise of larger farms as small, family-run farms have become less viable. Between 1973 and 2002, the number of farms in the state declined from 122,000 to about 89,000. During this same timeframe, the average farm size rose from 130 acres to 153 acres. The total amount of land in farms also fell from approximately 15.9 million acres in 1973 to 13.6 million in 2002.



17

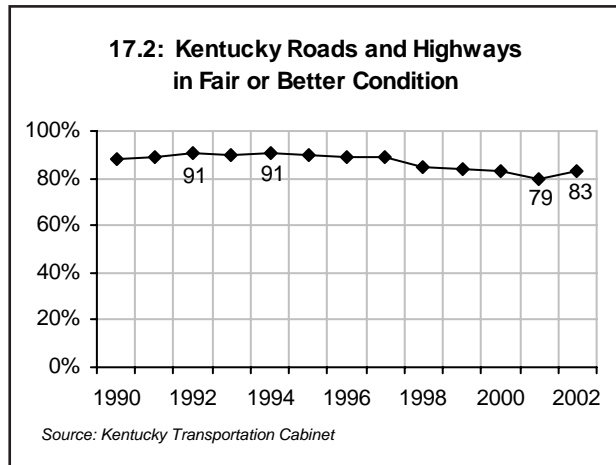
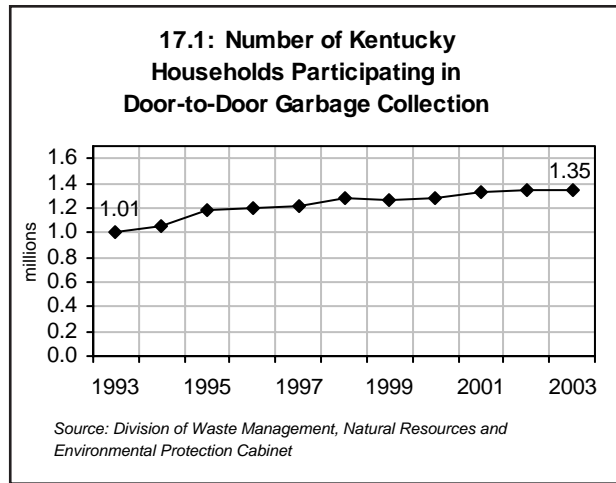
Kentucky will develop and enhance its physical infrastructure to support and sustain economic development and a high quality of life.

Though the outlook on the quality of Kentucky's physical infrastructure has grown increasingly pessimistic, this goal moved up a notch in the rankings, from 17th to 16th. Assessments of its importance improved somewhat as did its ranking, which rose three places to 18th.

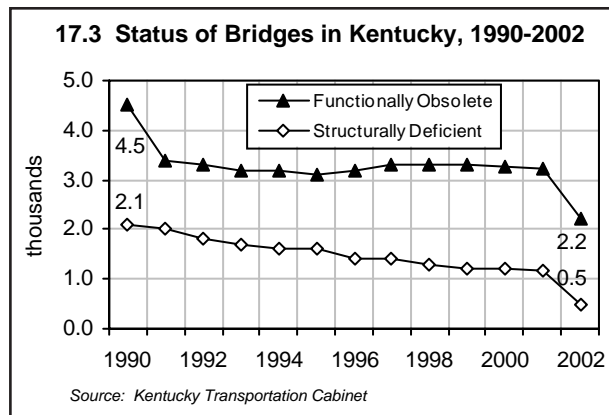
17.1 Access to Water, Sewer Systems, and Garbage Collection. Many Kentuckians still lack access to basic physical infrastructure, due in large part to the rural character of the state and the cost of supplying these important services. Connections to public water and sewage systems and door-to-door garbage collection, nevertheless, remain important amenities that contribute to a cleaner environment, better public health, and a higher quality of life. The most notable gap here is in hookups to municipal wastewater treatment plants: only 55 percent of the state's population was linked in 1999. The remaining 45 percent of the population depended on on-site sewage and treatment disposal facilities or, in some cases, "straight pipes," which still funnel raw sewage into some waterways. In 2003, approximately 90 percent of the state's population or 3.7 million Kentuckians were served by one of the state's 572 public water systems. About 84 percent of Kentucky households or 1.35 million participated in door-to-door garbage collection—up 34 percent since 1993.

17.2 Roads and Highways. Well-maintained roads and highways are fundamental to successful economic development and to the cost of goods and services, which directly affect quality of life in the Commonwealth. Poor access to communities limits their ability to recruit business and industry, create jobs, and raise living standards. Development patterns clearly show that highway access has been a critical factor in the location of manufacturing facilities. Fortunately, our rural roads are in excellent shape, according to the Kentucky Transportation Cabinet. However, the Cabinet reports that more than half of the interstates and parkways in the Commonwealth will need resurfacing within the next four years, a costly but critical need.

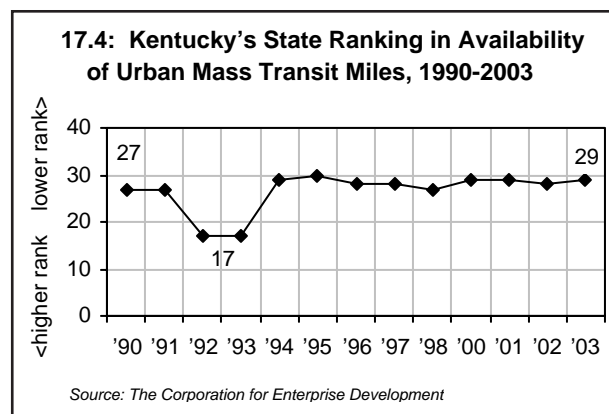
	1998	2000	2002	2004
Making Progress	40%	37%	36%	27%
Standing Still	42%	42%	51%	54%
Losing Ground	19%	22%	13%	19%



17.3 Bridges. Hand-in-hand with well-maintained roads and highways, safe, modern bridges contribute to Kentucky's economy and the quality of life its citizens enjoy. Structurally and functionally sound bridges facilitate the flow of goods and services statewide. Bridges that are structurally deficient or functionally obsolete are not necessarily unsafe but rather too narrow or below the capacity of modern standards. The number of structurally deficient bridges in Kentucky declined steadily in the 1990s while the number of functionally obsolete bridges remained essentially unchanged. Recent data, however, reflect a significant improvement in the quality and capacity of bridges in the Commonwealth.



17.4 Mass Transit. Mass transit systems help alleviate many urban ills, including traffic congestion, air pollution, and wear and tear on city streets. More importantly, they provide critical public access to jobs, educational opportunities, health care, and shopping for people who do not or cannot drive or cannot afford a car. Low-income communities are disproportionately affected by the absence of good public transit systems. In part because Kentucky is largely rural, our state ranking in the availability of urban mass transit miles has remained at roughly the same level, around 28th but as low as 29th—where it ranked in 2003—for the past decade.

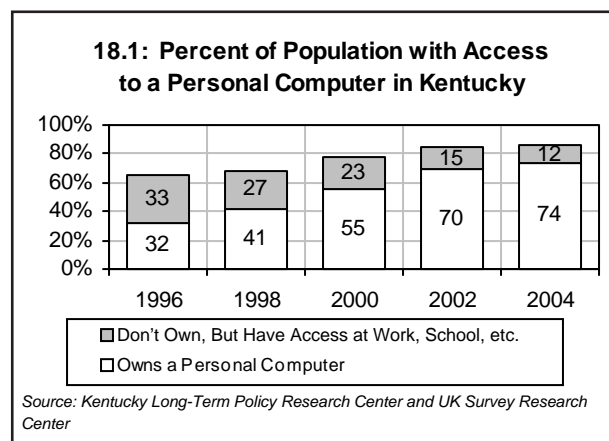


18 Kentucky will develop a state-of-the-art technological infrastructure that complements its learning culture and bolsters its competitive position in the world economy.

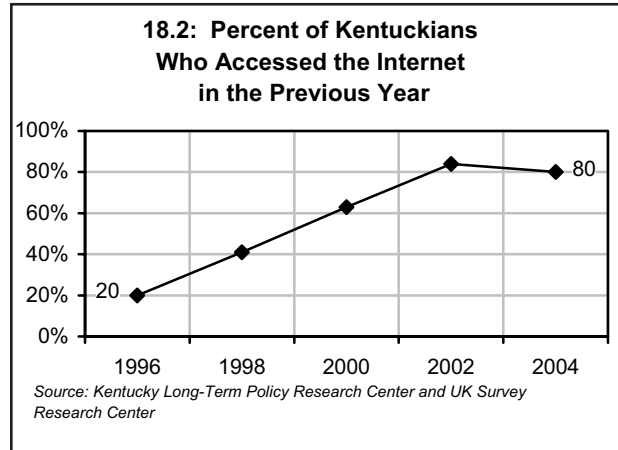
Rankings of progress toward a state-of-the-art technological infrastructure have been in a freefall, plummeting from a peak of 5th in 1998 to 18th in 2004. Kentuckians have consistently viewed this goal as less important than most others, recently ranking it 21st.

	1998	2000	2002	2004
Making Progress	45%	38%	40%	27%
Standing Still	40%	44%	46%	50%
Losing Ground	16%	18%	14%	23%

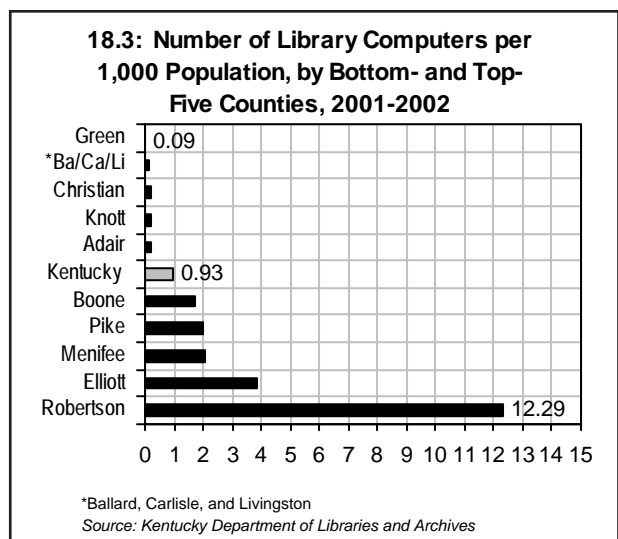
18.1 Access to Personal Computers. Kentuckians continue to embrace information technology, as computers are fast becoming what televisions were to people in the 1950s, a must-have household item. Indeed, nearly three quarters of Kentucky adults now have access to a computer in their homes. In 1996, slightly fewer than a third of Kentuckians had access to a computer in their homes, while another third had access to a computer at work, school, or elsewhere, and the remaining third had no access. By 2004, 74 percent of Kentuckians reported having home computer access while about 12 percent reported having access elsewhere. Only 13 percent of Kentuckians reported having no computer access.



18.2 Internet Access. Research shows that because information technology permeates so many aspects of our lives, access to and use of it are increasingly important to being fully informed, socially integrated, and economically successful. Kentucky has made dramatic progress on this important measure since 1996. Only 20 percent of all Kentuckians said they had accessed the Internet at some point during the previous year in 1996 compared to 80 percent in 2004. Thus, over the course of less than a decade, Kentuckians have rapidly moved into the Information Age, utilizing perhaps the greatest information resource in history—the Internet—in ever increasing numbers.



18.3 Computer Access in Public Libraries. Potential bridges between the technological “have’s” and “have-not’s” are increasingly important in the face of research showing a persistent digital divide among certain populations. Public libraries serve as one path to closing this divide, as they can provide accessible computer and Internet access to the community at large. The number of available computers per 1,000 population measures the level of availability and helps identify those areas of the state where the “have not’s” are in danger of being left behind. The state average is approximately one computer per 1,000 population, but the highest county ratio is approximately 12 computers per 1,000 population, compared with the lowest ratio of fewer than one.



18.4 Technology Infrastructure. Investment in technological infrastructure, such as broadband deployment, is essential if the U.S. is to maintain its global technological and economic leadership. State governments can play an important role in encouraging broadband deployment through policies that address deployment roadblocks, provide incentives to spur deployment to underserved communities, and policies that stimulate consumer demand for broadband applications and services. Kentucky was ranked 24th in the nation in 2003 in terms of policies that stimulate broadband deployment. In terms of demand-side policies that encourage use of these services, Kentucky ranked 7th.

18.4: Top Ten States by Demand-Side Promotion Index, 2003

State	Ranking	Score
Michigan	1	15
Florida	2	13
Virginia	3	11
Ohio	4	10
California	5	9.5
Tennessee	6	9
Kentucky	7	8
Texas	8	8
Arizona	9	7
South Carolina	10	7

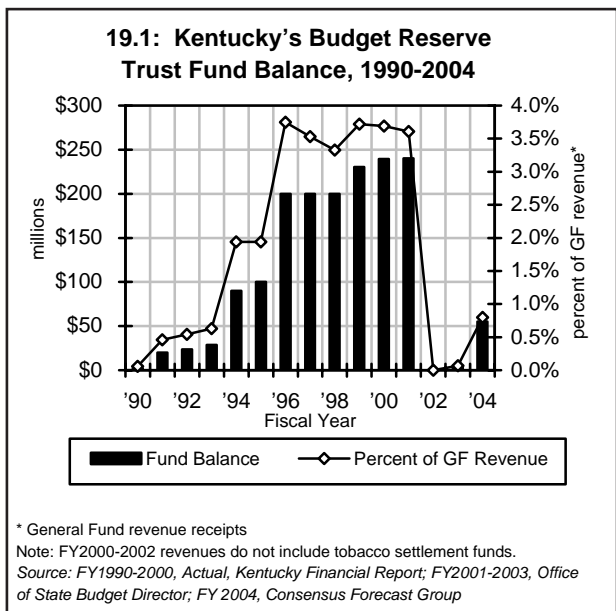
Source: TechNet

19 Kentucky will establish a fair, competitive, and responsible fiscal, tax, and regulatory structure.

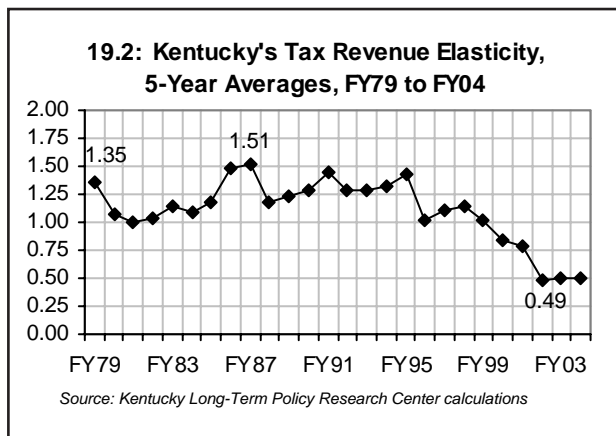
Citizens' estimation of progress has gone from bad to worse, and its ranking has been mired at the bottom of the list, now in the 23rd spot. The importance of a quality fiscal, tax, and regulatory structure, however, is held in much higher esteem, currently ranked 10th.

	1998	2000	2002	2004
Making Progress	29%	21%	24%	18%
Standing Still	40%	40%	46%	44%
Losing Ground	31%	39%	30%	37%

19.1 Rainy Day Fund. The Budget Reserve Trust Fund (Kentucky's rainy day fund) serves as a fiscal fail-safe, providing fiscal backup when revenues fall short of budgetary demands. Over the course of the 1990s and into the beginning of this decade, Kentucky's rainy day fund experienced significant growth, from \$2 million in 1990 to \$240 million in 2001. However, unanticipated shortfalls absorbed the entire fund in 2002. While this critical public "savings account" will be replenished in time, the fiscal vise grip currently clutching state governments—not just Kentucky's—is not expected to loosen in the immediate future. Over the 2004-2006 biennium, Kentucky faces an estimated shortfall of \$305 million, adding urgency to the challenge state government already faces in regard to taxation, revenues, and appropriations.



19.2 Tax Adequacy. A tax system's adequacy is essentially defined by its ability to grow with the economy. Tax revenue elasticity measures the percentage change in tax revenue relative to the percentage change in personal income. An elasticity of 1.0 shows that tax revenue grows at the same pace as the economy. Revenue growth has slowed dramatically here since fiscal year 1998, but spending has not, suggesting that the Commonwealth faces a structural deficit. During that time and previous to that year, tax revenues grew as fast or faster than the economy on average but have since fallen to a growth rate of half that of personal income in the state. A variety of possible contributing factors may help explain the erosion of the tax base, including a series of tax reductions since 1995, changes in consumption patterns from goods to services, and the loss of sales and use tax to remote commerce.



19.3 State Government Bond Ratings. To assist the Commonwealth in obtaining the lowest possible interest rate, bond companies assign the state a rating that can be used in the marketing of the state’s bonds. Bond companies assess the state’s borrowing capacity based on factors such as the state’s economy, financial information, demographics, and the Commonwealth’s fiscal management practices. High or increasing bond ratings signal an enhanced fiscal reputation and lead to lower borrowing costs for the state. During most of the 1990s, Kentucky maintained consistently high bond ratings, but the Standard and Poor’s rating dropped from “AA” in 2001 to “AA-” in 2002, reflecting the state’s weakened economy and steps it had taken to address the budget shortfalls. Moody’s also lowered the state’s issuer rating to its classification of “Aa2” in 2002, citing Kentucky’s budgetary stress due to continued weak revenue collections and uncertainty in the state’s economic rebound as reasons for the downgrade.

19.4 Regulatory Structure. In spite of its importance to business development and industrial recruitment, we are unable to identify an objective, reliable measure of the state’s regulatory structure relative to other states.

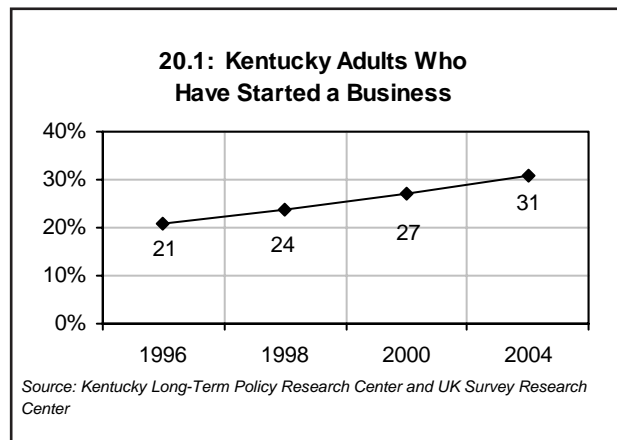
19.3: Kentucky State Government Bond Ratings		
Year	Standard & Poor’s	Moody’s
1995	AA	Aa
1996	*	Aa
1997	*	*
1998	AA	*
1999	AA	*
2000	AA	*
2001	AA	*
2002	AA-	Aa2
* Not reviewed. Source: <i>Statistical Abstract of the United States, various years</i>		

20 Kentucky will create an entrepreneurial economy.

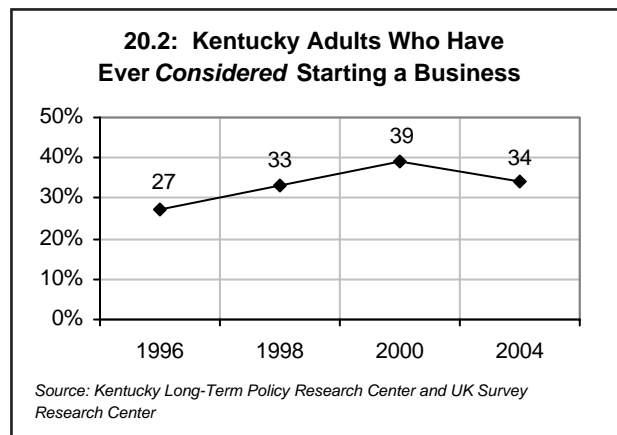
Kentuckians rate neither progress nor importance highly when it comes to an entrepreneurial economy. In 2004, this goal was ranked 19th in progress and 22nd in importance.

	1998	2000	2002	2004
Making Progress	33%	28%	28%	23%
Standing Still	45%	49%	53%	52%
Losing Ground	22%	23%	19%	26%

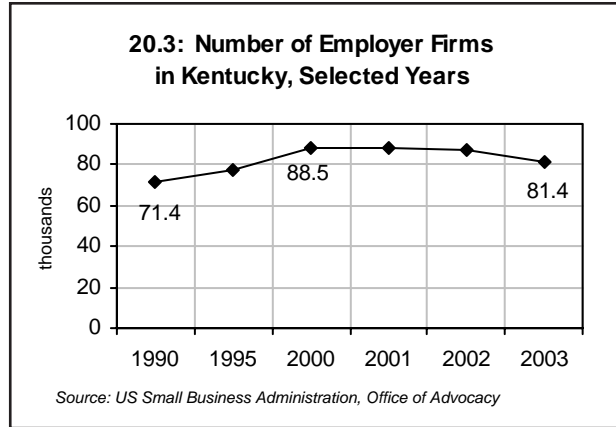
20.1 Entrepreneurs. The economic and social changes confronting Kentucky underscore the importance of entrepreneurial energy to adaptation. In 1996, approximately 20 percent of Kentucky’s adult population reported that they had started a business at some point in their careers. By 2004, just eight years later, this proportion had increased by 10 percentage points to nearly a third of the population, an encouraging trend that suggests rising levels of entrepreneurial skill, technological prowess, and education. Long a vital component of Kentucky’s economy, small businesses have enabled individuals, communities, and the state economy to weather job losses in other sectors and adapt to structural change. While a boon for job creation as one-time entrepreneurs are more likely to create new ventures, smaller firms are less likely to survive long term and less likely to provide employer-sponsored health care benefits.



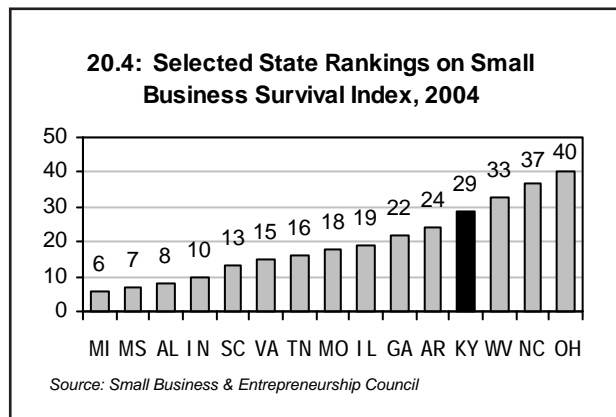
20.2 The Entrepreneurial Impulse. Even while entrepreneurs have become a growing segment of the state’s adult population, the inclination to start a business appears to have subsided. Although there is no way to tell if the impulse has been dampened because more people have acted on that urge, this may indeed be the case. Alternatively, entrepreneurially minded Kentuckians may have been discouraged by the “dot.com” losses of recent years. Regardless, in 2004 about a third of Kentuckians who have never started a business have at least considered doing so at some point in their lives. This estimate is up from 27 percent in 1996.



20.3 New Businesses. The status of entrepreneurial energy in the Commonwealth can be gauged in part by the number of new employer firms in the state. The 1990s were a prosperous period for new and small firms here as well as around the nation. The number of employer firms increased from approximately 71,400 in 1990 to 88,500 by 2000. The following recessionary period, which arguably dampened entrepreneurial impulses, was followed by a declining trend that continued into 2003—ending the period with approximately 81,400 Kentucky employer firms.



20.4 Support for Small Businesses. An objective measure of the level of support for Kentucky’s small businesses is difficult to find; however, the perceptions of small firms and their representatives are an important starting point. The Small Business and Entrepreneurship Council ranked Kentucky 29th overall on its 2004 “Small Business Survival Index,” a model which includes, among other things, various measures of the cost of doing business in the state relative to other states. The architects of this model, however, make a number of assumptions that are not necessarily shared by all small business owners nor are they valid indications of the overall health of an economy. Witness the ranking of competitor states, namely Ohio and North Carolina, both of which have higher per capita incomes but are ranked below Kentucky. Thus, these perceptions of what’s good for small business may not be aligned with what’s good for the overall economy. Nevertheless, the ranking provides insight into the interests of small employers and indicates that, according to these measures, Kentucky offers a less-than-optimum place to do business.



environment

From a petri dish to a planet, environment is the lynchpin of life, providing conditions that either foster longevity or hasten demise. In spite of all our modern technological advances and societal changes, we still must contend with the age-old need for clean air to breathe, pure water to drink, and fertile soil to cultivate food.

At times, mishandled modernity—such as the disasters at Bhopal and Chernobyl or the grounding of the Exxon Valdez—dramatically illustrates the consequences of toxic environmental conditions, underscoring Benjamin Franklin’s assertion about an ounce of prevention. Unlike those historic events, environmental damage more often takes on “quieter,” less sensational forms—vehicle exhaust, habitat modification, and agricultural run-off—that can nonetheless instigate far-reaching, deleterious outcomes.

The challenge comes in maintaining a clean, safe environment while juggling other competing needs. Much of Kentucky still relies on agriculture for income, but agricultural production is a primary source of contaminants impairing the state’s waterways. Kentucky enjoys the cheapest energy in the country, but our coal-burning power plants also yield sulfur dioxide, a chief component of acid rain. Our society as a whole has become completely dependent on motorized transportation, but exhaust produces harmful levels of ground-level ozone, carbon monoxide, and nitrogen dioxide. Communities seek to grow, but development often fragments and consumes green space. A number of daunting questions repeatedly arise in a perpetual debate: *Which interests take precedence?; How clean is clean enough?; What can realistically be accomplished?; If changes need to be made, who foots the bill and how?*

Kentuckians seem to believe the state’s environment is in acceptable—if not exceptional—shape. In each of our surveys, they’ve placed *environmental protection* at or near the very top in terms of progress made. In 1998, *wise use of resources and recycling* and *environmental awareness* ranked highly as well, but both have been steadily sliding downward ever since. Perhaps Kentuckians aren’t concerned by this perceived drop in progress, having consistently rated these goals of moderate to little importance.

The Kentucky Environmental Education Council has conducted surveys of their own, gauging both the concerns and the environmental knowledge of the population. Respondents correctly answered most of the questions, proving particularly well informed about hazardous waste, nuclear waste disposal, and the benefits of the ozone layer. But in spite of identifying water pollution as their chief concern, the vast majority could not correctly identify the primary source of it, storm water run-off.

If water pollution is the state’s top environmental worry, the findings of the Kentucky Division of Water will do little to assuage these fears. Since adopting a new sampling methodology in the late 1990s that provides more detailed information about a greater percentage of our rivers and streams, the Division of Water has found an increasing portion of monitored waterways to be impaired by pollutants. Currently, nearly half are adversely affected by contaminants. Agricultural production has consistently been the principal source, the side effects of crop production, soil erosion, animal grazing, and intensive animal feeding operations. But habitat modification—which can entail vegetation removal, shoreline destabilization, and draining or filling wetlands—has now surpassed resource extraction as the second greatest contributor to water pollution, though mining remains a continuing threat to the cleanliness of the state’s waterways.

While water pollution has been on the rise, statewide air pollutant concentrations have been declining for the past quarter century, and almost all of the primary contaminants have remained below national air quality standards since 1980. Thanks largely to more stringent emission standards on motor vehicles, statewide carbon monoxide levels have dropped more than 75 percent over the last quarter century. Even the increasingly urbanized Louisville area—where the

mileage of roadways rose 50 percent and the annual hours of traffic delay per capita multiplied 500 percent between 1982 and 2000—has seen a marked decline in carbon monoxide concentrations. Levels of sulfur dioxide, a chief ingredient of acid rain, have similarly fallen over 70 percent during this same timeframe.

The Environmental Protection Agency conducts the Toxics Release Inventory (TRI) each year to keep a tally of hazardous materials released into the environment. The list of chemicals and industrial sectors tracked by the TRI undergoes revision from time to time, and after the addition of 286 chemicals in 1994 and seven sectors in 1998, the amount of reported toxic air emissions jumped sharply. In the years since, however, this quantity has steadily dropped. Unfortunately, the same cannot be said of toxic land releases. During the period when toxic air emissions declined, land releases increased. Regardless of whether the various categories are waxing or waning, combined they equal hundreds of millions of pounds released into the environment each decade.

Because so much pollution enters the environment each year due to industry and transportation, it's incumbent upon citizens to adhere to "the three R's"—reduce, reuse, and recycle—to minimize the amount of waste entering the state's landfills. But from 1993 to 2002, the quantity of municipal solid waste deposited in Kentucky's landfills rose nearly 50 percent and the amount coming in from out of state each year spiked 500 percent, altogether amounting to an average of over eight billion pounds per year. Surprisingly, the number of recycling facilities increased during this same time span, and now over a third of the state's counties have door-to-door recycling programs. Yet the percentage of households that recycle has remained stagnant: our 1996 survey found that 68 percent of respondents said they recycled; in 2004, 67 percent reported doing so. In addition to reducing the quantity of synthetic, nonbiodegradable materials bound for landfills and illegal dump sites, recycling also slows the consumption of natural resources.

One of Kentucky's chief assets has always been its lush landscape, replete with rolling hills and beautiful woods. The state's forests have, at times, seemed potentially threatened, particularly in the very early and very late 20th century, when 900 million board feet of lumber were harvested annually. Curiously,

however, the amount of forestland in Kentucky rose during the 1990s, even as lumber production reached near-record high levels, now accounting for over 40 percent of the state's total acreage. But these 12.7 million acres of forestland are in the possession of over 306,000 owners, yielding a ratio of about 7,600 landowners for each state forester. Consequently, monitoring and maintaining the state's forestland has become increasingly problematic.

The greatest threat to many of these wooded areas is not logging but sprawling development. In 1997—the year for which the most recent data are available—only 7 percent of Kentucky was classified as developed land. But that same year, 100 acres per day were converted to urban uses, and a look around certainly suggests that in the years since, that rate has likely increased. Indeed, Kentucky holds the dubious distinction of having the second highest rate of developed acres per person. For much of the state, a majority of this urbanization has taken the form of leapfrog development on the outskirts of already developed areas. The result is diffuse, creeping urbanization that fragments and eventually consumes green space. More and more of Kentucky's hills and pastures are being consumed by development making way for retail and residential space.

The impact can go beyond aesthetic change to environmental degradation, as natural habitats are forever altered if not outright destroyed. The impact extends beyond wildlife in the immediate area. Spread-out communities only increase the dependence on motorized travel. Vegetation removal increases the likelihood of soil erosion. And recall that, during a time when Kentucky's rate of urbanization has accelerated, habitat alteration has emerged as one of the top sources of water pollution.

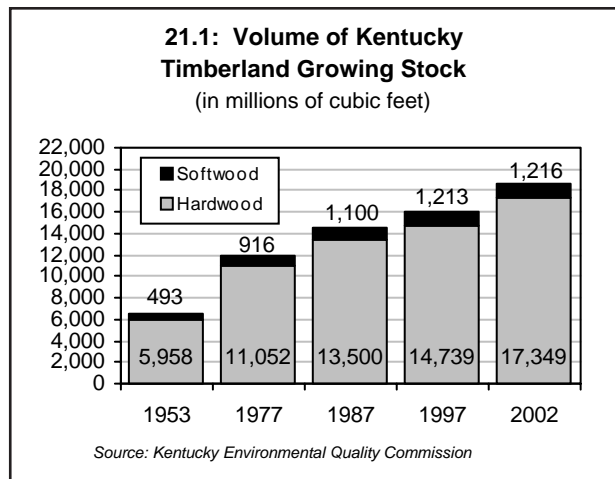
From suburban sprawl, recycling, and traffic exhaust to agricultural production, industrial pollutants, and simply planting new trees, numerous dynamics interact in the environment, either nurturing or damaging life. The never-ending task entails finding a reasonable, sustainable balance between competing needs, be they organic or economic. Whatever the political climate, the need for safe air and clean water remains. Though environmental debates endlessly cycle through daunting questions with no clear, simple, easy answers, *not* wrestling with these issues only ensures the worst will come to pass.

21 Kentucky will protect and enhance its environment through the responsible stewardship of its natural resources and the preservation of its scenic beauty.

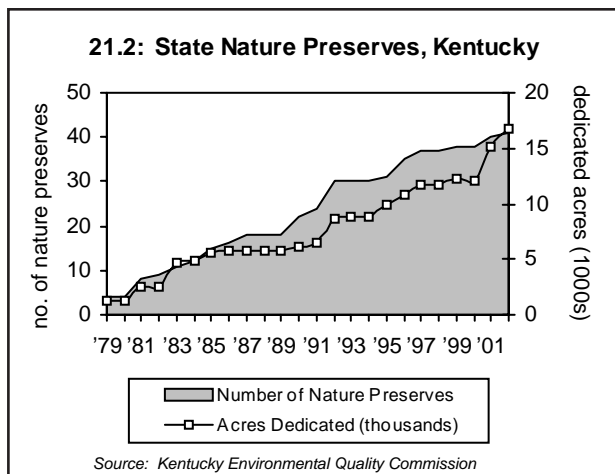
The public has invariably placed environmental protection at or near the top of the ranks in terms of progress: first in 2000 and second in both 2002 and 2004. On the other hand, this goal is regarded as of only moderate importance, ranked 17th in our latest survey.

	1998	2000	2002	2004
Making Progress	51%	55%	54%	47%
Standing Still	27%	27%	31%	37%
Losing Ground	22%	18%	15%	16%

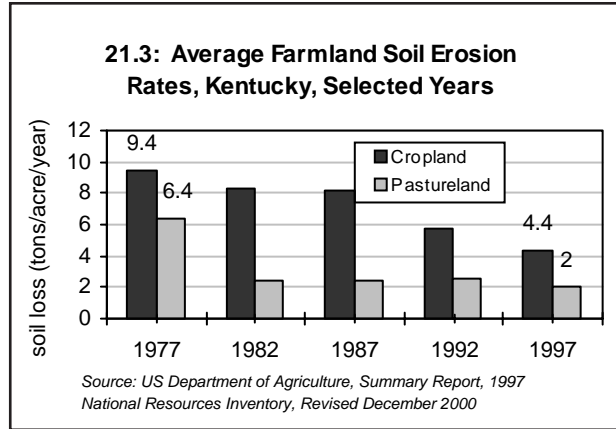
21.1 Timberland Stock. U.S. Forest Service data reveal that while mature timberland has declined in Kentucky, actual growing stock has increased over the past four decades. This increase in growing stock is consistent with forest succession from seedling, sapling, and poletimber, to sawtimber. For example, in 1988, 58 percent of the state's timber stands were classified as sawtimber (above 15 inches in diameter at breast height) compared to 65 percent in 2002. In spite of the swell in lumber production seen in the 1990s, the amount of forestland in Kentucky actually rose to 12.7 million acres, now accounting for over 40 percent of the state's total acreage. About 93 percent of the state's forestland is privately owned, divided among roughly 306,000 owners, about 7,673 landowners per state forester. This overwhelming ratio of forestland owner to forester hampers efforts to monitor and assist with the quality of forestland management. But, for the moment, the quantity of Kentucky's forestland seems to be in good shape.



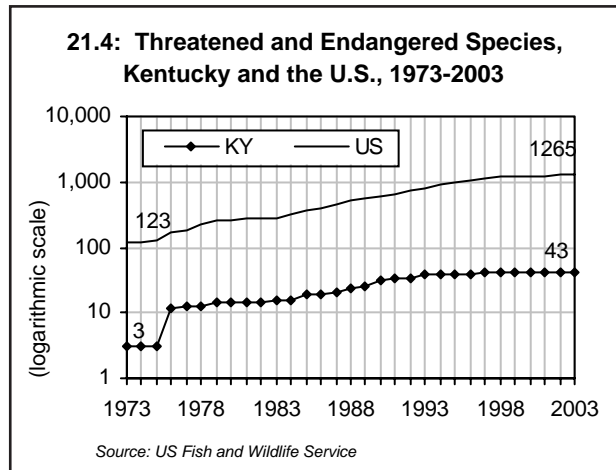
21.2 Nature Preserves. One of Kentucky's great charms has always been the natural beauty of its lush landscapes. Fortunately, the number of state nature preserves—and the amount of land protected by them—has grown considerably over the past 20 years, helping to ensure the health and longevity of our wildlife habitats. As shown, the number of state nature preserves has risen from just 4 in 1980 to 41 in 2002, while protected acreage expanded from 1,300 to 16,800 acres. However, only a fraction of the state is so preserved. Encroaching development—particularly urban sprawl—threatens to fragment and consume green space, resulting in habitat loss and diminished biodiversity.



21.3 Soil Erosion. Soil erosion yields harmful consequences that extend well beyond a farm's wooden fences. In addition to the obvious problem of lost agricultural productivity, this process also results in the impairment of waterways: the more soil washes away, the more it winds up in the state's rivers and streams, contributing to pollution and flooding. Unfortunately, soil erosion rates from 1997 remain the most recent available data for the state, due to methodological changes in the National Resources Inventory. While we lack new Kentucky-specific information, the 2001 NRI indicated that at the national level erosion rates continued to wane, though the rate of decline has slowed considerably. This sheds no light on what might be happening in the Commonwealth, however, and it will be at least another couple of years before the NRI once again produces state-level data. But the proportion of waterways impaired by pollutants from agricultural sources has been on the rise, suggesting that, perhaps, we might be losing ground in our fight against erosion.



21.4 Plants and Wildlife. Though more plants and animals are threatened or endangered now than at any time in modern history, the rate at which species receive such classification has at least slowed. Since the Endangered Species Act of 1973, federally designated threatened and endangered species expanded more than tenfold. During the 1980s and 1990s, the U.S. Fish and Wildlife Service (USFWS) added an average of 49 species to the list each year. Since 2000, however, this average has dropped to seven newly listed species per year. During this same period, the number of threatened and endangered species in Kentucky grew from 3 in 1973 to 43 in 1997, and has remained at that level since. New species can be added to the list only after a process the USFWS itself describes as "cumbersome" and "complex." It can take years from initial petition to the confirmation of official status as threatened or endangered. Thus, though the rise in federally listed species may be attributable to environmental and ecological changes, it may also reflect the unfolding of a lengthy formal process.

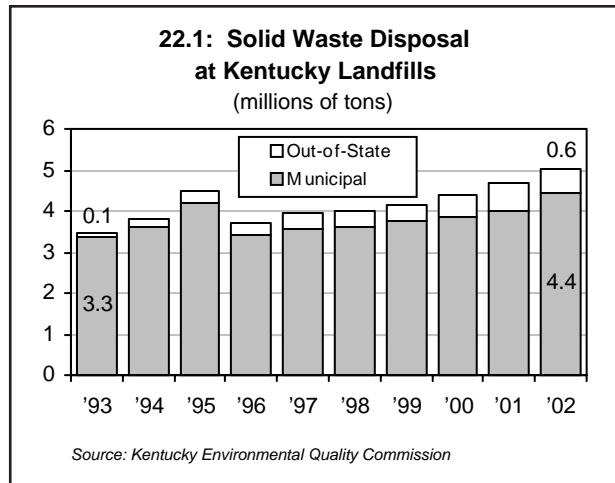


22 Individuals, communities, and businesses will use resources wisely and reduce waste through recycling.

Kentucky's residents perceive a regression from this goal, ranking progress at a high of 2nd in 1998 and a low of 10th in 2004. The importance of recycling and the wise use of resources has been held in consistently low estimation, ranked 23rd most recently.

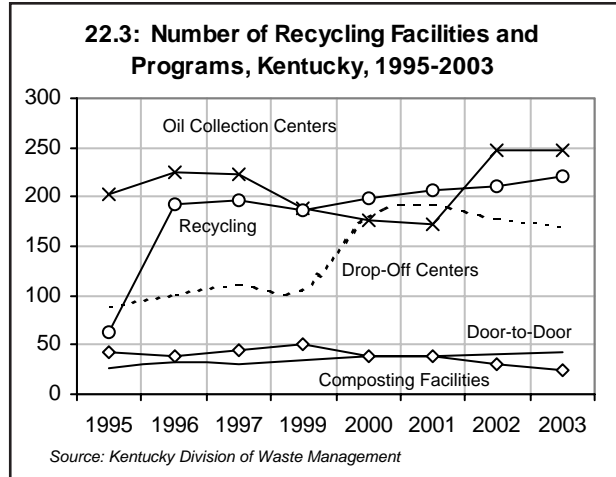
	1998	2000	2002	2004
Making Progress	51%	48%	47%	39%
Standing Still	31%	30%	35%	40%
Losing Ground	17%	22%	17%	21%

22.1 Solid Waste Disposal. Effective July 15, 1992, KRS 224.43-010 officially established the goal of reducing the amount of Kentucky's municipal solid waste (MSW) generated each year. However, not once in the intervening years did the state dispose of less MSW than in 1993. Instead, MSW deposited in landfills has actually increased 32 percent while the amount of solid waste produced out of state and disposed in Kentucky has shot up over 500 percent. Altogether, over 5 million tons—10 billion pounds—of solid waste were added to the state's landfills in 2002 alone, 46 percent more than in 1993.

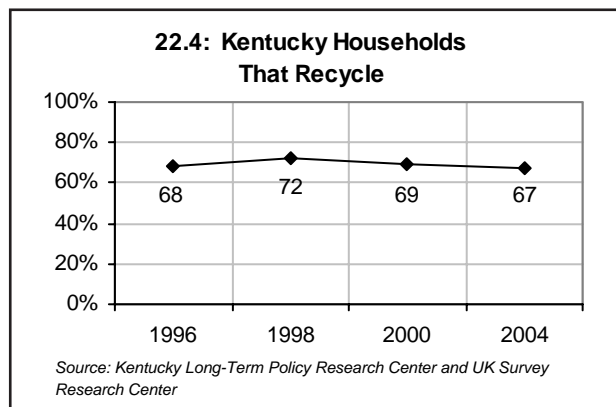


22.2 Hazardous Waste. Though hazardous waste remains a potential threat to a clean environment and a healthy populace, we have no new data to report for this important indicator due to a number of circumstances. Among other reasons, the EPA's switch from the Resource Conservation and Recovery Information System (RCRIS) to the Resource Conservation and Recovery Act Information (RCRAInfo) database has prevented the gathering of this information as in the past. In February 2004, the Kentucky Division of Waste Management began using the Tools for Environmental Management and Protection Organization (TEMPO) software system to track this information, but the program has not been in use long enough to generate new data.

22.3 Recycling. Recycling is valuable to Kentucky, as evidenced by the growth in this industry. With the exception of composting facilities, the number of facilities and programs dedicated to recycling in Kentucky has grown since 1995. The number of counties with door-to-door recycling programs increased from 27 in 1995 to 43 in 2003. The recycling market is an unpredictable and cyclical market with volatile price trends. The Kentucky Division of Waste Management formed the Buy Recycled Alliance in 1998 to promote the use of recycled products and strengthen recycling markets in Kentucky.



22.4 Participation in Recycling Efforts. In the face of rapidly growing populations and higher material consumption, recycling efforts take on a greater importance as states strive to reduce the amount of solid waste within their borders. In 1999, recycling and composting activities prevented about 64 million tons of material from ending up in landfills and incinerators nationally. Most Kentuckians recognize the importance of recycling in maintaining a clean environment. Over two thirds of Kentuckians share the value of reducing waste through recycling and express it in their households by recycling items like glass containers, plastic containers, cans, and newspapers.



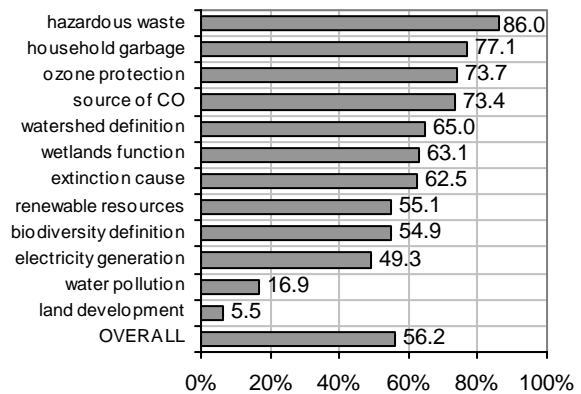
23 Kentucky communities will foster and promote a high level of environmental awareness and pollution abatement.

Opinion on improvement in environmental awareness has fluctuated, but appraisals of progress were at their most negative in 2004. Such matters have never been viewed as particularly urgent, with respondents ranking the goal's importance 24th for the second consecutive survey.

	1998	2000	2002	2004
Making Progress	45%	41%	44%	35%
Standing Still	38%	36%	41%	45%
Losing Ground	17%	23%	15%	19%

23.1 Environmental Literacy. In 2004, as part of an effort “to create a Master Plan for Environmental Education in the state,” the Kentucky Environmental Education Council (KEEC) conducted a survey of Kentuckians’ knowledge, attitudes, and behaviors relating to environmental issues. The questions concerning environmental knowledge were designed to be easy enough for “any sixth grader” to answer correctly. Overall, respondents identified the proper answers to a majority of the questions but did especially poorly when asked about where Kentucky ranks nationally with respect to how much land development has taken place (2nd) and what the principal cause of water pollution is (storm water run-off). KEEC conducts the environmental literacy survey every five years and last fielded the survey in 1999.

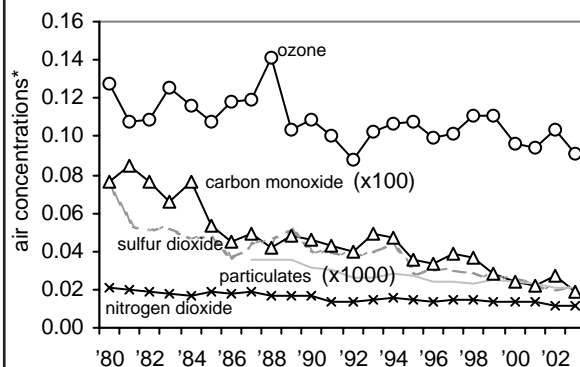
23.1: Percentage of Kentuckians Answering Environmental Survey Questions Correctly, 2004



Source: Kentucky Environmental Education Council and UK Survey Research Center

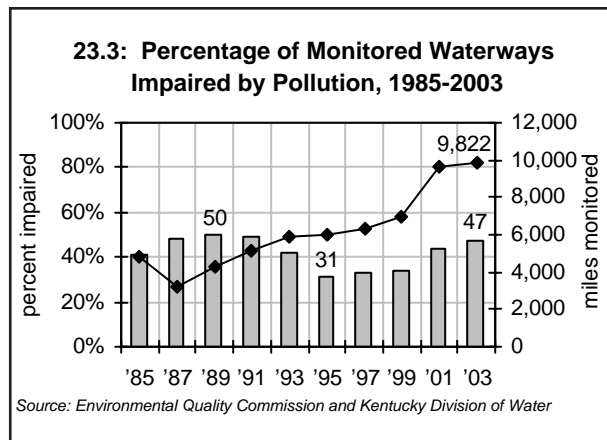
23.2 Air Quality. Public health depends in no small part on the quality of the air we breathe. Though traffic and industrial sites create air quality problems in certain parts of the state, key air pollutants have declined here over the last quarter century. Mobile, on-road emissions which contribute to ozone and carbon monoxide have declined 90 percent since the Clean Air Act of 1970, and rigorous control of stationary sources has achieved large reductions in emissions. Thus, air quality should continue to improve over the next five years, but observers expect future reductions to be much smaller in magnitude. In addition, new information about particulate matter and air toxics from mobile sources and shifting concern from short-term acute exposure to ground-level ozone to a longer-term chronic exposure indicate that future reductions may also be more costly.

23.2: Concentrations of Air Pollutants, Kentucky, 1980-2003

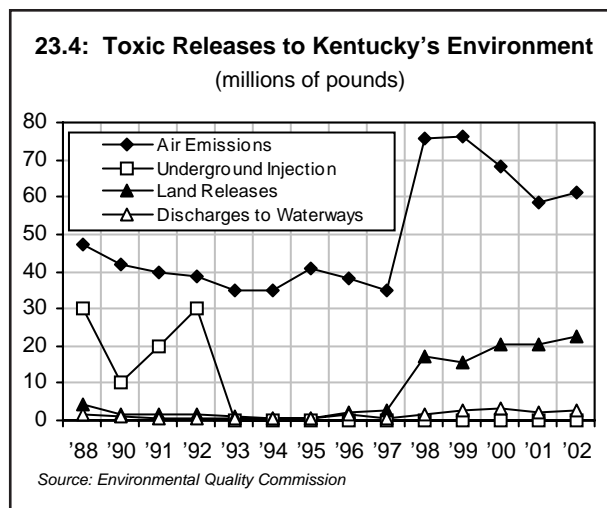


* See Technical Note 23.2.
Source: Environmental Quality Commission; Division of Air Quality

23.3 Water Quality. Thanks to a change in sampling methodology in the late 1990s, the Kentucky Division of Water has been able to monitor a greater proportion of the state's waterways, while also gathering more detailed data. Unfortunately, a growing number of assessed miles are found to be impaired by pollution. While agriculture and resource extraction have in the past been the greatest sources of impurities, habitat modification—which includes vegetation removal and the drainage and filling of wetlands—has rapidly surpassed resource extraction on the list of top pollutants. From 2001 to 2003, the percentage of waterways affected by pollution from resource extraction and agriculture remained relatively the same, but the proportion affected by habitat modification more than doubled.



23.4 Toxic Releases. As required by the Emergency Planning and Community Right-to-Know Act of 1986, the Environmental Protection Agency conducts the Toxics Release Inventory (TRI), an annual tally of hazardous materials released into the environment. A cursory glance at the toxics released in Kentucky over the last decade suggests an alarming escalation of pollutants. However, the apparent dramatic rise of the late 1990s is rooted in changes to the TRI itself. In 1994, 286 chemicals were added to the TRI, and seven new industrial sectors were required to report their toxic releases in 1998. Since the Inventory's inception, the number of chemicals reported has nearly doubled. Since the addition of those seven industrial sectors, air emissions have dropped, but land discharges have risen. From 1999 to 2002 (the most recent year for which data are available), industrial facilities in Kentucky released an average of 100 million pounds of hazardous material into the state's environment each year.



government



narguably, state and local governments across the nation face daunting challenges, many of which will likely become more complex and difficult to solve as political leaders face perhaps the most frustrating of all challenges: finding the resources to meet the considerable expectations of those they serve.

In times such as these, the importance of equity, ethics, and efficiency among appointed and elected public officials and the guarantee of a fair and equitable system of justice cannot be overstated. Likewise, the need for a reciprocal investment of energy from citizens could not be greater.

Ultimately, the people of this state, like those of our nation, expect the officers of government, whether elected or appointed, to represent their many and varied interests and to uphold the highest ethical standards in the conduct of their work—the pursuit of the greater good for the Commonwealth.

Women and minorities have long been underrepresented in the General Assembly and in all elective offices in the state. Hence, the roles they play in advisory capacities, as appointees to the boards and commissions that help guide myriad government processes, are vital. Yet the percentage of women appointed to boards and commissions lagged well behind the state's female population in 2003, African Americans were represented at a slightly higher level than the population, and Latinos, our fastest growing minority population, were barely a presence.

The people of the Commonwealth also look to all levels of government to solve the most vexing problems in our society while using the available resources and tools as wisely and efficiently as possible in doing so. Our Commonwealth Index shows that the state does not fare well in this critical area relative to the nation and to peer states. Indeed, it is one of only a few areas in which we have lost ground since 1990. Today, technology offers the public sector previously unimagined opportunities to serve citizens more effectively and more efficiently, regardless of where they live or work. Here, Kentucky has made real gains in some areas but continued to lag in others.

Our justice system forms another vital cornerstone of our government, but here we see clear evidence of an erosion of equity. Today, public defenders, who represent the poor, carry such burdensomely high caseloads that it undermines their capacity for providing a defense that ensures a fair justice system with equal access to representation for all.

Another positive trend can be seen in the return of recidivism in Kentucky to one of the lowest rates registered in many years. The trend reflects government's and, specifically, our criminal justice system's growing understanding of the weighty responsibility to equip and prepare former prisoners for reentry into society. Indeed, all of us benefit when this commitment is filled. Our challenge is not only to learn as much as possible about how to both prevent crime before it happens but also to minimize recidivism, ensuring the full participation of those who have paid their debt to society, and, in the process, lower the soaring costs of incarceration.

Our measures of reciprocal levels of citizen engagement offer reason for hope that the future will hold promising changes that will issue from the community level. The most recent election brought a record number of eligible Kentucky voters to the polls, one that preliminary data suggest well exceeded the national rate for the first time in many years. Moreover, the national participation rate is believed to have been the highest since 1968. This record level of voter participation, unfortunately, is far greater than that generated by important races for state and local officials, which may have a much more profound influence on the day-to-day lives of citizens.

More positively, local initiatives aimed at transforming Kentucky downtowns have risen sharply, signaling a rising commitment to elevating the qual-

ity of life throughout our state, a key tool in social and economic development. Equally encouraging is the rising percentage of Kentuckians who report that they participated in a group effort to help their communities. The percentage of Kentuckians who report having received leadership development training has remained constant, assuring the continuation of a vital

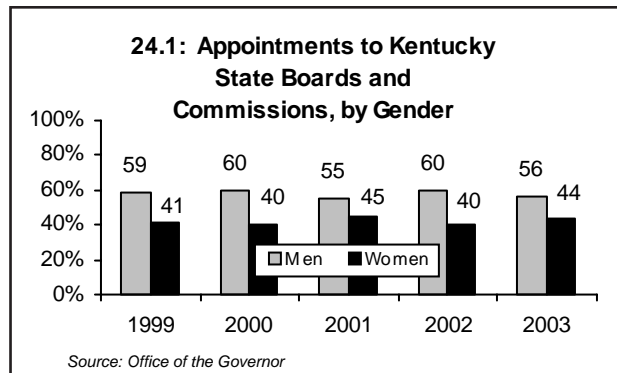
ingredient in the well-being of our state. Ideally, we will see the portion of citizens who participate in this life-changing and community-building experience grow in years to come, lending new vigor to civil society that will, in turn, raise public expectations of what can be achieved across this Commonwealth.

24 Government at all levels will be accountable, open, participatory, and responsive to the changing needs of Kentuckians.

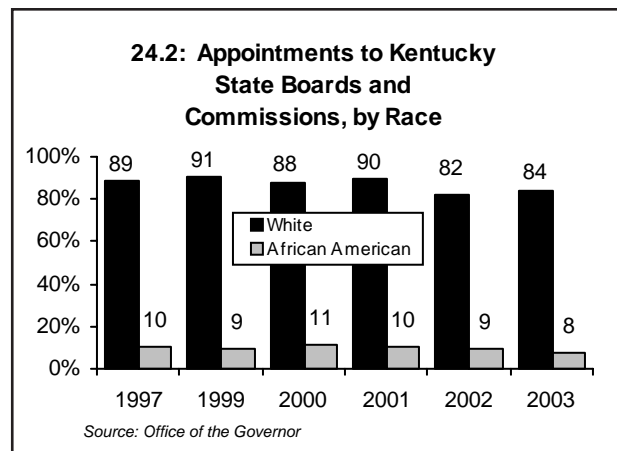
Kentuckians clearly judge an open, accountable government to be one of our most urgent needs, ranking its importance seventh our first two surveys and sixth our most recent two. But actual progress toward such a government was dimly viewed in 1998, and opinion has turned decidedly more sour.

	1998	2000	2002	2004
Making Progress	28%	25%	26%	17%
Standing Still	41%	40%	49%	44%
Losing Ground	32%	35%	25%	39%

24.1 Appointments of Women. While a government that reflects the people it serves has long been recognized as key to a strong democracy, the demographic makeup of those serving Kentucky state government in an advisory capacity differs considerably from that of the general population. Women comprise the majority (51 percent) of Kentucky’s population, but they have received only 45 percent—or fewer—of recent appointments to state boards and commissions. Moreover, they represent only 42 percent of those who currently serve on them. Compared to other states, Kentucky now ranks 47th in terms of the percentage of women in the state legislature and 49th in the number of women in elected office. Hence, the appointment of women to leadership and advisory roles offers an important opportunity to extend to them a voice that elective office has not yet yielded.



24.2 Minority Appointments. While, at first glance, there may appear to be a disparity between the appointments of whites and African Americans to state boards and commissions, these percentages actually mirror the racial makeup of the state’s population. In 2003, African Americans received 8.1 percent of appointments at a time when 7.3 percent of all Kentuckians were African-American. Latinos, meanwhile, now officially comprise 1.5 percent of the population, yet they represent just 0.1 percent of all state board and commission appointees. As with women, we see an underrepresentation of African Americans—only 4 percent—in the General Assembly, and, as yet, no Latino legislators.



24.3 Ethics in Government. While ethical conduct is essential to success in any field, political leaders will always be held to a higher standard, as citizens demand lawful and ethical behavior of their lawmakers. In 2002-2003, the number of possible ethical violations rose precipitously in the executive branch of Kentucky's state government, and a record high number of cases were referred to law enforcement agencies. By strong contrast, the previous three years saw only a handful of complaints filed against the legislative branch, and no new investigations, reprimands, or adjudicatory proceedings. Unfortunately, we have no comparable data for local government.

24.3: Kentucky Executive Branch Ethics Office Report										
	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Indications of possible violations	19	71	39	27	30	36	39	33	37	61
Investigations initiated	13	28	19	16	12	15	18	19	26	28
Confidential reprimands	0	4	1	8	3	2	2	5	2	4
Adjudicatory proceedings	0	2	0	4	4	0	0	1	1	2
Cases referred to law enforcement agencies	1	0	6	3	0	3	5	3	5	9
<i>Source: Executive Branch Ethics Office Report</i>										

24.3: Kentucky Legislative Branch Ethics Office Report							
Legislators	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Complaints filed	0	8	0	1	0	4	2
Investigations initiated	0	10	0	0	0	0	0
Confidential reprimands	0	0	1	0	0	0	0
Adjudicatory proceedings	0	0	0	0	0	0	0
Complaints still pending	0	1	0	0	1	0	0
Legislative Employers							
Complaints filed	0	8	6	7	0	1	1
Investigations initiated	0	8	6	0	0	0	0
Confidential reprimands	0	0	1	1	0	0	0
Adjudicatory proceedings	0	4	5	2	0	0	0
Complaints still pending	0	3	1	0	0	0	0
Legislative Agents							
Complaints filed	0	4	3	2	0	0	0
Investigations initiated	0	5	3	0	0	0	0
Confidential reprimands	0	0	0	1	0	0	0
Adjudicatory proceedings	0	0	3	1	0	0	0
Complaints still pending	0	3	0	0	0	0	0
Legislative Candidates for General Assembly							
Complaints filed	0	2	0	1	0	0	0
Investigations initiated	0	2	0	0	0	0	0
Confidential reprimands	0	0	0	0	0	0	0
Adjudicatory proceedings	0	0	0	0	0	0	0
Complaints still pending	0	1	0	0	1	1	0
<i>Note: Data were collected beginning in FY1995-96.</i>							
<i>Source: Kentucky Legislative Ethics Commission Annual Reports</i>							

24.4 Government Use of Technology. With an increasing percentage of Kentuckians connected to the Internet, state government stands to best serve people of the state by making the most of this invaluable communication tool. Since the late 1990s, the Progress & Freedom Foundation has rated how well state governments make use of digital technology, ranking the top 25 states in each category. After scoring below the median in six of seven categories in 1997, Kentucky has improved its scores quite a bit, though not necessarily enough to be ranked. In both 2001 and 2002, the state made the top 25 in five categories, making its single best showing in 2002, when it was part of a six-way tie for second place in the “Digital Democracy” measure, which assesses how well states utilize digital technology to make government accessible and use the Internet “as an information management tool for the legislature.” On one measure, however, Kentucky has never risen above the median: “Social Services,” an evaluation of the extent to which the Web is used to disseminate program information and eligibility guidelines and process applications.

24.4: Ranking of Kentucky State Government's Utilization of Digital Technology					
	Score/Rank				
	1997	1998	2000	2001	2002
E-Commerce & Business Regulation	0/*	67/14	82/3	58/25	72/13
Taxation & Revenue	33/*	73/15	44/*	67/*	92/21
Social Services	17/*	29/*	37/*	63/*	N/A
Law Enforcement/Courts	13/*	26/*	57/24	39/*	N/A
Digital Democracy	50/*	75/12	62/*	91/15	83/2
Management & Administration	N/A	N/A	76/19	81/20	78/14
*Education	39-44/ *-19	78-89/ 10-6	60-72/ *-25	90/21	91/14
GIS/Transportation	N/A	N/A	N/A	67/22	N/A

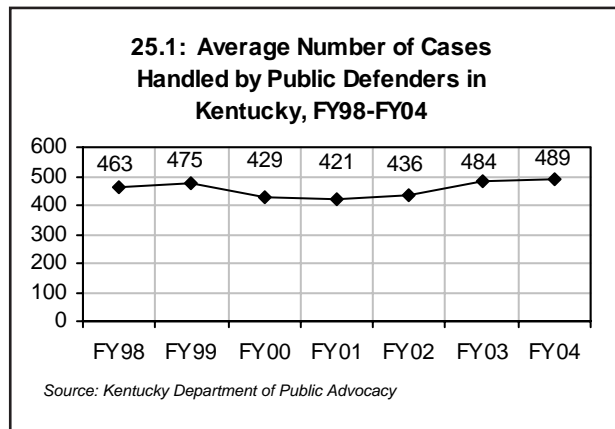
* The information presented in this chart is drawn from successive editions of *The Digital State*, 1997-2002. Prior to 2001, the Education category was divided into "Higher Education" and "K-12." Each score is standardized on a 0-100 scale. Rankings reflect the position among the 50 states, but only for those states above the median.
Source: *The Digital State 2001*, *The Digital State 2002*

25 Kentucky will ensure a fair, equitable, and effective system of justice.

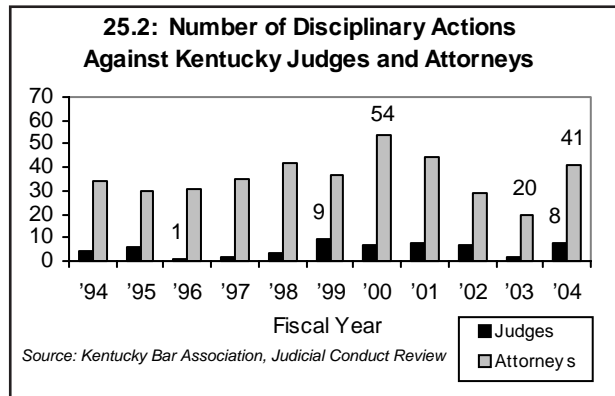
Citizens recognize with increasing frequency the crucial role a fair, effective judicial system plays in the well-being of a free society. Unfortunately, assessments of progress reached a new low in 2004 after years of being on the rise.

	1998	2000	2002	2004
Making Progress	24%	28%	31%	23%
Standing Still	44%	39%	44%	49%
Losing Ground	32%	33%	24%	28%

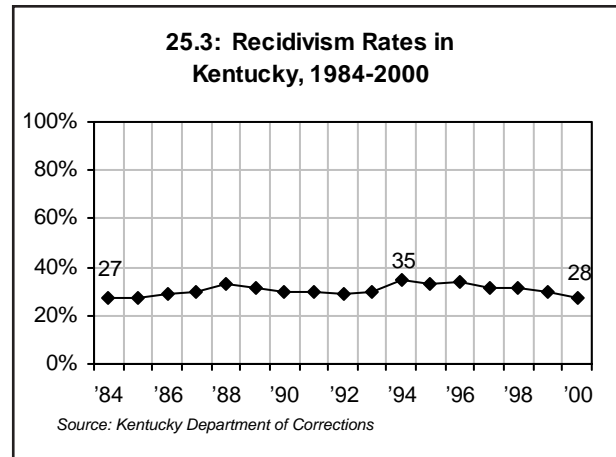
25.1 Access to Public Defender Services. Defendants who lack the finances to afford lawyers rely on publicly financed legal representatives for representation. Given the time and attention to detail required to prepare and execute a successful defense, overly burdensome caseloads can have a deleterious impact on the effectiveness of the state’s public defenders. Indeed, simply having legal representation does not in and of itself guarantee a fair trial. Counsel must be able to provide a quality defense, and quality becomes increasingly difficult to maintain as public defenders shoulder increasing numbers of cases. In Kentucky, the total number of cases handled by public defenders has more than doubled, from 66,300 in 1996 to 129,200 in 2004. Though experts recommend a maximum workload of 400 cases per attorney, average caseloads consistently exceed this level and have steadily risen during the past four years.



25.2 Disciplinary Actions Against Judges and Attorneys. The measure of a society’s capacity for justice depends in no small part on the ethics of our court officers. The gatekeepers of justice—judges—are rarely the focus of disciplinary actions though the number of such occurrences rose between fiscal years 2003 and 2004. Attorneys are subject to a range of disciplinary actions, including suspension, disbarment, and/or reprimands. After peaking in 2000, the frequency of disciplinary actions against attorneys steadily diminished for the next three years, but the Kentucky Supreme Court rendered twice as many disciplinary orders in 2004 as in 2003.



25.3 Recidivism. Recidivism is defined as an individual's return to the custody of the Department of Corrections within two years of his or her release from prison. The rate of recidivism partially reflects the success of efforts to educate, rehabilitate, and help prisoners become law-abiding, productive members of society after their release. In 2000, the majority of recidivists had previously been convicted of violent crimes, and younger criminals were more likely than older ones to return to custody. Kentucky has higher recidivism rates among men, African Americans, and inmates released from maximum security facilities. More than twice as many parolees return to custody for technical violations, rather than for new convictions. Kentucky's recidivism rate was at its lowest in 1985 (27.2 percent), but increased during the late 1980s. This rate remained in the low-to-mid 30 percent range during most of the 1990s, but dropped to 27.5 percent in 2000, nearly matching the state's low.

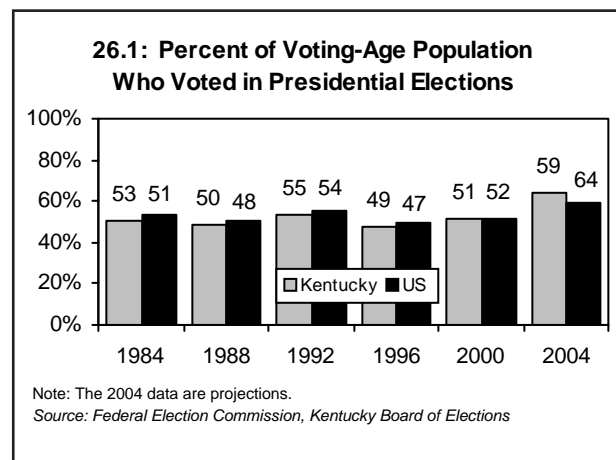


26 Citizens should continue to broaden their understanding of issues, play a role in the civic life of their communities, and recognize the enduring importance of their participation.

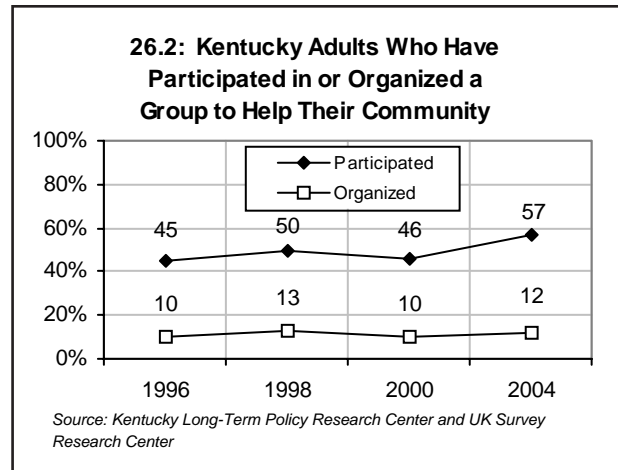
After years of little change, Kentuckians expressed a newfound appreciation for getting involved in civic activities in post-9/11 2002. But the proportion of people who see progress in this area has returned to the record low of 2000, and those who saw the state losing ground rose slightly.

	1998	2000	2002	2004
Making Progress	41%	36%	45%	36%
Standing Still	41%	42%	42%	48%
Losing Ground	18%	22%	13%	16%

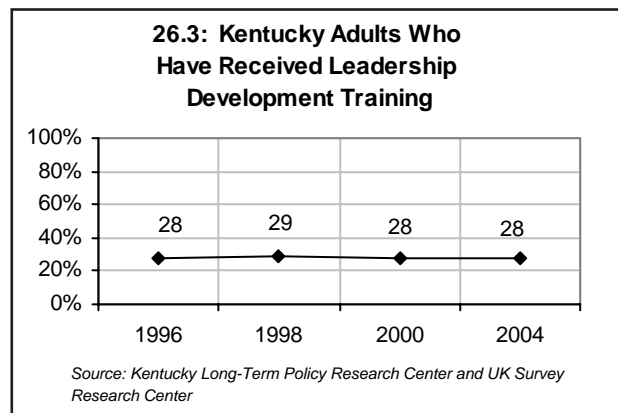
26.1 Voter Participation. The extent to which we exercise our right to elect the representatives who serve as our voice in this democracy provides a basic measure of the health of citizen participation in Kentucky. Prior to the hotly contested 2000 presidential race, when a higher percentage of voting-age Kentuckians went to the polls than at the national level, the state had ranked consistently below the national average in the percent of voting-age population voting in the presidential election, and national voter participation rates are widely regarded as poor. Turnout for the 2004 presidential race, however, is expected to place Kentucky firmly above the national average with a projected 64 percent turnout here compared to what some news organizations estimate as a 59 percent turnout nationally, the largest since 1968. In 2003, however, turnout for the gubernatorial election fell well below voter participation levels in recent presidential elections: only about 40 percent of registered voters cast their ballots for governor.



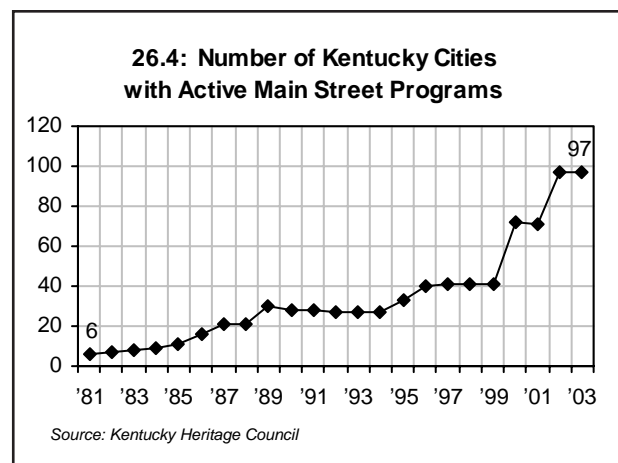
26.2 Contributions to the Common Good. Kentuckians are becoming more actively involved in their communities than ever before. Center survey results show that approximately 57 percent of Kentucky adults have worked with a group of people to solve a problem or need in their community, such as cleaning up public areas or participating in neighborhood watch programs. This measure of community involvement in advancing the public good rose from the 2000 estimate of 46 percent and represents the highest reported level since these data were first collected in 1996. Approximately 12 percent of all Kentuckians said that, in addition to participating in these community efforts, they had served as a leader of an initiative. Again, this measure of community leadership rose slightly from the 2000 estimate of 10 percent.



26.3 Leadership Development. Leadership development training supports civil society at both the individual and organizational levels. Our research has shown that people who have received such training are far more likely to participate in and lead community groups, volunteer more hours, and initiate civic projects. Surveys show that since these data were first collected in 1996, the percent of Kentucky adults who have ever participated in leadership development training programs has remained fairly consistent at approximately 28 percent.



26.4 Downtown Revitalization. Administered by the Kentucky Heritage Council, the Kentucky Main Street Program, which facilitates unique public-private partnerships to improve downtowns through historic preservation and economic restructuring, has been in existence since 1979. Participating cities must form a local organization with professional staff to oversee the revitalization effort and create a volunteer governing board to provide oversight. In 1997, Renaissance Kentucky was launched to lend technical assistance and funding to downtown revitalization efforts. Open to new applicants every other year, Renaissance communities are divided into three tiers—gold, silver, and bronze—according to application criteria. Only gold and silver communities receive funds, providing an incentive for bronze-level communities to step up their local revitalization efforts. In the short time since the founding of Renaissance Kentucky, the number of cities with active renewal programs has more than doubled, reflecting vigorous interest in the revival of Kentucky’s downtowns as commercial and civic centers.



notes

1.1 Personal Safety. These data were obtained from survey questions commissioned by the Kentucky Long-Term Policy Research Center and asked on surveys conducted by the University of Kentucky (UK) Survey Research Center in the Spring of 1996, 1998, 2000, 2002, and 2004. Households were selected using random-digit dialing, a procedure giving every residential telephone line in Kentucky an equal probability of being called.

The calls for the Spring 1996 survey were made from May 5 to June 5, 1996. The calls for the Spring 1998 survey were made from May 11 to June 10, 1998. The calls for the Spring 2000 survey were made from May 18 to June 26, 2000. The calls for the Spring 2002 survey were made from July 20 until August 26, 2002. The calls for the Spring 2004 survey were made from April 14 until May 17, 2004. The samples for the 1996, 1998, 2000, 2002, and 2004 surveys included 629, 658, 1,070, 882, and 831 noninstitutionalized Kentuckians 18 years of age or older, respectively. The margins of error for the 1996, 1998, 2000, 2002, and 2004 surveys were slightly less than 4, 3.82, 3, 3.3, and 3.4 percentage points, respectively, at the 95 percent confidence level for all five surveys. We asked Kentuckians: *How safe do you feel in your community: do you always feel safe, usually feel safe, seldom feel safe, or never feel safe?*

1.2 Crime. The source for these data is the U.S. Department of Justice publication, *Uniform Crime Reports*, 2002, Table 4: Index of Crime, which is available at the Federal Bureau of Investigation's website <http://www.fbi.gov/ucr/cius_02/pdf/2sectiontwo.pdf>.

1.3 Neighborliness. Data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *Not counting your family, approximately how many people in your community, such as your neighbors, do you feel you can rely on for assistance in times of need? For example, if your car breaks down or if you need a babysitter on short notice.*

1.4 Employment of Persons with Disabilities. These statistics were calculated by the Cornell University Rehabilitation Research and Training Center using data from the Current Population Survey (CPS). See Andrew J. Houtenville, 2004, "Disability Statistics in the United States," Ithaca, NY: Cornell University Rehabilitation Research and Training Center, <<http://www.disabilitystatistics.org>>.

These estimates are based on data from the CPS. Persons with a disability are those who have a "health problem or disability which prevents them from working or which limits the kind or amount of work they can do." This definition puts disability in the social context of work and is commonly used in the economics literature.

The two-year moving averages were used to help "smooth out" the year-to-year fluctuations based on errors due to small sample sizes and facilitate comparison of the two trends. However, due to the sampling error caused by the small sample sizes at the state level, there were several years in which the Kentucky estimate was not statistically significantly different from the national estimate. The years for which this holds true include 2002, 2001, 2000, 1999, 1995, 1991, 1990, and 1989. With this in mind, Kentucky's employment rates of persons with disabilities fell below the national average for the entire period.

2.1 Child Abuse. These data come from 2001 *County Data Book, Kentucky Kids Count, Families Count*, a project of Kentucky Youth Advocates and Kentucky Population Research, University of Louisville. They cite Kentucky's Cabinet for Families and Children, Department for Community-Based Services and include the following data note:

Data for child abuse and neglect have been tracked in the KIDS COUNT County data book since 1991. However, KIDS COUNT data reported prior to 1998 do not present comparable data to those published since 1998. The change in data reporting is due to the following policy change in Kentucky's child protection system:

Prior to 1998, substantiated reports of abuse or neglect included the finding, "some indication," meaning that there was some evidence presented to indicate neglect or abuse, but not sufficient evidence to substantiate. In 1998, the Cabinet for Families and Children adopted a policy that eliminated the finding of "some indication" of abuse or neglect. Findings in child abuse and neglect investigations must now have a "substantiated" finding in order to be reported as "substantiated" for data collection purposes. "Substantiated" is defined as either (a) An admission of abuse, neglect, or dependency by the person responsible; or (b) A judicial finding of child abuse, neglect, or dependency; or (c) A preponderance of evidence exists that abuse, neglect, or dependency was committed by the person alleged to be responsible. A preponderance of evidence is found when a reasonable person would find it more likely than not that abuse or neglect has occurred. See Kentucky Administration Regulations at 922 KAR 1:330.

2.2 Teen Parents. The source for these data is the U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, accessed online at <<http://www.cdc.gov/nchs>>. Data for 2001 come from Table 10 in *National Vital Statistics Report*, Vol. 51, No. 2, December 18, 2002, accessed online January 28, 2003. Data for 2000 come from Table 10 in *National Vital Statistics Report*, Vol. 50, No. 5, February 12, 2002, and for the years 1993 to 1999 from Table 4 in *National Vital Statistics Report*, Vol. 49, No. 10, September 25, 2001.

2.3 Elder Care. The 2002 data were obtained from survey questions commissioned by the Kentucky Long-Term Policy Research Center and asked on the Kentucky Fall 2001 survey conducted by the UK Survey Research Center. Households were selected using random-digit dialing, a procedure giving every residential telephone line in Kentucky an equal probability of being called. The calls for the survey were made from February 21, 2002, until March 22, 2002. The sample included 1,037 noninstitutionalized Kentuckians 18 years of age or older. The margin of error was approximately ± 3 percentage points with a 95 percent confidence level. Data for 2004 are from the Spring 2004 telephone survey for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *Have you personally ever used or inquired about elder care services for yourself or someone else? We mean services such as nursing home care, personal care attendants, adult day care, assisted living facilities, and other similar types of elder care service.* With the possible following answers: *yes, for myself; yes, for someone else; no.* We then asked the next two questions: *Would you describe yourself as extremely satisfied, somewhat satisfied, somewhat dissatisfied, or extremely dissatisfied with the AVAILABILITY of high-quality elder care services in your community?* and *Would you describe yourself as extremely satisfied, somewhat satisfied, somewhat dissatisfied, or extremely dissatisfied with the AFFORDABILITY of high-quality elder care services in your community?*

These questions were asked of the entire sample, regardless of whether the respondents had personal experience with elder care services. As a result, some respondents had not formed opinions on either the availability or affordability of elder care services. The percentages presented in the report include valid responses only.

Of those who had used or inquired about elder care services for themselves or someone else, slightly less than two thirds (62 percent) were extremely or somewhat satisfied with the availability of high-quality elder care services in 2002 and 2004, while less than half (38 percent in 2002 and 46 percent in 2004) felt the same about the affordability of the services. The 95 percent confidence intervals for the availability of elder care services were

approximately ± 6 percentage points in 2002 and 2004; for affordability, 6 and 7 percentage points in 2002 and 2004, respectively.

2.4 Child Care. Data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). For more information on programs referred to in the text, see <<http://kidsnow.ky.gov>>.

We asked Kentucky parents: *Would you describe yourself as extremely satisfied, somewhat satisfied, somewhat dissatisfied, or extremely dissatisfied with the AVAILABILITY of high-quality day care in your community?* and *Would you describe yourself as extremely satisfied, somewhat satisfied, somewhat dissatisfied, or extremely dissatisfied with the AFFORDABILITY of high-quality day care in your community?*

In 1996, 1998, 2000, 2002, and 2004 approximately 189, 172, 299, 286, and 243 people, respectively, answered the availability question, while approximately 182, 165, 294, 287, and 247 people, respectively, answered the affordability question. At the 95 percent confidence level, the margins of error for the availability of high-quality child care were ± 7 , 7, 6, 5, and 6 percentage points in 1996, 1998, 2000, 2002, and 2004, respectively, and 7, 8, 6, 6, and 6 percentage points, respectively, for the affordability of high-quality child care.

3.1 Homelessness. The numbers in the graph represent an unduplicated count of persons staying in overnight shelters in Louisville from the *Homeless Population Census* conducted by the Coalition for the Homeless, Inc. Data in the text are from the U.S. Census Bureau and the *Hunger and Homelessness Survey* published by the United States Conference on Mayors. In 2001, the Kentucky Housing Corporation (KHC) contracted with Morehead State University to conduct a statewide homeless survey. Comparing data from the homeless survey to several national studies, researchers at the University of Louisville completed a statewide housing needs analysis for Kentucky, estimating that 12,467 persons are homeless each day in Kentucky. As many as one fourth of these persons are defined by the U.S. Department of Housing and Urban Development as being chronically homeless—those who remain homeless for extended periods of time due to disabilities, chemical dependency, and other special needs—in addition to the unifying factor for all homelessness, poverty. It should be noted that while the chronically homeless represent less than one quarter of the homeless population, they consume over 50 percent of homeless resources.

The U.S. Census estimates that approximately 135,000 Kentucky households are but one family emergency away from living on the streets or in shelters. Of these, 75,584 are households paying over 50 percent of monthly income toward housing and 59,751 are households living in sub-

standard housing. According to the 2001 Homeless Survey conducted by Morehead State University, the most common rural homeless is a single woman, age 35, with two children. She has a high school education but did not graduate. She is Caucasian and most often a victim of domestic violence. A single male, aged between 40 and 45, with a high-school education more typifies the urban homeless. Of those, most do not have children under age 18 with them, and fewer than half have any minor children. The 2001 Homeless Survey and the Kentucky Housing Needs Assessment, Phase II can be found on the Kentucky Housing Corporation Web site at <<http://www.kyhousing.org/Publications/Research.cfm>>. Additional information can be found on the Kentucky Council on Homeless Policy Web site at <<http://www.homelesspolicyky.org>>.

3.2 Housing Affordability. Homeownership rates were taken from the U.S. Census Bureau, *Housing Vacancy Survey*, Table 13: Homeownership Rates by State: 1984 to 2003 accessed at <<http://www.census.gov/hhes/www/housing/hvs/annual03/ann03t13.html>>. This section discusses affordability in the context of home ownership. It is also important to consider affordability for renter households, which is a matter of growing concern. Extensive information on housing affordability for low-income renters can also be found in the Kentucky Housing Needs Assessment (see Indicator 3.1). Here are a couple of excerpts that provide some insight on low-income renters: "...some 55% of low-income renters experienced high housing cost burdens in 2000. These 130,000 households paid more than 30% of their income on housing costs. About half of those households, 27%, had extreme housing cost burdens, paying more than 50% of income on rent and utilities. In percentage terms, these numbers have remained fairly constant over the past two decades." "We compare the number of unassisted low-income renter households, which is about 133,400, with the number of households with unaffordable cost burdens, about 130,000. This comparison indicates that unassisted low-income households are not able to find affordable housing."

3.3 Housing Adequacy. Data are from the U.S. Census Bureau's 1990 and 2000 decennial census.

3.4 Access to Subsidized Housing. The selected city governments administer their respective Section 8 housing programs, and the data were obtained from these sources. KHC provided the waiting list numbers for its Section 8 units. Section 8 assistance is provided in two general forms: tenant-based rental assistance through the Housing Choice Voucher Program and project-based rental assistance that is typically provided at subsidized housing developments (e.g., apartment complexes). The waiting lists cited in this section are for tenant-based rental

assistance under the Housing Choice Voucher Program, the federal program that offers families choice in renting housing on the open market, rather than subsidized housing developments with project-based assistance.

Also, it is important to note that declining waiting lists for rental assistance may not necessarily indicate declining demand for rental assistance. In many cases, waiting lists have been closed because the number of households needing assistance had grown so large that they could not reasonably expect to be served within a matter of years.

4.1 Health Insurance Coverage. Health insurance rates were taken from U.S. Census Bureau, *Historical Health Insurance Tables*, "Table HI-4. Health Insurance Coverage Status and Type of Coverage by State, All People: 1987-2003," online August 13, 2004 <<http://www.census.gov/hhes/hlthins/historic/hihist4.html>>.

The health insurance questions have led to underreporting of the insured population for years when compared to other surveys. In the 2000 survey, the Census Bureau added verification questions to the series of questions on health insurance. These questions increased the insured estimate, which is more in line with those obtained from other surveys. However, the earlier years reported do not use these questions and are therefore subject to underestimation of the insured population.

4.2 Prenatal Care. These data can be found in "Table 34: Percent of mothers beginning prenatal care in the first trimester and percent of mothers with late or no prenatal care by race of mother: United States and each state," of *National Vital Statistics* (formerly *Monthly Vital Statistics*), published by the Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics. The exact publication numbers and dates for each year of data shown in the figure are as follows: 1993—Vol. 44, No. 3, September 21, 1995; 1994—Vol. 44, No. 11, June 24, 1996; 1995—Vol. 45, No. 11, June 10, 1997; 1996—Vol. 46, No. 11, June 30, 1998; 1997—Vol. 47, No. 18, April 29, 1999; 1998—Vol. 48, No. 3, March 28, 2000; 1999—Vol. 49, No. 1, April 17, 2001; 2000—Vol. 50, No. 5, February 12, 2002; 2001—Vol. 51, No. 2, December 18, 2002; 2002—Vol. 52, No. 10, December 17, 2003.

4.3 Adult Obesity. Data are taken from the Department of Health and Human Services, Centers for Disease Control and Prevention (CDC), Atlanta, GA, *Behavioral Risk Factor Surveillance System Survey Data*, 1990 to 2002. Accessed online, August 9, 2004, <<http://apps.nccd.cdc.gov/brfss/Trends/TrendData.asp>>. Data on obesity-related medical expenditures for Kentucky were taken from Erick A. Finkelstein, Ian C. Fiebelkor, and Guijing Wang, "State-Level Estimates of Annual Medical Expenditures Attributable to Obesity," *Obesity*

Research (Silver Spring, MD: North American Association for the Study of Obesity, 2004) 12:1.

4.4 Smoking Rates. Data are taken from the Department of Health and Human Services, Centers for Disease Control and Prevention (CDC), Atlanta, GA, *Behavioral Risk Factor Surveillance System Survey Data, 1990 to 2002*. Accessed online, <<http://apps.nccd.cdc.gov/brfss/Trends/TrendData.asp>> on April 2, 2004. National estimates are the medians of the percentages for all the states and the District of Columbia. Confidence intervals and sample sizes are provided for all state estimates. A “current smoker” is one who has smoked at least 100 cigarettes in his or her lifetime and reported smoking every day or some days in the past month.

5.1 Volunteerism. Data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *In the past 12 months have you volunteered your time for civic, community, charitable, or nonprofit activities or church related activities?*

5.2 Charitable Giving. Data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *Have you made a donation to a charitable or nonprofit organization in the last year?* National-level data on charitable giving are from the Independent Sector’s report, *Giving and Volunteering in the United States, 2001*.

5.3 Trust. Data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *Some people say that you can usually trust people. Others say you must be wary in relations with people. Which is closest to your view?*

The text here notes that trust levels nationally are much lower than those in Kentucky. These data come from the General Social Survey (GSS), one of the more comprehensive public opinion data sources available to social scientists at present. The GSS data are gathered by the University of Chicago’s National Opinion Research Center (NORC) and maintained by the University of Michigan’s Inter-University Consortium for Political and Social Research (ICPSR). Findings on trust levels from the GSS can be accessed online at <<http://www.icpsr.umich.edu/gss/>>. The GSS asks a national sample: *Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?*

5.4 Community Pride. Data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *In general, would you say you are extremely proud, somewhat proud, or not proud at all of your community?*

6.1 Discrimination. These data were provided by the Kentucky Commission on Human Rights. Statistics for 1993-1996 were cited by Beverly L. Watts, Executive Director, October 8, 1996. Statistics for 1997-1999 were cited by Leslie Jones, Branch Manager, Enforcement in the Commission, September 22, 1999. Statistics for 2000 were cited by Beverly L. Watts, December 7, 2001. Statistics for 2001, 2002, and 2003 were cited by Victoria Dempsey, Public Information Officer, February 4, 2004.

6.2 Hate Crimes. The source for these data is the U.S. Department of Justice, the Federal Bureau of Investigation, Criminal Justice Information Services Division, *Hate Crime Statistics, selected years*, accessed online at <<http://www.fbi.gov/ucr/ucr.htm>> on August 18, 2004.

The Kentucky Long-Term Policy Research Center calculates its own rates using the entire state population. Not all law enforcement agencies participate in the National Incident-Based Reporting System (NIBRS). The rates published by the FBI use only the population covered by those agencies participating in NIBRS. Since we use a larger population estimate, our rates are likely to be smaller than those reported in the FBI’s reports of Hate Crime Statistics.

6.3 Sex Discrimination. See Indicator 6.1.

6.4 Pay Equity. These data are Kentucky Long-Term Policy Research Center calculations using wage data from the U.S. Census Bureau’s March Current Population Survey. The wage ratios were calculated using hourly wage rates for men and women in Kentucky and the United States. The samples excluded all self-employed and farm workers and those with imputed wages. Only workers age 18 to 62 were included to represent the labor force. The wage was calculated as the yearly income from salary and wages divided by the product of the average number of hours worked per week and the number of weeks worked the previous year. For confidentiality purposes, the U.S. Census Bureau specifies a maximum allowable wage level, above which any wages are recorded as equal to that level. For example, if the maximum wage level is \$50,000 and a person reports earning \$54,000 in wages during the previous year, the wage for that person is recorded as \$50,000. Wages are adjusted to account for the changes in the maximum allowable wage amounts made by the U.S. Census Bureau over the period analyzed.

7.1 College Enrollment These data were gathered from the National Information Center for Higher Education Policymaking and Analysis, online at <<http://www.higheredinfo.org>>. College-going rates represent the ratio of public and private high school graduates who enroll in a college anywhere in the U.S. within a year of graduation.

7.2 High School Dropouts. Data were provided by the Kentucky Department of Education, Office of Assessment and Accountability, as a part of the Kentucky Performance Reports. These reports can be accessed via their website at <<http://www.kentuckyschools.net>>. The Dropout Prevention Resource Guide can be accessed online at <<http://www.ihdi.uky.edu/dropout-prevention/default.asp>>.

7.3 Teacher Preparation. Data and text are based on findings from Richard M. Ingersoll's "Out-of-Field Teaching and the Limits of Teacher Policy," a September 2003 research report cosponsored by the Center for the Study of Teaching and Policy at the University of Washington and funded by a grant from the Consortium for Policy Research in Education. His findings are based on data from the Schools and Staffing Survey, National Center for Education Statistics, 1993-1994 and 1999-2000.

7.4 Nontraditional Students. The Council on Postsecondary Education has tracked nontraditional students in state colleges and universities since 1986. The figures cited here are tabulated data from the table: "Headcount Enrollment by Age and Level, Fall 1989-Fall 1998—State-Supported Institutions," accessed at <<http://www.cpe.state.ky.us/data/enroll/enrollment.htm>>. Data for 1999 were from "Total Undergraduate Headcount by Level and Traditional/Non-Traditional Age, Kentucky State-Supported Institutions, Fall 1999," and 2000 data were calculated from "Total Undergraduate Headcount by Level and Traditional/Non-Traditional Age, Kentucky State-Supported Institutions, Fall 2000." Data for 2001 were calculated from "Total Undergraduate Headcount by Level and Traditional/Non-Traditional Age, Kentucky State-Supported Institutions, Fall 2001," accessed online at <<http://www.cpe.state.ky.us/facts/age.pdf>>; 2002 data came from "Total Undergraduate Headcount by Level and Age, Kentucky State-Supported Institutions, Fall 2002," accessed at <http://www.cpe.state.ky.us/facts/CompTables/age_state_supported.pdf>. The postsecondary education system was reorganized to include community and technical colleges within the same system. With this change came the tracking of enrollment data for technical colleges that were never collected before 2000.

In addition, the rates we reported prior to the 2002 edition of this publication included all students (i.e. including graduate and professional students), not just undergraduate nontraditional enrollment rates. Recent data

are available only for undergraduate nontraditional enrollment rates. These have been recalculated to reflect undergraduate nontraditional enrollment. Thus, these data are not comparable to those reported in pre-2002 editions of *Visioning Kentucky's Future: Measures and Milestones*.

8.1 Funding Equity. For the school years 1989-1990 to 2000-2001 the data are from the Office of Education Accountability of the Kentucky General Assembly. For the school years 2001-2002 and 2002-2003, calculations were done by the Kentucky Long-Term Policy Research Center using data from the Kentucky Department of Education.

8.2 Achievement Test Scores. Data from ACT, Inc. for 1994-2004, "ACT Average Composite Scores by State," are available online at <<http://www.act.org>>.

8.3 Performance Test Scores. NAEP Performance Test scores for Kentucky, the nation, and other states can be accessed online at <<http://www.nces.ed.gov/nationsreportcard/states>>.

8.4 Computers in Schools. Data were supplied by David Couch, Associate Commissioner, Kentucky Department of Education, Office of Education Technology. Data for the most recent years, 2002 and 2003, were estimated by the Kentucky Long-Term Policy Research Center, using data from Kentucky school report cards.

9.1 Child Poverty. Data are from the Annual Social and Economic Supplement to the Current Population Survey. These estimates can be found at the Census Bureau's website: <<http://www.census.gov/hhes/www/poverty.html>>.

9.2 Youth Alcohol and Drug Abuse. Data for 1997 are from the Centers for Disease Control and Prevention's Youth Risk Behavior Surveillance Survey (YRBSS), Division of Adolescent and School Health, published in "Youth Risk Behavior Surveillance—United States, 1997," by Laura Kann, Steven A. Kinchen, Barbara I. Williams, James G. Ross, Richard Lowry, Carl V. Hill, Joanne Gunbaum, Pamela S. Blumson, Janet L. Collins, Lloyd J. Kolbe, and State and Local YRBSS Coordinators, published in *Morbidity and Mortality Weekly Report*, August 14, 1998, Vol. 47, No. SS-3. Data for 1999 are from "Youth Risk Behavior Surveillance—United States, 1999," Vol. 49, No. SS-5, Table 21. Data for 2001 were accessed online August 23, 2004, at <<http://www.uky.edu>> and for 2003 at <<http://www.cdc.gov/mmwr/PDF/SS/SS5302.pdf>>, Tables 26-29.

9.3 Child Immunizations. These data come from the *Kids Count Data Book*, selected years, by the Annie E. Casey Foundation in association with the Kentucky Kids Count Consortium, Frankfort, Kentucky, Kentucky Youth Advocates.

9.4 Early Childhood Education. Data for 1991 to 1996 are from the Annual Report of the Office of Education Accountability, Kentucky General Assembly, Frankfort, Kentucky, p. 56. Data for 1997 and 1998 were provided by Debbie Schumacher, Director, Division of Extended Learning, Kentucky Department of Education (KDE). Data for 1999 and 2000 were provided by Judy Sparks of Extended Learning Services, KDE. Data for 2001 through 2004 were provided by Annie Rooney French of Extended Learning Services, KDE.

10.1 Condition of School Buildings. Data are from the Kentucky Department of Education, accessed online August 9, 2004, at <<http://www.education.ky.gov>>.

10.2 Juvenile Crime. These data are from the Kentucky State Police, *Crime in Kentucky* in “Total Arrests by Age-Juvenile (data provided by Administrative Office of the Courts),” selected years. In 1996, following the loss of their database, the Kentucky State Police (KSP) began collecting their data from the Administrative Office of the Courts (AOC). The data published before 1996 cannot be compared to data published in the 1996 report and all subsequent reports due to differing methods of data compilation between KSP and AOC. The large discrepancies in data collection between the two agencies lie in the way Part II crime data are collected. The AOC derives its data solely from matters presented before the court, which include many matters that may never involve a law enforcement agency or an actual arrest. This differs from KSP which uses counts of persons *arrested* to estimate total arrests. Examples of Part I crimes are murder, rape, robbery, aggravated assault, burglary, larceny, auto theft, and arson. Examples of Part II crimes include vandalism, DUI, disorderly conduct, and violation of curfew and loitering laws.

10.3 Suspensions. Data for 1999-2000 are from the Kentucky Center for School Safety and R.E.A.C.H. of Louisville, Inc., *Kentucky 2000: Kentucky Safe Schools Data Project, Statewide and Regional Data Summary*. Data for school years 2000-01 and 2001-02 are from the Kentucky Center for School Safety, *Safe Schools Data Project*, various years.

10.4 Expulsions. See Indicator 10.3.

11.1 Parent Participation in Schools. Data are from “Schools and Staffing Survey, various years, on line: <<http://nces.ed.gov>>.

11.2 Parent-Teacher Conferences. Percentages are derived from KDE school report card data.

11.3 Parent Volunteerism. These data are from Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the

UK Survey Research Center (see Indicator 1.1). We asked Kentucky parents of children who attend school: *Have you volunteered any of your time for school-related activities in the past 12 months?* The sample sizes for the 1996, 1998, 2000, 2002, and 2004 surveys were 212, 132, 331, 152, and 168, respectively. The 95 percent confidence intervals for the five estimates were 53 and 66 percent, 58 and 71 percent, 55 and 66 percent, 53 and 64 percent, and 62 and 73 percent, respectively.

11.4 Parents Who Read to Their Children. Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center provided these data (see Indicator 1.1). We asked Kentucky parents *Do you read to your children who are eight years old or younger?* and *Do you read to your children about every day, about once a week, about once a month, or less than once a month?* The sample sizes for 1996, 1998, 2000, 2002, and 2004 surveys were 136, 136, 222, 185, and 167, respectively. The 95 percent confidence intervals for the five estimates were 60 and 76 percent, 58 and 74 percent, 57 and 69 percent, 52 and 67 percent, and 69 and 82 percent, respectively.

12.1 Library Use. Data for 1997 and years prior are from Education, Arts and Humanities Cabinet, Kentucky Department for Libraries and Archives, “Statistical Report of Kentucky Public Libraries, Fiscal Year 1997-1998,” by Jay Bank, 1999 Field Services Division Publication, accessed on line at <<http://www.kdla.state.ky.us>> on December 20, 1999. Later data are from “Statistical Report of Kentucky Public Libraries Fiscal Year 1999-2000,” and “Statistical Report of Kentucky Public Libraries Fiscal Year 2002-2003.” Text data are from U.S. Department of Education, National Center for Education Statistics, *Public Libraries in the United States: Fiscal Year 1998*, NCES 2001-207, by Adrienne Chute and Elaine Kroe, Washington, DC, 2001.

12.2 Academic Performance in Arts and Humanities. These data are from the 2003 CATS tests results which can be found on the Kentucky Department for Education’s web site at <<http://www.education.ky.gov>>.

12.3 Cultural Opportunities. These data were obtained from survey questions commissioned by the Kentucky Long-Term Policy Research Center and asked on surveys conducted by the UK Survey Research Center in the Fall of 1996, 1998, and 2000, and Spring of 2004. Households were selected using random-digit dialing, a procedure giving every residential telephone line in Kentucky an equal probability of being called. The calls for the Fall 1996 survey were made from December 9, 1996, until January 8, 1997. The calls for the Fall 1998 survey were made from March 4 until April 6, 1999. The calls for the

Fall 2000 survey were made from October 28 to November 21, 2000. The samples for the 1996, 1998, and 2000 surveys included 629, 658, and 1,070 noninstitutionalized Kentuckians 18 years of age or older, respectively. The margins of error for the 1996, 1998, and 2000 surveys were slightly less than 4, 3.82, and 3 percentage points, respectively, at the 95 percent confidence level for all three surveys. For more information about the Spring 2004 survey see Indicator 1.1.

It should be noted that it is extremely difficult to define a “cultural opportunity.” At the root of this problem is determining what “culture” means to Kentuckians. In this study, we have sought a more inclusive definition. The form of the question used assumes that a local festival is as much a cultural event as a ballet or symphony. We asked Kentuckians: *Have you visited a museum, a festival, an arts performance or an historic site IN YOUR COUNTY in the past 12 months?*

12.4 Participation in the Arts. These data were provided by Ed Lawrence and Lori Meadows of the Kentucky Arts Council. The data reflect the number of arts participation experiences, not the number of participants in arts events for which the state provides funding. Thus, the number of times an individual who is a subscriber to an organization, such as a theatre group, participates, not the number of individuals who attend the performances, is shown here.

13.1 Poverty Rate. National data are from “Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959-2003” at <<http://www.census.gov/hhes/poverty/histpov/hstpov2.html>> and state-level data are from “Table 21. Number of Poor and Poverty Rate by State, 1980 to 2003” at <<http://www.census.gov/hhes/poverty/histpov/hstpov21.html>> both found under *Historical Poverty Tables* at <<http://www.census.gov/hhes/poverty/histpov/perindex.html>>.

While the poverty rate is an important measure of poverty, future efforts may look beyond the question of whether or not a given individual earns an income below the poverty level. On the one hand, adjustments might be made for any additional income or support, including the absence or presence of health insurance, welfare, and other benefits. These variables may show that while an individual’s income is classified as poverty-level, a viable and functioning “safety net” makes his or her circumstances qualitatively better than living in poverty without such a safety net. On the other hand, adjustments may also be made for cost of living within a city, state, or region, or the presence or absence of certain accommodations (air conditioning in the summer, heat in the winter) which could provide a misery index for a given area. While indicator 13.1 currently measures poverty mostly in terms of poverty rates, efforts are being made to include the broader scope of “poverty.”

13.2 Poverty Among Elders. These data are from the table entitled “POV46: Poverty Status by State: 2003 Below 100% and 125% of Poverty – People 65 Years and Over,” compiled by the U.S. Census Bureau and accessed online from <http://ferret.bls.census.gov/macro/032004/pov/new46_100125_06.htm>.

13.3 Poverty by Gender of Head of Family. These data are from a Kentucky Long-Term Policy Research Center analysis of family income data from the Annual Social and Economic Supplement to the Current Population Survey for selected years.

The family incomes were calculated using the sum of yearly total income for individuals within each family. For the purposes of this analysis a family is defined as all related primary and subfamilies. Unrelated individuals under age 18 were also included in the definition of a family. Unrelated individuals over the age of 18 living together were not included as a family. Incomes were adjusted to account for the changes in topcode amounts made by the U.S. Census Bureau over the period analyzed. All wages are in constant 2000 dollars adjusted using the CPI-U.

13.4 Income Distribution. These estimates are the result of Kentucky Long-Term Policy Research Center analysis of data from the Annual Social and Economic Supplement to the Current Population Survey. For more detail on methodology see Appendix A: Income Inequality in Michal Smith-Mello, Michael T. Childress, Amy Watts, and John F. Watkins, *Challenges for the New Century: Trends that will influence Kentucky’s future* (Frankfort, KY: Kentucky Long-Term Policy Research Center, 2000) 109-111 <<http://www.kltprc.net/books/challenges/trends2000.pdf>>.

14.1 Gross State Product. These data are from the Bureau of Economic Analysis, Regional Economic Accounts, available online at <<http://www.bea.gov/bea/regional/data.htm>>.

Gross State Product (GSP) is derived from gross domestic income, which differs from Gross Domestic Product (GDP) by the following statistical discrepancy: GSP excludes and GDP includes the compensation of federal civilian and military personnel stationed abroad and government consumption of fixed capital for military equipment, except domestically located office equipment and for military structures located abroad; and GSP and GDP have different revision schedules. For example, in 2001, real GDP increased 0.8 percent, and real GSP increased 0.4 percent.

14.2 Income. These data are from the Bureau of Economic Analysis, Regional Economic Accounts available online at <<http://www.bea.gov/bea/regional/data.htm>>. Recent studies have shown that income and wages (see Indicator 14.3) may not be completely indicative of the true standard of living provided by a state. These studies

show that cost-of-living and quality-of-life adjustments must be made to these measures to account for the true standard of living afforded by a given state. For instance, the ratio of Kentucky PCI to the national average was approximately 82 percent in 1998. In Berger and Bloomquist's study, "Kentucky's Per Capita Income: What Should be the Goal?" in the *Kentucky Annual Economic Report, 2000*, they show the ratio to be approximately 88 percent after adjustments for cost of living and quality of life.

14.3 Wages. These data are from the Bureau of Economic Analysis, Regional Economic Accounts available online at <<http://www.bea.gov/bea/regional/data.htm>>. Please see indicator 14.2 for more information of the effect of cost of living and quality of life adjustments on state-level wage estimates.

14.4 Economic Diversity. These data are from the Corporation for Enterprise Development, *Report Cards for the States*. Recent data are available online at <<http://drc.cfed.org/>>.

15.1 Quality Standards. These data are from the *ISO 9000 Registered Company Directory North America*, Volume 7, Number 1, CD-ROM, distributed by QSU Publishing Company, January, 2004. The firm data are from the 2002 County Business Patterns, U.S. Census Bureau, accessed online at <<http://www.census.gov/epcd/cbp/view/cbpview.html>>.

15.2 Foreign Direct Investment. Data for years 1990-1994 come from the U.S. Department of Commerce, Economic and Statistics Administration, and the Bureau of Economic Analysis, annual reports, showing billions of dollars of investments in Kentucky to 1994, as measured by the gross value of plant, property, and equipment of U.S. affiliates of foreign companies. The amount for 1981 came from the *Statistical Abstract of the United States, 1998*, Table 1309. Data for 1995 to 2001 all came from the Kentucky Cabinet for Economic Development, *Deskbook of Economic Statistics*, accessed online at <<http://www.thinkkentucky.com>>. These values were adjusted to 2003 constant dollars using the CPI-U.

15.3 Value of Exports. Data for 1990 to 1997 are from the Kentucky Cabinet for Economic Development, Research Division, *Kentucky Exports*, May 1997 and May 1999. Export values for 1998 to 2002 were obtained online from the Kentucky Cabinet for Economic Development, at <<http://www.thinkkentucky.com>>. All of these values were then adjusted to 2002 constant dollars using the CPI-U.

15.4 Export Ranking. These numbers were gathered from the Kentucky Cabinet for Economic Development's "Deskbook of Economic Statistics" and "Kentucky Exports: 2002," both available online at <<http://www.thinkkentucky.com>>.

16.1 Farm Income. In order to get the latest revised values of income, different *Kentucky Agricultural Statistics* reports by the Kentucky Agricultural Department were used for the selected years. The net income per farm for the years 1950-1987 came from the 1992-1993 report, 1988-1992 income came from the 1995-1996 report, 1993 income came from the 1996-1997 report, 1994 income came from the 1997-1998 report, income for 1995 came from the 1998-1999 report, 1996 income was obtained via e-mail from Thelma Poulter of the Kentucky Agricultural Statistics Service, income for 1997 came from the 2000-2001 report, 1998 income came from the 2001-2002 report, and income for the years 1999-2002 came from the 2002-2003 report. The data reported here for 1998, 1999, and 2000 differ from those we reported in the previous edition of *Measures & Milestones* because they were revised for the *2002-2003 Kentucky Agricultural Statistics* report. Current dollar values were then adjusted to 2003 constant dollars using the CPI-U. Starting with 1993, the reports no longer explicitly reported the average net income per farm. These values were derived by dividing total net farm income by the number of farms reported for each year following 1993.

16.2 Agricultural Diversity. These data are from the 1993 to 2003 editions of the Kentucky Department of Agriculture's annual report, *Kentucky Agricultural Statistics*. Receipts were converted to 2003 constant dollars using the CPI-U. Of the state's top 11 commodities (as of 2003), only three had greater receipts in 2003 than in 1990: horses and mules, which experienced a modest growth of 16 percent; broilers, rocketing from a miniscule \$2.6 million to \$507 million, now surpassing receipts for tobacco; and eggs, which more than doubled in value. Receipts for each of the state's top five crops—tobacco, corn, soybeans, hay, and wheat—dropped during this time span. Corn peaked in 1996, when receipts were 37 percent higher than in 1990, before sliding to nearly 20 percent below 1990's receipts in 2003. Dairy products, the number four agricultural commodity in 1990, tumbled 56 percent, now ranking seventh. In 1990, cash receipts for horses and mules were 66 percent of tobacco's cash receipts; in 2002, tobacco receipts equaled 54 percent of receipts for horses and mules.

16.3 Value-Added Food Products. Data for 1982 to 1991 were obtained from the Kentucky Cabinet for Economic Development, *Kentucky Deskbook of Economic Statistics*. The Cabinet cites the U.S. Department of Commerce, Bureau of the Census, Annual Survey of Manufactures, Geographic Area Statistics, annual reports. Data for 1993-2001 were gleaned directly from these Census Bureau reports, except for the 1997 figure, which came from the 1997 Economic Census. We converted current dollar values to 2003 constant dollars using the Consumer Price Index.

Inflation-Adjusted Cash Receipts for Kentucky's Top 11 Agricultural Commodities					
(in 2003 Constant Dollars)					
Commodity	1990 Cash Receipts (\$1000s)	2003 Cash Receipts (\$1000s)	Amount of Change	1990 Rank	2003 Rank
Horses & Mules	689,824	800,000	+16.0%	3	1
Cattle & Calves	960,291	543,872	-43.4%	2	2
Broilers	2,633	506,566	+19,142.1%	18	3
Tobacco	1,039,827	431,177	-58.5%	1	4
Soybeans	321,130	305,640	-4.8%	6	5
Corn	322,090	259,377	-19.5%	5	6
Dairy Products	437,862	192,022	-56.1%	4	7
Eggs	32,723	83,122	+154.0%	10	8
Hay	76,100	73,967	-2.8%	9	9
Hogs	260,642	66,700	-74.4%	7	10
Wheat	80,325	60,268	-25.0%	8	11
ALL CROPS	1,978,619	1,243,300	-37.2%		
ALL LIVESTOCK	2,385,182	2,225,703	-6.7%		
TOTAL RECEIPTS	4,363,801	3,469,003	-20.5%		

16.4 Farms. These data are from the 2002-2003 edition of the Kentucky Department of Agriculture's annual report, *Kentucky Agricultural Statistics*.

17.1 Access to Water, Sewer Systems, and Garbage Collection. Data on garbage collection are taken from "2003 Statewide Municipal Solid Waste Management Update" from the Division of Waste Management in the Natural Resources and Environmental Protection Cabinet. Data on access to drinking water are from the Kentucky Division of Water and were accessed online at <<http://www.water.ky.gov/dw/>> on October 22, 2004. Data on access to sewage systems were taken from the Environmental Quality Commission (EQC) report *State of Kentucky's Environment: 2000-2001*, pp. 37-39.

17.2 Roads and Highways. These data are from Open Records Request OR00-010, January 13, 2000, from the Kentucky Transportation Cabinet, Division of Operations. Data for 2000-2002 were obtained directly from the Kentucky Transportation Cabinet via e-mail request.

17.3 Bridges. Data for 1990-1999 are from Open Records Request OR00-010, January 13, 2000, from the Kentucky Transportation Cabinet, Division of Operations. Data for 2000, 2001, and 2002 were obtained directly from the Kentucky Transportation Cabinet via e-mail request.

17.4 Mass Transit. The source for these data was the Corporation for Enterprise Development, *Report Card for the States*, report years 1990-1998 and 2000-2004. In comparison to its so-called competitor states, Kentucky ranks about average on this measure. In the 2004 Corporation for Enterprise Development report, Kentucky ranked 29 overall. (Illinois ranked 6, Florida 15, Georgia 21, Ohio 22, Missouri 23, Michigan 25, Louisiana 26, Virginia 28, Kentucky 29, South Carolina 30, Indiana 32, Tennessee

34, North Carolina 35, West Virginia 38, Alabama 44, Arkansas 46, and Mississippi 48.)

18.1 Access to Personal Computers. Data are from the Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *Do you have a personal computer in your home?* If the respondent answered "no" then we asked: *Do you have access to a personal computer at work, school, or elsewhere?*

18.2 Internet Access. These data are from the Spring 1996, 1998, 2000, 2002, and 2004 telephone surveys for the Kentucky Long-Term Policy Research Center by the UK Survey Research Center (see Indicator 1.1). We asked Kentuckians: *Have you accessed the Internet or World-wide Web in the last year?*

18.3 Internet Access in Public Libraries. These data are from the Department for Libraries and Archives, *Statistical Report of Kentucky Public Libraries, FY 2002-2003, 2004*.

18.4 Technology Infrastructure. These data are from Michael Kende and Gretchen Beyer, *The State Broadband Index: An Assessment of State Policies Impacting Broadband Deployment and Demand*, by Analysys in consultation with *Technet*—a Silicon Valley-based national network of chief executive officers and senior executives of the nation's leading companies in the fields of information technology, biotechnology, venture capital, investment banking and law. The report is available online at <<http://www.technet.org>>.

19.1 Rainy Day Fund. Pre-2002 data are from the Office of the State Budget Director, Governor's Office for

Policy Research, *The Importance of State Rainy Day Funds: the Kentucky Budget Reserve Trust Fund*, Policy Paper Series 1, Issue 1, October 2001. Data for 2002-2004 were received via e-mail on October 22, 2003, from Michael Jones of the Office of State Budget Director. Kentucky's budgetary shortfall was calculated by the Consensus Forecasting Group, as reported in "Consensus Revenue Forecast and Receipts Update," a presentation by the Interim Joint Committee on Appropriations and Revenue given on November 25, 2003 <<http://www.osbd.state.ky.us>>.

19.2 Tax Adequacy. These figures are Kentucky Long-Term Policy Research Center calculations using general fund revenue data from the Office of the State Budget Director and Kentucky per capita income data from the Bureau of Economic Analysis. Elasticities were calculated as the percentage change in state general fund revenue collected divided by the percentage change in per capita income. The five-year moving averages were calculated as the average of the elasticities of the five years prior to each year shown. For instance the first year, FY79, is the five-year average of the elasticities in FY75 through FY79.

19.3 State Government Bond Rating. Data on Kentucky's bond rating come from Standard & Poor's (selected years) and Moody's (selected years) as presented in *The Statistical Abstract of the United States* (selected years) from the U.S. Census Bureau.

19.4 Regulatory Structure. Data are not available.

20.1 Entrepreneurs. These data come from Fall 1996, 1998, 2000, and Spring 2004 telephone surveys for the Kentucky Long-Term Policy Research Center conducted by the UK Survey Research Center (see Indicators 1.1 and 12.3 for more survey details). We asked Kentuckians: *Have you ever started a business?*

20.2 The Entrepreneurial Impulse. These data come from Fall 1996, 1998, 2000, and Spring 2004 telephone surveys for the Kentucky Long-Term Policy Research Center conducted by the UK Survey Research Center (see Indicators 1.1 and 12.3 for more survey details). If the respondents said they had not ever started a business, then we asked: *Have you ever seriously considered starting your own business?*

20.3 New Employer Firms. These data are from "Table 4: Number of Employer Firms by State, 1990-2003 (Selected Years)," p. 15 in the report *Small Business Economic Indicators for 2003*, published in August 2004 by the Small Business Administration's Office of Advocacy.

20.4 Support for Small Business. Raymond J. Keating, *Small Business Survival Index 2004: Ranking*

the Policy Environment for Entrepreneurship Across the Nation (Washington, DC: Small Business & Entrepreneurship Council, October, 2004).

21.1 Timberland Stock. These data are from EQC, *Kentucky's Forests 2004 Indicator and Trend Report*, September 9, 2004, page 4, Measure 6.

21.2 Nature Preserves. Data for 1979-1999 came from the EQC's *State of Kentucky's Environment 2000-2001*, page 131. Data for 2000-2002 were received via e-mail on December 4, 2003, from EQC's Erik Siegel. The Kentucky Heritage Land Conservation fund was created in 1990 and funded by the legislature in 1994 to provide a permanent source of funds to purchase natural areas. It is financed by revenues from the state portion of the unmined minerals tax, environmental fines, the sale of nature license plates, and interest earned on undistributed funds.

21.3 Soil Erosion. Chart data for the years 1977, 1987, and 1997 and text data are from EQC's *State of Kentucky's Environment 2000-2001*, page 104. The remaining data are from the U.S. Department of Agriculture, National Resource Inventories, 1982-1997, *Table 10: Estimated average annual sheet and rill erosion on nonfederal land, by state and year*, available online at <<http://www.nrcs.usda.gov>>. In 2001, the National Resources Conservation Service (NRCS) began conducting the NRI annually rather than every five years, but this rapid schedule necessitated a change in data collection procedures. As a consequence, the NRI no longer produces statistically reliable state-level data. According to the NRCS Web site, "The 1997 NRI remains the best available nationally consistent, statistically reliable source of estimates on resource conditions and trends not yet addressed—or not addressed below the national or regional level—by the annual NRIs."

21.4 Fish and Wildlife. Data are from the U.S. Fish and Wildlife Service's Threatened and Endangered Species System (TESS), found online at <http://ecos.fws.gov/tess_public/TESSWebpage>.

22.1 Solid Waste Disposal. These data were received via e-mail from Erik Siegel of the Environmental Quality Commission on December 4, 2003. More detailed and up-to-date information on waste disposal can be obtained online at <<http://www.waste.ky.gov>>, website for the Kentucky Division of Waste Management. KRS 224.43-010 is available online at <<http://www.lrc.state.ky.us/KRS/224-43/010.PDF>>.

22.2 Hazardous Waste. This information was provided via e-mail by the Kentucky Division of Waste Management's Dale Burton on November 05, 2004.

22.3 Recycling. Data for 1995 through 1999 are from EQC's *State of Kentucky's Environment 2000-2001*. Data for 2000 to 2003 were obtained via e-mail from the Division of Waste Management's Leslie King.

22.4 Participation in Recycling Efforts. Data are from Fall 1996, 1998, 2000, and Spring 2004 telephone surveys for the Kentucky Long-Term Policy Research Center conducted by the UK Survey Research Center (see Indicators 1.1 and 12.3). We asked Kentuckians: *Does your household recycle items like glass containers, plastic containers, cans, or newspapers?*

23.1 Environmental Literacy. These data are from the Kentucky Environmental Education Council (KEEC) in the Kentucky Education Cabinet and the University of Kentucky Survey Research Center. A random sample of 668 Kentucky adults was surveyed from September 23 to November 3, 2004. The twelve survey questions and possible answers (correct answers are underlined below) that addressed knowledge of environmental issues were: 1) *What do you think is the most common source of water pollution in the United States?* <1> factory waste, <2> storm water run-off, <3> household wastewater; 2) *High in the Earth's atmosphere is the ozone layer. What does it protect the Earth from?* <1> acid rain, <2> violent changes in weather, <3> cancer-causing ultraviolet light; 3) *Which of the following do you think generates the most electricity in the United States?* <1> hydroelectric plants located on rivers, <2> nuclear power plants, <3> coal-burning power plants; 4) *Which of the following is the best definition of bio-diversity?* <1> the many types of plants, animals and other living things, <2> the various types of diseases that affect humans, <3> the many different opinions people have about environmental issues; 5) *What is the primary benefit of wetlands?* <1> they are useful for development of landfill sites, <2> they reduce the number of animal and plant species in an area, <3> they help clean water systems; 6) *Which of the following are typically considered to be renewable resources?* <1> iron and other metals, <2> solar energy and trees, <3> coal and oil; 7) *Which of the following are generally considered to be hazardous waste?* <1> paints, acids, and pesticides, <2> glass and newspapers, <3> building materials such as scrap lumber and nails; 8) *Which is considered to be the largest source of carbon monoxide in the atmosphere in the United States?* <1> the breath from people and animals, <2> fumes from motor vehicles, <3> factory emissions; 9) *In your opinion, which is the most common reason for the extinction of plant and animal species?* <1> over-hunting, <2> habitat loss, <3> poisoning of individual animals and plants; 10) *Where does most household garbage in the United States eventually end up?* <1> in waterways and oceans, <2> in landfills, <3> illegal dumps; 11) *What is a watershed?* <1> a small building

where water is stored, <2> the streams and lakes where different species of animals get their water, <3> the area that channels rain into a particular body of water; 12) *Approximately where does Kentucky rank nationally in the percentage of acres per person converted to development?* <1> 42nd, <2> 2nd, <3> 30th. The results shown in the graph represent a weighted average that was adjusted to more accurately reflect gender differences in the response rate and question responses. The overall percentage of correct answers is based on a weighted average of the percentage of correct answers to each question. Refer to the KEEC Web site for additional information about the survey: <<http://www.state.ky.us/agencies/envred/>>.

23.2 Air Quality. Data for 1980 to 1999 are from EQC's *State of Kentucky's Environment 2000-2001*, page 45. Post-1999 data were obtained from the Kentucky Division of Air's *Ambient Air Quality Annual Reports*, various years, accessed online at <<http://www.air.ky.gov>>. Air concentrations from state-monitored sites were based on the following: ozone, averaged second maximum, one-hour standard; carbon monoxide, second maximum, eight-hour average; nitrogen dioxide and particulates (PM10), annual statewide averages; SO₂, second maximum, 24-hour average. Concentrations were reported in parts per million for all pollutants except particulates, which are measured in micrograms per cubic meter.

23.3 Water Quality. Data for 1985 through 1999 are from EQC's *State of Kentucky's Environment 2000-2001*, page 29. Numbers for 2001 and 2003 were obtained from the Kentucky Natural Resources and Environmental Protection Cabinet's biennial *Reports to Congress on Water Quality*.

23.4 Toxic Releases. Data for 2000 and 2001 were provided via e-mail by EQC's Erik Siegel. Pre-2000 data are from EQC's *State of Kentucky's Environment 2000-2001*, page 84.

24.1 Appointments of Women. The source for 1999 data on female appointments was the Kentucky Commission on Women and data were provided March 17, 1999. Data for 2000 and 2001 were provided by Hollis Rosenstein of the Office of the Governor on December 3, 2001. Ms. Rosenstein provided 2002 and 2003 data on November 10, 2003. Population estimates are from the Kentucky State Data Center. Data concerning the percentage of women in the state legislature and the number of women in elected office were gathered from the Kentucky Commission on Women's Web site, <<http://www.women.ky.gov>>.

24.2 Minority Appointments. The number of nonofficio appointments by race comes from Hollis

Rosenstein of the Office of the Governor. Data on the state legislature were obtained from the National Conference of State Legislatures, online at <<http://www.ncsl.org>>.

24.3 Ethics in Government. Pre-2001 data for the legislative branch came from the annual reports of the Legislative Ethics Commission. Data for 2001 through 2003 were obtained via e-mail from Donnita Crittenden of the Kentucky Legislative Ethics Commission on December 18, 2003. Data for the executive branch were provided via e-mail on December 19, 2003, by Andy Crocker of the Executive Branch Ethics Commission, from the *Executive Branch Ethics Office Report*, selected years.

24.4 Government Use of Technology. Data are from The Progress and Freedom Foundation, *The Digital State*, various years, available online at <<http://www.pff.org>>.

25.1 Access to Public Defender Services. Graph data on annual caseloads come from the DPA Annual Caseload Report, selected years, available online at <<http://dpa.state.ky.us/library/caseload.html>>.

25.2 Disciplinary Actions Against Judges and Attorneys. Data for 1993-94 through 2000-01 are from the Kentucky Bar Association, *Supreme Court of Kentucky Disciplinary Decisions*, and The Judicial Conduct Commission, *The Judicial Conduct Reporter*, selected years. Attorney data for FY2001-02 and 2002-03 were obtained via e-mail from the Kentucky Bar Association's Lisa Gayle on February 9, 2004; judicial data were received via fax on November 6, 2004, from Jim Lawson of the Kentucky Judicial Conduct Commission.

25.3 Recidivism. These data were from the Kentucky Department of Corrections reports, *Recidivism*, selected years. Reports available online at <<http://www.corrections.ky.gov>>.

26.1 Voter Participation. Data are from the Federal Election Commission, available online at <<http://www.fec.gov/elections.html>>, accessed on January 7, 2004. The source of the estimated projections for the 2004 presidential election was *The Washington Post*, published on November 6, 2004, Page A4, in the *Lexington Herald-Leader*.

26.2 Contributions to the Common Good. Data are from Fall 1996, 1998, 2000, and Spring 2004 telephone surveys for the Kentucky Long-Term Policy Research Center conducted by the UK Survey Research Center (see Indicators 1.1 and 12.3). We asked Kentuckians: *Have you ever participated with a group of people to work together to solve a problem or need in your community (such as cleaning up public areas, neighborhood watch programs, etc.)*. If the respondents answered "yes" to this question, we then asked: *Were you the organizer or leader of that group effort?*


26.3 Leadership Development. These data were from Fall 1996, 1998, 2000, and Spring 2004 telephone surveys for the Kentucky Long-Term Policy Research Center conducted by the UK Survey Research Center (see Indicators 1.1 and 12.3). We asked Kentuckians: *Have you ever participated in a leadership development program or course?*


26.4 Downtown Revitalization. These numbers were provided via e-mail from Karen Keown of the Kentucky Heritage Council, a division of the Education, Arts and Humanities Cabinet. Seven organizations partner together for Renaissance Kentucky: the Kentucky Heritage Council, Kentucky Housing Corporation, Kentucky League of Cities, Kentucky Department for Local Government, Kentucky Transportation Cabinet, Federal Home Loan Bank of Cincinnati and Fannie Mae. As of 2000, the number of active Main Street programs reflects both Main Street and Renaissance Kentucky programs. During the 2000-2001 cycle, the city of Sebree was removed from the program; the city of Independence was removed in 2003.


Selected Publications and Products from the:


KENTUCKY


LONG-TERM POLICY RESEARCH CENTER


 **FORESIGHT** Published quarterly since 1994, the Center's flagship publication features articles on a range of public policy issues, including recent analyses of the adequacy of public school funding; an examination of the efficacy and the effect on health care costs of the state's longstanding Certificate of Need program; regional profiles of eastern and western Kentucky; and the introduction of the State of the Commonwealth Index.


 **Policy Note No. 17: Three Future Scenarios Show Potential Economic Benefits of Rising Rates of Postsecondary Educational Attainment** (October 2004) Here we examine the potential effects on per capita personal income and the state's tax capacity were the percentage of working-age Kentuckians with at least a bachelor's degree to meet the national average in 2020 as envisioned by landmark state legislation.


 **Policy Note No. 16: Parental Involvement in Education: A Public Good by Private Means** (September 2004) The role parents play in their children's education, research continues to show, is profound. Here we examine recent findings and the potential impact of the No Child Left Behind Act of 2001, which stresses increased parental involvement.


 **Policy Note No. 15: The CAN-SPAM Act of 2003: A Six-Month Progress Report** (July 2004) "Spam" is the electronic albatross of the digital world, stuffing inboxes with e-mails hawking all manner of too-good-to-be-true products. Here we report findings from a six-month study of the efficacy of federal legislation designed to control it and lessons about combating it.


 **At the Crossroads: Prospects for Kentucky's Educational Future, From Preschool to Postsecondary** (June 2004) Proceedings from the Center's tenth annual conference highlight distinguished, nationally recognized speakers on prospects for our education future and a panel discussion by state leaders taped and later aired by Kentucky Educational Television.


 **Policy Note No. 14: Retirement Systems Will Require a Bigger Share of State Funds** (October 2003) Public and private pension programs across the country are experiencing financial shortfalls, a situation that workers, retirees, taxpayers, and policymakers will be dealing with for years to come. Here we present our analysis of Kentucky's largest public employee retirement systems and some possible long-term fiscal consequences.


 **Policy Note No. 13: Online Government Use Growing Rapidly** (June 2003) Here we examine evidence about the progress of online government and the receptivity of citizens to those services.


 **Policy Note No 12: Future Impact of Nursing Shortage Uncertain Here** (June 2003) High job growth and a declining number of graduates do not bode well for supplies of nurses. While an oversupply of RNs is predicted here, Kentucky hospitals are experiencing shortages that affect operations and increase costs.


 **The Road Ahead: Uncertainty and Opportunity in a Changed World** (December 2002) The Center's biennial trends report, the fifth in this series, examines trends in the aftermath of September 11.

 **Planning for the Future** (September 2002) An analysis of findings from a 2000 survey, developed jointly with the University of Kentucky (UK) Sanders-Brown Center on Aging, is complemented by more recent survey findings. Together they offer insight into the implications and expectations of Kentucky's aging population.

 **Measures and Milestones 2002** (June 2002) The fourth in a series of reports on 26 long-term goals for the Commonwealth, benchmarks offer standard measures of progress while a statewide opinion poll gauges citizen opinion on our progress as well as the relative importance of each goal.

 **Policy Note No. 11: Experience with Elder Care Services Diminishes Satisfaction** (June 2002) Here we examine survey evidence about public levels of satisfaction with elder care services. While satisfaction is generally high, those who have experience with the system are less likely to express satisfaction.

 **Financing State and Local Government: Future Challenges and Opportunities** (May 2002) Proceedings from the Center's 2001 conference marshal the insights of leading state policymakers and academics on financing state and local government. This report includes a panel discussion later aired by Kentucky Educational Television.

 **Policy Note No. 10: Enhancing the Promise of Online Education in Kentucky** (May 2002) The possibility of attaining a formal education online raises the stakes in the struggle to bridge the digital divide.

📄 **Policy Note No. 9: Digital Divide Persists Despite Rising Technology Use** (April 2002) Tools of the Information Age continue to spread throughout our homes, schools, and workplaces, but a digital divide persists, especially along income and education lines.

📖 **Listening to Kentucky High Schools: Why Some High Schools Miss, Meet, and Exceed Predicted Postsecondary Outcomes** (April 2002) This publication is the final in a three-volume exploration of higher education, reporting on findings from case studies of four Kentucky high schools.

📄 **Policy Note No. 8: Revenue Modernization and Future Education Expenditures** (November 2001) Recognizing the importance of education, policymakers have significantly increased funding and set ambitious education goals in recent years, but over the long term, far more revenue will be needed to realize them.

📖 **Financing State and Local Government: Future Challenges and Opportunities** (November 2001) This collection of articles by leading state experts considers the underlying principles and purposes of tax systems and examines the Commonwealth's overall tax structure in light of these.

📖 **Talking Back: Kentucky High School Students and Their Future Education Plans** (October 2001) The second in a series of reports on higher education, the

report presents results from a survey of Kentucky high school students about postsecondary education pursuits.

📄 **Policy Note No. 7: Are Technology Investments Yielding Dividends for Kentucky Students?** (October 2001) Since its inception in 1992, the Kentucky Education Technology System has spent about \$640 million on basic technology equipment for schools. Here we consider the returns on this growing public investment.

📖🗨️ **Purpose, Publications, and Products 2001** (August 2001) This guide to the Center's work includes a subject index to its reports and a comprehensive CD-ROM that features 43 videotaped interviews with some of Kentucky's most forward-looking citizens.

📄 **Policy Note No. 6: Prescription Drug Coverage for Seniors** (August 2001) Survey data show that Kentucky's growing elder population will likely need *and* expect help with meeting the costs of prescription drugs.

📄 **Policy Note No. 5: Are Kentuckians Financially Prepared for Retirement?** (August 2001) Here we examine survey evidence on the extent to which Kentucky's growing population of individuals aged 65 and older are financially prepared for retirement, an important consideration for both state and local governments.

*Write or e-mail the Center to receive your
free copy of any available report.
See page v for contact information.
All reports are available electronically at:
www.kltprc.net*