



KENTUCKY

LONG-TERM POLICY RESEARCH CENTER

Discovering the promise of tomorrow

Purpose



- Help the state cope with *change*
 - Anticipate and manage change
- Focus on the future
 - Identify critical trends and emerging issues
 - Understand long-term implications of policies
- Advise, inform, and educate
 - Policymakers and citizens

History



- State government agency created in 1992 by the Kentucky General Assembly
- Intellectual architects
 - Decades of experience in executive and legislative branches of state government
 - Motivated to enrich policy process with forecasts and trend analysis
 - Avoid problems and capture opportunities

Organization



- Attached to the legislative branch
- Designed to serve all branches through a diverse 21-member board
 - 4 members from the executive branch
 - 6 legislators
 - | House and Senate, Democrat and Republican
 - 11 at-large members representing citizen groups, universities, local governments, and the private sector
- Six-person staff

Scope



- Economic - technology, income, infrastructure
- Education - early childhood to adult
- Community - health care, social capital
- Environment - air, water, land quality
- Government - changing roles, fiscal issues

Responsibilities



- Identify and study long-term issues
- Consider alternative futures
- Coordinate and encourage others to focus on long-term planning
- Biennial trends report
 - Linked to state budget
- Engage the public and policymakers
 - Annual conference, publications

Methods



- Surveys
 - Households, businesses, “experts”
- Statistical analysis and modeling
- Scenario development
- Case studies
- Public forums
- Strategic visioning
- Literature reviews
- Scanning

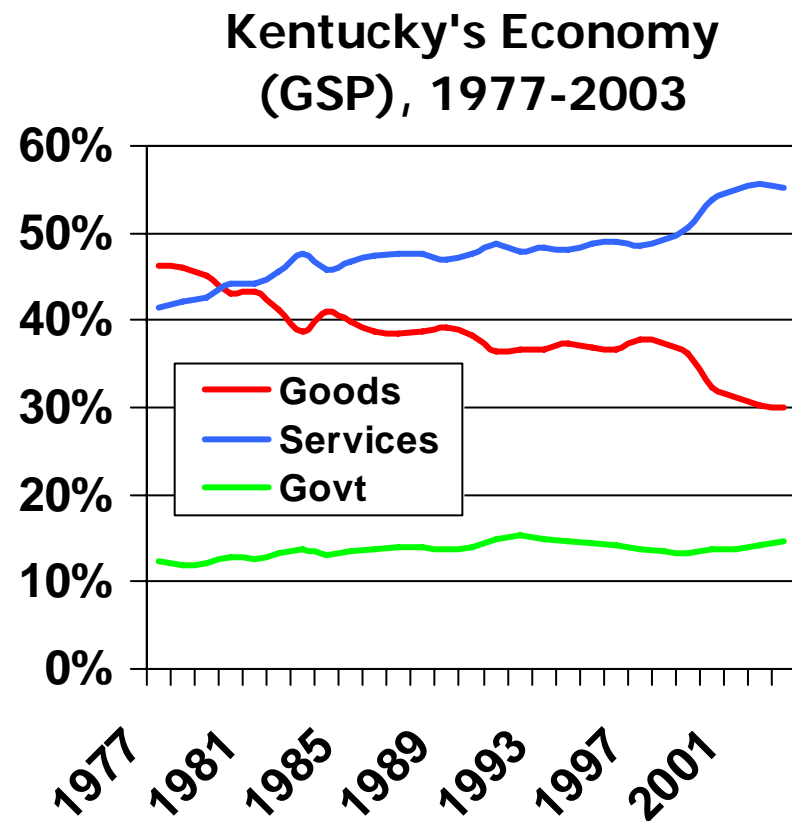
Challenges



- Anticipating Change
 - Continuous
 - Discontinuous
- Managing Change
 - Garner attention
 - Encourage action

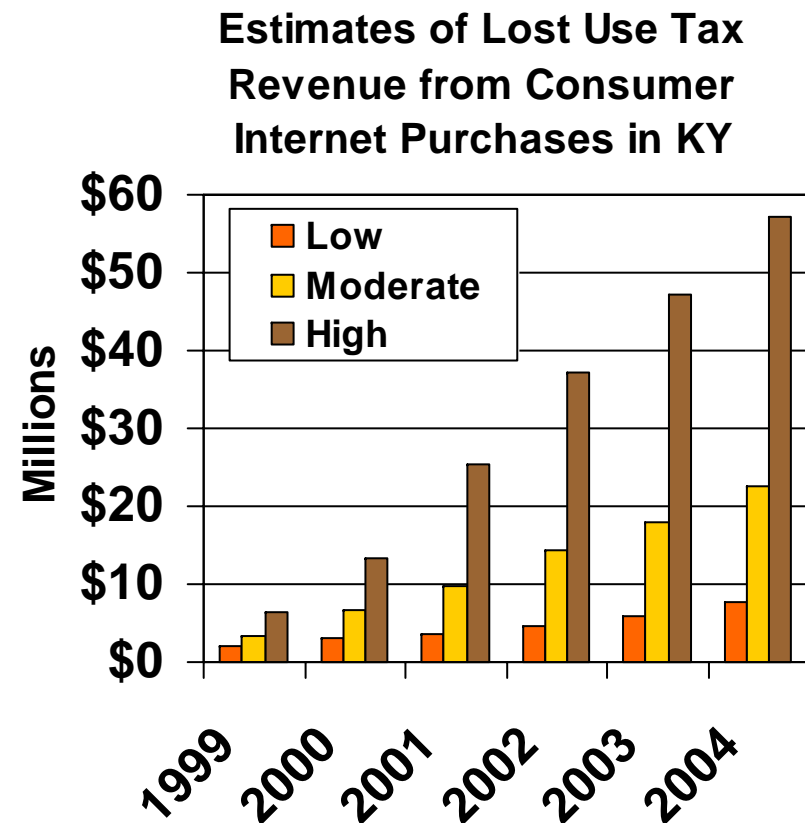
Anticipating Change

- Continuous change
 - Incremental, slow, and “easy” to predict
 - Most (but not all) economic trends, demographic shifts
- Kentucky’s changing economy
 - Goods v. Services
- No broad-based tax on services
 - drop in sales & use tax



Anticipating Change

- Discontinuous change
 - Abrupt, sudden, and harder to predict
 - Soviet bloc crumbles, weather changes, 9/11, pandemic, Internet
- Rise in remote sales
 - Downward pressure on sales and use tax revenue



Managing Change



■ Garner attention

- Empirical not ideological
- Specific over general
 - Understandable and relevant
- Accessible
 - Less is more
 - Keep it simple
- Be strategic
 - “Issue momentum”

■ Encourage action

- Provide workable policy options
- Coalitions are essential
 - Critical mass might be years away
- Good politics usually trumps good policy
 - Be content with incremental gains

Examples

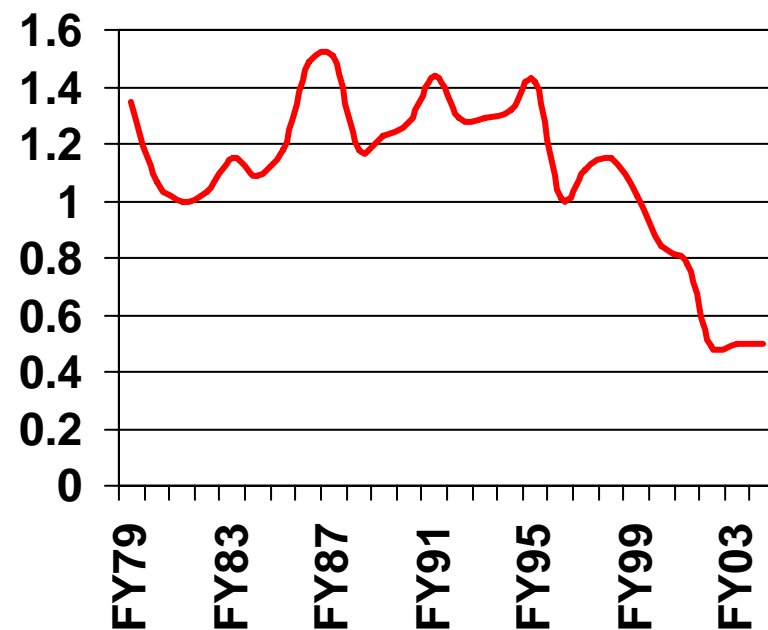


- Revenue Modernization
- Future of Burley Tobacco
- Canning Spam
 - Evaluation of the CAN-SPAM Act of 2003
- Retirement Systems Funding
- Listening to Kentucky High Schools
- State of the Commonwealth Index

Revenue Modernization

- The economy and demographics change
- But tax structure has not adapted quickly
 - declining revenue elasticity
 - structural deficit
- Burgeoning tax reform

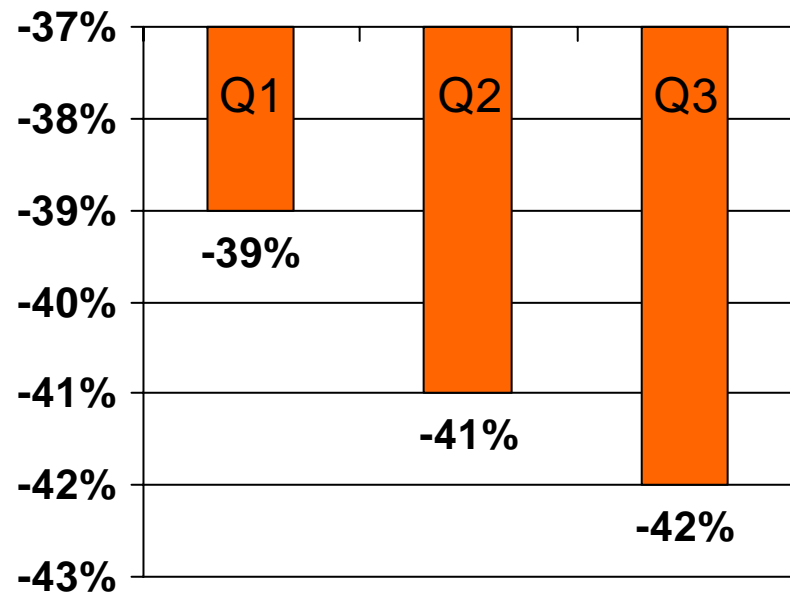
Kentucky's Tax Revenue Elasticity, 5-Year Averages, FY79 to FY04



The Future of Tobacco

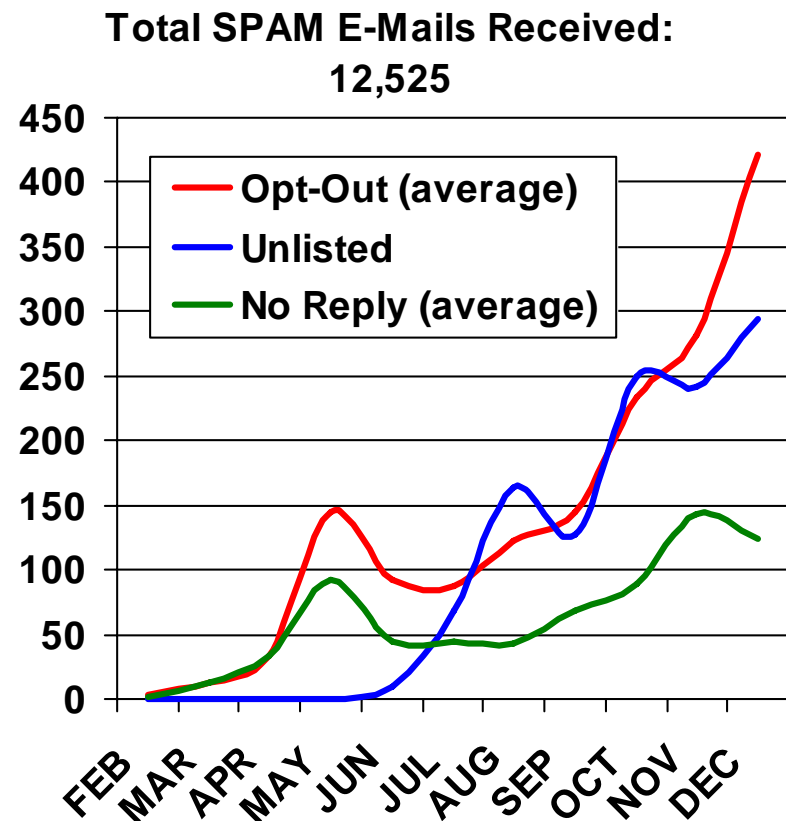
- Higher taxes on cigarettes and increased utilization of imported tobacco
 - less Kentucky tobacco needed
- Study broadened the range of acceptable discourse

Estimated Change in the Basic Burley Quota from 1993 to 2003



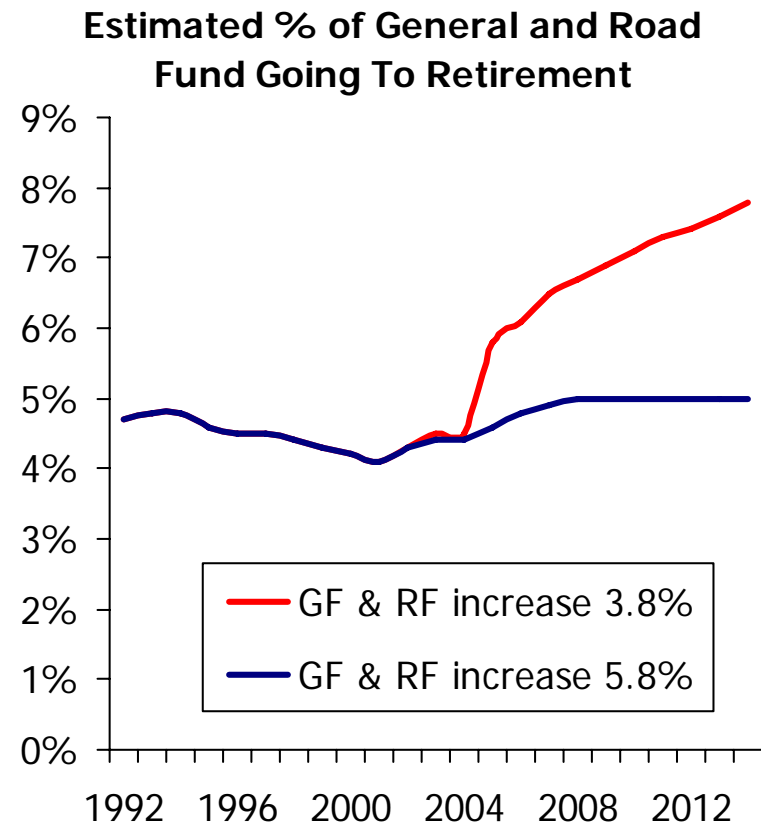
The Outcome of Opting-Out

- CAN-SPAM Act of 2003
 - Opt-out option
- Spamming continues
- Some states are considering “do not spam” lists
 - Study results show this will likely result in more spam



Retirement Systems Funding

- Retirement costs are increasing
 - Aging population
 - Rising health care costs
- Every session brings bills that touch on retirement system
- Study supported legislation changing benefit structure



Listening to Kentucky High Schools

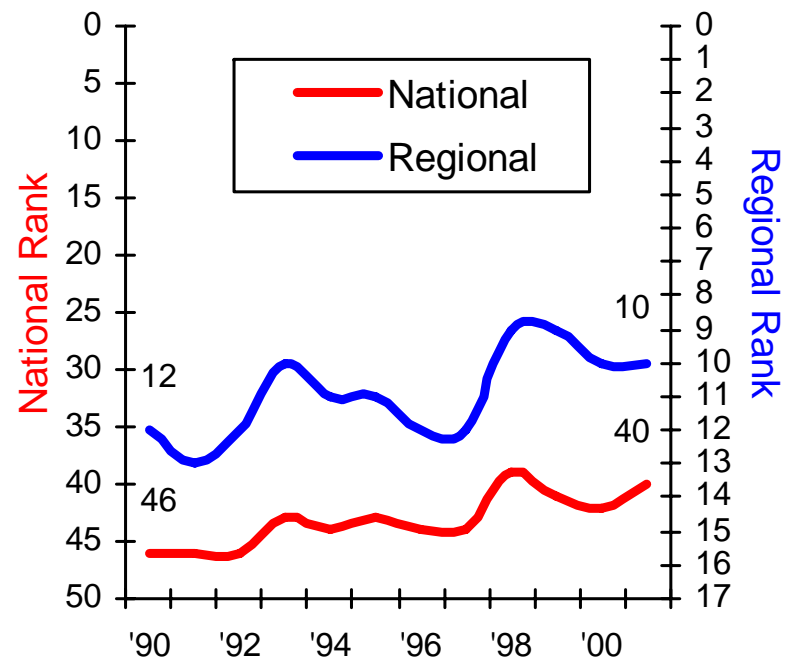


- High school to post-secondary education transition rates
 - Variation among high schools
 - Regression used to identify over- and under-achievers
 - What accounts for success?
- Case study approach
 - Interviews with students, teachers, administrators
- Findings
 - Leadership matters
 - Strong guidance counseling
 - Specific programs made a difference

State of the Commonwealth Index

- Reports frequently rank states on different factors
- Combine multiple factors into one index
 - currently 26 (and growing) economic, educational, social, and environmental variables
- Assess Kentucky's position over time relative to the U.S. and neighboring states

Kentucky Ranked by Its Index Score Relative to the US and 16 Regional States, 1990-2001



Conclusion



- Try to produce a high-quality product
 - empirical, analytical, objective, relevant, timely, accessible
- Distribute far and wide
 - policymakers and citizens
- Hope it gets traction and sparks action
 - but we don't advocate

Want More Information?



Michael T. Childress, Executive Director
Kentucky Long-Term Policy Research Center

111 St. James Court

Frankfort, KY 40601-8486

Phone: (502) 564-2851

FAX: (502) 564-1412

www.kltprc.net

michael.childress@lrc.ky.gov