



KYFREE

KENTUCKY FORUM FOR RIGHTS, ECONOMICS & EDUCATION

WASTED IN FRANKFORT

STATE SPENDING ANALYSIS – 2026

Seven Programs. **\$294** million. Time to look beyond the surface in state government spending.

\$81.8M

Kentucky
Wired

\$77.7M

KY Science &
Technology Corp.

\$75M

Film
Incentives

\$35.2M

CRD Dark
Fiber Lease

\$17M

Planters
Bank Payout

\$6M

Dataseam

\$1.4M

Teach For
America

\$294.1M

Total under
review

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October 2026

AMOUNT: \$81.8 MILLION

PROGRAM: KENTUCKY WIRED ([HB 500](#))

ON THE SURFACE: Kentucky Wired began as a plan for an eastern Kentucky “I-Way.” It grew into a statewide fiber-optic network, intended to deliver high-speed internet to the state’s rural areas.

KYFREE LOOKS DEEPER: The project is almost certainly [the biggest waste of money](#) in Kentucky history: a fiber-optic “bridge to nowhere.” The deal was made behind closed doors with almost no public input. Gov. Steve Beshear’s administration signed a \$1.2 billion, 30-year deal with Macquarie, an Australian investment bank. The state was counting on federal school-internet money to cover nearly half the payments. Officials were warned more than once that Kentucky didn’t qualify. They signed anyway. Two months later, the federal money fell through, and taxpayers were stuck with the bill.

Hundreds of millions of dollars have been wasted. The General Assembly should look at every option to shut Kentucky Wired down.

AMOUNT: \$77.7 MILLION

PROGRAM: KENTUCKY SCIENCE & TECHNOLOGY CORPORATION ([Link](#))

ON THE SURFACE: In the early 2000s, Kentucky lawmakers passed a law to grow new tech businesses in the state. Since then, the Kentucky Science & Technology Corporation (KSTC), a private nonprofit based in Lexington, has received hundreds of millions of dollars in public funds to do that job.

KYFREE LOOKS DEEPER: In the last two years alone, KSTC held [state contracts](#) worth more than \$77 million. So what have taxpayers gotten? KSTC’s own reports say things are going well. Outside experts disagree. A 2026 University of Kentucky [report](#) found that after more than 25 years of state efforts, Kentucky is still below average at starting new high-growth technology businesses. Compared with most states, fewer people here start high-growth companies, new companies create fewer jobs, and fewer of them survive.

KSTC [grades its own work](#), and that’s not good enough. Lawmakers lack an independent assessment of whether KSTC’s programs are producing the economic outcomes the taxpayers are paying for. A full performance audit of KSTC is needed.

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AMOUNT: \$75 MILLION

PROGRAM: KENTUCKY FILM INCENTIVES ([Link](#))

ON THE SURFACE: Film industry advocates tout job creation and tourism potential to justify the use of state funds to support film and television production in the state.

KYFREE LOOKS DEEPER: Kentucky's film subsidy program pays out cash with little to show for it. Unlike traditional incentives, which require companies to invest in facilities and create lasting jobs, film subsidies reward temporary productions that leave when filming wraps. In one case, the state paid \$2.9 million [to a film](#) that earned just \$564,000 at the box office.

The program was slipped into an end-of-session omnibus bill in 2021 and expanded in 2025 with little time for public review. The film council that approves subsidies includes studio owners who stand to profit from its decisions. Over \$8 million has been approved for projects tied to [a Lexington-based council member](#).

The result is a program that spends heavily, delivers little, and is overseen by the people who financially benefit from it.

AMOUNT: \$35.2 MILLION* (*THROUGH 2045)

PROGRAM: CENTER FOR RURAL DEVELOPMENT'S DARK FIBER LEASE

ON THE SURFACE: In 2019, Kentucky made a deal with the [Center for Rural Development](#) (CRD), a nonprofit in Somerset. CRD passed along \$43.6 million in federal grants to help build part of the state's Kentucky Wired internet network in eastern Kentucky. In return, CRD owns that fiber.

KYFREE LOOKS DEEPER: Kentucky now [rents the fiber back](#) for \$1.96 million a year until 2045. The state also pays for all repairs and upkeep, gives CRD a cut of internet revenue from counties along I-75, and must pay the market price if it ever wants to own the fiber.

The worst part is the exit clause. Normally, if the state ends a contract early, it pays only the costs the contractor had accrued up to the point of cancellation. This deal with CRD makes Kentucky pay the value of all remaining rent. Ending it today could cost roughly \$35 million or more. This rotten contract binds the taxpayers to millions of dollars in

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spending that feathers CRD's nest, despite the central role the organization played in the Kentucky Wired fiasco.

AMOUNT: \$17 MILLION

PROGRAM: PLANTERS BANK PAYOUT ([HB 900](#) & [SB 197](#))

ON THE SURFACE: The state is lending Christian County \$17 million to buy the Hopkinsville Industrial Foundation's debt that is owed to a local bank.

KYFREE LOOKS DEEPER: Four years ago, Gov. Andy Beshear [called Ascend Elements](#) "the largest economic development project in Christian County." Now, the company is bankrupt, setting off a domino effect which led to [Kentucky's taxpayers being tapped](#) to rescue a failed economic development bet.

The state budget appropriated \$17 million for a loan to the Christian County Fiscal Court to make the locally owned Planters Bank whole. The state's loan terms are generous. The taxpayers assume almost all the risk. The result: a bank saved from the consequences of a bad loan, a local economic development foundation spared accountability, and taxpayers cleaning up the wreckage from a failed EV battery bet.

AMOUNT: \$6 MILLION

PROGRAM: DATASEAM ([HB 500](#))

ON THE SURFACE: Dataseam sees itself as a laudable program that places computers in local schools and provides computing power for cancer research at the University of Louisville.

KYFREE LOOKS DEEPER: A [2020 state audit](#) raised serious concerns about the Dataseam program. Dataseam's contracts have never been competitively bid. Up to 26% of its state funding has gone to administrative overhead. School districts also paid Dataseam nearly \$3 million in training fees to "earn" computers the state had already paid for. Districts that left the program said Dataseam changed the rules on them and threatened to take computers back. Auditors said Dataseam missed deadlines and turned over incomplete data. Meanwhile, in 2024, Dataseam's CEO paid himself more than the Governor or any other constitutional officer is paid.

Lawmakers should end Dataseam's funding, order a new audit at Dataseam's expense, and require competitive bidding for any future contract.

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AMOUNT: \$1.4 MILLION

PROGRAM: TEACH FOR AMERICA ([HB 500](#))

ON THE SURFACE: Teach For America's advocates pitch the program as a solution to the teacher shortage in eastern Kentucky.

KYFREE LOOKS DEEPER: Telling an incomplete story, Teach For America's lobbyists secure earmarked appropriations for their client, asking Kentucky's taxpayers to fund a model that works against the stability struggling schools need most. Its recruits receive about five weeks of summer training and commit to just two years of teaching in schools. That builds turnover into eastern Kentucky classrooms that can least afford it. Even sympathetic researchers [call retention TFA's Achilles' heel](#).

Several districts across the nation [have ended contracts](#) over poor retention and teacher preparation. Kentucky should do the same.

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