



Kentucky Chamber

Workforce Challenges and Solutions in Kentucky



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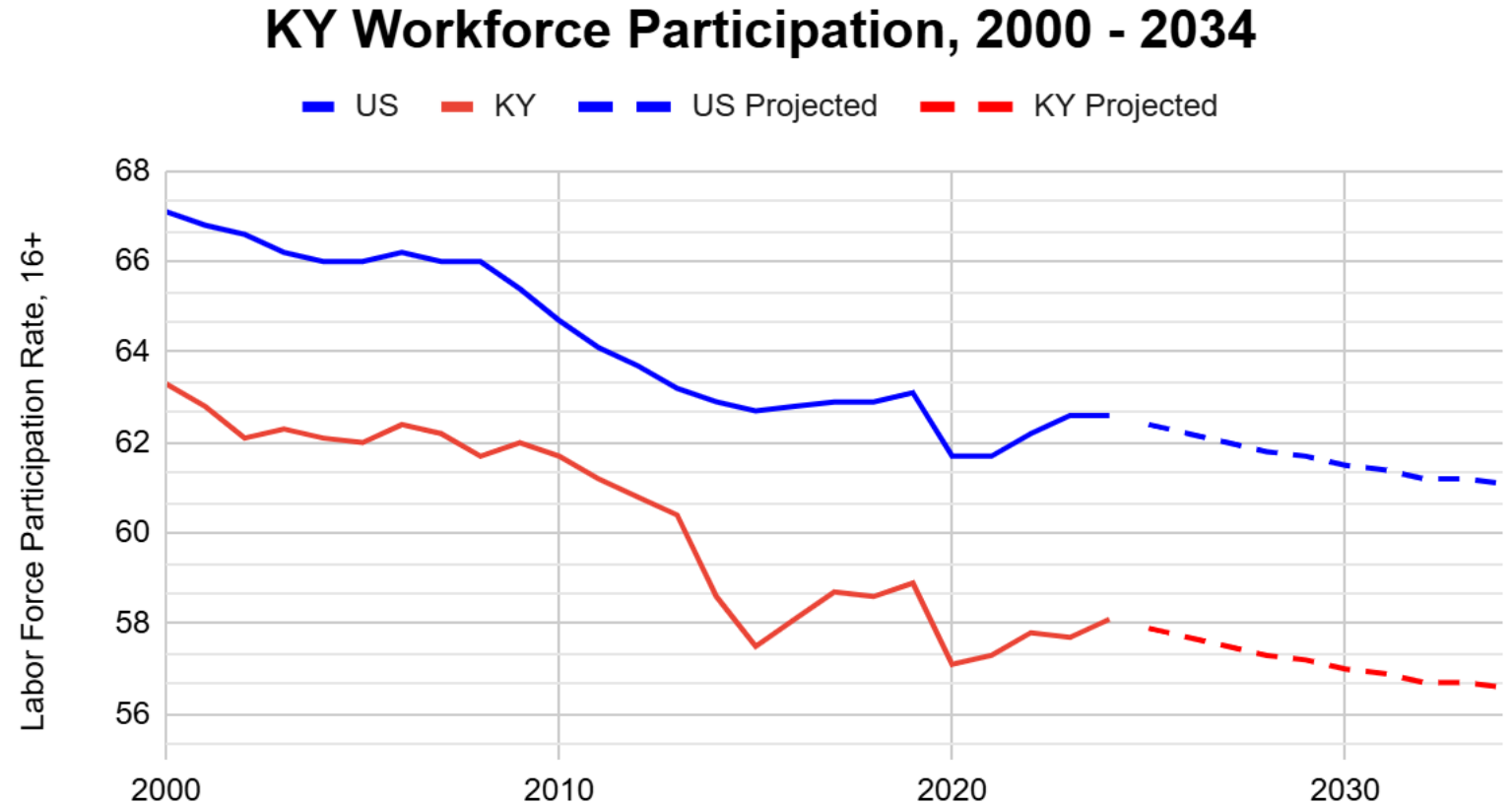


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Workforce Participation Challenges

- The share of our adult population (16+) **that works** is decreasing
- **Demographic change** is the key driver
- This trend is **expected to continue**



Source: Bureau of Labor Statistics/KY Chamber Center for Policy & Research



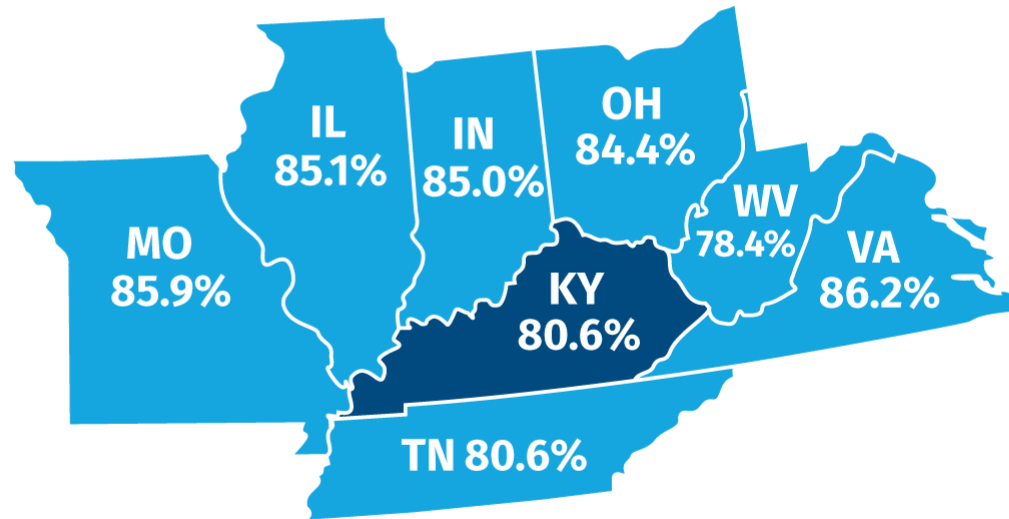
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Workforce Participation Challenges

- We face challenges with our “**working-age**” population, too
- Workforce participation for this group is **3 percentage points lower** than the national average and **ranks 45th**

Workforce Participation Rates Among 25-54 Year-old Adults, 2024



Kentucky	80.6%
(45th in the nation)	
United States	83.6%
Missouri	85.9%
Indiana	85.0%
Tennessee	80.6%
Ohio	84.4%
West Virginia	78.4%
Illinois	85.1%
Virginia	86.2%

Source: U.S. Bureau of Labor Statistics



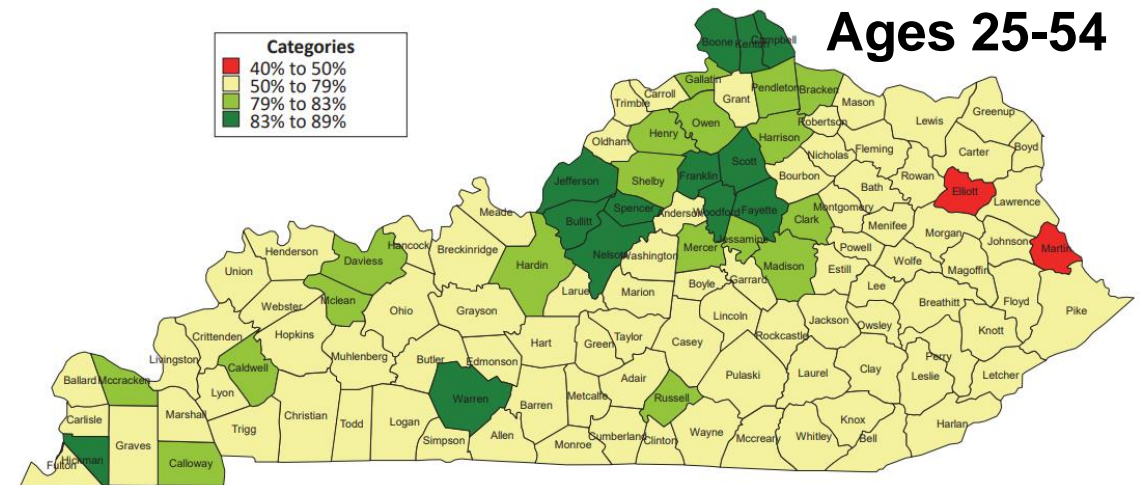
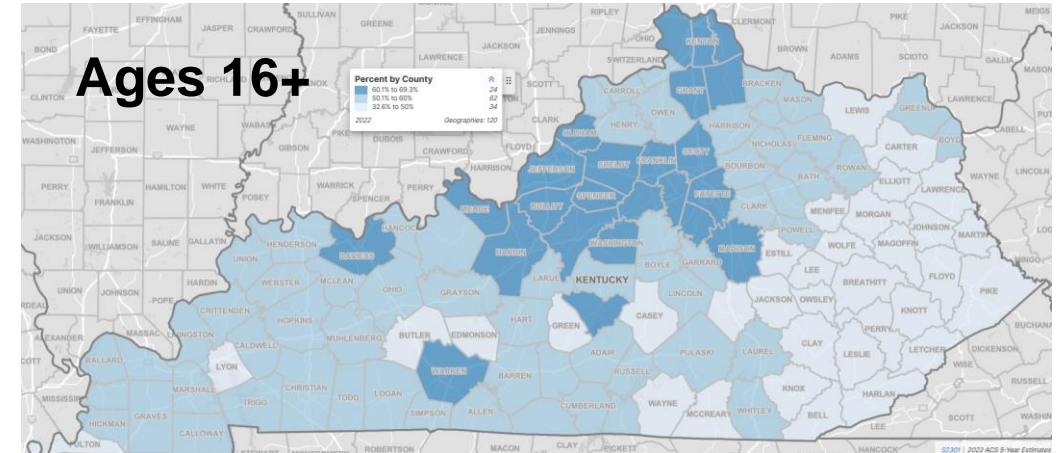
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Regional Variation in Workforce Participation

- Among the **16+ age group**:
 - 34 counties have rates at or below 50%
 - 24 counties have rates above 60%
- Among the **25-54 age group**:
 - 13 counties are at or above the national average
 - 2 counties are below 50%
- There is need for further study

Sources: ACS 2022 5-year, CBER Annual Economic Report



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Current State Policy Solutions & Strategy

- **Attract more working-age adults**
 - Tax policy, affordability, quality of life, and good job opportunities
- **Optimize workforce programs**
 - Ensure alignment and effective ROI
- **Support opportunities in challenged areas**
 - Targeted economic development incentives
- **Remove barriers to entry for Kentuckians**
 - Help Kentuckians who want to work



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Child Care & Workforce

- The connection between **child care and workforce** challenges is not novel
- *Some* parents *may* need access to child care to work or look for work
- These parents likely face other barriers
- It is difficult to estimate the impact



A WORKFORCE SOLUTION THAT *Works*

How Child Care Can
Close Kentucky's
Workforce Gaps and
Grow our Economy

AUGUST 2025



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Child Care & Workforce

- Estimates of non-working parents who “might reasonably be able to join or rejoin the workforce” if child care were more available and affordable:
 - **16,130 to 28,349** – \$500 monthly price reduction
 - **11,291 to 19,844** – \$350 monthly price reduction
 - **6,452 to 11,340** – \$200 monthly price reduction
- Explanation of methodology
- Other barriers for parents



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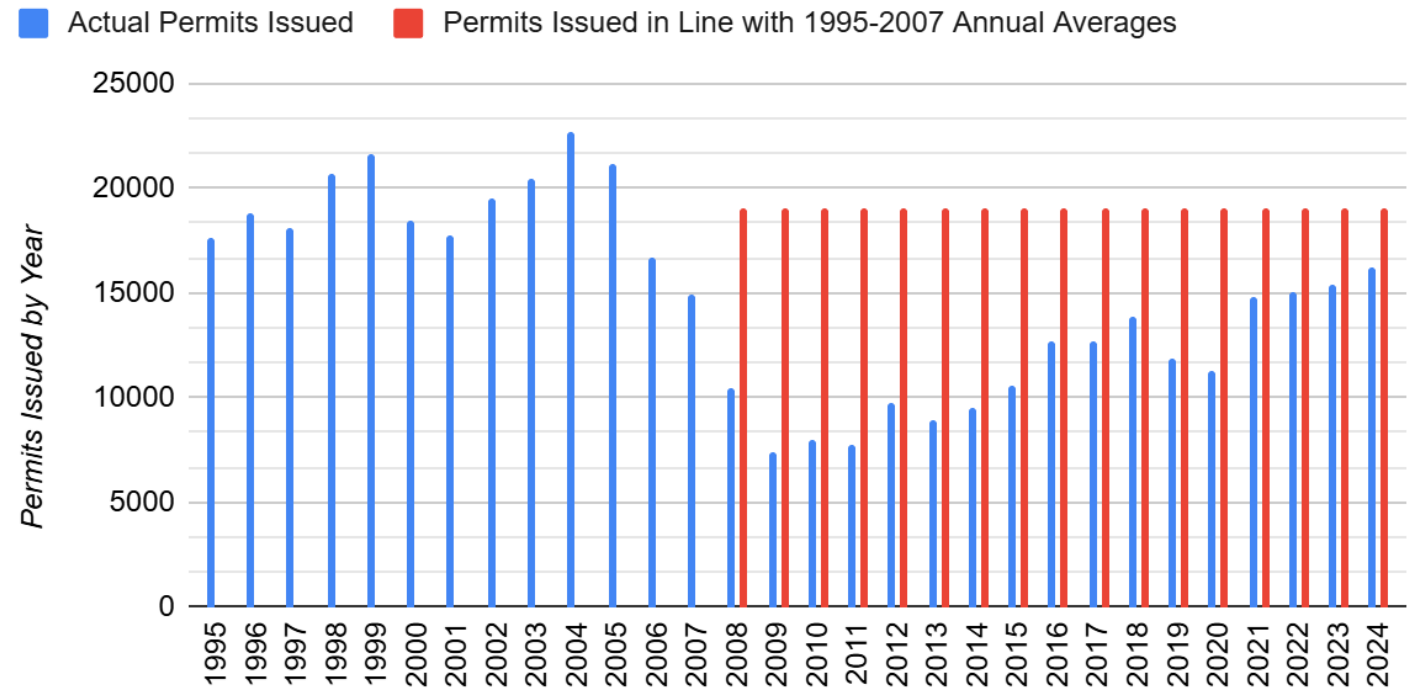
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Housing & Workforce

- “**Building A Foundation for Growth**” report was released by the Chamber and the Home Builders Association in 2024
- **Supply** is the core problem
- As the population has **increased** and production has **decreased**, it has become harder to find a home

Building Permits Issued in Kentucky (single-family and multi-family)



Source: Building Permits Survey, calculations by author



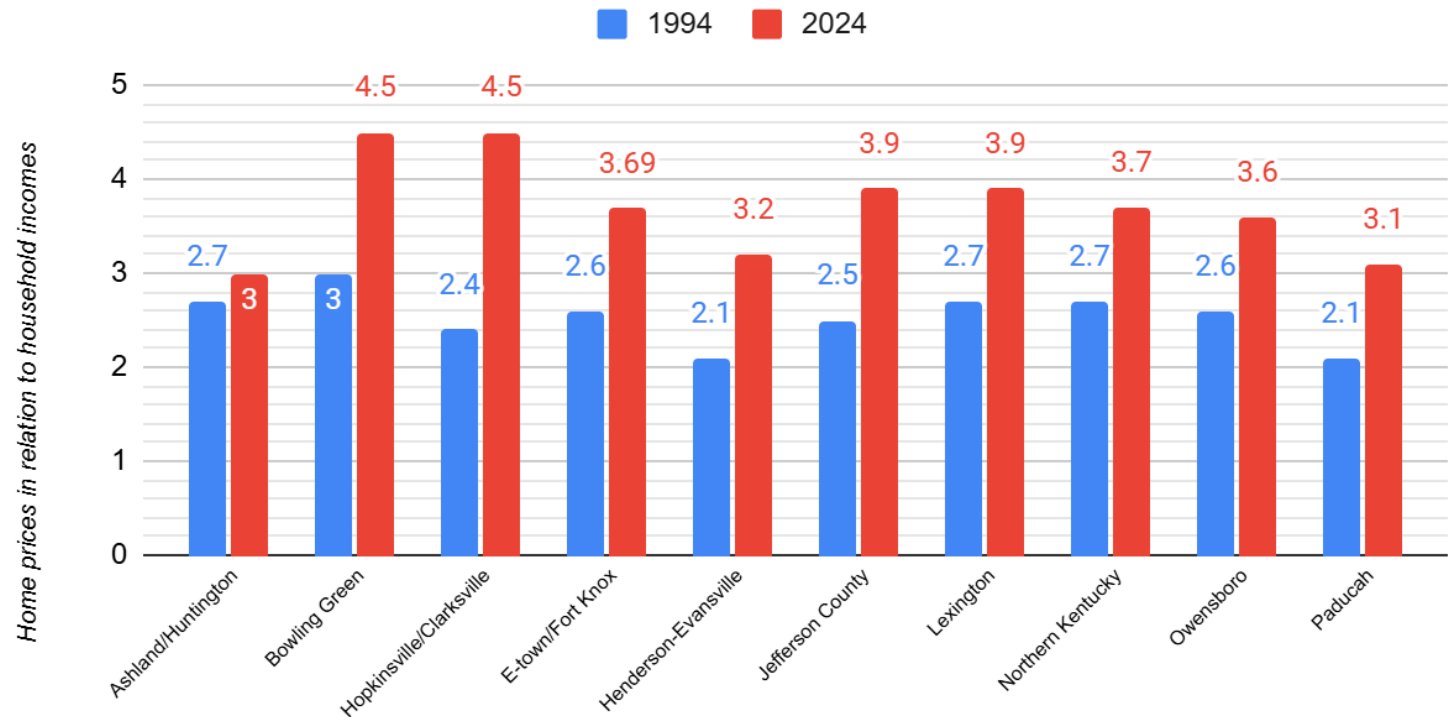
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Housing & Workforce

- Housing is important for **talent attraction**
- Kentucky may be losing its **affordability edge**

Home Price-to-Income Ratios for Kentucky Metro Areas, 1994-2024



Source: Harvard JCHS



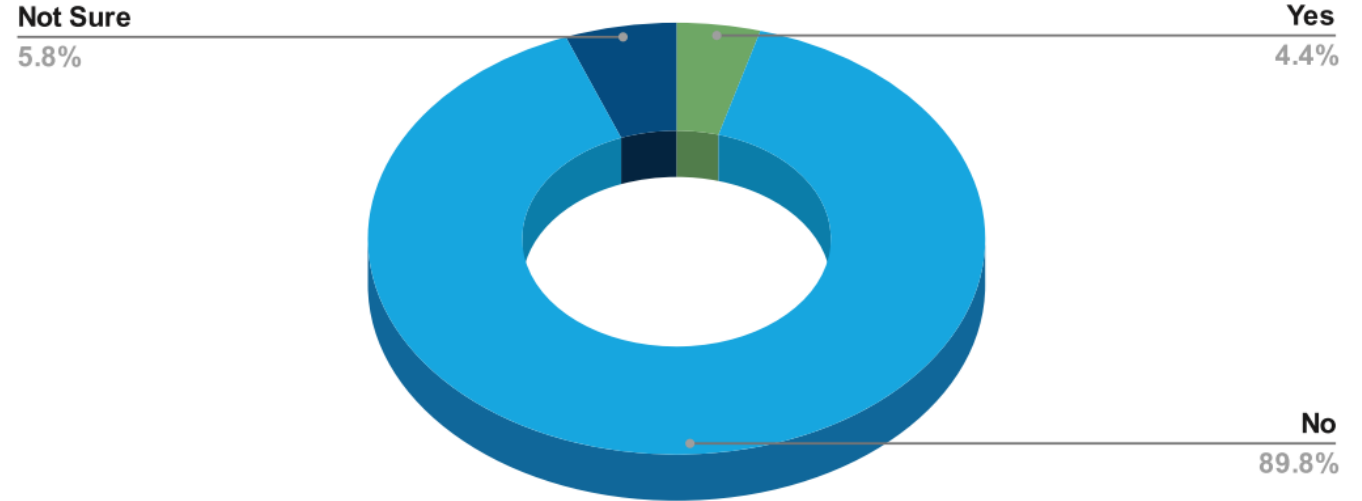
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Housing & Workforce

- Housing is critical for **economic development**
 - If housing is unavailable near employment, this results in **economic inefficiencies & missed opportunities for workers**
- **Spatial misallocation**
 - Studies of major U.S. housing markets
 - Is this a problem in Kentucky?

If a major economic investment with 1,000 new jobs was announced in your community tomorrow, do you think your region is currently well-positioned to meet a growing demand for housing?



Kentucky Chamber 2024 Housing Tour



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Policy Solutions for Child Care

Kentucky Collaborative on Child Care

- 37 Shared Solutions:
 - Pursue consensus-driven regulatory relief
 - Innovate through “micro-centers”
 - Reform Kentucky’s tri-share program (ECCAP)
 - Reform Kentucky All-STARS to support quality and early learning
 - Capitalize on new incentives in OBBBA to encourage employer engagement



A FOUNDATION FOR ACTION

Shared Solutions to
Child Care Challenges in Kentucky

A PARTNERSHIP BETWEEN

CONVERGENCE



Lift a Life
NOWAK FAMILY FOUNDATION

MAY 2025



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Policy Solutions for Housing

- Focus on **supply-side solutions**
- Housing Development Districts (House Bill 7)
- Residential Infrastructure Development Districts (Tennessee model/Senate Bill 50)
- Tax incentives for workforce housing supply
- Indiana Residential Infrastructure Program
 - Revolving loan fund to support housing infrastructure and incentivize local zoning reform through public-private partnership
 - Added nearly **3,000** NEW housing units in 17 communities



Building a Foundation for **GROWTH**

Meeting Kentucky's Current & Future
Housing Needs



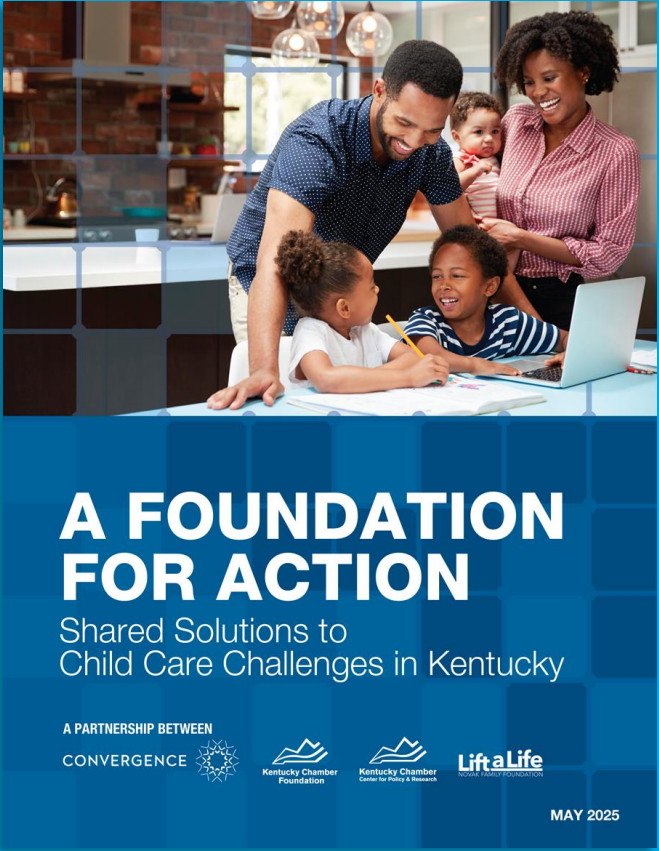
JUNE 2024



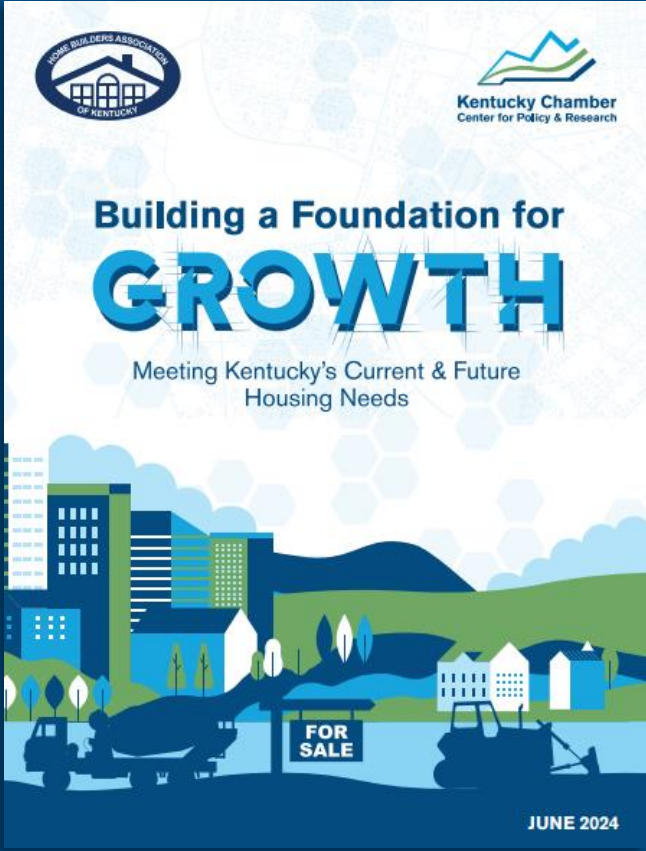
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