



2019 Interim Joint Committee on Economic Development and Workforce Investment

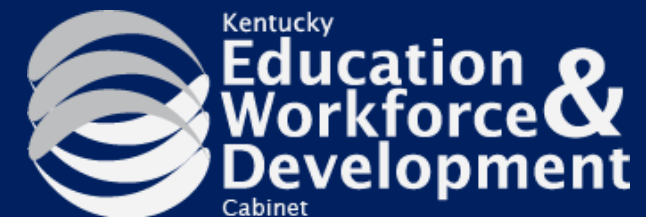
Mike Nemes, Deputy Secretary

Education and Workforce Development Cabinet

Lana Gordon, Commissioner

Department of Workforce Investment

July 11, 2019





Talent Attraction and Retention

19RS HB 333 & 19RS HB 391

The Struggle to Meet Workforce Demand

- Current Job Openings – 134,800
 - Manufacturing: 10,607 – 7.9%
 - Healthcare: 16,536 – 12.3%
 - Business/IT: 24,787 – 18.4%
 - Construction: 6,254 – 4.6%
 - Transportation/Distribution/Logistics: 8,815 – 6.5%
- Current, active job seekers – 26,220
- Job demand by 2022: 415,041
- 58.1% of graduates from Kentucky post-secondary institutions are employed in Kentucky 3 years after graduation
- Over the last five years Kentucky's average net migration is approximately -1,500 people per year

Sources: Focus Talent, KY STATS, Cato Institute



Importance of Lifelong Learning

Impacts of Technology on Workforce by 2030 in the United States

- 25% of employees will need to switch occupations because of technology changes
- 13 million of new jobs will be in occupations that do not currently exist
- Sectors most likely impacted by technology: Healthcare, Manufacturing, Logistics
- 70% of current Kentucky workers are vulnerable to technology changes

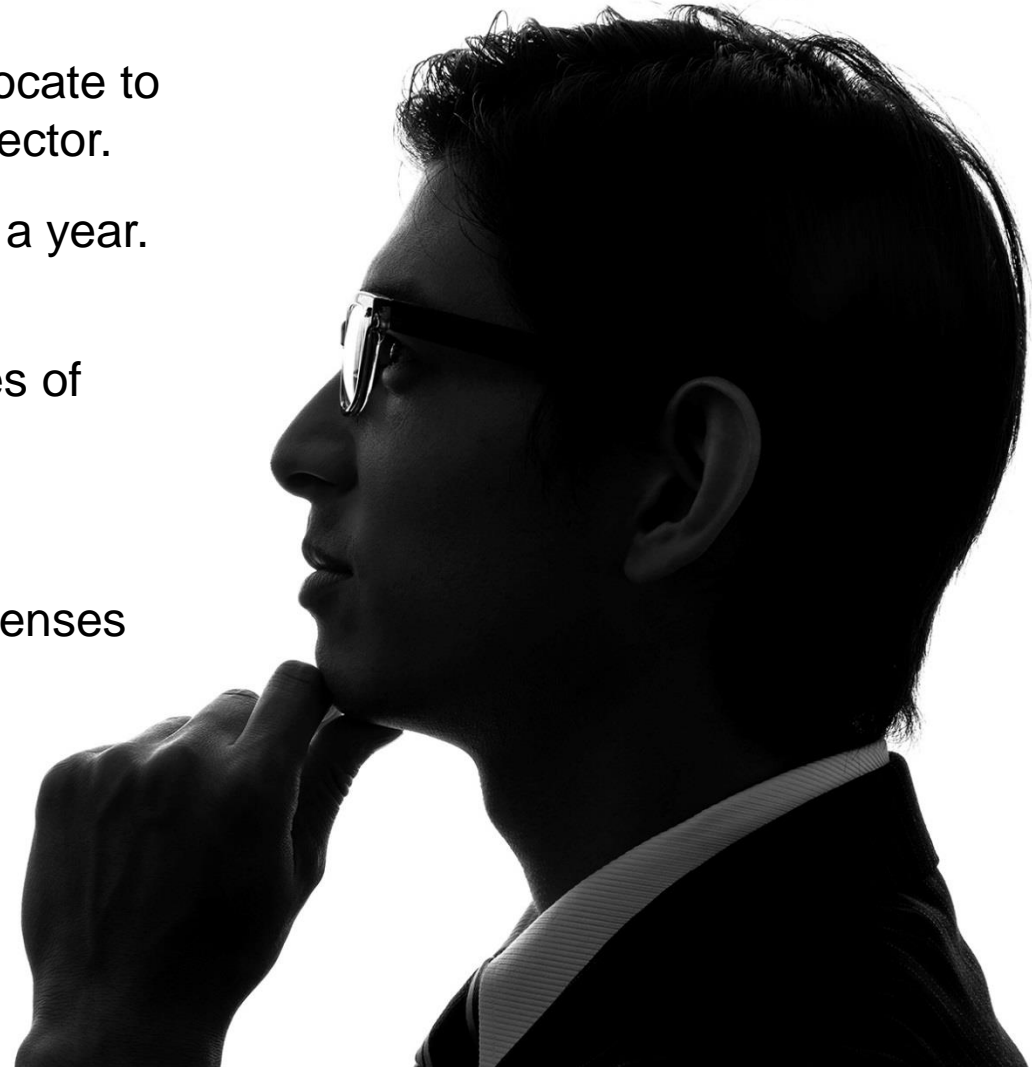
Sources: McKinsey Global Institute, Southern Regional Educational Board



Looking Towards the Future

Proposed Legislation

- Highly Skilled Employee Tax Credit – HB 333
 - Tax credit for individuals who either stay in Kentucky or relocate to Kentucky to fill a job in a high skill, high demand industry sector.
 - \$1,500 per applicant with a total approval cap of \$3 million a year.
- Earn & Learn Tax Credit – HB 391
 - Tax credit for employers who pay the educational expenses of employees in high skill, high demand industry areas
 - Companies in high-skill, high demand industry sectors
 - Credit of up to 25% of costs for employee educational expenses
 - Companies eligible for \$1,500 per employee/per year
 - Approval cap 10,000 employees per year





Registered Apprenticeship



SCALING UP APPRENTICESHIP TO MEET WORKFORCE DEMAND

- Registered Apprenticeship provides employers with a highly skilled, highly qualified workforce that is essential for Kentucky's economic growth and ability to compete in a global economy
- Over \$1.5 million in federal funding allotted to expand Kentucky's apprenticeship initiatives
 - Registered Apprenticeship Programs: 251
 - Competency-Based Programs: 9
 - Registered Apprentices: 3,391
- New sectors utilizing Registered Apprenticeship model
 - Healthcare - Registered Nurse
 - Information Technology – Coding and Programming
 - Civil Service – CHFS, Transportation, COT, Justice, Barren County Government, Kentucky Department of Veterans Affairs



Kentucky TRAINED. Kentucky BUILT.

Civil Service Apprenticeships

- Kentucky has utilized the apprenticeship model to fill workforce pipelines with diverse, productive, highly skilled workers.
- Apprenticeship will mend gaps created by the exodus of the baby-boomers, and keep careers in government fresh, inspired and energized.
- State agencies with apprenticeship programs:
 - Cabinet for Health and Family Services; Transportation Cabinet; Commonwealth Office of Technology, Justice Cabinet, Barren County Government, Kentucky Department of Veteran Affairs.



K-TECH

- Equipping students with recognized post-secondary credentials and STEM skills is essential for promoting economic growth in Kentucky.
- Supports Kentucky's efforts to expand and transition of high school CTE students to post-secondary education and employment.
- Three-year \$627,000 grant to launch an apprenticeship program for high school students enrolled in Hazard Independent and Perry County schools.
- Offers apprenticeships concentrated in STEM fields such as radiography, nursing, and telehealth technician.



Preschool Development Grant :

- Kentucky was one of six states to be awarded the highest amount of \$10.62 million.
- One year grant focused on planning with the opportunity to apply for more funding for the years two-four.
- Develop a career pathway for early childhood and education professionals by utilizing the apprenticeship model
- Students will learn to communicate effectively, problem-solve, and follow through on commitment-skills important to workplace success.
- Supports vulnerable children in rural or limited accessibility areas and caregivers





Unemployment Insurance

Unemployment Insurance Modernization

- Service Capacity Upgrade Fund (SCUF) enacted July 1, 2018 used solely for the following:
 - Upgrade technology through acquisition of new software;
 - Increase service delivery capacity in support of the programs administered by Unemployment Insurance.
- Enhancement of program integrity funded by employer contributions at .075% of tax ban
- 5 year collection with a \$60 million cap
- 1st Quarter 2019 UI Trust Fund:
 - Trust Fund balance: \$506.6 million
 - UI contributions from employers: \$44.5 million
 - Benefits paid to claimants: \$82.1 million
- Projected SCUF Collections:
 - Calendar Year 2019-2023-
\$10-12 million each year (5 year max)



Kentucky Unemployment Insurance

	2012	2013	2014	2015	2016	2017	2018
Contributions	\$489,849,000	\$498,596,000	\$513,258,000	\$527,740,000	\$543,369,000	\$477,099,000	\$381,736,000
Benefits Paid	\$476,163,000	\$441,791,000	\$338,145,000	\$279,922,000	\$310,760,000	\$284,595,000	\$279,560,000
Fund Balance	\$36,605,000	\$0	\$0	\$3,501	\$223,913,000	\$433,218,000	\$540,208,000
Federal Loan Balance 12/31	\$837,700,000	\$639,788,000	\$361,502,000	\$0	\$0	\$0	\$0

Kentucky Snapshot

	Kentucky	National Average
Maximum Weekly Benefit	\$552	\$344
Average Weekly Benefit	\$341	\$281
Maximum Weeks Eligible	26	24.1
Average Benefit Duration	18.4	15.4
Unemployment Rate	4.0%	3.4%
Current Number of Open Jobs	134,234	148,000

Unemployment Insurance Challenges

- Aging technology with costly and limited resources to maintain;
- Claim duration 18.4 weeks compared to national average of 15.4 weeks;
- Kentucky's maximum benefit amount is one of the highest in the nation and region;
- Re-employment activities and the success of connecting suitable work with Kentucky's workforce; and
- Customer service in the career centers that is often provided by third party.





Kentucky

**Education &
Workforce
Development**

Cabinet