

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 4th Meeting of the 2023 Interim

September 28, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on September 28, 2023, at 9:00 AM in Room 149 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise Co-Chair; Representative Russell Webber Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Denise Harper Angel, Jason Howell, Robby Mills, Reginald Thomas, and Phillip Wheeler; Representatives Shane Baker, Josh Branscum, Steve Bratcher, Daniel Elliott, Mark Hart, Thomas Huff, Kevin Jackson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Phillip Pratt, Rachel Roarx, and Scott Sharp.

Guests: Michael Gritton, Executive Director, KentuckianaWorks; Myra Wilson, Director, Cumberlands Workforce Development Board; Correy Eimer, Director, Northern Kentucky Workforce Investment Board; Daniel London, Executive Director, Lincoln Trail Area Development District; and Senator Matt Deneen.

LRC Staff: Janine Coy, Eric Rodenberg, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the August 23, 2023, meeting was made by Representative Lockett, seconded by Representative Branscum, and approved by voice vote.

Workforce Overview

The Commonwealth is divided into 10 workforce innovation boards (WIBs). Seven of the 10 workforce innovation boards are managed by area development districts (ADDs). A board of directors, comprised of employers and community organizations, oversees WIBs. Workforce boards operate based on the Federal Workforce Innovation and Opportunity Act (WIOA) and receive funding through the US Department of Labor. Federal investment has shrunk over the last two decades, with a 49 percent national funding decrease and over the last five years, a 17 percent nominal decrease for Kentucky. Allocation of funding for each state and for each individual WIB is based on measures of unemployment.

Michael Gritton, Executive Director of KentuckianaWorks, discussed how the state's workforce pipeline is impacted by a disconnection of young people ages 16 to 24. During 2021, one in seven young people were not working or enrolled in school. In some rural parts of Kentucky, one in four youth and young adults are disconnected from employment and educational opportunities. Overall, Kentucky's disconnection rate is among the top 10 highest across the country.

The economic impact of the youth disconnection includes individual and national costs. A study conducted in 2012, *The Economics of Investing in Opportunity Youth*, showed there is a \$14,000 taxpayer burden per youth for every year of disconnection from employment and educational opportunities.

Mr. Gritton detailed a specific workforce program that KentuckianaWorks has implemented that targets youth and young adults called The Spot: Young Adult Opportunity Campus. The program provides free career resources for individuals ages 16 to 24 across the Louisville region through a partnership with Goodwill Industries. Myra Wilson, Director of the Cumberlands Workforce Development Board, and Correy Eimer, Director of the Northern Kentucky Workforce Investment Board, also discussed specific programs in their respective areas.

Responding to Representative Branscum, Mr. Gritton said that although WIOA funding is used for youth outreach programs, WIBs are oftentimes introduced as a last resort or when an individual has struggled to enter the workforce for a significant period. He expressed the need to target high school seniors but stated WIOA is not designed to be utilized in that manner.

Answering a question from Representative King, Mr. Eimer agreed that workforce participation rates are better labor market indicators compared to unemployment rates. Mr. Gritton further explained that an individual must actively seek employment to be included in unemployment statistics. Any changes to the formula used to determine WIOA funding would have to be made at the federal level.

Representative Lawrence made remarks about the importance of WIBs and discussed restrictions on federal WIOA funding.

Replying to questions from Representative Bratcher, Mr. Gritton stated there is little to no information regarding the one in seven young people that were not working or enrolled in school in 2021. He said the youth and young adults that utilize their services express a wide range of reasons for not participating in the workforce.

Answering a follow up question, Mr. Gritton reiterated that the allocation of WIOA funding for each state and each individual WIB is based on measures of unemployment and poverty. A state investment is needed for WIBs to continue operating. Mr. Eimer added that the WIOA funding formula does not take employers into account.

Addressing questions from Representative Kulkarni, Mr. Gritton said the number of disconnected youths increased after the pandemic. He reported that Congress has yet to authorize additional WIOA funds. He reported that there are proposals to eliminate federal funding for WIOA. Replying to follow up questions, Ms. Wilson stated there is a proposed budgetary request for funding from the General Assembly that will be presented to the Interim Joint Committee on Appropriations and Revenue. Additionally, Mr. Gritton gave further details about restrictions on federal WIOA funding.

In response to Representative Webber, Mr. Eimer said with a state investment from the General Assembly, WIBs would continue operating with a localized approach, but would be able to expand existing programs with less funding restrictions.

Addressing Senator Boswell, Ms. Wilson acknowledged the importance of vocational training, specifically for youth and young adults.

Answering questions from Senator Funke Frommeyer, Mr. Eimer expressed his support of early career exploration. He discussed his region's early childhood career exploration approach, work-based learning opportunities, and community partnerships.

Responding to a follow up question from Representative King, Mr. Gritton detailed the partnership between WIBs and the Kentucky Community and Technical College System and ensured there are no duplication of services.

Representative Lawrence testified about the impact of WIBs and other workforce partners in his district.

Representative Webber made comments about policies enacted by the General Assembly that have promoted job creation and encouraged economic growth. He thanked the presenters for aiding the General Assembly in making decisions pertaining to workforce investment programs.

Regional Economic Overview

Senator Deneen made opening remarks concerning the construction of BlueOval SK's battery park in his district in Hardin County, and noted that this is the biggest investment in the state's history. Daniel London, Executive Director of the Lincoln Trail

Area Development District, provided an overview of the \$5.8 billion project, the region's economic growth, and impending infrastructure needs. The project is a partnership between Ford and South Korea's SK On and will employ more than 5,000 employees. Located on a 1500-acre site in Glendale, the two plants will encompass 23 square miles. It is estimated that the plant will produce more than 8,000 jobs in the region and add 22,000 residents to Hardin County, creating the need for more than 8,000 new hospital units, 75 new hospital beds, and will put a major strain on the local school system. Mr. London closed by briefly detailing the Lincoln Trail Area Development District's Six Year Economic Lines of Effort, Objectives, and Actions, and highlighted the region's need for utility and road infrastructure improvements.

Representative Webber made remarks on the scale of the BlueOval SK project and the resulting concrete shortage in the southcentral region of the state.

Responding to Senator Mills, Mr. London commented on Ford choosing to shift towards electric vehicle manufacturing.

Answering a question from Senator Thomas, Mr. London confirmed that there are existing partnerships with state colleges and universities, with the goal of supplying emerging companies with a highly skilled and trained workforce. Senator Deneen added that there are several forthcoming STEM related entrepreneurial opportunities in the region.

Addressing questions from Senator Boswell, Mr. London stated that the Tennessee Valley Authority expressed concern about meeting the utility needs of BlueOval SK and other major projects planned for the region, but LG&E and Kentucky Utilities, the contracted power providers, have not expressed the same concerns.

Representative Bratcher made remarks about limited infrastructure, investing in people, and the advantages of utilizing the Kentucky Community and Technical College System.

Replying to remarks from Senator Wheeler, Mr. London stated he was not aware of the average cost of an electric vehicle manufactured by BlueOval SK or the source of materials that will be used at BlueOval SK. Senator Deneen expressed his support for BlueOval SK and other regional economic investments.

Answering questions from Representative Lockett, Mr. London said that LG&E and Kentucky Utilities will use a combination of power sources, and BlueOval SK has expressed the desire to use as much renewable power as possible. Ford, LG&E, and

Kentucky Utilities made an agreement to divide the project site. In response to a follow up, Mr. London stated that he is not aware of the average cost of an electric battery produced by BlueOval SK.

Addressing comments from Senator Funke Frommeyer, Mr. London spoke about the multiple partnerships driving the progress of the BlueOval SK project and strategies to draw from all demographics and types of employees from across the Commonwealth.

Senator Mills made remarks about the importance of providing reliable and consistent power and expressed concerns about LG&E and Kentucky Utilities being able to do so.

Representative Webber commented about the magnitude of the BlueOval SK project and the strain it has put on the Hardin County Community.

Adjournment

There being no further business before the committee, the meeting adjourned at 10:50 a.m.