

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 5th Meeting of the 2023 Interim

October 26, 2023

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on October 26, 2023, at 9:00 AM in Room 149 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Russell Webber Co-Chair; Senator Max Wise Co-Chair; Senators Shelley Funke Frommeyer, Jason Howell, Robby Mills, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Shane Baker, Jared Bauman, Josh Branscum, Steve Bratcher, Josh Calloway, Daniel Elliott, Al Gentry, Mark Hart, Kevin Jackson, Kim King, Matt Lockett, Phillip Pratt, Rachel Roarx, Scott Sharp, and Ashley Tackett Laferty.

Guests: Jeff Noel, Secretary, Cabinet for Economic Development; Katie Smith, Deputy Secretary, Cabinet for Economic Development; Matt Wingate, General Counsel, Cabinet for Economic Development; Nancy Cox, Ph.D., Vice President and Dean, Land-Grant Engagement Office, University of Kentucky Martin-Gatton College of Agriculture, Food and Environment; Seth DeBolt, Ph.D., Director, James B. Beam Institute for Kentucky Spirits, University of Kentucky Martin-Gatton College of Agriculture, Food and Environment; and Kyle Wilson, CEO, BoomKY.

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

Approval of Minutes

A motion to approve the minutes of the September 28, 2023, meeting was made by Senator Funke Frommeyer, seconded by Representative Webber, and approved by voice vote.

Cabinet for Economic Development Update

Secretary Noel gave an update on the Cabinet for Economic Development's business development activities, strategy, and the Kentucky Product Development Initiative (KPDl). Over the past two years, more than 34,000 new full-time jobs have been announced; average hourly wage has increased to \$26.78; there have been \$21.7 billion of investments; and two of the largest economic development projects, in the state's history, were announced. In addition, more than 900 new jobs were added by startups; 170 startups were launched; and \$190 million of private capital was raised by startups. Secretary Noel discussed the electric vehicle industry and investments announced across the state such as Washington Penn Plastic and Safran Landing Systems.

The Cabinet's strategy for economic development includes prioritizing its core traditional existing industries, which include automotive, metals, logistics, agriculture, plastics, and medica. The strategy includes building upon insights from engagement with diverse stakeholders and in-depth analytics. The Cabinet has consulted with McKinsey and Company to complete a full blueprint development plan that will be presented to the appropriate legislative committee. Secretary Noel provided an overview of the KPDl program that was established with the passage of 2022 Regular Session HB 745 and allocation of \$100 million.

Answering a question from Senator Wise, Secretary Noel confirmed the Cabinet collaborates with the Education and Labor Cabinet and detailed the routine partnership.

Responding to concerns expressed by Senator Wheeler, Secretary Noel discussed the electric vehicle industry and economic development in the eastern part of the state. Current guidelines do not permit the Cabinet to utilize a regional economic development approach, but recommendations will be given in the Cabinet's full blueprint development plan. He said other questions asked could be directed to the Energy and Environment Cabinet and the Governor's Office.

Addressing remarks made by Senator Wilson, Secretary Noel agreed that community relations play a key role in economic development and spoke about collaborating with companies on creative solutions to ensure employers have a skilled workforce.

Replying to Representative Jackson, Secretary Noel gave additional details about the partnership with McKinsey and Company. The Cabinet is also utilizing the expertise of the Kentucky Chamber of Commerce and the Kentucky Association of Manufacturers to complete the full strategic plan. He believes local economic developers can play a more active role in workforce recruitment and development.

Answering a question from Representative Sharp, Secretary Noel stated that many companies are adopting practices and strategies that are more environmentally conscious and discussed the Environmental, Social, and Governance (ESG) business philosophy. He discussed the importance of coal production and opportunities in Eastern Kentucky.

Responding to Representative Branscum, Deputy Secretary Katie Smith detailed the Letter of Intent process for the KDPI program. The letter of intent is not an application and is not required to complete for applicants.

Addressing comments made by Senator Funke Frommeyer about her district, Secretary Noel said CED travels throughout the state to hold community meeting to encourage applicants for the KDPI program.

Replying to remarks made by Senator Mills, Secretary Noel referred to a comment made during his presentation and said companies across the country are relocating their corporate headquarter offices. However, 51 percent have either remained in their immediate community or relocated to another part of the respective state. The remaining 49 percent of companies are relocating to states that have a more attractive workforce climate.

In response to concerns expressed by Representative Bauman, the Secretary reiterated that the Cabinet is in the process of completing its strategic plan. The Cabinet will be transparent when measuring and reporting its progress to the General Assembly. He said he was not at liberty to discuss the total cost of consulting services acquired from McKinsey and Company, but through allocation of funds, the Cabinet did not need to request any new funding for the services.

Answering questions from Representative Roarx, Secretary Noel discussed the role wage growth plays in the Cabinet's strategic plan.

Bourbon Brings Jobs: Workforce Training and Spirits Innovation

Nancy Cox, Vice President and Dean, Land-Grant Engagement Office, University of Kentucky's Martin-Gatton College of Agriculture, Food and Environment, and Seth DeBolt, Director of the James B. Beam Institute for Kentucky Spirits, provided an update on the Institute for Kentucky Spirits, a partnership between the University of Kentucky's Martin-Gatton College of Agriculture, Food and Environment and Beam Suntory. The institute is dedicated to the advancement of the bourbon industry through workforce programming, scientific discovery, and industry partnerships. Although construction of the institute on the University of Kentucky's campus began in 2021, the first courses

were launched in 2012. Dr. DeBolt discussed the institute's state of the art facilities, educational programming, workforce training and industry engagement, research partnership models, and research being conducting that focuses on barrel quality.

Responding to Senator Wise, Dr. Cox confirmed that the institute's funding is comprised of a routine allocation from the state, private industry donations, and grant funds. Answering a follow up question, Dr. DeBolt stated the institute has an average enrollment growth of 30 to 60 percent per year.

Creating Local Startups and Opening Innovation Hubs Across KY

Kyle Wilson, CEO of BoomKY, detailed his company's efforts to partner with all Kentucky school districts to provide year-round curriculum to young entrepreneurs. BoomKY has partnered with school districts, community innovation hubs, and local area development districts to retain and retrain local workers, create more local innovation hubs, launch more startups, and provide resources for existing startups. The company is on target to help launch 60 startups in 2023. Mr. Wilson discussed the BoomKY curriculum, the Young Entrepreneur's Show (Y.E.S.), fellowship opportunities, a partnership with Western Kentucky University's Innovative Center, and future goals of BoomKY.

Addressing Senator Funke Frommeyer, Mr. Wilson stated BoomKY is a 501(c)(3) nonprofit organization and does not have a partnership with the Cabinet of Economic Development. In response to a follow up question, he discussed partnerships with school districts and reaching children early on for career exploration.

Responding to Representative King, Mr. Wilson said BoomKY startups can be a service, product, or software and discussed specific startups.

Answering questions from Representative Roarx, he stated BoomKY's curriculum is detailed online and listed specific courses related to topics such as US patents and taxation.

Replying to Senator Wise, Mr. Wilson said BoomKY has had limited interaction with any state cabinet.

Adjournment

There being no further business before the committee, the meeting adjourned at 10:48 a.m.