

TEAM KENTUCKY[®]

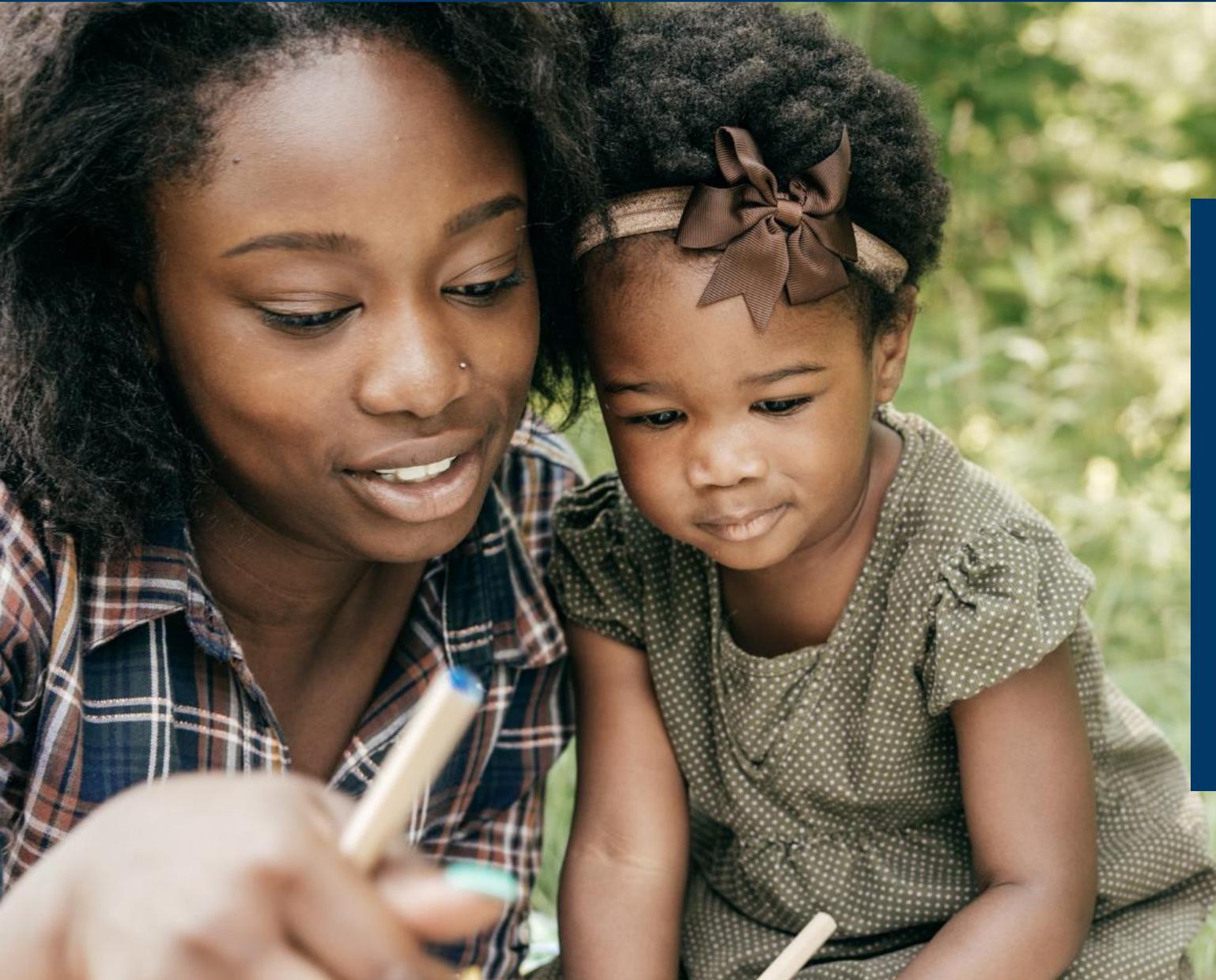
CABINET FOR
ECONOMIC DEVELOPMENT



INTERIM JOINT COMMITTEE ON HEALTH SERVICES

July 30, 2024

TEAM KENTUCKY: BUILDING A BETTER TOMORROW



A stable job is the beginning, a safe place to live and a community to call home allows us to dream bigger, do better and create more opportunities for future generations who live in the special place we call Kentucky.

SHARED RESPONSIBILITY - SHARED OPPORTUNITY

WHY?

Our Vision

Team Kentucky: Great jobs for neighbors supporting one another to build a better Kentucky with an economy that works for all residents and not just a few

WHAT?

Our Mission

Earn trust, be strategic and a super collaborator in growing jobs, investments and opportunity in all of our interdependent communities

Strategic Imperatives

A Global Winner in the Automotive Future

A Leader in the US Manufacturing Renaissance

Natural Assets: Capitalize on what makes KY unique, including logistics, hospitality and tourism

Capture our fair share of tomorrow's jobs in business, financial and professional services, including remote work

Invest in high-potential areas like aerospace, agritech and life sciences

HOW?

Operational Priorities

Competitive products:
Best Value
Best Service
Speed and Certainty

Workforce:
Collaborate to define roles and be active in developing the future workforce

Entrepreneurism and Innovation:
KY is known as the "make and ideate, launch-ready state"

Infrastructure:
Coordinate with stakeholders to accelerate growth

Placemaking:
Create welcoming communities with measurable quality-of-life benefits

Leadership Behaviors

Lead with Impact: Straight Talk: Bias for Action with Accountability

- Serve
- Listen

- Build
- Lead

Shared Responsibilities
Shared Opportunities

Our Values

Respect

Inclusion & Diversity

Teamwork

Compliance

Spirit of Winning with Integrity

2024 Performance Goals

11,600 new jobs announced

\$5.97B new investment

\$27.60 average hourly wage without benefits

5% increase in Team KY ED/Site media impressions

1,200 compliance reviews found acceptable

600 business applications approved

RECORD-BREAKING MOMENTUM

2021 - 2023



42,000+

New full-time jobs
announced



\$26.67

Average hourly
incentivized wage
before benefits
(2023)



\$26+B

Announced
investment

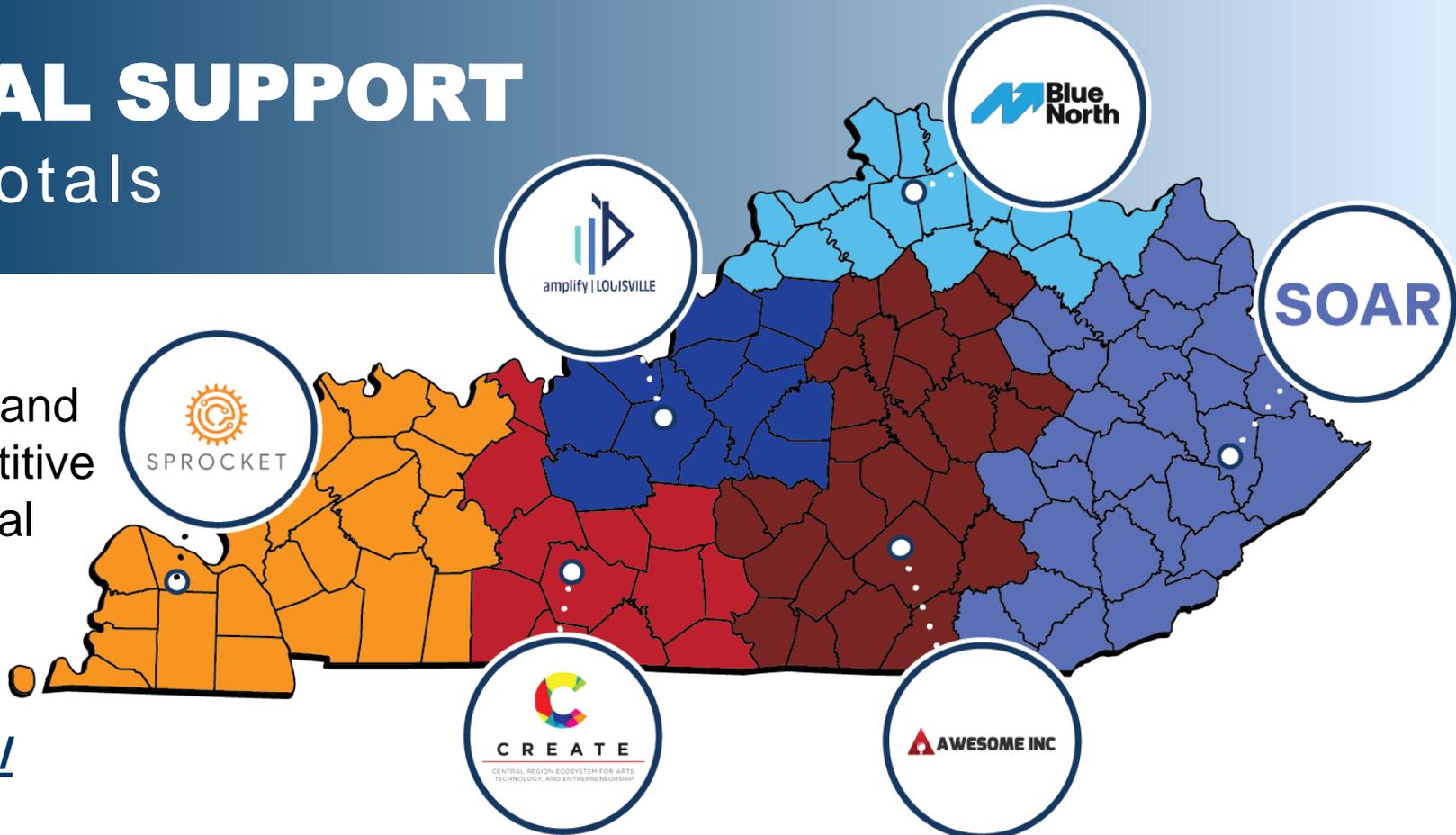


**BlueOvalSK and
Envision AESC –**
The two largest
economic
development
projects in Kentucky

ENTREPRENEURIAL SUPPORT

KY Innovation Hub Totals

KY Innovation partners with KSTC and private non-profits through a competitive RFP process to create six regional KY Innovation Hubs.



View partners and team members:
<https://www.kyinnovation.com/team/>

FY22-24 IMPACT

> 2,100

STARTUP
JOBS

>360

STARTUPS
LAUNCHED

> \$550M

CAPITAL
RAISED

Roadmap to Growth: A Framework for Kentucky's Economic Development

Roadmap to growth:
A framework for Kentucky's
economic development



Please scan the QR code above for access to the
Kentucky Collaborative Blueprint and related materials.

The *Roadmap* identifies ten shared priorities for the Commonwealth

5 priority sectors

Where Kentucky could focus



Priority sector 1. Automotive

Win the automotive future



Priority sector 2. Manufacturing

Be a leader in the U.S. manufacturing renaissance



Priority sector 3. Natural assets

Capitalize on what makes Kentucky unique, including supporting distribution and logistics and hospitality and tourism



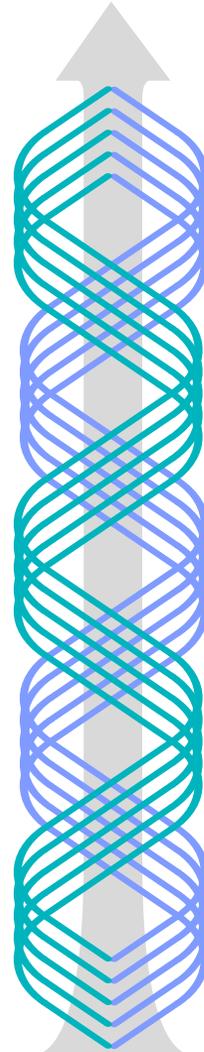
Priority sector 4. Business, financial, and professional services

Capture Kentucky's fair share of tomorrow's jobs across the Commonwealth, including through remote work



Priority sector 5. Investing in high-potential opportunities

Make intelligent moves to cultivate industry clusters, including aerospace, agritech, and life sciences



5 priority enablers

What Kentucky could do to win in priority sectors



Priority enabler 1. Competitive products

Invest to compete in strategic sectors



Priority enabler 2. Workforce

Partner to develop, energize, and support the workforce of the future



Priority enabler 3. Entrepreneurism and innovation

Catalyze ecosystems to build Kentucky's reputation as a "make and ideate," "launch-ready state"



Priority enabler 4. Infrastructure

Coordinate across Kentucky to accelerate growth



Priority enabler 5. Placemaking

Synchronize community and business efforts to build welcoming, inclusive, and diverse communities that enhance quality of life

How Kentucky could achieve success



Multi-level collaboration across economic developers

Build winning capabilities and accelerate collaboration across the local, regional, and state-level

The *Roadmap* is adaptable to regional opportunities: Eastern Kentucky

Different from Kentucky average  Similar to Kentucky average

- The strategy aims to ensure all parts of the Commonwealth benefit
- The Commonwealth is defined by diversity within and across its regions
- The economy of Eastern Kentucky¹ is structurally different than other parts of the Commonwealth

	% jobs in priority sectors, 2022	% jobs in Healthcare	Population Growth 2012-22 % change	Labor force participation %
Commonwealth average	26.6%	11.4%	2.8%	57.9%
Eastern Kentucky average	16.8%	16.3%	-4.5%	42.8%
Big Sandy	6.6%	19.4%	-11.1%	37.6%
Buffalo Trace	21.5%	11.9%	-1.2%	49.6%
Cumberland Valley	21.4%	15.6%	-3.3%	43.6%
FIVCO	14.2%	18.3%	-2.8%	44.1%
Gateway	24.6%	11.2%	4.4%	48.4%
Kentucky River	8.2%	19.6%	-8.4%	34.5%

1. For the purposes of this report, Eastern Kentucky is defined as 6 ADD Districts: Buffalo Trace, Gateway, FIVCO, Big Sandy, Kentucky River, and Cumberland Valley

Tailoring of priorities for Eastern Kentucky focuses on three areas

While the Roadmap can be adapted to different parts of the state, there may be opportunities for additional tailoring in Eastern Kentucky such as:

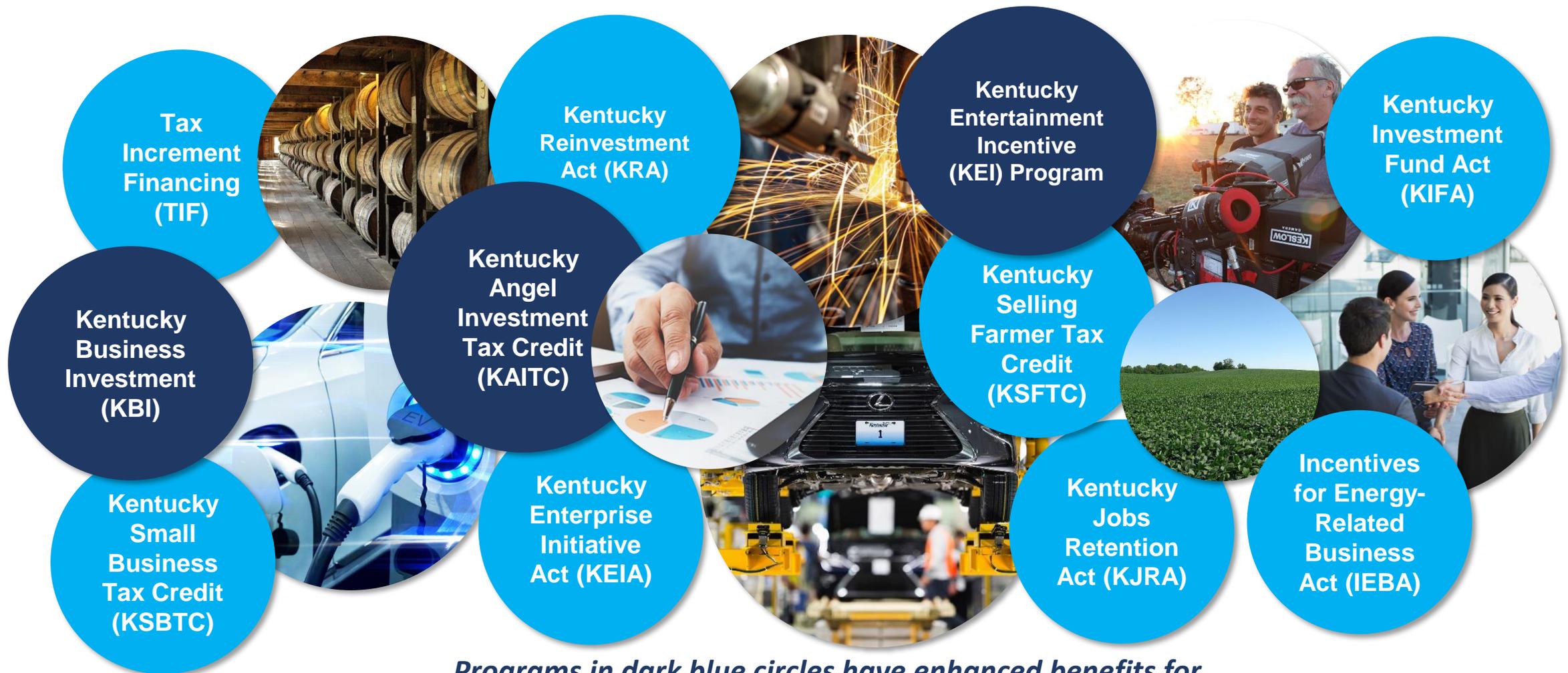
- Increasing flexibility in programs and incentives (e.g., local match requirements for grants)
- Broadening the scope of priority sectors to include existing “anchor” employers (e.g., healthcare)
- Doubling down on natural assets, including remote work and tourism

WE'RE HERE TO HELP

- The Kentucky Cabinet for Economic Development is the primary point of contact for a business as long as it operates in Kentucky
- Our Cabinet serves as a super collaborator for companies, state, regional and local economic development organizations, all levels of government, utility providers and colleges/universities, among others
- We assist with all facets of an organization's business

TAX INCENTIVE PROGRAMS

ALL ARE PERFORMANCE-BASED



Programs in dark blue circles have enhanced benefits for projects locating in enhanced incentive counties

CASH PROGRAMS

ALL ARE PERFORMANCE-BASED

- KEDFA Loans and Grants
- High-Tech Investment and Construction Pool
- Economic Development Fund (EDF)
 - Kentucky Product Development Initiative (KPDI)
- Kentucky Rural Hospital Loan Program (KRHLP)
- Kentucky Small Business Credit Initiative – KSBCI
 - Kentucky Collateral Support Program – KYCSP
 - Kentucky Loan Participation Program - KYLPP
- Western Kentucky Risk Assistance Fund - WKRAF
- Export Assistance – STEP Grant
- SBIR/STTR Funding Assistance & Matching Funds



KENTUCKY RURAL HOSPITAL LOAN PROGRAM (KRHLP)

Program Eligibility



ELIGIBILITY - “Rural Hospital”

- Hospital or qualifying former hospital located within a county having a population of less than 50,000
- Must be in good standing with SOS and CHFS

ELIGIBLE PROJECT

- Maintain/upgrade existing facilities
- Maintain/increase current staff
- Reopen a qualifying former hospital
- Provide healthcare services that are not currently available
- Refinancings are not eligible

KENTUCKY RURAL HOSPITAL LOAN PROGRAM (KRHLP)

Program Terms and Requirements



Terms

- Loan amount = \$25,000 - \$1,000,000
- 1% interest rate
- Monthly principal and interest payments
- Term based on life of collateral
 - Working capital – up to 5 years
 - Medical equipment – up to 10 years
 - Building & improvements – up to 20 years

Requirements

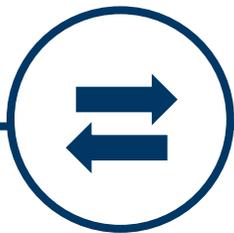
- Collateral (letter of credit, CD, mortgage, equipment liens)
- 100% of project costs must be incurred within one year of approval
- Retain at least 85% of full-time employees as loan approval date annually throughout term

KENTUCKY'S STANDARD PROCESS FOR INCENTIVES



1.

Inquiry/Eligibility
discussions



2.

Determination of
financing structure,
terms and collateral



3.

Application



4.

Approval(s) by
applicable boards/
committees



5.

Investment begins/
Funds disbursed



6.

Monitoring/
compliance; Loan
repayments

KENTUCKY RURAL HOSPITAL LOAN PROGRAM (KRHLP)

APPROVED PROJECTS



Pineville Community Health Center	Pineville	WC	10/28/2021	\$1,000,000
Baptist Health Deaconess Madisonville	Madisonville	BI	3/31/2022	\$975,000
Rockcastle Hospital & Respiratory Care Center	Mount Vernon	ME	3/31/2022	\$862,654
Trigg County Hospital	Cadiz	BI	4/28/2022	\$400,000
Crittenden Community Hospital	Marion	BI & ME	6/30/2022	\$998,392
Ohio County Hospital Corporation	Hartford	ME	8/25/2022	\$999,705
Deaconess Union County Hospital	Morganfield	BI	1/26/2023	\$1,000,000
ARC Health Systems	Ashland	WC	8/31/2023	\$1,000,000

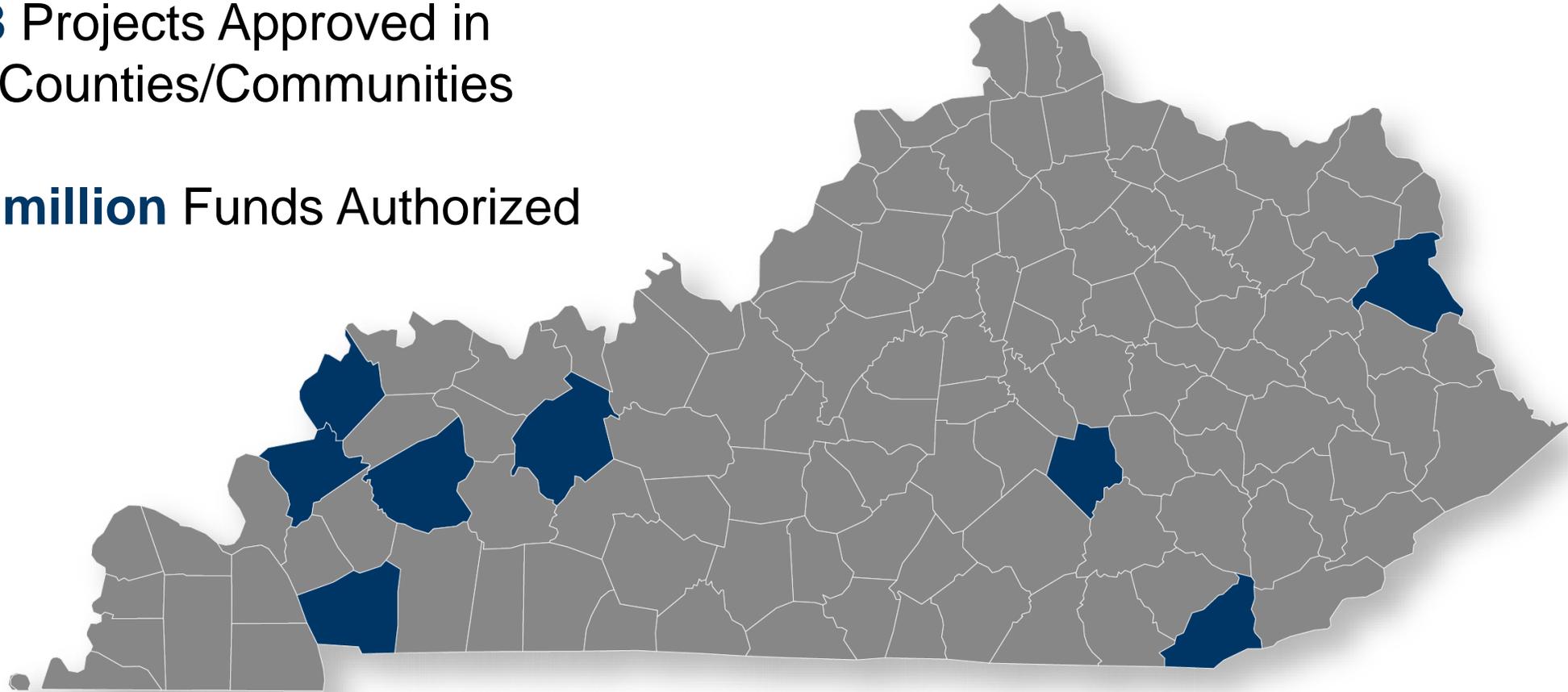
WC – Working Capital; BI – Building Improvements; ME – Medical Equipment

KENTUCKY RURAL HOSPITAL LOAN PROGRAM (KRHLP)

APPROVED PROJECTS

8 Projects Approved in
8 Counties/Communities

\$7.2 million Funds Authorized



KENTUCKY RURAL HOSPITAL LOAN PROGRAM (KRHLP)

AVAILABLE FUNDS & ANNUAL REPORTING

Authorized Funding for KRHLP	\$20,000,000
Projects Approved to Date	\$7,235,751
KRHLP Available Funds	\$12,764,249

The above amounts do not reflect any repayments received for KRHLP loans. KRHLP is a revolving loan program and repayments on loans will be used to fund future projects.

ANNUAL REPORTS:

Annual reports are submitted for each fiscal year ending June 30th by November 1st and are also available on the Cabinet's website at:

https://ced.ky.gov/newsroom/Annual_Reports



Q & A



THANK YOU

TEAM 
KENTUCKY.

CABINET FOR
ECONOMIC DEVELOPMENT