

WORKFORCE ATTRACTION AND RETENTION TASK FORCE

Minutes of the 2nd Meeting of the 2024 Interim

July 30, 2024

Call to Order and Roll Call

The second meeting of the Workforce Attraction and Retention Task Force was held on July 30, 2024, at 3:00 PM in Room 131 of the Capitol Annex. Representative Robert Duvall, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Robert Duvall Co-Chair; Senator Max Wise Co-Chair; Senators Greg Elkins, Shelley Funke Frommeyer, Jason Howell, and Robin L. Webb; Representatives Josh Branscum, Matthew Koch, and Michael Sarge Pollock.

Guests: Nicholas Eberstadt, Author; Charles Aull, Executive Director, Kentucky Chamber, Center for Policy and Research; Dub Newell, CEO, Louisville Tile Distributors, Inc.

LRC Staff: Janine Coy, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes from June 20, 2024, meeting was made by Senator Wise, seconded by Representative Pollock, and approved by voice vote.

Men Without Work: A Problem We Ignore At Our Peril

Nicholas Eberstadt, author of Men Without Work: A Problem We Ignore at Our Peril, discussed his analyses of men in the post pandemic workforce. The percentage of prime age men without paid work, ages 25 to 54, has been a long-term issue in the U.S. and began to decline into depression era employment levels after 2020. Mr. Eberstadt highlighted the concentration on the unemployment rate instead of the straight-line declining rate of prime aged men participating in the labor force. There does not seem to be a clear cause for this decline, and it does not conform to business cycles or technological advancements. The author pointed out foreign born persons have increased their employment by about three million since the pandemic. Foreign born male high school dropouts are participating in the workforce 30 percent more than native born male high school dropouts. A foreign born male high school dropout has the same odds of participating in the workforce as a college graduate in the U.S. Mr. Eberstadt suggested several factors related to the decline including the increasing participation social insurance programs, the increasing population of felons and ex-felons, the decline in summer job opportunities, and the overall slowdown of economic growth across the country.

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/386>

Answering a question from Senator Webb, Mr. Eberstadt acknowledged the impact of increased wages in the labor market.

Responding to comments made by Chairman Wise, he explained although social disfunctions, such as increasing rates of divorces and drug use and declining numbers of those attending church, are correlated with the decline in the workforce, there are no policy related solutions available to remedy these societal issues. He discussed vocational education, the large number of social programs, and rehabilitation and re-entry for felons.

Addressing a question from Representative Koch, Mr. Eberstadt said it is an unlikely scenario for there to be more prime age men without paid work than men participating in the workforce.

Replying to Senator Howell, the author discussed high school students graduating with marketable skills and said Germany's apprenticeship model is often viewed favorable.

Answering questions from Senator Funke Frommeyer, he discussed the balance between encouraging work for the disabled, and the government having a sense of compassion for those with disabilities.

Responding to Senator Howell, Mr. Eberstadt spoke about economic trends during recent presidential terms and the unique paradox of prime age men not only leaving but also not returning to the workforce.

Addressing questions from Chairman Duvall, he said the federal government can work with other countries to examine and implement various workforce solutions, such as Germany's apprenticeship programs.

Senator Webb made comments about the state's labor unions assisting with apprenticeship programs and the higher rates of disabled persons in the Commonwealth due to coal mining related incidents.

Chairman Wise made remarks about the General Assembly's approval for career and technical education funding.

Representative Pollock commented about the value of a paycheck for minors.

Workforce Challenges and Solutions in Kentucky

Dr. Charles Aull, Executive Director of the Kentucky Chamber Center for Policy and Research, discussed state specific labor market data and policy recommendations. The

Commonwealth's workforce participation, the percentage of the population aged 16 or higher either working or actively looking for work, was 57.3 in May 2024, 5.2 points lower than the U.S. rate and 1.3 points lower than the state's rate in January 2020. Dr. Aull stated that an aging population and an increase in retirements have been primary drivers of falling workforce participation in the state and the nation since 2000 but do not fully explain the problem. He presented a two-fold state policymaker strategy that would optimize the current workforce and attract skilled prime age workers with six recommendations that include increasing access to childcare, helping low level nonviolent offenders find employment, supporting the 60x30 initiative involving the Work Ready Kentucky Scholarship, creating a favorable tax climate, ensuring a strong housing market, and enhancing quality of life. An employer perspective was discussed by Dub Newell, CEO of Louisville Tile Distributors, Inc. The company has over 200 employees that vary in age with positions ranging from sales to information technology, but recruiting and retention continue to be a significant challenge and cost. Other recruiting challenges include a lack of qualified job applicants, scarcity of affordable housing, and inadequacies of the education system.

Responding to Representative Branscum, Dr. Aull discussed the state's workforce participation trailing the national averages across all age groups and said he would follow up about specific occupational sectors affected.

Answering questions from Senator Howell, Dr. Aull addressed difficulties using state level data compilations and research pertaining to those suffering from opioid abuse.

Replying to Senator Funke Frommeyer, he stated if the state's workforce participation was similar to the national workforce participation, then the Commonwealth would have around 180,000 additional employees participating in the workforce. He said the immigration population may be driving the current participation rate.

Addressing Chairman Wise, Mr. Newell further detailed employee barriers including difficulties with employee engagement and employee training.

Adjournment

There being no further business before the committee, the meeting adjourned at 4:37 p.m.