

BUDGET REVIEW SUBCOMMITTEE ON GENERAL GOVERNMENT, FINANCE, PERSONNEL, AND PUBLIC RETIREMENT

Minutes of the 5th Meeting of the 2023 Interim

October 18, 2023

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement was held on October 18, 2023, at 9:00 AM in Room 131 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Chris Freeland Co-Chair; Senator Michael J. Nemes Co-Chair; Representative Ken Fleming Co-Chair; Senators Robby Mills and Reginald Thomas; Representatives Randy Bridges, David Hale, Jason Petrie, George Brown Jr., Al Gentry, Mary Beth Imes, DJ Johnson, and Nancy Tate.

Guests: Tara Purvis, Executive Director, Big I Kentucky; Shannon Stiglitz, Senior Vice President of Government Affairs, Kentucky Retail Federation; Heather Stevenson, Workforce Development Coordinator, Kentucky Rural Water Association

LRC Staff: Emma Mills, Jeremy Simpson, and Jennifer Luttrell.

Approval of Minutes (September 20, 2023)

Representative Fleming moved to approve the September 20, 2023, meeting minutes. Representative Johnson seconded the motion, and the minutes were approved without objection.

Apprenticeship Incentive Fund

Ms. Purvis, Ms. Stiglitz, and Ms. Stevenson provided information on the Apprenticeship Incentive Fund.

In response to questions from Senator Nemes, Ms. Stevenson said she was aware of the Bell County Detention Center program. Still, the Kentucky Rural Water Association, a registered apprenticeship, had no apprentices there. Ms. Stiglitz stated that the Kentucky Retail Federation Foundation is a newly registered apprenticeship. Ms. Purvis added that Big I Kentucky has a registered apprenticeship called the General Insurance Associate. She also stated that the Kentucky Office of Employer and Apprenticeship Services was prepared to accept the allocated \$2.5 million directly to the employers.

Senator Nemes commented that he was willing to allocate more money to this program if given the assurance that the money is applied to the program and not to the administrative costs. Ms. Stiglitz recommended that the General Assembly add statutory language to ensure the money is utilized as intended and agreed to help with the appropriate language.

In response to questions from Representative Fleming regarding a significant return on

taxpayers' money and any ancillary income the state and local governments receive, a funding request cap, and reporting requirements, Ms. replied yes, even though it is a pilot program, this should help get people into the workforce and reduce their burdens of student loans and other debts incurred by going through the postsecondary school system. Ms. Stiglitz said more income, sales, and local occupational taxes would be collected, positively affecting the Commonwealth. The national apprenticeship requires reporting to keep the status as a registered apprenticeship. Still, the program was willing to report to the General Assembly. Representative Fleming recommended language to include reporting requirements and oversight to minimize administrative costs. Ms. Stevenson stated that there is a cap of \$43,000 per entity.

In response to a question from Representative Fleming about the types of professions this program covers, Ms. Purvis said the General Insurance Associate provides careers in customer service and insurance agency account management, which could lead to the individual owning or managing their own agency. Ms. Stevenson stated the Kentucky Rural Water Association would provide careers as Water Systems Operations Specialists to become certified by the Commonwealth and Public Health Officials. Ms. Stiglitz added that the Kentucky Retail Federation would provide careers in building trades, such as electricians and HVAC specialists.

In response to a question from Representative Johnson regarding how these associations collaborated, Ms. Purvis stated that each is a trade association with shared membership organizations that have registered apprenticeships with the same mission. Any association with a registered apprenticeship would be eligible for this program.

In response to a question from Representative Johnson, Ms. Stevenson replied the Kentucky Rural Water Association's goal was to provide eligible candidates to expand communities' infrastructure needs. Ms. Stiglitz said the Kentucky Retail Federation's goal was to provide employees interested in a career, ensure employers that this is a good investment, and prove to the General Assembly that this seed money for apprenticeships would generate desirable employees.

Representative Thomas recommended that this program collaborate with the Economic Development Cabinet to receive entrepreneurship and business development education and the Community Development Financial Institutions Fund to empower underserved communities economically. Ms. Stiglitz said she would recommend this to the Kentucky Retail Federation's Senior Vice President.

In response to a question from Representative Gentry about how the program decided on the \$1,000 incentive for the employers, Ms. Purvis said they spoke with employers and decided this would incentivize employers who would assume training cost burdens.

In response to a question from Representative Bridges regarding whether a tax credit might be more beneficial to employers, Ms. Purvis replied that other states have not had success with providing a tax credit and that Kentucky is the first state to try this apprenticeship program. Ms. Stevenson added that not all employers are eligible for tax credits.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:02 AM.

