

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 3rd Meeting of the 2021 Interim

August 26, 2021

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held jointly with the Interim Joint Committee on Tourism, Small Business, and Information Technology on Thursday, August 26, 2021, at 1:00 PM, in the ULA Ballroom in Freedom Hall at the Kentucky State Fair. Senator Phillip Wheeler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representative Russell Webber, Co-Chair; Senators Rick Girdler, Robby Mills, Adrienne Southworth, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, Mike Wilson, and David Yates; Representatives Shane Baker, Kim Banta, Lynn Bechler, Tina Bojanowski, Josh Bray, George Brown Jr., Josh Calloway, McKenzie Cantrell, Chris Freeland, Al Gentry, Mark Hart, Thomas Huff, DJ Johnson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Bart Rowland, Scott Sharp, Steve Sheldon, and Ashley Tackett Laferty.

Guests: David Beck, President and CEO, Kentucky Venues; Mike Berry, Secretary, Tourism, Arts, and Heritage Cabinet; Mike Mangeot, Commissioner, Department of Tourism, Tourism, Arts, and Heritage Cabinet; Russ Meyer, Commissioner, Department of Parks; Craig Potts, Executive Director, Kentucky Heritage Council, Tourism, Arts, and Heritage Cabinet; Kim Baker, Kentucky Performing Arts, Tourism, Arts, and Heritage Cabinet; Ashli Watts, President and CEO, Kentucky Chamber of Commerce; Charles Aull, Senior Policy Analyst, Kentucky Chamber of Commerce.

LRC Staff: Andrew Manno, Audrey Ernstberger, Kirk Smith, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the July 27, 2021 meeting was made by Representative Josh Calloway, seconded by Senator Robby Mills, and approved by voice vote.

Update from Kentucky Venues

The Kentucky State Fair Board is the governing body of Kentucky Venues, the entity which operates the Kentucky Exposition Center and the Kentucky International

Convention Center. Prior to the COVID-19 pandemic, Kentucky Venues hosted more than 300 events a year, including the Kentucky State Fair and the World's Championship Horse Show. About 68 percent of hotels in the region are occupied yearly due to events taking place at the Kentucky Exposition Center or the Kentucky International Convention Center. The properties include 2.1 million square feet of indoor space and more than 430 acres of outdoor space. Kentucky Venues works with the Kentucky General Assembly and various area boards and commissions to host exhibitions, conventions, trade shows, public gatherings, cultural events, and other functions to advance the state's agriculture and tourism industries and economy while serving the entertainment, cultural, and educational interests of the public. Expansions and updates have been completed at both Kentucky Venues properties, but improvements are still needed such as security modernization, infrastructure enhancements, and parking lot repairs.

Answering a question from Senator Phillip Wheeler, David Beck, the President and CEO of Kentucky Venues, explained that recent power outages at the Kentucky Exposition Center were due to the outdated infrastructure of the facility.

Replying to questions from Representative Al Gentry, Tony Schreck, Chief Financial Officer of Kentucky Venues, stated that even after a reduction in expenses and assistance from the General Assembly, there is still a \$10 million deficit due to losses caused by the COVID-19 pandemic. Answering a follow up question, Mr. Beck said the recent mask and facial covering requirements issued by the Governor for visitors entering any executive branch office does apply to Kentucky Venues properties. Although the guidelines are posted for those individuals entering the facilities, it has been difficult to enforce the policy for Kentucky Venues staff. Mr. Beck added that the Kentucky Venues properties have been utilized for emergency services during the COVID-19 pandemic.

Tourism, Arts, and Heritage Cabinet Update

The Tourism, Arts, and Heritage Cabinet is comprised of 13 agencies, some of which include Kentucky Venues, the Department of Tourism, the Department of Parks, the Kentucky Heritage Council, and Kentucky Performing Arts. The Cabinet is dedicated to promoting and marketing the state as a premier travel destination and collaborates with local tourism partners to bring millions of visitors to the Commonwealth each year. In response to the COVID-19 pandemic, over the last 18 months the Cabinet has provided temporary housing for first responders and frontline healthcare workers; provided temporary housing for low acuity patients to relieve pressure on hospitals; served as safe early and Election Day voting sites; served as COVID-19 testing and vaccination distribution sites; and is currently offering travel incentives to encourage COVID-19 vaccination. Although the COVID-19 pandemic caused tourism to decline both nationally and statewide, the Commonwealth began to recover sooner than some surrounding states and had an estimated 67.8 million visitor trips in 2020. As a result of the ongoing COVID-19 pandemic, about 62 percent of people currently feel comfortable going on vacation, about one in four have reported that the delta variant has negatively impacted upcoming

travel plans, and around 34 percent feel that COVID-19 will greatly impact travel decisions for the next six months. Additionally, about 27 percent of people prefer to travel by car, 21 percent feel that travel plans could be postponed due to the delta variant, and about 40 percent utilize the Center for Disease Control or federal health experts for domestic travel decisions. Despite the effects of the pandemic, the tourism industry had an \$8.9 billion direct economic impact in 2020 with \$625 million in state and local taxes and supported over 75,000 jobs. The 67.8 million visitor trips in 2020 generated \$5.9 billion with visitor dollars being spent on lodging, food and beverage, retail, and transportation.

Workforce Issues

The Kentucky Chamber of Commerce conducted labor force research to identify long term trends and issues within the state's workforce. The Chamber's final report, *20 Years in the Making: Kentucky's Workforce Crisis*, shows workforce challenges are worse in Kentucky than almost any other state in the nation, most issues existed prior to 2020 but were heightened by the COVID-19 pandemic, and multiple interrelated factors contribute to low workforce participation rate. Over the last 20 years, the Commonwealth's workforce participation has been on a steady decline, but as a result of the pandemic, the workforce participation rate fell to about 56 percent. As of June 2021, 43.7 percent of adults were not participating in the state's workforce. The decline in participation rates mirrors national trends over the last two decades, but there is a significant gap between the national average and the Commonwealth's average. In terms of regional workforce participation rates, Kentucky ranks almost last amongst surrounding states, with only West Virginia having a lower rate. Root causes of challenges within the workforce include the retirement boom; employer demand and skills gaps; lack of access to child care; health and substance use disorders; infrastructure, transportation, and broadband hurdles; incarceration, re-entry, and criminal records; benefit cliffs and social safety net programs; and slow population growth.

Announcement

Senate President Robert Stivers, House Speaker David Osborne, House Minority Floor Leader Joni Jenkins, Senate Minority Floor Leader Morgan McGarvey, and Executive Director of the National Conference of State Legislatures (NCSL) Tim Storey announced the NCSL Legislative Summit 2024 would be held in Louisville.

There being no further business before the committee, the meeting adjourned.