

# **INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT**

## **Minutes of the 5th Meeting of the 2022 Interim**

**October 27, 2022**

### **Call to Order and Roll Call**

The 5th meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, October 27, 2022, at 9:00 AM, in Room 149 of the Capitol Annex. Senator Wil Schroder, 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, Christian McDaniel, Adrienne Southworth, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Shane Baker, Kim Banta, 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, Scott Sharp, and Timmy Truett.

Guests: Jamie Link, Secretary, Education and Labor Cabinet; Sam Flynn, Chief of Staff and General Counsel, Education and Labor Cabinet; Matt Berry, Research Director, Kentucky Center for Statistics; and Michael W. Clark, Director of the Center for Business and Economic Research, Gatton College of Business and Economics, University of Kentucky.

LRC Staff: Janine Coy, Audrey Ernstberger, Kirk Smith, and Sasche Allen.

### **Approval of Minutes**

A motion to approve the minutes of the September 29, 2022, meeting was made by Senator Wilson, seconded by Senator Girdler, and approved by voice vote.

### **Report and Update from the Education and Labor Cabinet**

Jamie Link, Secretary of the Education and Labor Cabinet, gave an update on the Cabinet, which was created through enacted legislation that combined the Education and Workforce Development Cabinet and the Labor Cabinet, effective July 14, 2022. The Cabinet is now comprised of 10 major organizational units and 1,539 employees with federal, general, restricted, Workers' Compensation Funding Commission, and Tobacco Settlement funds totaling \$853,095,408. The Secretary pointed out that the Department of

Education is administratively attached to the Cabinet but is governed by the Commissioner of the Department of Education and the Kentucky Board of Education.

Funds were allocated during the 2022 Regular Session to allow the Education and Labor Cabinet to study the effectiveness of the state's sponsored workforce development programs. Sam Flynn, Chief of Staff and General Counsel for the Education and Labor Cabinet, and Matt Berry, Research Director for the Kentucky Center for Statistics, discussed the status of the study which is being conducted in collaboration with the Kentucky Center for Statistics and the Center for Business and Economic Research at the University of Kentucky. Mr. Flynn summarized the established guidelines to define a state sponsored workforce development program as determined by the study thus far. Moving forward, the Cabinet, Kentucky Center for Statistics, and Center for Business and Economic Research will set recurring meetings to further analyze data available and will have the scope and programs determined by January 2023.

Addressing questions from Senator Schroder, Mr. Flynn explained that, according to the language of the budget passed in the 2022 Regular Session, the Cabinet must present a report to the General Assembly by December 1, 2023. The Cabinet is willing to discuss extending the time frame with the General Assembly, if necessary, once the breadth of the study is fully explored.

Responding to Senator Wilson, Secretary Link clarified that the Department of Education is statutorily attached to the Education and Labor Cabinet but governed by the Commissioner of the Department of Education and the Kentucky Board of Education, but a collaborative relationship is imperative for workforce development in the state.

Answering follow up questions from Senator Schroder, Mr. Flynn stated the Cabinet is willing to discuss workforce development programs that receive less than half of their funding from general funds with the General Assembly.

### **What We Can Learn by Evaluating Workforce Training Programs**

Michael W. Clark, Director of the Center for Business and Economic Research with the Gatton College of Business and Economics at the University of Kentucky, discussed the advantage of studying workforce training programs in the Commonwealth. The evaluation of workforce training programs looks at two primary metrics, the program's effect on labor market outcomes and if the benefits of the program exceed the costs including the return on investment. Mr. Clark explained how these factors are analyzed through comparing outcomes of workforce training program participants and non-participants. Examining these factors aid policy makers in identifying weaknesses in the workforce development system and allocating resources to programs that yield the largest benefits.

Responding to questions from Senator Schroder, Mr. Clark confirmed that the state is well positioned to study the outcomes of workforce training programs with historical data, and the Kentucky Center for Statistics has a robust data system to utilize.

Answering questions from Representative King, Mr. Clark said that researchers recognize the challenges faced by individuals in the workforce during the COVID-19 pandemic and acknowledge that the data collected from 2020 and 2021 could affect study outcomes.

Replying to Senator Southworth, Mr. Clark stated he did not have information regarding the effectiveness of programs of the Kentucky Council on Postsecondary Education, but he is aware of past studies done on the return on investment for individuals obtaining postsecondary degrees.

There being no further business before the committee, the meeting adjourned at 9:54 a.m.