

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 2nd Meeting of the 2023 Interim

July 31, 2023

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Monday, July 31, 2023, at 9:00 AM, in Room 149 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Russell Webber, Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Jason Howell, Robby Mills, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Shane Baker, Jared Bauman, Josh Branscum, Steve Bratcher, Josh Calloway, Al Gentry, Thomas Huff, Kevin Jackson, Kim King, Matt Lockett, Phillip Pratt, Scott Sharp, and Timmy Truett.

Guests: Charles Aull, Executive Director, Kentucky Chamber of Commerce Center for Policy and Research.

LRC Staff: Janine Coy, Helen McArthur, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the June 22, 2023 meeting was made by Senator Wise, seconded by Senator Boswell, and approved by voice vote.

Kentucky Labor Market Update

Dr. Charles Aull presented a summary of the state's current labor market with analyses of recent and long-term trends with comparisons to other states, structural factors shaping the labor market, and public policy considerations. Workforce participation in the Commonwealth remains below pre-pandemic levels with the state ranking the seventh lowest in the nation. Employer demand for workers remains elevated and continues to outpace worker availability. Competition for workers among states will likely intensify due to demographic challenges. Industries across the state with the highest demand include professional and business services; health care and social assistance; accommodation and food service; retail trade; state and local government; and manufacturing, warehousing, and utilities. State public policy will play a key role in the state's economic success.

Examples given of proactive state policy solutions included a competitive tax environment for workers, abundant access to affordable quality childcare, work focused reentry support for those leaving incarceration, unique benefit packages through incentives and public-private partnerships, reducing the prevalence of substance use disorders by facilitating employment for individuals in recovery, connecting individuals in high unemployment areas to jobs, state financial aid programs, and optimizing underutilized populations.

Answering questions from Senator Howell, Dr. Aull explained that information provided regarding industries with the highest demand based on national job openings was obtained from the Bureau of Labor Statistics. Professional and business services include legal services, human resource services, administrative services, among others. These positions more than likely require some type of postsecondary education. In response to a follow up question, he provided additional information on reshoring and foreign direct investment.

Responding to questions from Senator Wheeler, he discussed the need for dual income households as opposed to one income households that were more common in the past which has increased the need for child care. Answering a follow up question, Dr. Aull said he believes that international migration has abundant benefits.

Addressing a question from Representative Webber, Dr. Aull expressed the need for a more streamlined process for individuals opening child care facilities including family child care homes and onsite employer child care.

Replying to questions from Representative King, he said there are numerous factors that make southeastern states attractive including a robust business and tax environment.

Answering a question from Representative Calloway, Dr. Aull confirmed that the Chamber is not directly involved with establishing the administrative regulations for the certification of recovery residences that were proposed in 23 RS HB 248.

Responding to a question from Representative Jackson, he discussed some of the reasons Tennessee may be experiencing higher workforce levels than the Commonwealth including its competitive tax environment and tourism.

Addressing Senator Funke Frommeyer, Dr. Aull elaborated on regional approaches to economic development and talent attraction.

Replying to concerns expressed by Senator Boswell, he stated the Chamber supports legal immigration and more simplified immigration processes.

Answering questions from Senator Mills, Dr. Aull discussed the global challenge of low birth rates and possible solutions including increased child care availability and a state child tax credit. Financial issues are often cited as a barrier to having children.

Responding to an inquiry from Senator Thomas, Dr. Aull explained that he would need to study the causation between higher minimum wages and workforce participation to fully analyze the benefit of raising the minimum wage. Answering a follow up, he elaborated on targeting state financial aid programs to respond to workforce needs and demand.

Addressing observations made by Representative Pratt, he examined how the economy has changed due to the pandemic and the effects on the workforce.

In response to a follow up question from Senator Mills, Dr. Aull said the total number of jobs filled and the total number of individuals employed varies depending on the method in which the data was collected.

There being no further business before the committee, the meeting adjourned at 10:43 a.m.