

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2023 Interim

August 1, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Transportation was held on August 1, 2023, at 1:00 PM in Room 149 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative John Blanton, Co-Chair; Senator Karen Berg, Senator Johnnie Turner, Senator Phillip Wheeler, Senator Gex Williams, Senator Mike Wilson, Senator David Yates, Representative Josh Branscum, Representative Randy Bridges, Representative Jonathan Dixon, Representative Daniel Elliott, Representative Ken Fleming, Representative David Hale, Representative Samara Heavrin, Representative Keturah Herron, Representative John Hodgson, Representative Thomas Huff, Representative Mary Beth Imes, Representative Derek Lewis, Representative Bobby McCool, Representative Amy Neighbors, Representative Ruth Ann Palumbo, Representative Rachel Roberts, Representative Tom Smith, Representative Ashley Tackett Laferty, Representative Walker Thomas, Representative Ken Upchurch, Representative Bill Wesley, and Representative Wade Williams.

Guests: David McFaddin, President, Eastern Kentucky University (EKU); Dennis Sinnett, Executive Director, EKU Center for Aviation; Seth Cutter, Vice President, Public Affairs, Cincinnati/Northern Kentucky International Airport; Sarah Jackson, REAL ID Project Manager, Kentucky Transportation Cabinet (KYTC); Terry Sebastian, Pop-Up Program Manager, KYTC

LRC Staff: John Snyder, Dana Fugazzi, Ashley Nash, and Christina Williams.

Approval of July 18, 2023 Minutes

The minutes of the July 18, 2023, meeting were approved.

Introduction of Special Guests

Representative Wesley introduced his guest Kinsley Kidd from Powell County. Representative Hale introduced his grandson Gavin Hale. Both guests were welcomed by members.

Presentation from Eastern Kentucky University's Aviation Program

David McFaddin, President, EKU, and Dennis Sinnett, Executive Director, EKU Center for Aviation, briefed the committee on EKU's Aviation Program. The EKU Aviation program began in 1982 from a feasibility study that determined the Commonwealth needed a university-level aviation program to keep top candidates from leaving the state to pursue degrees in a rapidly growing field. Since 1991, when it received state approval, the EKU Flight Program has grown substantially as Kentucky's only four-year, university-based flight program, with an enrollment that has more than doubled between 2018 and 2023.

The current record enrollment of 425 students drives the need for facility improvements. In 2021, the General Assembly appropriated funds to assist in purchasing 25 fixed-wing aircraft for

the EKU. In the 2022 budget, \$4.9 million was allocated for planning and site preparation for classroom building and other airport improvements. President McFaddin stressed the importance of the new classroom building to the future growth of the program.

A comparison of EKU to other aviation programs in the region was provided, showing enrollment, tuition cost, number of aircraft, and facilities. There are several differentiators that set EKU's flight program apart from others, most importantly, it is the most affordable among competitors, costing a total of \$56,000 for the program. The enrollment of the flight programs highlighted ranged from 400 students to over 1,100 students.

The hire rate for EKU's professional flight and aerospace management graduates is 99 percent. The EKU Flight Program currently has 31 planes, 25 of which are owned, six are leased. President McFaddin stated Central Kentucky Regional Airport in Madison County is the third busiest in Kentucky behind Louisville Muhammad Ali International Airport (SDF), and Cincinnati/Northern Kentucky International airport (CVG). Student flight hours per year have increased from 3,500 in 2013 to 14,300 in 2022. There are students enrolled in the program from 25 different states, which is a major economic driver as people fall in love with Kentucky. People from additional states could be recruited if adequate classroom space is added.

President McFaddin stated EKU's program facilities need upgrades because the current training space does not reflect the quality and professionalism of the program. The current facilities give a negative impression when recruiting students and their parents. The program's students need a flight experience that reflects what they will see in the workforce. Compliance with the Federal Aviation Administration (FAA) regulations require private briefing spaces, which are needed. The current flight training space utilizes decommissioned trailers purchased from other government entities. In 2021, House Bill 192 provided a big leap forward for the EKU Flight Program, allocating \$3.2 million for pilot equipment (aircraft) and a \$4.9 million architectural planning and site preparation budget. In 2024, EKU will be requesting \$25 million from the biennial budget for new classrooms and a training building and supporting facilities, which will include a flight education building, maintenance and aircraft storage hangars, flight simulators, classroom desks, chairs, etc.

In response to a question asked by Chairman Higdon, President McFaddin stated the funding that will be requested from the upcoming biennial budget is a capital investment, it will not be used for buying simulators or paying salaries. This investment would give EKU the ability to become a first-class flight training facility that can accommodate a student body in excess of 500. The investment would provide appropriate facilities for briefing, student engagement space, and instructional space. President McFaddin stated separating the aircraft, general aviation, and the flight school will allow for things to be more manageable.

In response to a question asked by Senator Berg, President McFaddin stated the starting salary for a graduate of the EKU flight school that has completed the 1,000 hour requirement is approximately \$80,000 to \$85,000 annually at a regional airline. He added within two to three years of their employment, the salary tends to exceed \$100,000 annually. Regional airlines are offering signing bonuses at career day, ranging anywhere from \$25,000 to \$70,000.

In response to a question asked by Senator Yates, President McFaddin stated staging aircraft and moving aircraft due to incidents such as inclement weather and co-mingling that area with general aviation areas is not the best layout. He stated it would work best if there was not an

open floor plan for the hangars and they could be separated. In response to a follow-up question from Senator Yates concerning possible sponsorship engagement, President McFaddin stated there have been sponsorship conversations, however, most companies that are hiring do so in the spirit of competition with other providers. In doing so, they attempt to attract students by offering larger signing bonuses or a better benefits package. Therefore, getting companies to invest at the beginning stages with education in the form of sponsorships has been a challenge. He added it is preferable not to label the ECU flight program as a specific airline school, as the students tend to explore which airline is the best fit for them after completion of the program.

In response to a question asked by Senator Wheeler, President McFaddin stated a graduate of the ECU Flight Program is qualified to fly any fixed-wing aircraft, other than a helicopter. He added flying jets or turbine powered aircraft is explored on their initial employment with general airlines.

In response to a question asked by Representative Thomas, President McFaddin stated Madison County was not included in the funding provided through the passage of House Bill 9 in the 2023 regular session of the General Assembly.

In response to a question asked by Senator Berg, President McFaddin stated upon the completion of the flight program, students will have a bachelor's degree that will include university classes as well as workforce training.

In response to a question asked by Representative Fleming, President McFaddin stated ECU offers the flight training program, partnered with that is the aviation management program which includes other operations in an airport from tower operations, to keeping things punctual and running smoothly, to the leadership and management of airports. The aviation management program is a growing sector and one where capable, qualified professionals are needed. A manufacturing engineering program was also just launched at ECU. It is the hope to have an airspace aviation track inside of that program as programs are blended. Unmanned aircraft is also an area that is being explored. There are two programs at Kentucky community colleges for Aviation Mechanic Technicians (AMTs), at Somerset Community College and Jefferson Community College.

Mr. Sinnett stated the pilot shortage is what is getting national visibility, but for every one pilot job that is available, there are five positions short on the management side (operating airports, safety, etc.) Those positions need to be filled as well. Unmanned Aerial Systems (UAS) is also an area that is showing rapid growth in the flight industry, however, experts agree that manned aircraft will remain prevalent for the foreseeable future.

In response to a question asked by Representative Fleming, Mr. Sinnett stated approximately 15 percent of the ECU flight program students are female, and about the same number are minorities.

In response to a question asked by Senator Turner, President McFaddin stated college credits will transfer into the program, however, the sooner a student starts logging the required flight hours, the better, in order to complete the program timely. He added the flight training portion must be completed at ECU for instrument and commercial licenses due to FAA requirements.

In response to a question asked by Chairman Higdon, the \$56,000 cost for the program is the

tuition cost for all four years of just the flight program. In response to a follow-up question by Chairman Higdon, President McFaddin stated the EKV airport would be considered a general aviation airport, however, by activity, it would be a training facility.

Representative Fleming encouraged members to take interest in the activity of the Aviation Caucus.

Renewable Aviation Fuel

Seth Cutter, Vice President, Public Affairs, CVG, and also a representative of the Kentucky Sustainable Aviation Fuels Coalition, briefed the committee on renewable aviation fuel. Mr. Cutter highlighted Kentucky's aviation economic impact across the three major airports of CVG, SDF, and Bluegrass Airport (LEX). Total passengers served pre-COVID through the three major airports are just under 15 million, supporting just under 135,000 direct and indirect jobs, causing a total annual economic impact of approximately \$18.27 billion.

Sustainable Aviation Fuel (SAF) is what is considered a drop-in fuel, which means it is dropped in, or co-mingled with a kerosene-based jet fuel and can be used in aviation equipment today. It requires no engine, aircraft, or infrastructure changes, and is chemically the same as conventional jet fuel. Mr. Cutter stated alternative jet fuel is the nearest way to curb impact on the environment as it reduces the lifecycle carbon dioxide (CO₂) emissions. By making SAF with alternative feedstocks and processes instead of fossil-based feedstock, lifecycle CO₂ emissions can be reduced during production. Currently the FAA has seven approved pathways to create SAF and those feedstocks range from solid wastes, hardwood residues and resins, fat, soils, and greases, etc.

Mr. Cutter stated the Kentucky Sustainable Aviation Fuel Coalition members consist of engine manufacturers, passenger airlines, cargo airlines, aviation trade groups, original equipment manufacturers (OEMs), and startup companies. Members of the coalition have very public and ambitious commitments to buy SAF as part of their fuel mix. Not only are markets creating demand for these solutions, but customers, airline passengers, and the companies that ship with DHL, UPS, or Amazon, all are more mindful of the environmental impacts of the transportation of these goods.

Making up approximately one percent of jet fuel today, there is a high demand and low supply of SAF. That imbalance causes a great disparity in price. It will likely be an expensive proposition compared to petroleum-based jet fuel for years to come. Mr. Cutter highlighted why SAF would be beneficial for use in Kentucky. He indicated Kentucky has substantial commercial airline activity and air cargo prowess. The presence of OEMs and aviation industry, research and development strength and potential, and agriculture and feedstock availability, are also reasons why SAF should be utilized in Kentucky. A map was also shown that displayed existing and announced SAF production locations, most of which were in foreign nations, particularly Europe and Asia.

Mr. Cutter highlighted the SAF opportunity for Kentucky as federal government incentives enacted in 2022 are available through 2025. There is also an opportunity for economic development investment through SAF production. The development of state-level policy shows potential incentives to address price disparity through per-gallon credit.

In response to questions from Representative Blanton, Mr. Cutter stated that currently, SAF can

only be used for up to 50 percent of the fuel mix, but testing is being done on the feasibility of using 100 percent SAF fuel, and the current cost of SAF is around \$9 per gallon, while the cost of Jet-A fuel is around \$3.50. Representative Blanton expressed concern that using government incentive to promote an option which is more expensive in the quest to reduce the carbon footprint will result in higher travel and shipping costs for consumers.

Senator Wheeler echoed many of Representative Blanton's points and expressed grave concern regarding increased costs customers. Representative Hodgson also expressed concern, stating the since the fuel does not improve engine performance, the only reason companies are interested in this fuel is to improve their environmental, social, and governance (ESG) ratings, and the General Assembly has made their skepticism of such metrics clear with recent legislation banning the use of ESG by the state's pension fund managers.

Representative Roberts stated most major flight booking websites now offer CO2 imprint information. In response to a question asked by Representative Roberts, Mr. Cutter stated there is an evaluation being done on how to repurpose abandoned coal fields, possibly for the use of growing crops to be used for the creation of SAF. He added there is also an abundance in hardwood residues such as saps and resins that can be utilized. Mr. Cutter stated there are other agricultural products that can be easily converted to liquid and made into fuels, but there is a reluctance in the industry to displace those food supply chains. He added the method of using cooking oils and greases is an option as they are already in a liquid state and can easily produce the fuel. In a follow-up question asked by Representative Roberts, Mr. Cutter stated there have been conversations had with the Cabinet for Economic Development in the search for SAF production sites. He added that Marathon Petroleum is considering potential SAF production sites in Kentucky.

In response to a question asked by Senator Yates, Mr. Cutter stated coalition members DHL, UPS, and Amazon have invested hundreds of millions of dollars in Kentucky, and there has been a good case made as to why Kentucky is a good place to continue to invest. He added with the use of SAF, Kentucky could get ahead of other states that are evaluating this opportunity. He stated if action is not taken, the risk is that other states will beat Kentucky to the punch on this opportunity.

In response to a question asked by Senator Berg, Mr. Cutter stated he does not have an estimate on what the SAF costs will ultimately be when supply and demand issues stabilize. He stated ideally the cost will normalize to the point where it replaces or is sufficient to replace what jet a fuel is today. In response to a follow-up question, Mr. Cutter stated he does not think the requirement for the use of SAF additive will occur in the United States or Kentucky. He believes an incentive approach with an economic development opportunity, on the whole across the country, is a much better policy rather than regulation.

In response to a question asked by Representative Dixon, Mr. Cutter stated Marathon Petroleum is a part of the coalition even though they are a fossil fuel company, because they are hoping that it will ultimately be a profitable line of business for them.

Driver License Regional Office System Update

Sarah Jackson, REAL ID Project Manager, KYTC and Terry Sebastian, Pop-Up Program Manager, KYTC, updated the committee on the driver license regional office system. Ms. Jackson stated that there are 32 regional driver license offices that are open and fully functional across

Kentucky. The cumulative total of daily issuance numbers across the state are matching, and in many cases exceeding the average cumulative total of daily issuance numbers when Kentucky Circuit Clerks were handling issuance. Nearly 400,00 Kentuckians have skipped a trip to a licensing office and have renewed their driving credentials online in the last two years alone. Kentuckians have also had the option of renewing or replacing lost or stolen credentials or completing an address change through a mail-in process. Currently, 45,000 people have utilized the mail-in option since it was first offered in October 2021. Ms. Jackson stated the REAL ID enforcement date is now May 7, 2025. Of the total credentials issued through June, 22.3 percent were in the form of REAL IDs, less than the 30 to 40 percent of Kentucky's population the federal Department of Homeland Security estimated would obtain a REAL ID.

Ms. Jackson stated since September 2022, herself and Mr. Sebastian visited all 32 regional offices unannounced for observation, with the end goal of improving all aspects of customer service. Ms. Jackson stated the ongoing customer initiatives include the addition of more cash stations, customer friendly kiosks, statewide Saturday hours, continuing to welcome customer feedback, increased public outreach, the dispatching of specialized training teams, appointment and walk-in oversight, customer credential delivery, mail-in renewal expansion, new phone systems, and a newly launched website.

Mr. Sebastian gave an update on the pop-up driver licensing stations. The pop-up program visits each Kentucky county that does not have a regional office. Most recently the pop-up program won the best IT Collaboration Among Organizations award at the Government Technologies Kentucky IT awards ceremony. In 2022, pop-up stations occurred in 93 counties, with 215 visits, and over 7,000 credentials were issued. In 2023, those numbers are still on track to mirror those same successes. There are 14 regional office pop-up hubs that will service various counties. The issuance of REAL ID seems to be the most requested form of identification. The pop-up offices offer any service that a regional office offers, including the renewal of CDLs and motorcycle credentials. The pop-up offices also assist with disasters using emergency pop-up stations. Most recently services were provided in the disasters in Eastern and Western Kentucky, as well as a fire disaster in Hazard, Kentucky. Mr. Sebastian also added the pop-up stations also work with county judge executives in each county, as they are trusted leadership and know the best locations in those communities for residents to attend pop-ups. Mr. Sebastian stated the 2024 pop-up schedule is online.

In response to a question asked by Senator Turner, Chairman Higdon stated the issue of students missing school days to test and receive their driving credentials is being examined and the Kentucky State Police, which handles driver testing, will appear before the committee later in the interim.

In response to a question asked by Representative Heavrin, Ms. Jackson stated the floor plans for the new Hardin County regional office are still being considered. She added they were on target to have a new office in Hardin County, but new landlords have assumed that property, which has caused a delay. She stated the Finance Cabinet is working diligently to get everything finalized and bid. Ms. Jackson stated the Elizabethtown regional office has improved significantly, and that office tends to have more walk-ins which is why it has been chosen to be one of the locations that has a pilot kiosk project.

Representative Herron expressed a negative experience she had at a facility and expressed her concerns for citizens that do not have adequate transportation to get to and from a regional

office as needed. In response to a question asked by Representative Herron, Ms. Jackson stated there are not currently any kiosks in Jefferson County.

In response to a question asked by Representative Elliott, Ms. Jackson stated staffing in the Danville office is a priority and is being addressed. Currently the office has a mix of permanent and temporary staff.

Adjournment

With no further business to come before the committee, Chairman Higdon adjourned the meeting at 2:57 P.M.