

AUGUST 2015

Kentucky Chamber

NEWS



Kentucky Chamber
Uniting Business. Advancing Kentucky.

BUSINESS SUMMIT & ANNUAL MEETING

Candidates for governor square off



GOP Candidate Matt Bevin



Democratic Candidate Jack Conway

Budget, pensions, education and more debated at Summit

In the keynote panel session during the 10th annual Kentucky Chamber Business Summit, candidates in the 2015 governor's race discussed the biggest issues facing the state in front of business leaders. Beginning his remarks, GOP gubernatorial candidate Matt Bevin encouraged the audience to "look closely" at each candidate and their differences.

Democratic candidate Jack Conway also stated that he and Bevin have very different plans for the future of the state, noting his focus on small business and adding that he is looking to improve the state's workforce.

When asked about the budget and his priorities in his first term, Bevin stated that it is hard to state main priorities because of each dollar in the state budget, 89 cents is already spoken for. Bevin said the state has missed



Moderator Ryan Alessi

many opportunities because of the way the budget has been crafted.

"We have punted on pension issues, we have punted on education issues with no outcomes-based funding," Bevin said.

On budgeting, Conway said one of his top priorities is early childhood education as he says the investment will "pay dividends" down the road.

But Conway said he is not saying the state should fund a universal pre-school program because the state cannot afford it but said there needs to be a system for needs-based funding for those who are Medicaid eligible, which is set at 138 percent of the poverty rate.

Bevin rebuked a remark by Conway stating that his opponent is not a supporter of early childhood education. Bevin noted the fact that he has nine children and said he is a supporter of early childhood education but would not fund universal pre-school.

See SUMMIT, page 7

1.7.16

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21st Annual
**KENTUCKY
CHAMBER DAY**



Kentucky Chamber

Presented by



CEO COMMENTARY

'Four Pillars for Prosperity' outlines vision for the state

By Dave Adkisson

Kentucky Chamber President & CEO

The change that Kentucky and the U.S. have experienced over the past 15 years has been significant.

Globalization and technological advances have reshaped our foundation of competitiveness. We all want better – and to get there we must push together toward common goals.

The Kentucky Chamber had a new reality in mind when we began developing a vision for our Commonwealth. We had numerous conversations with Kentucky's leaders; surveyed our members; conducted research; and identified trends that are affecting our state.

This led to the development of *Four Pillars for Prosperity: Creating a Kentucky Culture of Competitiveness* which we unveiled at our Business Summit and

Annual Meeting in July. This report sets forth a vision that will build toward prosperity on the community and statewide levels.

This vision rests on four pillars.

- **Creating a healthy, skilled workforce**
- **Sustainable state government**
- **21st century infrastructure**
- **Aggressive job creation**

The pillars encompass more than 50 building blocks that represent the specific progress Kentucky must make to ensure a prosperous future.

Over the next several years, we will monitor key indicators under every pillar, making them available 24/7 through an online dashboard.

Please read the document enclosed with this newsletter, and join us in this effort to create a culture of competitiveness to ensure the prosperity of our state.



During the Kentucky Chamber's Business Summit and Annual Meeting in July, President and CEO Dave Adkisson unveiled the Chamber's latest report, *Four Pillars for Prosperity*, outlining what Kentucky's business community believes must be done in order to ensure a prosperous future in the Commonwealth.

Welcome new members!

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Chamber's report on workforce calls for review of system

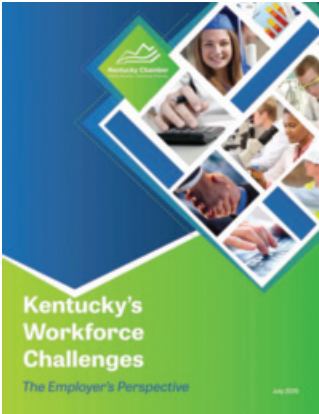
The Kentucky Chamber has conducted a review of the state's workforce training and development programs which shows the need better coordination, greater accountability and more employer involvement.

Kentucky's Workforce Challenges: The Employer Perspective states that achieving those and other goals detailed in the report's recommendations will require a top-to-bottom review of the entire system – a review that the Chamber believes should be ordered by the next governor.

The new workforce report, which follows a year's review of the state workforce system by a Chamber-organized group representing employers from different sectors and geographic regions, shows the need for big changes to the system that will require the work of both business and government to help the state move forward by expanding and maintaining a highly skilled, competitive workforce.

The report noted that Kentucky has made strides in improving the education of its citizens, but challenges persist in the area of workforce development. Those include:

- Insufficient involvement by employers to make changes in training programs that address demand-side needs
- A lack of clarity about the community-level service delivery of state programs, particularly in regard to which agency or individual is in charge
- The need for greater communications and outreach to employers and job seekers about available programs, how to access information, the need for specific training and skill development, and related issues
- Ongoing issues related to the governance, management and



During the Kentucky Chamber's Business Summit and Annual Meeting in July, the Chamber's Senior Policy Analyst Diana Taylor led a discussion on Kentucky's workforce challenges, and the Chamber's recent report on the topic.

- coordination of workforce programs
- The need for improved employability skills, or soft skills, such as attendance, communication and teamwork, among job seekers
 - Increasing difficulties in finding drug-free job applicants
 - Inconsistent use of credentials, by employers, job seekers and educational institutions
 - Insufficient coordination among educational institutions, economic development agencies and workforce programs
 - The review by the Chamber came in response to many Kentucky employers struggling to find qualified workers and job seekers having trouble finding openings that fit their qualifications, and many in the state experience frustrations with the workforce system and the outcomes it is producing.

The report also emphasized the importance of employer involvement and offered recommendations to address the challenges. To view the report, visit kychamber.com.

“Beyond whatever improvements are needed in the design and delivery of government programs, Kentucky's business community also has an important role to play in ensuring the availability of a skilled workforce,” said Chamber President and CEO Dave Adkisson. “Employers’ meaningful and deliberate participation in the full circle of planning, designing and monitoring workforce programs – confirming performance and establishing standards for continual improvement – can make a critical difference in the quality and effectiveness of the services they deliver.”





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*The Economic and Health Impacts of Obesity, Institute on the Costs and Health Effects of Obesity, National Business Group on Health, February 2009.
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Beshear announces major UI savings for Ky. employers

With the help of the Kentucky Chamber of Commerce, Kentucky’s Unemployment Insurance (UI) Trust Fund has a positive balance which will lead to savings for businesses of \$105 per employee. Gov. Steve Beshear made this announcement in August alongside Chamber President and CEO Dave Adkisson and legislative leaders.

The announcement comes as the Commonwealth has achieved an early payoff of the \$972 million federal loan needed to meet UI benefit obligations, putting the plan on its way to solvency.

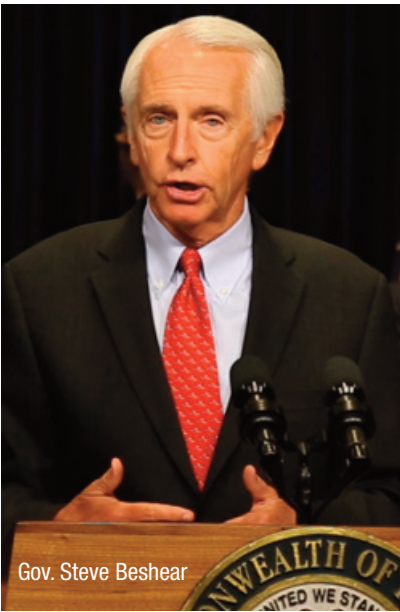
The early payoff is exciting news for the business community as maintaining the fund’s positive balance ensures Kentucky employers will save approximately \$165 million in federal UI taxes when they file in January 2016.

At the press conference about the early payoff, Adkisson discussed the impact of the news on Kentucky businesses.

“This is a big deal. Saving \$165 million or \$105 per employee will affect, in a positive way, virtually every employer in the state of Kentucky. And it was done with a bipartisan effort,” Adkisson said.

In 2009, Kentucky owed nearly one billion to the federal government for unemployment insurance because benefits had been increased and funding was insufficient for those benefit levels. The 2008 recession exacerbated the problems and employers in Kentucky were facing massive federal taxes if the situation wasn’t addressed.

In response to the issue, Governor Beshear created a task force with legislators, business representatives which included Adkisson, and officials from organized labor to hash out a plan to address the problem which led to the passage of House Bill 5 in the 2010 special session – a victory that has led us to this result.



Gov. Steve Beshear

Kentucky leaders say Clean Power Plan will hurt state

Kentucky leaders say the EPA’s Clean Power Plan unveiled by President Obama in early August will cause major damage to some of the state’s biggest industries.

The rule from the EPA limits carbon dioxide emissions from the nation’s power plants, particularly from coal, in an effort to press for the use of cleaner burning natural gas and zero-carbon sources like nuclear, solar and wind, and energy efficiency.

In a speech on the floor of the U.S. Senate, Majority Leader Mitch McConnell called the rule “regressive regulations” that will harm struggling workers and families while noting the projected cost of the rule is in the billions.

Gov. Steve Beshear expressed his frustration with the rule and added that he plans to continue to fight “this onerous rule” in the courts.

In response to the rule, the Kentucky Chamber of Commerce’s Senior Vice President of Public Affairs Bryan Sunderland made the following statement:

“The final EPA rule not only fails to address any of the serious concerns we previously expressed about reliability and cost of electricity, it is actually worse for Kentucky than the original proposal. It will raise costs for businesses and consumers, reduce reliability and make it nearly impossible for thousands of Kentuckians who have lost their coal jobs to be reemployed. It is hard to imagine the damage done by this rule being reversed even if lawsuits prevail because companies are being coerced by threat of massive fines to make long-term changes that will negatively impact the cost of energy needed to power our economy,” Sunderland said.



U.S. Sen. Mitch McConnell

REGISTER

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kychamber.com/events

Agenda and speaker details coming soon.



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WED., SEPT. 23 | 4 P.M.



Cathy Fyock, CSP, SPHR
Lyle Sussman, PhD
Co-Authors

KEYNOTE ADDRESS:
Hallelujah! An Anthem for Purposeful Work

THU., SEPT. 24 | 8:45 A.M.



Meagan and Larry Johnson
Gen-Xer Daughter and Baby Boomer Dad,
Johnson Training Group

KEYNOTE ADDRESS:
Boomers, Gen-Xers, Millennials and Linksters:
How to Manage the Melee!

FRI., SEPT. 25 | 12 P.M.



Kathy Dempsey, RN, MED, CSP
President, Keep Shedding! Inc.

KEYNOTE ADDRESS:
Shed or You're Dead: 7 Strategies Every HR
Professional Needs to Know to Keep Your
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Business Summit AND Annual Meeting

July 27-28 | Louisville Marriott Downtown



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LT. GOV. CRIT LUALLAN, JEFF MCKENZIE



OPENING PANEL ON PENSIONS



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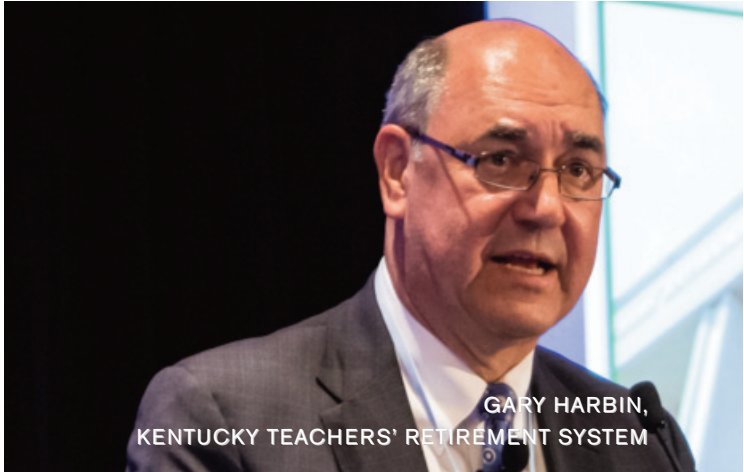
The Kentucky Chamber's Business Summit brings together diverse ideas to answer the question: What decisions do we have to make to move Kentucky forward? The two-day event brings together business leaders, legislators and educators for a dialogue that explores solutions and inspires change.



ANNUAL MEETING KEYNOTE DAVID GREGORY



LT. GOV. CRIT LUAllen



GARY HARBIN,
KENTUCKY TEACHERS' RETIREMENT SYSTEM



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BILL BISSETT AND RUSTY ASHCRAFT



NANCY WISER

Chamber forms Blue Ribbon Task Force on Public Pensions



John Gohmann, Regional President, PNC Bank, Lexington, will chair the Chamber's Public Pension Task Force.

The Kentucky Chamber of Commerce is calling on the business community to assist in finding solutions to the state's persistent pension problems by serving on a Blue Ribbon Task Force on Public Pensions.

The Kentucky Chamber is ramping up its efforts to responsibly address the issue by putting together a Blue Ribbon Task Force on Public Pensions, made up of business people with financial and pension expertise from within the Chamber's membership.

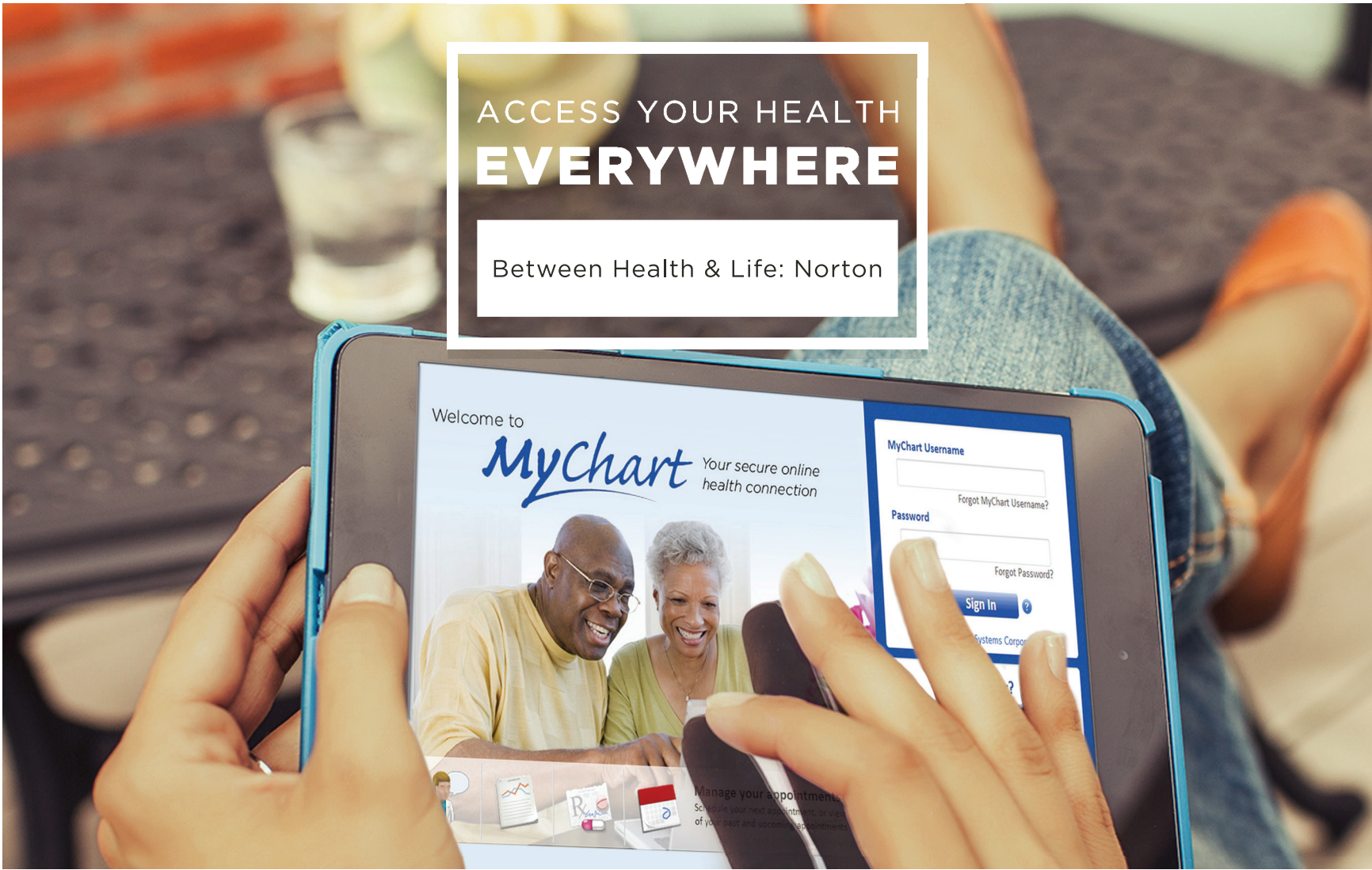
The group will put a magnifying glass on the issues within the pension system and work to develop recommendations to fix the pension systems.

The Chamber has been vocal about the pension crisis being the most serious financial issue facing the state. While many other groups are beginning to take a deeper look into the system, including the Public Pension Oversight Board and a new work group looking into the Kentucky Teachers' Retirement System, the Chamber would like to add more voices and eyes to the reform effort.

Please contact Bryan Sunderland, senior VP of public affairs at bsunderland@kychamber.com, if you are interested in serving on the task force or have any questions.

In addition to Chairman John Gohmann, regional president of PNC Bank, the task force includes:

- Mike Ash, President & CEO, Fifth Third Bank, Kentucky, Lexington
- Don Bloomer, President & CEO, Citizens National Bank, Somerset
- Jim Claxton, Consultant, AAA/Allied Group, Inc. Lexington
- Paul T. Costel, Kentucky President, Chase Kentucky, Louisville
- Luther Deaton, Jr., Chairman/President/CEO, Central Bank Trust Company, Lexington
- Joe Geoghegan, Public Policy Manager, Greater Louisville, Inc., Louisville
- Charles George, Government Affairs Director, Kentucky Society of Certified Public Accountants, Louisville
- John Gohmann, Regional President, PNC Bank, Lexington
- Lloyd C. Hillard, Jr., President & CEO, Farmers Capital Bank Corporation, Frankfort
- Thomas Kmiecik, Chief Administrative Officer, Stoll Keenon Ogden PLLC, Lexington
- Thomas J. Luber, Partner, Wyatt, Tarrant Combs, LLP, Louisville
- James Parsons, Northern Kentucky Chamber of Commerce, Ft. Mitchell
- Elizabeth Rankin, CPA, Director, Ky. Division Creative Retirement Systems, Cincinnati
- Alex Rorke, Sr. Managing Director of Municipal Securities, J.J.B. Hilliard W.L. Lyons, LLC, Louisville
- Rodney Shockley, President Kentucky National Insurance, Forcht Group of Kentucky, Lexington



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FROM THE FRONT

SUMMIT: Candidates speak favorably on P3 legislation

On common core, Conway said he believes the topic has been clouded by political rhetoric and said he supports Kentucky “doing it the Kentucky way” and stated that if something isn’t working, there needs to be more engagement from the local level.

“Since we began this initiative, do you know where we have gone in college and career readiness?” Conway asked, stating that the state has seen improved test scores, more students that are college and career ready and a lower dropout rate.

Bevin, on the other hand, said the state committed to the standards before they were even completed and said the standards are not making Kentucky students more competitive, which is the goal of the standards.

On plans for job creation plans, moderator Ryan Alessi asked Conway about the points in his plan that say he will cut government spending and make more efficient while also planning to add new government agencies, including a new small business cabinet.

In response, Conway said voters just need to look at what he has done as attorney general where he says he has cut spending and done more with less during his two terms.

As for how the government can privatize some government functions to help with government efficiencies, Conway and Bevin each pointed to areas where private companies could

better run. Conway says he is in favor of public-private partnerships (P3) and Bevin added that in an interview with the Kentucky Chamber ahead of the panel, he explained that he is not opposed to P3.

“As it relates to P3, be thoughtful and smart about whether the taxpayer is going to get a good return. And if private investors want to in-

vest in public student housing, for example, by all means. That is frankly a brilliant solution because there, you are going to get things built in a timely manner and the ROI (return on investment) on that is almost obvious from the moment you start breaking ground,” Bevin

said. “That is where it should be used, not on critical infrastructure projects that involve interstate commerce.”

When discussing the pension crisis in the state, Conway and Bevin each said they are not in favor of bonding billions of dollars to shore up the systems. However, they also each said there are promises that have been made to government employees that have to be upheld.

Alessi brought up the idea put forth by some including Kentucky Teachers’ Retirement System Executive Director Gary Harbin and Republican state Sen. Joe Bowen that the state turn over assets to the system in lieu of additional revenue to which each candidate said they could be supportive of that proposal.

The candidates disagreed on the health exchange the state created through the Affordable Care Act as Conway said he supports the expansion and believes the exchange will pay for itself. Bevin, on the other hand, has been calling for a full repeal of the exchange (kynect) and said the people currently receiving coverage through kynect would be put on the federal exchange.

In the panel, Bevin said he would lower the Medicaid eligibility back to the levels before the exchange was put in place, taking qualifications down to 100 percent of the poverty rate opposed to the current 138 percent. Bevin stated that the state cannot afford the exchange.

Independent
Drew Curtis joins
governor’s race

Drew Curtis, the founder of Fark.com who has been working to get on the ballot as an Independent in 2015, submitted more than 5,000 signatures Aug. 10 and qualified for the gubernatorial election.



Drew Curtis

The Curtis campaign entered the secretary of state’s office with what they said was around 10,000 signatures, double the number needed for independent candidates to be on the ballot in Kentucky. Secretary of State Alison Lundergan Grimes confirmed the Curtis campaign had the required signatures and will appear on the ballot.

Apply now for
Best Places
to Work awards

The Kentucky Society for Human Resource Management (KYSHRM) and the Kentucky Chamber of Commerce are now ac-



cepting applications for the 2016 Best Places to Work in Kentucky program. If you think your company is one of the Best Places to Work in Kentucky, apply at bestplacetoworkky.com. Applications must be submitted by Friday, Oct. 23, 2015.

Best Companies Group will survey participating companies and reveal award winners in January 2016. Award winners will receive a final ranking at the awards ceremony April 20, 2016 in Lexington.

Winners will be selected from three categories, small companies of 15-149 employees, medium companies of 150-499 employees, and large companies consisting of more than 500 employees (category based on number of U.S. employees, only Kentucky employees surveyed).

“Human resource professionals lead their organizations through effective strategic planning and creativity that impacts company’s bottom lines. The Best Places to Work in Kentucky initiative highlights these professionals and workplace standards across the Commonwealth,” said KYSHRM Chair, Susan Simmons, SPHR.

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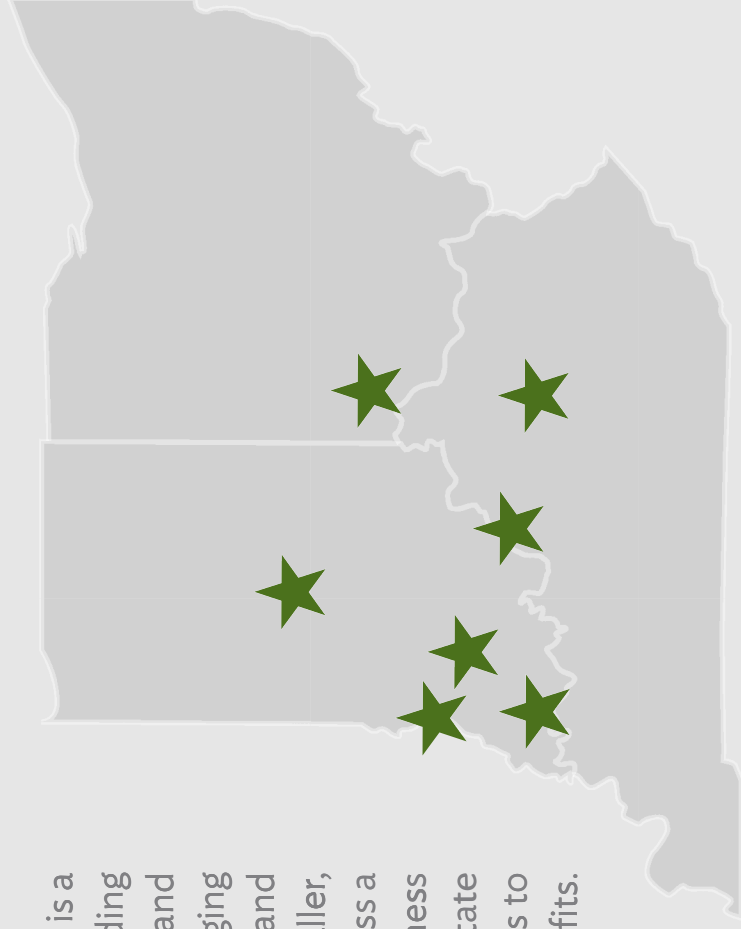
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Kentucky Chamber

AUGUST 2015

news

Gubernatorial candidates square off at Chamber's Business Summit

Matt Bevin and Jack Conway discuss issues facing business community

