



THE PENSION CRISIS IS THE **BIGGEST FINANCIAL THREAT** FACING THE COMMONWEALTH

GOV. BEVIN SAYS *Special Session* WILL HAPPEN AFTER AUGUST 15

LEGISLATIVE LEADERS SAY THEY ARE STILL
WAITING ON PLANS FOR REFORMS

After Gov. Matt Bevin sent a letter to all legislators setting a timeline for a special session on tax and pension reform, legislative leaders spoke exclusively with The Bottom Line about their thoughts on potential reforms and whether or not it can get done.

Bevin's letter told legislators a special session to consider reforms would not be held until after August 15.

Hoover said the letter from Gov. Bevin answers some questions from many about the timeline and what to expect. He also noted the governor was looking for input in his letter and also laid out how significant the problem is.

Senate President Robert Stivers said members appreciate putting a date on the idea of a special session and waiting until after August 15 to allow

members to finish summer break with their families before having to come back to Frankfort.

In terms of when they will see a plan from Gov. Bevin on tax and pension reform, Stivers said he expects to see recommendations soon and that legislative groups are working behind the scenes to study the issues beforehand.

“I know a lot of work is going on. And I think it will be soon when they come with a **framework**.”

— **Robert Stivers**, Senate President

“I think he is working on it. I think a lot of individuals, including the Chamber, have had discussions with him and the respected businesses that belong to the Chamber have had meetings with he and his staff, particularly [State Budget Director] John Chilton, talking about what type of impacts a change may have,” Stivers said.

“I know a lot of work is going on. And I think it will be soon when they come with a framework.”

[SEE SPECIAL SESSION, PAGE 2](#)

ANNUAL MEETING *Mark Halperin*

TALKS TRUMP, POLITICS, AND KENTUCKY AHEAD
OF BUSINESS SUMMIT KEYNOTE ADDRESS

Before serving as one of the speakers at the Kentucky Chamber's Annual Meeting in July, National correspondent Mark Halperin spoke with the Chamber about President Donald Trump's administration, the most pressing issues currently being debated on the national scene, his take on the relationship between the president and Kentucky U.S. Sen. Mitch McConnell and more.

Halperin will speak alongside Pulitzer Prize winning journalist Carl Bernstein at the Annual Meeting in a session moderated by Kentucky's own resident conservative commentator and co-founder of RunSwitch PR and CNN contributor, Scott Jennings.

In the current unpredictable and polarized political environment we see in Washington, D.C., many look to national correspondents to make sense of the noise and give an honest opinion about the day's latest headlines.

Mark Halperin, one of these national correspondents, will visit and speak to Kentucky's business leaders on the latest out of Washington, D.C. At the Kentucky Chamber's Business Summit and Annual Meeting, he will serve as the keynote speaker for the dinner on July 20 at the Galt House in Louisville.

MAJOR INDUSTRIES EXPECT GROWTH, BUT FINDING SKILLED WORKERS

A Challenge

Positive economic conditions and strong prospects for growth were among the findings of a recent statewide survey of Kentucky businesses. But another finding poses a particular challenge despite that optimistic news: 84 percent of employers report having trouble recruiting qualified workers.

More than 1,000 businesses participated in the Bridging the Talent Gap survey, conducted by the Kentucky Society for Human Resource Management.

“KYSHRM is so excited to report that we have completed the first steps in Bridging the Talent Gap in Kentucky,” said Chair Lynn Ingmire. “Our government, educators and businesses will now be able to take the information provided by over 1,000 employers in the Commonwealth to not only determine where the talent gaps are, but also what needs to be done now and in the future so that our state can move forward.”

[SEE WORKFORCE, PAGE 3](#)



Mark Halperin
KEYNOTE SPEAKER
Producer, Author, and Political Analyst



Scott Jennings
MODERATOR
Co-Founder and Partner, RunSwitch PR, CNN Contributor



Carl Bernstein
KEYNOTE SPEAKER
Pulitzer Prize Winner, Journalist, Author and Political Analyst

[SEE MARK HALPERIN, PAGE 4](#)



FROM THE FRONT PAGE

Special Session: Taxes & Pensions

Hoover said he has expressed concerns to the governor about the tight timeline they are operating on to have a special session later in the year without seeing any plans yet. He said there will have to be buy in from the public to pursue reforms because members of the General Assembly will “not be inclined to make drastic changes” without that.

“I think it is so important for the governor to sell the recommendations statewide over an extended period of time and build public support for whatever the recommendations may be, and that will translate to give the legislators a comfort level in voting for it,” Hoover said. “Without that, it will be extremely difficult, in my opinion, for the General Assembly to take action.”

Hoover noted once the legislature gets the governor’s recommendations, they will have to craft legislation based on that plan, and sell it to the public at the same time later this year.

“And that’s tough to do on any issue, and it is really going to be tough to do on an issue where there is the financial implications that we see in the pension system,” Hoover said.

When asked if he has concerns about gathering the votes needed to pass reforms this year, Stivers said it is always a concern on big issues like these.

“You always do, until you see the final, definitive plan in bill form. You have to have those concerns, that’s not an unfounded concern. But if we get involved with your group, the Chamber, and they understand what it is about and advocate for the business-friendly portion of it, knowing that we have a pension problem, I think with groups like yours and others that we can have a successful special session,” Stivers said.

On pension reforms, Hoover said the pension crisis is the biggest financial threat facing the Commonwealth. Hoover stressed that this requires serious action and long-term solutions to avoid bankrupting the state. The issue, Hoover said, is the public still does not have a clear picture of just how big the issue is and the fact that it impacts every person in the state, which is why he said there needs to be an education campaign.

Stivers said if the pension issue is not seriously addressed, it threatens to bankrupt the state and noted the critical status of the Kentucky Retirement System (KRS) and the possibility the state will have to be paying the \$1 billion per year, a large chunk of the state’s annual budget, to the most underfunded plan “out of pocket” within a few years if not seriously addressed.

Hoover said he expects tax reform to deal with moving toward a more consumption-based tax system and closing some loopholes. But the House Speaker noted the complexity of the issue and how many moving parts there will be in a tax reform discussion.

“There are so many components. And I think it’s been tough for those that are working on it than maybe they anticipated and is why we don’t have a solid “that’s been released publically yet,” Hoover said. “So we will wait and see what that is and go from there.”

Stivers told The Bottom Line that with tax reform, he will be looking for a plan that broadens the base and noted the progress already being made on that front through the creation of new jobs in Kentucky after the passage of business-friendly legislation passed in the 2017 session.

“If the pension issue is not seriously addressed, it threatens to **bankrupt the state...**”
— **Robert Stivers**, Senate President

READ MORE

Stay up-to-date with the latest news from Kentucky Chamber's Political News site **The Bottom Line** visit online: kychamberbottomline.com.

MEMBERS ASKED FOR FEEDBACK ON Pension and Tax Reform

In July, the Kentucky Chamber will be emailing its annual policy survey to all members in its database. This year, with the possibility of a special legislative session on pension and tax reform, we are tailoring our survey to hear from our members on these key issues critical to business.

GET DETAILS

Watch your email inbox for the survey.

If you have not received the survey by July, please contact **Sawyer Coffey** at **502-848-8752** or scoffey@kychamber.com.



Kim Menke, Toyota

NAMED CHAIR

OF KENTUCKY CHAMBER WORKFORCE CENTER ADVISORY BOARD



Kim Menke
REGIONAL DIRECTOR
*Government Affairs at
Toyota Motor North America*

Kim Menke, Regional Director of Government Affairs at Toyota Motor North America, has been named chair of the advisory board of the Kentucky Chamber Workforce Center, an employer-led initiative focused on addressing the state's challenges in building and sustaining a high-quality workforce.

The board, whose members represent the state's key employment sectors as well as all geographic regions, is guiding the development of specific projects and strategies designed to strengthen Kentucky's workforce. "We have a strong vision about what needs to happen to solve the workforce challenges in Kentucky," Menke said. "We can make this happen."

"Kim's extensive experience and proven commitment make him the ideal chair for the advisory board, and we are

honored that he has accepted this role," said Beth Davisson, Executive Director of the Workforce Center. "The entire country is in a race to win the talent-development contest, and our advisory board will help ensure that we create innovative and sustainable solutions for Kentucky employers and workforce."

At its June meeting, the advisory board began working on a plan of action to develop those solutions. The initial focus will be on five areas: Business Leadership, Network Development and Support, Industry Collaboratives, Monitoring Progress with Data, and Essential Skills.

"There's a synergy among employers and stakeholders in meeting our challenges, and this board generated workable ideas to create solutions," noted meeting facilitator Jeff Nally.

LEARN MORE

For more information about the Kentucky Chamber Workforce Center, contact **Beth Davisson** at **bdavisson@kychamber.com**.



HOST A HISTORIC OCCASION

Surround your guests with 200 years of bourbon-making history. Meetings and events hosted at Buffalo Trace Distillery offer beautiful landscapes and distinct architecture for a unique, unforgettable experience. From corporate events to weddings to private dinners, the Distillery is the perfect backdrop for any occasion. Choose from venues such

as the Elmer T. Lee Clubhouse, Master Distiller's Room, George T. Stagg Gallery and the Single Oak Room, connected to the all new Visitor Center.

For more information on corporate meeting spaces, call 502-696-5996 or visit buffalotracedistillery.com.



BUFFALO TRACE
DISTILLERY

113 Great Buffalo Trace
Franklin County · Frankfort, KY 40601
buffalotracedistillery.com · (800) 654-8471

77%
OF KENTUCKY BUSINESSES ARE
CURRENTLY HIRING

FROM THE FRONT PAGE

Workforce Report

The survey results, released this week, included the following key points:

- **Overall, 81 percent of companies expect to grow in the next three-to-five years.** By sector, 86 percent of manufacturing, 70 percent of health care and 80 percent of professional, scientific and technical services companies expect growth during that period.
- **Hiring is at a high level:** 77 percent of businesses are currently hiring for full-time regular staff.
- **Finding skilled employees is challenging:** 84 percent of businesses report difficulties finding the right individuals for the jobs they have available.
- **The jobs most difficult to fill** include high-skill medical, such as nurses, doctors and specialists; skilled trades, such as electricians, carpenters, machinists, welders and plumbers; and engineers.
- **Easier-to-fill positions** include administrative support staff, customer service representatives and human resource professionals.
- **The main reasons cited for the hiring difficulty** included competition from other employers, candidates lacking the right work experience and candidates not having the right skills.

The survey also found that only 35 percent of employers currently partner with education and training providers on assessing and meeting needs. However, 70 percent of those who are not doing so now say they would consider such partnerships to address skills gaps.

Kentucky Chamber of Commerce President and CEO Dave Adkisson noted the

value of the information in helping guide the work of the Chamber's Workforce Center. "Our efforts focus on building the quality of our workforce on several levels. This data from more than 1000 employers gives a solid foundation for our work to close the gaps between jobs and the availability of skilled workers to fill them."

Mark Halperin

Halperin is the creator, executive producer, and co-host of Showtime's The Circus, an author of two New York Times Best Sellers, senior political analyst for MSNBC and Bloomberg Television, as well as, a contributor and former co-managing editor of Bloomberg Politics. Halperin is also a frequent guest on popular political programs like Morning Joe, where he keeps a finger on the pulse of national politics and weighs in on important issues facing the country.

Ahead of his visit to Kentucky, Halperin discussed current news out of the nation's capital with the Kentucky Chamber, including the fight over key issues and what has happened with the Trump administration during the first months in office.

Halperin noted all of the major issues currently playing on the national stage including reforms to federal health care law, tax reform, infrastructure, and deregulation will all impact Kentucky.

When asked if he believes any of those top priorities will have the ability to be passed in the current polarized political environment, Halperin stated there could be successes on some issues. However, he mentioned President Trump and Republicans could have bigger hurdles in other areas.

"I think it's going to be, barring change in the dynamics, next to impossible to get anything done that requires Democratic votes in the house or senate, except for raising the debt ceiling, which is kind of a must do item. I think the president and the Democrats have just done so much that makes that kind of cooperation seem close to impossible," Halperin said. "I think they've got to do health care before they do tax reform. And I think getting health care done is going to require Sen. McConnell producing a rabbit out of a hat."

As for the relationship between President Trump and Senate Majority Leader Mitch McConnell, who is a known establishment member of the Republican Party, Halperin said the Kentucky senator has been able to keep his focus on issues, even with the persisting, unflattering news stories and other distractions.

"One of the great abilities McConnell has is to not worry about things he can't control. And he can't control the president's tweets, or president's political controversies or questions about Russia. So I think you just see Senator McConnell doing what he does, putting his head down and worrying about things he can impact," Halperin said. "So far, although I have seen other Republicans in Washington rattled by Donald Trump's unorthodox behavior, I've not seen Mitch McConnell rattled by it."

As for his take on another Kentucky political figure, Halperin said Kentucky Gov. Matt Bevin's reputation nationally seems positive. He noted that people were impressed with his victory in the 2015 governor's race and the "grit he showed" in that election.

"I think people are intrigued by him and waiting to see what kind of record he can build up, particularly now that he's got a Republican legislature," Halperin said.

Looking forward to the twelfth annual Business Summit and Annual Meeting, scheduled for July 20 and 21 at the Galt House in Louisville, the Kentucky Chamber provides an opportunity for business leaders throughout the Commonwealth to discuss the issues related to the local, national and international economies. This signature event has consistently brought renowned journalists, political analysts and speakers to the Business Summit with the intent to enhance the conversations during the two-day think tank.

As the author of many books and a frequent commentator on other national news outlets, Halperin has an extensive and interesting viewpoint on current events.

The dynamic speaker will give the keynote address at the Kentucky Chamber's Annual Meeting this year and offer his view on politics and policy.

REGISTER TODAY

Make sure you are registered for the event by visiting www.kychamber.com/BSAM and clicking on "register now."

GOV. MATT BEVIN ANNOUNCES RECORD-BREAKING \$5.8 BILLION *Economic Investments*

As many companies announce their decision to invest in Kentucky in recent months, Gov. Matt Bevin announced in June that the state has seen \$5.8 billion in economic investment in the first months of the year, breaking previous annual records.

Bevin thanked the passage of business-friendly legislation by the General Assembly including right to work for much of the economic growth.

Speaking at the press conference, Senate President Robert Stivers also discussed the right to work law and the recent challenge of it by unions, stating that groups should not be challenging something that is clearly working, bringing jobs and

growing Kentucky. Stivers cited 2,000 jobs that have been announced in the months since Kentucky became a right to work state as a measure of that success.

As companies continue to bring jobs to the Commonwealth, Economic Development Secretary Terry Gill noted workforce development is crucial as many employers struggle to find workers with the right skills.

"For every one primary job, there are at least two secondary, spin-off jobs. So when one job is announced, you're actually announcing three," Kentucky Chamber President and CEO Dave Adkisson said in response to the announcement.

Thank you for your investment.

The following is a list of new members of the Kentucky Chamber. Please help us thank these companies for investing in the Chamber's mission by giving them your business.

PRESIDENTIAL ADVISOR

Ford Motor Company
LifePoint Hospitals, Inc.

EQUITY PARTNER

City of Ashland
Hogan Lovells
Kentucky Department of Veterans Affairs

CORNERSTONE PARTNER

Jeptha Creed Distillery

STAKEHOLDERS

Arco Engineering, Inc.
Bullitt County Public Library
City of Franklin
City of Newport
East Kentucky Broadcasting
Family & Children's Place Inc.
Fayette County Public Schools
Fleming County School District
Frankfort Toyota
Freeman Insurance
G.R. Arnold Racing Stable
Houston Johnson, Inc.
John Cubine
Keller Timber Company LLC
Kentucky Petroleum Recycling, Inc.
Monroe County Board of Education
Norman King Electric
Plot Landscaping
R. L. Wilson Masonry Contractor
Strategic Advisers, LLC
Synterra Corporation
The Academic Success Center of Kentucky
dba Equipping Minds

UPCOMING EVENT



MORE INFO

Visit the conference website and register at kyshrmconference.com.

33RD ANNUAL KENTUCKY SHRM CONFERENCE

PROVIDES HIGH QUALITY TRAINING FOR HUMAN RESOURCE PROFESSIONALS

Presented by Foundation for a Healthy Kentucky

AUGUST 29-31
GALT HOUSE HOTEL | LOUISVILLE

The Kentucky Society for Human Resource Management (KYSHRM) and the Kentucky Chamber of Commerce will host the 33rd Annual Kentucky SHRM Conference.

Keynote presentations during the event will include:

- *And Other Duties as Assigned* by Cathy Fyock, CSP, SPHR, SHRM-SCP, The Business Book Strategist, Cathy Fyock, LLC — **4:00 p.m., Tuesday, August 29**
- *Master Your World: 10 HR Strategies to Improve Productivity, Profits, and Communications* by Mary Kelly, President, Productive Leaders, Inc. — **8:45 a.m., Wednesday, August 30**
- *Great HR Leaders: Implementing the Never Give Up Perspective* by Scott Lesnick, President, Successful Business Solutions — **12:00 p.m., Thursday, August 31**

A one-stop-shop for human resource professionals throughout Kentucky offering training with 58 different workshops (in the areas of benefits and compensation, human resource law, management, motivation, and business management strategy), an exhibit hall boasting more than 110 sponsors and exhibitors, and numerous networking opportunities. Attendees also will enjoy two receptions, one of which is held (along with dinner) on the Belle of Louisville.

33rd Annual Conference



Agenda

BUSINESS SUMMIT AND ANNUAL MEETING

Presented by Bingham Greenebaum Doll LLP

JULY 20-21 | GALT HOUSE HOTEL | LOUISVILLE

Thursday — July 20

1:00 p.m. — Registration

1:30 p.m. — Welcome

Janet Jakubowicz | Partner and Chair, Partnership Board,
Bingham Greenebaum Doll, LLP

Overview

Bill Lear | Kentucky Chamber Chair and Vice President, Chairman Emeritus,
Stoll Keenon Ogden PLLC

1:40 p.m. — Opening Keynote | How to Future-Proof Kentucky Against the Top Trends Transforming Tomorrow

Jack Uldrich | Global Futurist

Sponsored by Crowe Horwath LLP

3:00 p.m. — The Future of Logistics in Kentucky

Brendan Canavan | President, UPS Airlines

Interviewer: Rusty Cheuvront | Vice President, Director State and Local
Government Relations, Brown-Forman Corporation

Sponsored by U.S. Bank

4:15 p.m. — The Political Future of Kentucky

Adam Edelen | Founder, Edelen Strategic Ventures

Scott Jennings | Co-founder and Partner, RunSwitch PR

Moderator: Jacqueline Pitts | Director of Communications,
Kentucky Chamber of Commerce

Sponsored by Norton Healthcare

5:00 p.m. — Day one Business Summit concludes

Annual Meeting Reception with sponsors begins

**6:30 p.m. — Annual Meeting Dinner Keynote Address |
Covering Politics in the Trump Era**

Mark Halperin | Producer, Author and Political Analyst

Carl Bernstein | Pulitzer Prize Winner, Journalist, Author and Political Analyst

Scott Jennings, *Moderator* | Co-Founder and Partner, RunSwitch PR, CNN Contributor

UPCOMING EVENT



MORE INFO

Visit us online for the full daily agenda at
kychamber.com/business-summit.

Friday — July 21

8:00 a.m. — Registration and breakfast

8:30 a.m. — Welcome

Bill Lear | Kentucky Chamber Chair and Vice President, Chairman Emeritus,
Stoll Keenon Ogden PLLC

Key Issues Facing Kentucky's Future

Dave Adkisson | President and CEO, Kentucky Chamber of Commerce

Sponsored by Kentucky Department of Agriculture

9:15 a.m. — Opening Keynote | America's Infrastructure Needs

Sponsored by UPS

10:30 a.m. — Future of the Auto Industry in Kentucky

Sponsored by Brown-Forman Corporation

**11:45 a.m. — Luncheon Keynote | The Bourbon Industry in Kentucky:
A Conversation with Garvin Brown IV**

G. Garvin Brown IV | Chairman of the Board, Brown-Forman Corporation

Interviewer: Tierra Kavanaugh Wayne | CEO, TKT & Associates, Inc.

Sponsored by Kentucky Department of Travel and Tourism

1:30 p.m. — 12th Annual Business Summit concludes

UNIVERSITY OF
LOUISVILLE

COLLEGE OF BUSINESS

Make a career move that adds up

Earn Your Certificate in Accounting 100% Online

- ▶ Take seven core accounting courses online
- ▶ Gain specialized skills and increase your earning potential
- ▶ Prepare to sit for the Kentucky CPA exam
- ▶ Become fluent in the language of business
- ▶ Excel in global business

Learn more or apply today!

uofl.me/ky-chamber | 800.871.8635 | online@louisville.edu



EVERYONE IS TALKING *Infrastructure*

President Donald Trump held an invite-only event in Cincinnati, OH, in June to discuss his plans for infrastructure.

“The president aims to give states and localities the ability to address their own critical infrastructure needs and to collaborate with private enterprises where it makes sense,” the White House said.

In his speech at the Rivertowne Marina, Trump revealed his infrastructure plans include \$1 trillion in public and private investment. Trump says it is “time to rebuild our country to bring back our jobs, to restore our dreams.”

There are few specifics of Trump’s infrastructure plans, but Bloomberg reports that over the next 10 years, Trump plans to dedicate \$200 billion to federal funding and \$800 billion to state funding.

“We will buy American and we will hire American,” Trump said, urging it is time for

the United States to look out for its own best interests.

Referencing his dedication to infrastructure progression, Trump referenced his decision to approve the Dakota access pipeline, where other politicians did not.

An anticipated topic that Trump did not mention was the Brent Spence Bridge, which connects Kentucky and Ohio. The Brent Spence Bridge has been deemed “structurally obsolete,” and there is a large need to fund and build a sister bridge.

The Kentucky Chamber is focused on improving infrastructure across the state. In May, the Kentucky released “A Citizen’s Guide to Kentucky Infrastructure,” which points out the key issues and proposed solutions to Kentucky’s infrastructure.

LEARN MORE

View ***A Citizen’s Guide to Kentucky Infrastructure 2017*** report online at **www.kychamber.com**.

KENTUCKY SUPREME COURT UPHOLDS KENTUCKY ENERGY AND ENVIRONMENT CABINET PROCESS FOR ISSUING *Wastewater Discharge Permits*

On April 27, the Kentucky Supreme Court handed down a significant ruling providing greater certainty to Kentucky businesses holding Clean Water Act wastewater discharge, or KPDES, permits. In a unanimous ruling, the court overturned the decisions of both the Franklin Circuit Court and the Kentucky Court of Appeals to uphold the process by which the Kentucky Energy and Environment Cabinet evaluates whether to develop and impose case-by-case technology-based effluent limitations in KPDES permits. The decision confirms that where discharges of a pollutant were evaluated as part of an applicable U.S. EPA nationwide effluent guideline for a source category, the Cabinet is not required to develop a case-by-case, “best professional judgment” technology-based permit limit under the Act for that pollutant, even if such guideline is dated, and even if U.S. EPA ultimately did not impose numeric limits for the pollutant in the guideline. The case did not impact or relate to the process or standards by which water-quality based effluent limitations are imposed or evaluated under the Act.

The court’s ruling involved the KPDES permit issued to Louisville Gas and Electric Company for an expansion of its Trimble County Generating Station. When the permit for the expansion was issued in 2010, several environmental interest groups filed suit alleging that the permit was improperly issued because the Cabinet did not develop and impose case-by-case technology-based effluent limitations for certain



toxic pollutants, including mercury and arsenic, present in the plant’s waste stream.

The central issue in the case turned on whether the 1982 guidelines at issue “applied” to the pollutants of issue, for under U.S. EPA guidance, case-by-case, permit-specific limits should only be imposed where a “gap” is left by applicable U.S. EPA guidelines. The Court held that the 1982 guidelines for steam electric generating plants did apply to the pollutants at issue and that accordingly, there was no gap and no requirement to develop a case-by-case limit. In short, the Supreme Court held that even though the 1982 Guidelines did not provide a technology-based limit for the pollutants, the guidelines did address the pollutants concluding that technology-based limits were not possible.

Represented by Kelly Bartley and Brent Baughman of Bingham Greenebaum Doll LLP, the Kentucky Chamber filed a “friend of the court” brief in the case, supporting the Cabinet’s and LG&E’s argument that the lower courts’ decisions disregarded the Clean Water Act’s legislative goal of promoting national uniformity and an even playing field when it comes to technology-based limits. In considering the issues presented, the Kentucky Chamber urged the Court to consider the serious and wide-reaching adverse impacts to Kentucky businesses and Kentucky’s business climate that would stem from any departure of that goal, including permit uncertainties, delays and diminished regulatory consistency, efficiency, and permit predictability.



Kelly Bartley
ATTORNEY
*Environmental Law at Bingham
Greenebaum Doll LLP*



Sawyer Coffey
MANAGER,
COMMUNICATIONS
Kentucky Chamber of Commerce

Annoucement KENTUCKY CHAMBER HIRES COMMUNICATIONS MANAGER.

In June, the Kentucky Chamber hired Sawyer Coffey as the new Communications Manager in the Public Affairs department.

Coffey comes from the Bowling Green Area Chamber of Commerce, where she worked since graduating from Western Kentucky University in May 2016.

Pension System Debts Grow

WITH MORE ‘REALISTIC’ ASSUMPTIONS, AUDIT CONFIRMS MAGNITUDE OF CRISIS

As the Kentucky Retirement System (KRS) continues to be one of the country's worst-funded pension plans, the system's board recently voted to adopt new, lower assumptions in order to reflect a more accurate picture of the state's pension crisis.

The KRS Board of Directors voted to make three changes to the way its funding status is calculated including lowering the assumed rate of return on investments from 6.75 percent to 5.25 percent, assuming zero percent in payroll growth rather than the current 4 percent, and adjusting the rate of inflation assumptions.

Because of these changes, the unfunded pension liability of KRS increases by \$3 billion to \$4 billion from the current \$18.1 billion—lowering the overall funding status of the system to just 13.81 percent.

Those changes were made to the system's pension plans facing the most danger including the KERS non-hazardous plan and state police plan.

Changing the assumptions and making decisions based off the more realistic figures will mean a much bigger actuarially required contribution (ARC) payment will be needed from the General Assembly to shore up the system.

The assumption changes come after the KRS board hired Milliman, a Seattle-based actuarial consultant, to suggest solutions to the woefully underfunded status of the system.

In the meeting, a representative from Milliman noted that the system currently has only two years worth of benefit payments on hand and suggested some questions for the board to consider in the future about funding methodology.

At the May meeting of the Public Pension Oversight Board (PPOB), the PFM Group, who was hired to conduct a performance audit of the state's troubled pension systems, released its Phase 2 report, showing the magnitude of the problem.

If not seriously addressed, the state's pension systems could face insolvency in just five years, according to the results of audits of the pension plans.

The report reveals the pension systems have had a combined \$6.9 billion negative cash flow since 2005 as benefits paid to retirees plus program expenses greatly exceeded the funding. According to the report, if this negative cash flow is not corrected, the ability to make payments to current and future retirees is at risk. Under certain circumstances, the pension systems, which are the worst funded in the nation, could become insolvent in 2022, just five years away.



Kentucky Chamber Pension Task Force Chair and Regional President (Lexington) of PNC Bank **John Gohmann** testifies at the June meeting of the Public Pension Oversight Board about the Chamber's work on the pension crisis.

State Budget Director John Chilton told the PPOB the state will have to pay around \$700 million into the General Fund for the foreseeable future to pay for pension liabilities.

PFM is expected to reveal Phase 3 of their report, which will address actuarial methods, investment methods, funding and benefit levels and give possible solutions to the pension problem, at the July PPOB meeting.

READ MORE

For more information about recent pension news, find the full stories at kychamberbottomline.com.

Kentucky Chamber Key Investors

Commonwealth Partners



Chairman's Circle



Presidential Advisors



Trustees

Advantage Capital Partners
Armstrong Coal Company, Inc.
Assured Partners
Big Ass Solutions
Brenntag
Carespring Healthcare Management, LLC
Century Aluminum of Kentucky, LLC
Citizens National Bank
Clarendon Flavors
Clariant
Coca-Cola Bottling Company Consolidated
Columbia Gas of Kentucky, Inc.
Commonwealth Credit Union
Computer Services, Inc. dba CSI
Cooper Standard Automotive
Dana Incorporated

Dean Dorton Allen Ford, PLLC
Deloitte & Touche
Dickinson Wright PLLC
FireKing Security Group
Galt House Hotel & Suites
Gray Construction
Hyster-Yale Group Inc.
Kentucky Community & Technical College System
Kentucky Farm Bureau Insurance
Kentucky League of Cities, Inc.
Kentucky State Fair Board
Kosair Charities
Laurel Grocery Company
LexiDan Foods dba Waffle House
Logan Aluminum, Inc.
L'Oreal, USA

Louisville Water Company
Lourdes Hospital
Marathon Petroleum Company LP
MCI/AST
Meritor-Florence
Mississippi Lime
MML&K Government Solutions
Morgan & Pottinger, PSC
Mortenson Family Dental
Mubea North America
PBI Bank
PharMerica Corporation
Piramal Pharma Solutions
Planters Bank, Inc.
Regal Beloit America, Inc.
Scotty's Contracting & Stone LLC

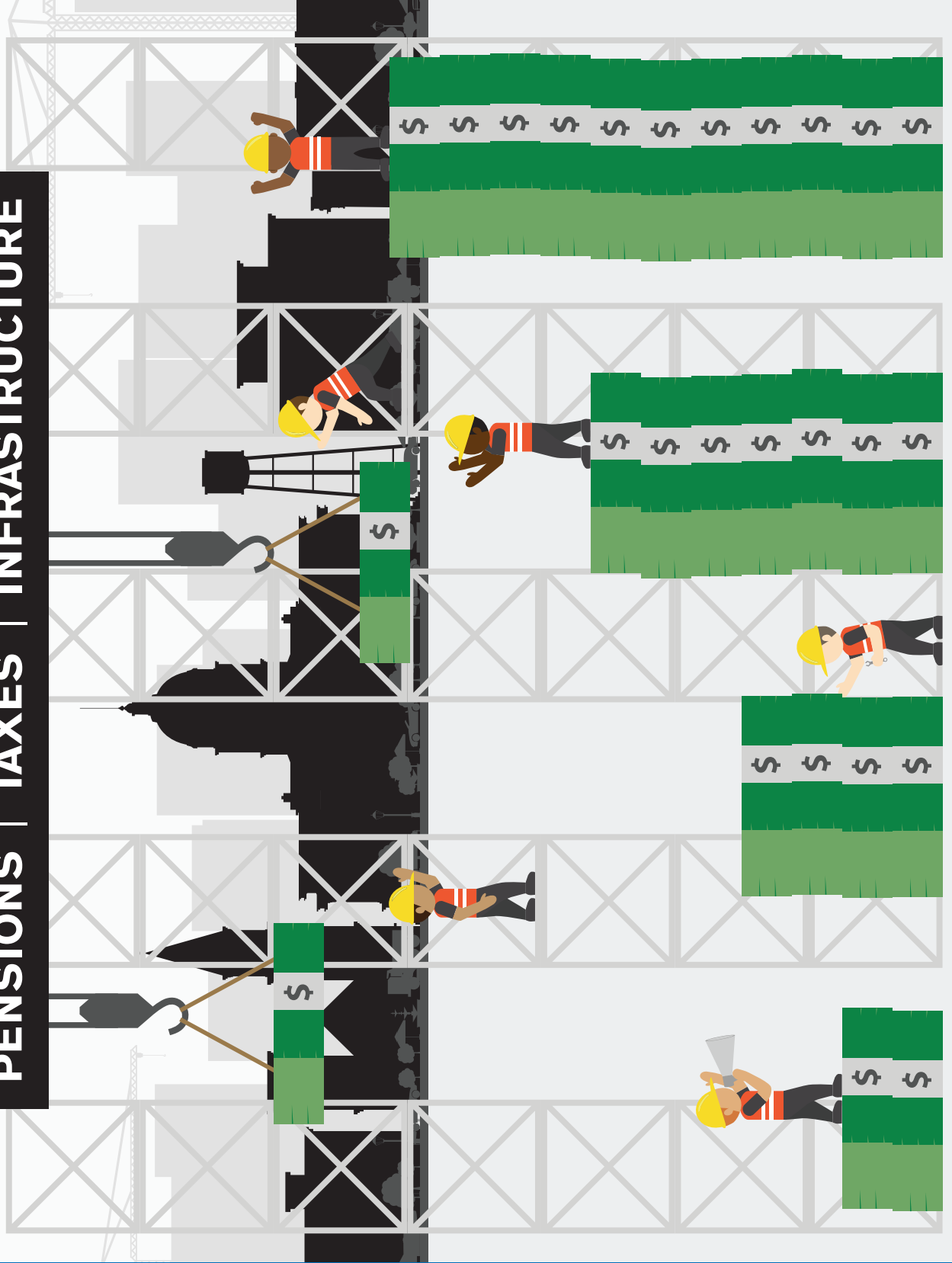
Signature HealthCARE
Spectrum Enterprise
Steptoe & Johnson PLLC
Stock Yards Bank and Trust
Sullivan University System
Sumitomo Electric Wiring Systems
Texas Roadhouse
Ultimate Software
United Bank and Trust Company
W. Rogers Company
WellCare Health Plans, Inc.
Westlake Chemical Corporation
Windstream Communications

Kentucky Chamber
NEWS

JULY 2017

COSTS TO THE COMMONWEALTH

PENSIONS | TAXES | INFRASTRUCTURE



12th Annual
**BUSINESS ANNUAL
SUMMIT MEETING**

presented by
**BINGHAM
GREENEBAUM
DOLL** BGD
LLP

July 20-21, 2017 | Galt House Hotel | Louisville

Covering Politics in the Trump Era

Annual Meeting

July 20, 2017 | 5 p.m. Reception | 6:30 p.m. Dinner



Mark Halperin

Producer, Author and
Political Analyst



MODERATOR
Scott Jennings

Co-founder and Partner,
RunSwitch PR



Carl Bernstein

Pulitzer Prize Winner, Journalist,
Author and Political Analyst

Learn more or register at kychamber.com/businesssummit