

# A New Agenda for Kentucky

1  
EDUCATION  
AND  
WORKFORCE

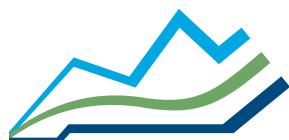
2  
GOVERNMENT  
MODERNIZATION

3  
HEALTH  
AND  
WELLNESS

4  
COMPETITIVE  
KENTUCKY

5  
ENERGY  
AND  
ENVIRONMENT

2010 LEGISLATIVE PRIORITIES FOR KENTUCKY BUSINESS



**Kentucky Chamber**  
*Uniting Business. Advancing Kentucky.*

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**Kentucky Chamber**  
*Uniting Business. Advancing Kentucky.*

## 2010 KENTUCKY CHAMBER LEGISLATIVE PRIORITIES

Each year, the Kentucky Chamber's six policy committees meet over the summer to research and analyze issues important to the business community. From this exercise comes our Kentucky Business Agenda, "A New Agenda for Kentucky." This detailed policy document guides our lobbying efforts in Frankfort and Washington, D.C. This year, the Kentucky Chamber government affairs team's primary focus will be:

### 5 GOALS TO TRANSFORM KENTUCKY

#### 1 Improve the **educational attainment** level of Kentuckians.

- Promote Guaranteed Affordability Program (GAP) for college students.
- Develop and reward effective teachers.
- Increase the compulsory school-attendance age to 18.
- Improve academic achievement and performance.
- Improve adult education in Kentucky.
- Invest in early childhood education and development.
- Enhance workforce preparation.

#### 2 Modernize government at all levels.

- Prioritize state spending to invest in the future.
- Promote streamlining of government services.
- Advocate responsible state personnel policies.
- Support sustainable state debt levels.
- Create a culture of accountability.

#### 3 Promote **wellness** and healthy Kentuckians.

- Create a culture of wellness in public health programs.
- Promote policies to make employer-sponsored health plans affordable.
- Promote wellness education to improve the health of all citizens.
- Reduce smoking, obesity and other poor health choices.
- Promote personal choice and responsibility in health decisions.
- Increase the number of health professionals to improve access.

#### 4 Prepare Kentucky to successfully compete in the **global marketplace**.

- Increase the number of science, technology, engineering, and math (STEM) graduates.
- Promote a competitive tax code that encourages investment.
- Promote equitable civil justice system.
- Develop and maintain infrastructure.
- Entice business development
- Defend employers against government-imposed costs.

#### 5 Expand Kentucky's role as an **energy leader**.

- Promote sensible, cost-effective carbon management solutions.
- Utilize Kentucky coal as a key source of energy.
- Invest in clean technologies.
- Promote conservation and efficiency measures.
- Support biomass and alternative energy initiatives.

## FEDERAL AGENDA

As the federal government's role in funding state government and other far-reaching policies are debated in Washington, it is more important than ever to stay on top of this debate to inform and help prepare member companies to deal with these changes. Health care reforms, tax policies, environmental regulations and sweeping changes to labor laws have all been introduced and debated this year. The Chamber has weighed in on a number of issues with Kentucky's Congressional delegation, reached out to Congressional staff on a number of issues and traveled to Washington for face-to-face meetings. We also maintain our involvement in federal issues with coalition partners and our relationship with national business advocacy groups.



## Focus on federal priorities

In order to help foster a positive business environment to support job growth, the Kentucky Chamber supports the following federal priorities.

Support meaningful health care reform that:

- makes affordable coverage available.
- promotes personal responsibility and consumerism.
- encourages wellness and prevention.
- provides favorable tax treatment for employer-sponsored coverage.
- does not arbitrarily impose additional costs on business.
- does not create a government-run option.

Support sensible environmental policies that:

- support the use of renewable and alternative energy.
- will protect our nation's economic competitiveness.
- promote innovation and technology as a solution.
- recognize coal as an important part of our energy mix.
- will not place a disproportionate burden on Kentucky's economy.

Support labor laws that:

- protect secret ballot elections to form unions.
- maintain a company's ability to educate employees.
- do not include binding arbitration provisions.
- will not impose one-sided penalties.
- do not upend years of carefully balanced labor laws.

Support tax and budget policies that:

- recognize a balanced approach to investments and expenditures.
- do not place U.S. companies at a competitive disadvantage.
- promote job growth and investment.
- promote equity and ease of compliance.
- are equitable to all businesses regardless of size.

## SMALL BUSINESS AGENDA

Small businesses are responsible for the majority of job growth in the Commonwealth. The Chamber's Business Agenda recognizes the importance of small businesses to grow the Kentucky economy. Our issues are small business issues.



### COMMITTEE CHAIR

Tierra Kavanaugh Turner,  
CEO, TKT & Associates,  
Louisville

## Supporting small business

In order to help foster a positive business environment to support job growth, the Kentucky Chamber supports the following small business priorities.

- Strongly encourage education and workforce development
- Support equitable unemployment insurance policies
- Advocate workers' compensation laws that protect the rights of employers
- Promote an impartial civil justice system
- Protect against unfair labor laws
- Support meaningful health care reform
- Maintain a watchdog role in the regulatory process
- Oppose arbitrary wage and hour mandates
- Advocate fair tax treatment for small businesses
- Support entrepreneurial development and access to capital
- Oppose state and federal encroachment into free enterprise



**Small firms have generated  
64 percent of the net new  
jobs in the U.S. economy  
over the past 15 years.**

U.S. Small Business Administration

small business

Chamber policy statements that reflect small business issues will be noted with this symbol.

## ECONOMIC DEVELOPMENT

By promoting business recruitment, retention and expansion, the economic development committee seeks to increase Kentucky's competitiveness with our border and peer states. To achieve that goal, the committee is actively engaged in policy initiatives aimed at modernizing the economy, creating jobs and improving the quality of life for Kentuckians, among others.



### COMMITTEE CHAIR

Darrell Ishmael, Business Development Program Manager, East Kentucky Power Cooperative, Winchester



## Promote business recruitment and expansion efforts

It is critical that Kentucky be successful in its efforts to promote business recruitment as well as the retention and expansion of existing businesses. The cornerstones of our quest for higher wage jobs and economic expansion rest primarily in two areas: improving education and workforce development and ensuring Kentucky's laws and regulations are in step with our competitor states.

**More than 400 international companies have operations in the Bluegrass, employing over 76,000 people across the state.**

Kentucky Cabinet for Economic Development

To that end, the Kentucky Chamber will advocate for public policy innovations that serve to remove the Commonwealth's most glaring competitive disadvantages. We call on state leaders to eliminate unnecessary government-imposed costs of doing business and to enact legislation that fosters business growth and innovation.

### Promote Education and Workforce Development

Kentucky's economic well-being is inextricably linked to the education and skills of its citizens. The relationship between educational excellence and economic growth is more critical today than it has ever been. In our modern economy, competition comes from nations on the other side of the world, not just from our neighboring states.

Kentucky must be focused and relentless in its work to create a system of education that is truly world class. All Kentuckians have a role to play; none more important than the state's business community. It is the state's employers who face the competition everyday and who understand the limitations created by an under-educated workforce. They must become more involved, both at the school level and in policy deliberations. The Chamber supports streamlining workforce development programs to aid employers in this endeavor.

### Entice Business Development

The Kentucky Chamber supports incentive programs like those in House Bill 3 passed in the 2009 Special Session, designed to encourage the growth of high-wage jobs, long-term investment in strategically defined industry sectors

small business





and the promotion of small businesses. Further, the Chamber supports the enhancement of entrepreneurial development incentives to encourage innovation and competition in a global marketplace.

To ensure maximum effectiveness, accountability and continuity, the Chamber supports maintaining the public/private partnership board governance structure under which the Cabinet operates.

### Promote an Equitable Civil Justice System

The increasing cost of civil litigation, whether through small business legal fees, higher liability insurance premiums, defensive business practices or simply reduced investment opportunities, is a significant burden for Kentucky's employers. These costs are not only hurting businesses and their employees, but also consumers as they are passed on in the form of higher prices and fewer choices.

Kentucky must turn back the clock on expansion of employer civil liability. To stem the costly tide of an increasingly and unnecessarily litigious environment, the Kentucky Chamber supports reasonable limitations on civil liability and a constitutional change that would allow the General Assembly to enact caps on awards for non-economic damages. Additionally, Kentucky businesses should be permitted to challenge state statutes or appeal the actions of a state agency by filing suit in the Circuit Court in the county of the business. These

needed reforms will have a stabilizing influence on our tort system, making the state far more attractive to employers and potential employers alike.

### Enact Employee Choice

The Kentucky Chamber believes every worker is entitled to make his or her own determination regarding dues payments to unions. While every worker in Kentucky is guaranteed the right to join and pay dues to a union, the same is not true in many situations for workers who want to exercise the right not to participate. We believe that union membership should be a matter of personal choice and the freedom not to affiliate with a labor union is no less deserving of protection than the freedom to affiliate.

As Kentucky struggles to recruit new business and to retain existing and expanding businesses, Kentucky's failure to enact right-to-work legislation has allowed the Commonwealth to cede competitive ground to other states. In fact, Kentucky stands with West Virginia as the only two southern states not to have enacted right-to-work legislation. We strongly support legislation to prohibit requiring any worker to join a union as a condition of employment.

### Let Kentucky Vote on Expanded Gaming

The Kentucky Chamber believes that expanded gaming is a reasonable and appropriate policy measure to recoup the hundreds of

**Among racetracks with legalized alternative gaming as of November 2008, combined annual purses are forecast to increase by 45.5 percent by 2013, while combined annual purses at racetracks without legalized alternative gaming are expected to decline by 11.9 percent by 2013.**

Thoroughbred Racing Association



**The top five counties  
(Jefferson, Fayette,  
Christian, Boone, and  
Kenton) accounted for  
almost 51% of Kentucky's  
total GDP and over 31%  
of the state's population.**

Kentucky Cabinet for Economic Development

millions of dollars being lost annually to casino gaming in neighboring states. Such a move would also help ensure the economic competitiveness of Kentucky's signature equine industry and provide additional revenue for high-yield public investments like education.

To let Kentuckians decide whether to allow expanded gaming in the Commonwealth, the General Assembly should put a constitutional amendment on the ballot. Such an amendment should authorize the General Assembly to establish the structure under which casinos would be operated by the state's racetracks along with a limited number of licenses allocated to ensure an effective geographical and market-based distribution.

### **Developing Employment Opportunities**

As the Commonwealth debates policies designed to address the needs of the working poor, the Chamber supports innovative approaches that create individual and employer based incentives that encourage and reward work for low income individuals.

small business

This should be done while providing support to employers willing to take risks when hiring those with limited basic job skills or other disadvantages that serve to make them difficult to employ. Only by investigating the impact of these innovations through a combined approach can we hope to achieve our goals of

more Kentuckians working and higher productivity for Kentucky employers.

### **Developing and Maintaining Infrastructure**

Kentucky must realize that our global competitors are building infrastructure at an impressive rate. To take advantage of global business opportunities and improve the ability of Kentucky companies to compete, we must place a great emphasis on building and maintaining our state's infrastructure. Our focus must include energy, water, sewer, broadband and transportation systems.

### **Develop Pro-Business Energy Strategies**

Kentucky's low energy costs are among our most compelling competitive advantages. Low utility rates attract jobs and investment to the Commonwealth and help offset our less competitive business elements. In 2007, Kentucky took a bold step by providing incentives to build new energy sources that utilize our resources in a clean and efficient manner. To sustain, stabilize and improve upon our favorable energy climate, the Kentucky Chamber encourages policy-makers to continue to maximizing our state's opportunities for long-term growth and development while preserving Kentucky's low energy costs.

### **Expand Telecommunications and Broadband Infrastructure**

The Internet is now one of the most important components of the modern economy. In today's globally competitive environment, the





Internet allows businesses to improve productivity by communicating through e-mail, promoting products online and more efficiently ordering supplies, taking orders, billing customers and receiving payments.

Unfortunately, the costs associated with deploying broadband in less populated areas have served to discourage deployment throughout the entire state, creating both a disincentive for companies to locate in underserved areas and an uneven playing field for existing businesses. The Kentucky Chamber supports the continued efforts of the General Assembly to encourage broadband expansion and deployment.

### **Construct and Maintain Transportation Investments**

A dependable transportation network is necessary for the safe and efficient movement of individuals and freight statewide. It is a key factor in business location because good transportation infrastructure provides companies a means to move goods and services in a cost-

effective manner. The Kentucky Chamber supports the efforts of the Kentucky General Assembly to work toward developing and maintaining a statewide transportation system adequate for the current and future needs of the Commonwealth. We believe, in order to achieve this goal, that policy-makers must protect the integrity of the dedicated road fund by refusing to divert road funds to pay for what should be general fund obligations.

### **Promote Kentucky's Equine Industry**

Kentucky's equine industry is world renowned, with more than a \$4 billion impact to Kentucky's economy and is responsible for more than 80,000-100,000 full-time equivalent jobs in our state. Because of the substantial economic impact the industry has, the Kentucky Chamber supports programs that will encourage and enhance the future growth of Kentucky's signature industry. These include innovative tax approaches, additional gaming options at racetracks, purse increases and other initiatives that help maintain our competitive advantage.

**Kentucky exported over \$19.09 billion of goods during 2008, ranking 23rd among the 50 states and the District of Columbia in total exports.**

**Kentucky Cabinet for Economic Development**

## EDUCATION

Kentucky's economic viability is directly linked to the education and skills of its citizens. The Kentucky Chamber believes that education at all levels must be responsive to the needs of employers and all students – children and adults. With a focus on lifelong learning, the education and workforce council works to ensure that Kentucky's economy inherits a prepared, productive and diverse workforce. The council develops policies to support and improve education at all levels.



### COMMITTEE CHAIR

Kelly Swartz,  
Site President and  
Regional Director,  
Citi-Florence



**America would save more than \$17 billion in Medicaid and expenditures for health care for the uninsured by graduating all students.**

Alliance for Excellent Education

#### tough choices

Chamber policy statements that embody the Tough Choices ideas will be noted with this symbol.

## Improving education at all levels

Kentucky's economic viability is directly linked to the education and skills of its citizens. The Commonwealth must recognize that the relationship between workforce capability and economic growth is fundamental and critical, particularly as Kentucky and the nation face increasing competition from around the world. The Kentucky Chamber of Commerce believes that education at all levels must be responsive to the needs of employers and all students — both children and adults.

The Commonwealth must reinforce the relationship between funding, expectations for high student achievement and accountability at all levels of education—from early childhood through postsecondary and adult. Accountability is the foundation for Kentucky's system of education. The state must continually measure its progress toward specific goals to ensure a successful future for Kentucky and its citizens and accountability for taxpayers.

To ensure that Kentucky is fully competitive for federal education funds, state policymakers should explore available changes to laws and regulations, if needed, that would focus on adopting internationally benchmarked standards, improving the recruitment, retention, and rewarding of educators, the creation of charter schools, improving data collection

and turning around the lowest-performing schools.

To help Kentucky increase the level of student achievement and compete globally, the Kentucky Chamber encourages Kentucky's school systems to implement elements of Tough Choices or Tough Times: The Report of the New Commission on the Skills of the American Workforce. The report, sponsored by The National Center on Education and the Economy, proposes a dramatic restructuring of all aspects of the nation's education system including recruiting teachers from the top third of high school graduates going on to college, allowing academically prepared students to graduate from high school in fewer years and implementing standards and assessments reflective of today's business needs.



## POSTSECONDARY

### Maintain 2007 Task Force Report

The Kentucky Chamber's 2007 Postsecondary Education Task Force report underpins an aggressive, ongoing policy agenda. It is time to build on the structural changes and goals embodied in the 1997 Higher Education Reforms and create a new commitment that funds enhanced accountability and supports a seamless, efficient system of learning and teaching. The Chamber's 2009 progress report points to the need to accelerate improvements in Kentucky's postsecondary education system.

### Make Higher Education Affordable

Making sure that postsecondary education is affordable for Kentucky students should be a priority for the Commonwealth. The Chamber advocates a shared responsibility model, the Guaranteed Access Program (GAP) that would simplify the state's financial assistance process. Under the GAP approach, the cost of postsecondary education would be shared among students, families, postsecondary institutions and the government.

### Create a Seamless Education Experience

A student's progress through the education system depends on how well he or she is prepared at each level to succeed at the next. Too often, a lack of communication, collaboration and coordination among the levels of education creates obstacles for students. The Chamber commends the Kentucky General

Assembly for passing Senate Bill 1 in the 2009 legislative session which focused on these issues. Much work is still to be done as the various departments and workgroups develop new standards and tests to better educate the state's children. The Chamber acknowledges the importance of the implementation process and urges those involved to ensure the new structure results in the creation of a seamless education experience for students, beginning with preschool and continuing through postsecondary graduation and/or workforce preparation.

### Reduce Time to Degree

The Kentucky Chamber supports efforts among small business policymakers and postsecondary education institutions to shorten the time required to obtain an associate and bachelor's degree, while maintaining academically rigorous and focused programs. Kentuckians need efficient and affordable postsecondary education while employers need qualified applicants. Both should have their needs met in a timely manner. The Chamber supports programs aimed at reducing the need for remediation for students entering postsecondary education institutions, improving credit transfer policies and providing incentives for students to graduate on time.

### Reinvest in the Research Challenge Trust Fund

The Commonwealth's landmark Research Challenge Trust Fund ("Bucks for Brains")



**If the students who dropped out of the Class of 2008 had graduated, the state's economy would have benefited from an additional \$4.2 billion in income over their lifetimes, higher tax receipts and higher levels of worker productivity.**

*Alliance for Excellent Education*

has been used to attract world-class researchers and professors to Kentucky universities. The Kentucky Chamber encourages lawmakers to continue the trust fund or to devise a similar program that would provide matching dollars to give universities flexibility, with accountability, to ensure that they can attract research faculty and provide up-to-date facilities, technology or other tools they need to succeed in meeting the expectations of the 1997 postsecondary education reforms.

### **Grant Universities Bonding Authority**

Currently, 43 states allow public universities to issue their own revenue bonds to finance building projects that generate income sufficient to cover the debt service. To the extent that such an approach would not negatively impact the Commonwealth's state bond rating, the Kentucky Chamber believes a similar approach should be implemented in Kentucky with structural safeguards and oversight that ensure projects are consistent with the state's vision for postsecondary education.

### **ACCOUNTABILITY AND ACHIEVEMENT Require Education Accountability**

Individuals and institutions should be held accountable for student achievement through a series of performance measures that will help gauge teacher, student and administrator performance. The Chamber further believes that efforts to build stronger schools, and thereby

enhance the state's economic prosperity, should include end-of-course examinations for students, holding educators accountable for student success and holding postsecondary institutions accountable for the preparation of high quality teachers.

### **Improve Academic Achievement and Performance**

Students at all levels should be challenged even as they are provided the environment and instruction they need to succeed. Improving academic achievement of all students by encouraging rigorous courses, tying student grades to their progress on state standards and regularly assessing performance is critical for continuous improvement.

At the high-school level, financial rewards — in particular the Kentucky Educational Excellence Scholarship — should be weighted to provide students with greater incentives to take more rigorous courses. Under current law, a student can score a 15 on the ACT and still receive KEES Scholarship funds. The Chamber supports raising this score to more accurately reflect the minimum score needed for admission to Kentucky's postsecondary institutions.

At the postsecondary level, ensuring timely degree completion is a key strategy in managing limited state and student resources. Policymakers should review factors that might delay a student's degree progress, and develop strategies and incentives leading to measureable reductions in time-to-degree.

tough choices

tough choices





Additionally, the Chamber believes that policy-makers should support a range of strategies to improve student transfer of course credits among Kentucky's postsecondary institutions including expanded financial aid opportunities for adult and part-time learners, better outreach and improved advising services, more flexible course delivery targeted to adult learners, better pathways between technical and applied four-year programs and performance-based institutional rewards for improved transfer rates and reduced incidence of remediation.

## EARLY CHILDHOOD EDUCATION

### Invest in Early Childhood Education

Kentucky must invest in early childhood education and development. Ensuring a successful beginning for Kentucky's students will require an innovative, increased investment in preschool and efforts to fully fund all-day kindergarten equitably statewide. In addition, the Chamber supports greater investment in health screenings and enhanced child care programs for Kentucky's developing youth.

## ELEMENTARY AND SECONDARY

### Reduce the Dropout Rate

Higher education attainment is the foundation of accelerating economic growth. In 2008, 6,489 students in the state dropped out, and nearly 26% of adults in Kentucky have less than a high-school education. The Kentucky Chamber supports raising Kentucky's compulsory school-attendance age to 18 and the development of alternative learning tracks

and learning environments that will assist students who are struggling in the standard high-school setting to complete a high-school degree and to matriculate toward certificate and postsecondary degree programs.

### Develop and Reward Effective Educators

Quality teaching is the single most important factor in students' academic success. To ensure every Kentucky student has a high quality teacher every year, the Kentucky Chamber believes the state should undertake a formal statewide policy review of the effectiveness of teacher preparation programs and require providers to redesign professional development programs to better meet the needs of classroom teachers.

Policymakers must professionalize the teacher compensation system to reward excellence and provide incentives to attract educators to underserved areas (both geographic and subject matter).

**Require Collaboration on Principal Hiring**  
Because superintendents are held accountable for the performance of individual schools and entire districts, they must have the authority to make or participate in critical personnel decisions. The Chamber supports measures that would allow the superintendent to remove the leadership of a consistently low-performing school. Similarly, school councils have an appropriate role to play in the hiring of school principals. To achieve both these goals, the Kentucky Chamber supports requiring



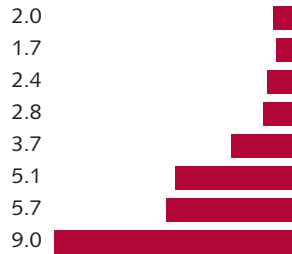
**High-quality early childhood education is one of the best investments a nation can make in its young people.**

**Tough Choices or Tough Times**





2008 Unemployment Rate

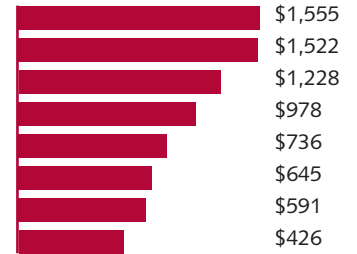


Source: Bureau of Labor Statistics, Current Population Survey

## EDUCATION PAYS

Doctoral degree  
Professional degree  
Master's degree  
Bachelor's degree  
Associate degree  
Some college, no degree  
High school graduate  
Less than a high school diploma

2008 Median Weekly Earnings



school councils and superintendents to collaborate on the hiring of principals.

### Improving School Safety

The Kentucky Chamber supports measures to improve school safety through more effective employee screening and other measures to protect and safeguard school buildings and offices.

## ADULT AND WORKFORCE

### Enhancing Workforce Preparation

The Kentucky Chamber supports the widespread use of industry-based credentials to establish uniform standards in workforce preparation. Students who pursue technical training instead of a college education should be eligible for financial awards of all types. The Chamber supports redesigning postsecondary financial aid programs to assist working adults, and full implementation of the new state initiative to assess middle and high school students to provide career guidance to ensure their college, technical school and/or workplace readiness.

The Commonwealth must expand employer and community involvement through efforts that help Kentuckians understand the need to improve schools, develop strategies for enhanced parent involvement in schools and en-

gage business representatives in a regular review of state academic standards. The Chamber encourages the General Assembly to create incentives for Kentucky's employers to support and encourage involvement in all facets of the ongoing task of improving public education in Kentucky.

Further, the Chamber supports tougher penalties on truant students because the tendency for a weak or strong work ethic is often apparent in a student's attendance record.

### Improve Adult Education System

Fully 80% of Kentucky's adults who receive a GED instead of a high-school diploma are not prepared for postsecondary education or training. Kentucky must develop new standards and expectations in line with the GED 2012 National Test that will reflect the expanded rigor and relevance expected in a high-school diploma. It is critical that Kentucky's Adult Education programs collaborate with employers, local community colleges and technical schools to help ensure quality learning experiences for those working toward a GED. Additionally, there should be improved and expanded financial aid opportunities for working adults who need assistance for additional technical training and postsecondary education.

## ENVIRONMENT

The environmental committee seeks to achieve environmental protection without unnecessarily hindering economic development and business growth. The committee supports legislative and administrative actions that are scientifically valid, technically feasible and economically rational.



**COMMITTEE CHAIR**  
Tim Hagerty, Attorney,  
Frost Brown Todd,  
Louisville

## Scientifically valid, economically rational energy initiatives

The Kentucky Chamber of Commerce believes economic growth, energy independence and environmental protection are compatible and complementary goals. We recognize that legitimate uses of the environment should be protected and that business activities may affect environmental quality. To achieve rational regulatory objectives, the Chamber encourages legislative and administrative actions that satisfy the following criteria:

**Scientific Validity:** The need for government action should be established on the basis of objective information on which meaningful consensus can be achieved. Such information should demonstrate that any proposed action would result in the avoidance of environmental harms or the creation of environmental benefits.

**Technical Feasibility:** To achieve the true objective of environmental regulation, information on technologies for compliance must be made readily available to those required to take action well within the time provided by government mandates.

**Economic Rationality:** Government action and requirements for compliance should con-

sider the ability of business to operate profitably within the confines of any legal framework. Also, state government, utilities and businesses should work hand-in-hand to maintain a process to balance ratepayers' desires for competitive rates, to incentivize energy production innovations and clean coal technologies, and to encourage energy efficiency opportunities.

### Strive for Energy Independence and a Pro-Energy Economic Policy

The Kentucky Chamber is encouraged by the General Assembly's recent efforts to foster Kentucky's energy independence. The Chamber recognizes energy conservation and efficiency as high-priority energy strategies. The Chamber strongly supports incentives for



Through May 2009,  
Kentucky's electricity rates  
were the third lowest in  
the country with an average  
price of 6.4 cents per kilo-  
watt-hour.

State Energy Profiles, Energy Information  
Administration



**Kentucky is the third largest coal-producing state in the country, producing 119.8 million tons of coal in 2008 alone.**

U.S. Department of Energy

businesses that go beyond existing environmental standards and for those who are proactive in promoting conservation and efficiency. State government should join with business to find creative solutions to help reduce the upfront costs associated with implementing conservation and efficiency measures. The Kentucky Chamber also supports the utilization of Kentucky's abundant coal resources to provide much needed electric power. We also support biomass initiatives, the development of alternative energy sources, and capital investment in Kentucky's energy infrastructure. With new pollution control technologies and other innovations, more energy development is possible while protecting Kentucky's environment.

#### **Promote Sensible State and Local Environmental Regulation**

The Kentucky Chamber small business believes that federal standards provide appropriate protection for human health and the environment. The Chamber opposes the adoption of more stringent state and local programs that would adversely affect Kentucky's ability to remain competitive in the global economy. When state and local governments engage in significant revisions of their environmental regulations, we strongly encourage the use of a stakeholder process for development of these programs. Any resulting regulatory frame-

work must be based on sound science and be both economically rational and technically feasible to achieve the laudable objective of a cleaner environment. Uniformity between federal, state and local programs helps save businesses valuable resources in compliance procedures. The Chamber opposes local government authority to enforce federal and state environmental requirements. To the extent that regulatory programs already exist at the local level, it is incumbent upon the local agency to administer a meaningful appeals process to provide adequate consideration of disputed issues prior to civil court action.

#### **Maintain the Reductions in Permit Backlogs**

The Kentucky Chamber supports innovative approaches to continue the reductions in permitting backlogs and to further improve the permitting process. In today's rapidly changing business environment, quick action on permit applications is critical to keeping Kentucky business competitive. Access to permit review staff for meetings and assistance is especially important for project planning purposes but is difficult to obtain when staff are overburdened reviewing pending applications. Backlogs have been reduced over the last two years, and the Chamber urges continued vigilance to maintain these improvements as well as measures to further shorten the response time for issuance of permits.

The Chamber encourages creative solutions to increase staffing (including use of consultants).

### **Expanded Recycling Incentives and Opportunities**

The Kentucky Chamber fully supports expanding voluntary recycling initiatives as a way for businesses to help the environment. In contrast to other states, many areas of Kentucky lack the facilities and equipment to recycle materials from local businesses.

Encouraging and supporting public private partnerships could increase recycling opportunities statewide. The Kentucky Chamber believes that expanded recycling opportunities and incentives are not only good for the environment of the Commonwealth, they can be good for business.

### **Promote Brownfield Redevelopment**

The Kentucky Chamber strongly supports efforts among policymakers, business leaders and local communities to encourage redevelopment of the state's many brownfield sites. The Voluntary Environmental Remediation Program (VERP) represents an environmentally sound approach to bring these sites back into productive use. The Chamber also believes the transfer of the program to the Division of Compliance Assistance furthers the goals of brownfield legislation. Recent regulatory progress notwithstanding, cost continues

to be a considerable obstacle to urban renewal and infill development. The Chamber supports legislation that provides tax incentives, low-interest loans or grants and opportunities for federal matching funds for those willing to invest in returning Kentucky's brownfields to productive use.

### **Improve the Environmental Leadership Program**

The Kentucky Chamber supports the continued development of the environmental leadership program for Kentucky industry, known as KY EXCEL. A program that rewards companies for their environmental leadership in pollution prevention, emissions reductions, and environmental management systems is of great benefit to Kentucky's business community and all of the Commonwealth's citizens. To be successful, the program needs improvements in tangible benefits for environmental leaders. Improvements would include providing tax incentives, giving leaders priority in permit application processing, reducing the frequency of inspections, and allowing greater flexibility in addressing any noncompliance issues that may arise.

### **Promote Uniform Enforcement**

The Kentucky Chamber supports efforts by the Energy and Environment Cabinet to ensure existing environmental laws and regulations are

small business

**Coal was the primary fuel for 93 percent of all the electricity produced in Kentucky.**

*American Coalition for Clean Coal Electricity*



## Kentucky is the fifth largest hydroelectric power producer east of the Mississippi River.

State Energy Profiles, Energy Information Administration

applied and enforced in a consistent, non-discriminatory manner at both public and private facilities.

### Reform Notice of Violation (NOV) Procedures

Current administrative enforcement procedures allow little flexibility or discretion on the part of inspectors. Generally, any and all violations of existing regulations and requirements result in the immediate issuance of a “notice of violation.” With the exception of immediate threats to health, safety or the environment, inspectors should have an alternative to issuing an NOV for non-compliance, as well as for a waiver of fines for first-time offenders. There is currently no end date for punitive administrative action stemming from an NOV. The Kentucky Chamber urges the General Assembly to place reasonable time limits on punitive action following the issuance of NOVs by state agencies.

### Climate Change/Carbon-Management

The Kentucky Chamber supports the use of renew-

small business

able and alternative energy sources to foster energy independence and economic growth, and does not oppose the concept of federal climate change legislation in principle. The Kentucky Chamber will continue to evaluate the merits of any carbon-management legislation on a case-by-case basis.

However, we continue to recognize the vital importance of Kentucky’s coal resources and the impact those resources have on the economy of the Commonwealth. The Kentucky Chamber believes that a comprehensive national energy policy should focus on investing in energy production innovations along with clean coal technologies and avoid arbitrary mandates and punitive policies that would serve to drive up costs and stifle innovation and place citizens and businesses of Kentucky at a distinct economic disadvantage with neighboring states. Climate change policies that allow technology to spur energy innovation would continue to protect the economy of the Commonwealth, while securing our nation’s economic and energy futures.



## FISCAL POLICY

The fiscal policy committee supports state income and expenditure practices that promote long-term economic growth in Kentucky. Tax policy, the state budget and government efficiency are among the focuses of the committee.



### COMMITTEE CHAIR

Dan Bork, Vice President –  
Tax, Lexmark  
International, Lexington

## Maximize competitive potential in the global marketplace

The Kentucky Chamber of Commerce believes that promoting long-term economic development and job growth should be a top consideration when state revenue policies are adopted. Tax policies must be guided by a well-researched, balanced approach that provides for necessary public investments and expenditures while avoiding policies that could serve as disincentives to private-sector employment and investment.

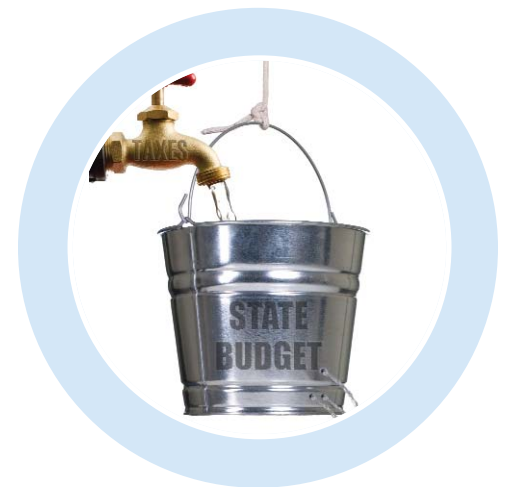
In short, Kentucky should seek to maximize its competitive potential in the global marketplace. Taxes levied on the business community should, at a minimum, incorporate the principles of fairness, competitiveness and simplicity and avoid double-taxation or pyramiding.

Taxpayers deserve a culture of accountability within state government to ensure the expenditure of public funds is administered as efficiently and effectively as possible. The Kentucky Chamber believes effective, efficient operation of state government is necessary to maintain an attractive business climate. Sound fiscal management, including measurable performance standards, fiscally responsible personnel policies and a streamlined, responsive structure must be components of efficient public operations.

### Prioritize Government Spending

In the past 20 years, Kentucky's General Fund appropriations have increased almost three-fold—from \$6.5 billion in FY 1986-88 to \$18.5 billion in FY 2008-10.

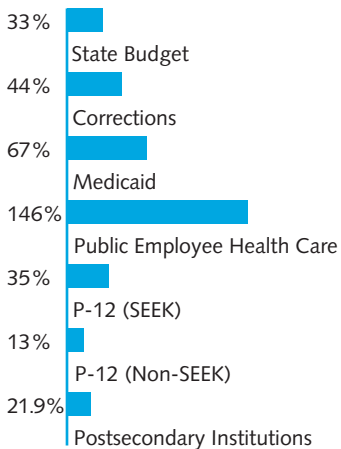
Despite the fact that tax revenue is growing with our economy, our state's spending priorities are shifting. Over the past 20 years, the share of the General Fund dedicated to K-12 and postsecondary education has been declining while significant spending growth has occurred in Medicaid, corrections and public employee benefit costs. Medicaid's share of the General Fund has doubled in the past 20 years, from 6.5% in FY 1986-88 to over 13% in the current fiscal year. Corrections spending has skyrocketed; in FY 1987-88, the total Corrections budget was \$115.7 million. By



**Kentucky's business climate ranks 20th best when compared to other states; however, Kentucky's corporate tax ranking is 42nd and the unemployment insurance ranking is 36th according to the Tax Foundation.**



## CHANGING PRIORITIES



2000-2010 Spending Growth

**Medicaid's share of the General Fund has doubled in the past 20 years, from 6.5% in FY 1986-88 to over 13% in the current fiscal year.**

FY 2010, it had almost quadrupled to \$464.8 million. Public employee benefit costs are up 146% over the last decade.

Consideration of new or increased taxes or fees should occur only after exhausting all reasonable opportunities to reduce spending and increase efficiency. Streamlining services, consolidating departments, eliminating ineffective programs, initiating responsible personnel compensation and benefit policies and other efforts to maximize the performance of public funds are examples of such fiscally responsible public operations.

The Kentucky Chamber believes achieving a fiscally responsible state budget that promotes economic development will require a significant review of current spending trends and a shift in funding to our priorities of education and economic development. If not, we will continue to bear the high costs through unsustainable increases to treat poverty, crime and poor health. Programs that contribute to unsustainable growth in General Fund obligations should not be permitted to unduly consume tax dollars that could otherwise be invested in basic public priorities such as education and economic development.

### Sustainable Public Employee Benefits

As public retirement and health care costs escalate, they are draining money away from such vital programs as education, and their continued increases put essential services at risk at both the state and local levels. State

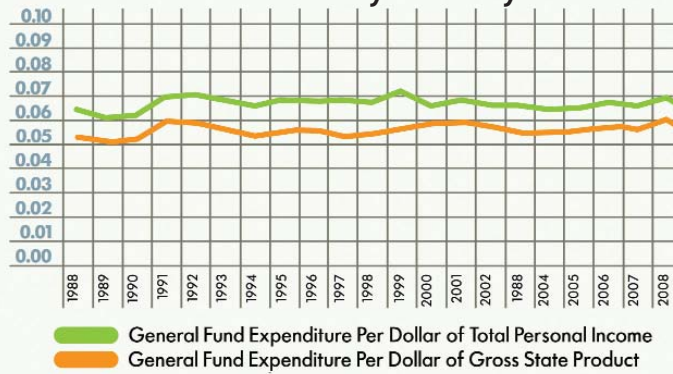
government now pays more than \$1.2 billion a year for health insurance for public employees, and these costs have been growing at a higher rate than inflation. K-12 funding, especially any new money, is being consumed by the cost of teacher salaries, health insurance and retirement costs.

As the General Assembly works to meet its obligations to public employees, it will become clear that additional changes to health and retirement benefits will be needed. Additional meaningful reform must take into consideration issues that private employers have addressed, including changes to eligibility requirements, pension benefits and health care benefits.

### Eliminate the Inventory Tax

Personal property taxes on inventory are a disincentive to business growth because they tax the investment itself rather than the outcome or profit from that investment. Additionally, some types of inventory are exempt by law or enjoy exemption because of location, while other similar business inventory does not receive the same treatment. While taxing products as they are sold is a widely accepted form of state revenue generation, taxing products in inventory because they have yet to be sold is simply counterproductive, especially when unequal tax treatment exists. To bring Kentucky into alignment with most other states, the Kentucky Chamber supports repealing or phasing out the remaining property tax on business inventory.

### State Government Budget as a Share of the Kentucky Economy



### Competitive Business Taxes

The Kentucky General Assembly has made great strides in the last few years to improve the overall tax code in the Commonwealth, particularly making business taxes more competitive.

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The Chamber supports continued efforts to closely monitor the impact of Kentucky's tax code on business and industry and to take action when necessary to ensure Kentucky remains competitive with our surrounding states. Specifically, the Chamber is concerned about the effects of the Limited Liability Entity Tax (LLET) and the lack of ability to offset pass-through credits against taxes on income from other businesses and other years. The Chamber is also concerned about the impact on economic development due to the trend in other states to move to a single sales factor apportionment formula – 10 states have adopted this in the past five years. The Chamber supports additional efforts to adjust our tax code to encourage economic development and entrepreneurial investment in Kentucky.

### Sustainable Debt Levels

The future of Kentucky's finances depends in large measure on its ability to manage debt in a way that is disciplined and effective. Borrowing for long-term capital projects of broadly recognized economic and social value is an appropriate use of public debt. However, debt must be limited to a level that is sustainable and does not adversely impact the overall credit rating of the Commonwealth.

In recent years, Kentucky has turned increasingly to issuing bonds to sustain the growth in government spending. Total state and local debt in Kentucky measures more than \$7,770 for each of the state's 4.2 million people. This is more than \$400 above the national average and places Kentucky 14th in government debt per capita. The Chamber believes the level of state debt should be closely monitored. Projects that have a related revenue stream or can create budgetary savings should receive priority consideration, and every project considered for financing should have a defined, supportable plan for repaying the debt service.

Education's share of General Fund appropriations has been declining over the last 20 years, from a high of 48.2% in FY 1986-88 to 43.8% in the current fiscal year.

## HEALTH CARE

Rising health care costs have become a significant fiscal threat to Kentucky's businesses. The health care committee is focused on developing comprehensive, long-term solutions to help slow the growth of health care costs in Kentucky.



### COMMITTEE CHAIR

Robert Slaton,  
Georgetown

## Promoting health and wellness to Kentucky citizens

There is a growing sense of crisis in the business community about the unsustainable upward trend of health care costs, particularly for small businesses. If the present course of the health care system remains unchanged, employers will be increasingly forced to consider such undesirable cost-containment strategies as reducing employee benefits, shifting more and more costs to employees, dropping coverage altogether or increasing consumer prices to recoup their higher costs.

### Support Meaningful Health Care Reform

The Kentucky Chamber supports meaningful health care reform at the national and state levels that will make affordable coverage available to ensure private employers are able to continue to provide health coverage for their employees. Meaningful reforms must include personal accountability and consumerism, incentives to encourage prevention and wellness, expanded availability of affordable, mandate-free health policies, portability of these plans and innovative changes to current public programs that stress results-based managed care.

The Chamber supports the current tax structure, which encourages employer-sponsored care and opposes any change that would add more cost to employees or employers by taxing

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health benefits. Health reform should not artificially shift costs to employers by a greater reliance on public plans, which reimburse health providers at artificially low rates, nor should it include new employer mandates that raise the cost of doing business.

### Promote Wellness for all Citizens

Collectively, Kentucky is one of the nation's unhealthiest populations. The Commonwealth consistently ranks at or near the top of the list in smoking rates, obesity levels and a host of other poor health indicators. Naturally, the costs of treating disease and illness in Kentucky have also risen to meet the higher demand for health care services in our state.

To reverse the culture of poor health in Kentucky and promote an underutilized health care

According to the Wellness Council of America, a \$1 investment in wellness programs can save \$3 in health care costs.

cost control measure, the Kentucky Chamber supports legislation that provides incentives for the creation of wellness programs, whereby businesses educate and encourage their employees to engage in healthy lifestyles and other preventive care measures.

The Chamber also supports government programs and policies that help provide education and assistance for companies, organizations and individuals to promote health and wellness throughout Kentucky. These efforts should focus on encouraging a level of personal responsibility for one's health and on a balanced approach that educates children in schools about healthy eating habits and physical activity as a way to avoid the disastrous consequences of childhood obesity. Childhood obesity is particularly troubling because the extra pounds often start kids on the path to health problems that were once confined to adults, such as diabetes, high blood pressure and high cholesterol.

### **Reduce Smoking in the Commonwealth**

According to the U.S. Centers for Disease Control and Prevention, Kentucky leads the nation in the number of adult smokers (28.6%). The situation is not improving with our youth – Kentucky is second in the nation in smoking prevalence among both middle and high school students. Smoking-attributable health expenditures are estimated at more than \$1.1 billion annually in Kentucky, and the smoking-attributable economic productivity loss in Kentucky is estimated at more than \$2 billion each year.

While the Chamber is not typically supportive of policies that focus on a particular business or industry disproportionately, the body of evidence on smoking and its negative impact on public health and the economy are too significant to ignore.

The business community believes it is time for our leaders to change Kentucky's public policies with regard to smoking. The General Assembly should amend the law that treats smoking as a protected civil right and afford private employers the same option that state government utilizes. Employers should have the right to assess higher premiums for smokers, and insurers should have the ability to rate the health care for smokers differently from non-smokers based on actuarial data. This will encourage employers to offer tools to help employees quit. Additionally, educating children and the public on the health hazards of smoking and second-hand smoke should be a priority, and public policies that discourage smoking should be adopted.

### **Increase the Number of Health Care Professionals in Kentucky**

Many areas of Kentucky are underserved by health care professionals – contributing to poor access and higher medical costs for Kentucky's citizens. More than two-thirds of Kentucky's 120 counties have been officially designated as health professional shortage areas (HPSA) for primary care by the Health Resources and Services Administration (HRSA). In addition, Kentucky lacks suffi-



**Although an estimated 285,000 Kentucky Medicaid recipients are smokers, Kentucky is one of only five states that do provide a comprehensive smoking cessation program as part of the Medicaid program.**





**Annually, Medicaid and Medicare costs exceed \$1.2 billion for treatment of Kentuckians suffering smoking-related diseases and conditions.**

**Cabinet for Health and Family Services**

cient numbers of physician specialists, nurses, pharmacists, dentists, mental health professionals and allied health personnel. This lack of skilled professionals contributes to fewer regular check-ups, poorer health, and higher costs to the medical system over the long term. Kentucky's aging population makes this a particularly critical issue.

To help reverse this disturbing trend, the Kentucky Chamber supports a comprehensive state strategy to increase the number of medical professionals trained in Kentucky as well as innovative approaches to encourage them to practice here. This strategy should ensure that our postsecondary education institutions providing medical training are adequately funded, held accountable for increasing enrollment and encouraged to explore the development of economic incentives as well as expanded tuition assistance and loan repayment programs that would include a requirement to practice in Kentucky for a set period of time. Additional incentives should be available for underserved counties and regions based on the particular need of each area. As is the case for higher education, lack of affordable training should not be a deterrent for talented students to enter the medical profession.

#### **Promote Informed Consumerism**

Consumers need access to information about the cost of health care and the quality of services provided to make informed and cost-con-

scious choices when selecting a health care provider. The Kentucky General Assembly made great strides in 2008 by passing the Chamber-led transparency initiative, which requires the Cabinet for Health and Family Services to launch a transparency program that makes permanent the reporting to consumers of health care costs, quality indicators and results.

Without this effort, such information is almost entirely absent from today's health care marketplace, preventing Kentuckians from making informed choices when they purchase health care services. Over time, making this comprehensive information easily available to consumers may serve to contain increases in health care spending by government, businesses and individuals. Only when consumers know the price and value of health care services will they be empowered to make the best possible choices for themselves and their families.

#### **Improve the Medical Liability Climate**

The rising costs associated with medical malpractice liability are taking a significant financial toll on the health care industry, resulting in increased costs for consumers and a continued inability to attract and retain sufficient numbers of physicians in all regions of the Commonwealth. The high price of liability insurance and the lack of reasonable tort limitations in Kentucky have contributed to the shortage of medical professionals.

To curb this disturbing trend, the Kentucky



Chamber supports allowing Kentuckians to vote on a constitutional amendment that would permit the legislature to consider comprehensive tort reform. State and federal lawmakers should pass reasonable limits on damages and require alternative dispute resolution to help reduce escalating malpractice insurance premiums and the resulting burden passed on to consumers in the form of higher prices, fewer health care providers and fewer choices.

### Promote eHealth Policies

A number of preventable medical errors and duplication of services could be reduced significantly with the implementation of policies that encourage the use of secure electronic medical records that can be accessed by all of an individual's health care providers. This, along with electronic prescribing, can reduce duplication, improve delivery of services and save lives.

### Expand Mandate-Free Health Insurance

Because health care mandates and unnecessary regulations can add to the already high cost that consumers and employers pay for health insurance, the Kentucky Chamber supports legislation that repeals coverage requirements – beyond those the federal government has implemented, for all employers, not just those with 50 or fewer employees. With the cost of health insurance already creating a competitive disadvantage for many businesses, extending these mandate-free policies will allow more employers to provide health benefits to their employees.

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### Promote Competition in the Health Insurance Market

Attracting more insurers to Kentucky is a practical and realistic means of controlling escalating costs and providing greater access to health insurance. The Kentucky Chamber calls on state government to enhance competition in the health insurance market through further deregulation of the insurance industry or any other reasonable means.

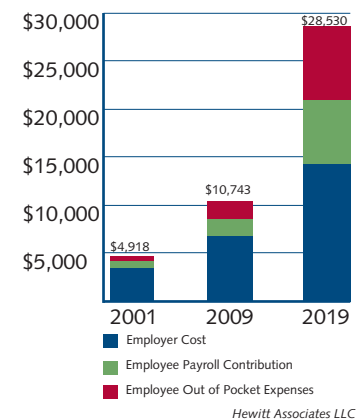
### Oppose Any Willing Provider (AWP)

The Kentucky Chamber opposes Any Willing Provider provisions and supports the right of health insurance companies to negotiate exclusive contracts with health care service and product providers that offer discounted costs to consumers.

### Long-Term Care

With the significant aging of the population, it is increasingly important for policymakers to adopt strategies to meet the medical needs of aging individuals. The Chamber supports initiatives that provide greater incentives for individuals and/or employers to purchase long-term care insurance policies. Additionally, the Chamber encourages policymakers to concentrate elder care resources on case management to ensure that people's needs are matched with the most appropriate care. The Chamber also believes artificial barriers to home and community-based services should be eliminated in an effort to prevent premature institutional care.

### THE EXPLODING COST OF HEALTH COVERAGE



**Without significant marketplace reforms, if current trends continue, annual health care costs for employers will rise 166% over the next decade, from \$10,743 per employee today to \$28,530 by 2019.**

## HUMAN RESOURCES & LABOR

The human resources and labor committee promotes streamlining areas of employment law that inhibit the development of productive employer/employee relationships. The committee also works towards ensuring the fair and objective administration of Kentucky's workers' compensation system and develops policy in key areas of human resources and benefit management.



### COMMITTEE CHAIR

Suzanne Northern,  
General Manager of  
Distribution, Unifirst  
Corporation, Owensboro



**In 2008, Kentucky's average cost per case for a workers' compensation medical claim was \$34,000 compared to the national average of \$28,000.**

NCCI Kentucky's Workers' Compensation  
State Advisory Forum, August 2009

## Investing in employees

Today's fast-paced, highly competitive economic environment means that recruiting, training and continuously investing in employees is a top priority for most companies. Kentucky employers are meeting these challenges every day – even as it becomes more and more difficult to find individuals with the right skills and the right attitude.

### Workforce Flexibility

State policy-makers must support employers as they invest in the Commonwealth's workforce. As employers embrace their responsibility to provide a safe working environment and create an honest, open dialogue with employees, businesses must have the flexibility to manage their workforce needs within the confines of a job market that rewards higher skills and high levels of dedication and commitment.

It is within this context that the Kentucky Chamber opposes state and local wage mandates that go beyond federal requirements. When state or local governments attempt to mandate wage and benefit thresholds, safety regulations or additional standards that go beyond what is necessary to provide proven, uniform protections, the added cost of doing business – and the lack of focus on the real issues that could make a difference – de-

creases Kentucky's overall competitiveness, particularly with our border and peer states.

### Improve Workers' Compensation

In 1996, the passage of the Kentucky Workers' Compensation Act brought sweeping reforms to one of the most flawed and expensive workers' claims programs in the country. For a time, the business community believed the pendulum of public policy had finally come to rest at the center. Unfortunately, recent years have seen some elements of reform diminished or overturned by Administrative Law Judges (ALJs) and the courts. Additionally, higher medical costs are putting substantial strain on the workers' compensation system.

The Kentucky Chamber believes that an equitable workers' compensation program must clearly define injury and disability, require in-

dependent medical examinations and objective medical findings, protect the integrity of exclusive remedy, and minimize litigation. The Chamber supports legislation that overturns case law that runs counter to these core principles, as well as legislative and regulatory efforts to control rising medical and prescription drug costs. Enacting legislation that controls runaway medical costs generates substantial cost savings for employers, and can be done while ensuring high levels of service to injured workers.

### **Enact a Uniform Statute of Limitations Law**

Kentucky's five-year time period on employee wrongful termination or discrimination lawsuits places an inordinate burden on employers. The Chamber supports changing state statutes to make all employment discharge and discrimination-type actions more uniform. The statute of limitations on wrongful termination or discrimination cases arising out of the employment relationship should be no more than two years after cessation of employment.

### **Support Safer Working Environments**

While the devastating effects of drug and alcohol abuse on families and communities are well documented, the negative impact on employers is also significant. Higher absenteeism, theft, lost productivity, increased workers' compensation claims and employee

replacement costs are just a few of the strains put on business by substance abuse in the workplace.

To counter this growing problem in Kentucky, the Chamber encourages passage of legislation that empowers employers to be effective allies in the fight against illegal drug use. To help protect employees and promote a non-threatening workplace environment, the Kentucky Chamber also opposes any expansion of the current concealed/carry laws that would allow employees to bring deadly weapons into the workplace.

### **Support Paycheck Protection**

Although requiring employers to deduct taxes from an employee's pay is a common and accepted practice, forcing businesses to administer payroll deductions to support the political activities of unions without compensation is a significant and unjustified intrusion into the administrative affairs of a company.

The Kentucky Chamber supports legislation that repeals the employer mandate to withhold union dues from an employee's salary.

### **Stop Expansion of Public Employee Collective Bargaining**

The Kentucky Chamber is firmly opposed to any local or statewide expansion of public employee collective bargaining. The expansion of public employee collective bargaining can lead to inefficient administration of pub-

**Loss cost filings, used by most insurers to determine workers' compensation premiums, fell for the fourth consecutive year in 2009, a first for the Commonwealth of Kentucky.**

**NCCI Kentucky's Workers' Compensation  
State Advisory Forum, August 2009**





**Medical benefits constitute 67 percent of total benefit costs to the workers' compensation system in Kentucky, compared to the national average of 58 percent.**

NCCI Kentucky's Workers' Compensation  
State Advisory Forum, August 2009

lic duties, increased costs to taxpayers and an increased likelihood of interruptions of essential government services to the detriment of all Kentuckians.

### Revising Prevailing Wage Laws

While total repeal of the state prevailing wage law has long been advocated by the Kentucky Chamber, the Chamber supports a series of steps that would make Kentucky's economic and infrastructure development more competitive in the near term:

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- Kentucky's prevailing wage laws must be made more representative of local wages by utilizing more effective methods of data collection than through the current hearings process. Additionally, wages paid to workers on previous prevailing wage projects must be excluded from calculations for later projects, and the use of the majority wage should be discontinued.
- The definition of localities should be replaced with definitions that would reduce the number of unrelated counties grouped together. This would particularly help Kentucky's border counties, as well as counties that are grouped with larger urban areas.
- If no changes are made to make Kentucky's prevailing wage determination process more representative of local wages, then federal prevailing wages should be adopted wherever they exist. However, if the accuracy of Ken-

tucky's determination process is improved and more accurately reflects local wage rates, the use of federal prevailing wage rates should cease and be replaced with the improved state determinations.

- Kentucky should reinstate a prevailing wage exemption on education projects. Kentucky taxpayers' cost on new educational facilities and maintenance in primary through post-secondary education has increased substantially since the prevailing wage exemption was repealed by the General Assembly in 1996. By once again allowing an exemption for educational projects, higher investments can be made in technology, improved facilities and in the classroom.

### Employee Free Choice Act

The Kentucky Chamber of Commerce opposes the Employee Free Choice Act (EFCA) currently being considered by Congress. EFCA will radically restructure 60 years of carefully crafted labor law balances that have served both unions and employers well for many decades.

EFCA consists of three main provisions, each of which is unacceptable to business:

- Elimination of the Secret Ballot: This provision mandates that a union be recognized if a majority of employees sign authorization cards as opposed to the current system where a federally supervised election process with secret ballots determines whether employees will have a union in their workplace. The



card check process of obtaining signatures is routinely characterized by harassment, intimidation, and coercion from union organizers toward employees.

- **Government-imposed arbitration:** The second provision would result in contracts being written by federal arbitrators instead of the process of collective bargaining and negotiating.
- **Unreasonable and one-sided penalty expansion:** Finally, the Employee Free Choice Act imposes dramatic new penalties on employers for violations of the National Labor Relations Act, but not a single new penalty on unions or labor organizers. As public and congressional support for EFCA has diminished, several compromises have been proposed, including the removal of the card check provision. However, many of these compromises do as much harm to businesses throughout the Commonwealth as the original proposal:
- “Quickie” elections would ensure that employers have no time to talk to their workers about unionizing, and that the only informa-

tion workers will get will come from the union.

- The “compromise” may include a union access provision — allowing union organizers onto the worksite to pressure workers in break rooms and lunch rooms. This would go against more than 70 years of labor law.
- The “compromise” would still impose one-sided penalties only on employers, with no new penalties to deter any union misconduct during organizing campaigns.
- “Baseball-style arbitration” is still binding interest arbitration, giving government-appointed arbitrators the authority to dictate union contracts. This would dramatically expand government’s reach into the private sector, and let arbitrators impose wages, benefits, and work rules on private sector employers.

The Kentucky Chamber will continue to voice its strong opposition to EFCA and any compromise proposals that upend decades of settled labor law at the expense of both employees and employers.



**“Under EFCA, workers could lose the freedom to express their will in private, the right to make a decision without anyone peering over their shoulder, free from fear of reprisal.”**

George McGovern, Former Democratic  
Presidential Candidate,  
August 8, 2008



## Impacting your bottom line

When the Kentucky General Assembly meets in Frankfort each year, their actions can profoundly affect your bottom line. That's why every year the Kentucky Chamber — on of the most effective lobbying teams in Frankfort — is there, working for you. We do whatever it takes to make sure that Kentucky businesses of every type and size have a powerful and respected voice in Frankfort.

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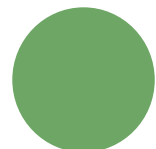
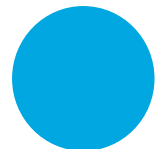
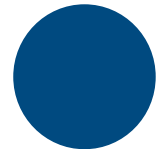
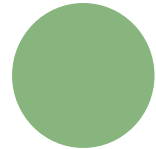
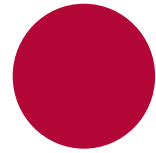
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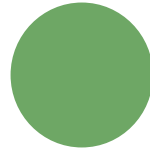
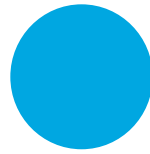
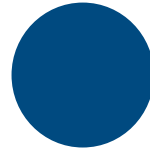
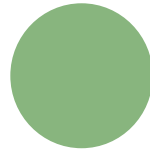
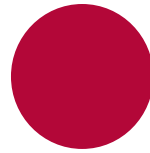


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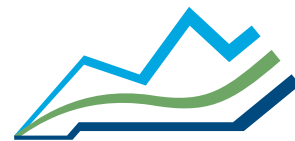


As the state's premier business lobbying organization, the Kentucky Chamber of Commerce is a recognized and respected voice at the state Capitol. With thousands of members representing every major industry sector, the Chamber's diverse business policy initiatives converge upon one goal: a healthy, vibrant Kentucky economy. Ensuring that business has a voice in the legislative process, we work with local business leaders to identify critical trends. We work at the table as regulations are drafted in the halls of the Capitol as bills are debated. Building on the success of more than 60 years, we remain committed to helping Kentucky's economy grow and prosper by promoting a pro-business agenda.





The Kentucky Chamber of  
Commerce provides leadership  
as a catalyst, consensus-builder  
and advocate to unite business  
and advance Kentucky.



**Kentucky Chamber**  
*Uniting Business. Advancing Kentucky.*

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