



Kentuckians can't afford 'progress' of this sort

Oped column by Mike Mangeot, president and CEO of the Kentucky Association for Economic Development

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FRANKFORT - 'Tis the season of political primaries and gubernatorial campaigns, and voters are more than likely to hear politicians discuss their platforms on economic development. However, when we say economic development, the biggest misconception is that we are talking specifically about mass manufacturing. Although mass manufacturing has been, and will always be, a driving force in our state, we must diversify our efforts to include the recruitment of knowledge and innovation-based companies to Kentucky.

Too many of our communities are still looking for "the big hit," that one manufacturing project that will bring plenty of jobs and prosperity for years to come. The reality is that most Kentucky communities have not developed their products - land, buildings and workforce - to the point of being competitive.

Recently the Washington D.C.-based Information Technology and Innovation Foundation published the 2007 State New Economy Index, a follow-up to the same report conducted in 2002. It states, "The changing economic landscape requires state economies to be innovative, globally linked, entrepreneurial and dynamic, with an educated workforce and all sectors embracing the use of information technology." The bottom five states - West Virginia, Mississippi, South Dakota, Arkansas and Alabama - have, like Kentucky, struggled to adapt. Kentucky just missed making the bottom five, ranking 45th this year, down from 42nd in 2002.

How can Kentucky advance in the rankings? We believe the keys are improved educational attainment levels and creating a strong technology base that supports and cultivates innovative and entrepreneurial ventures.

To be truly competitive with the rest of the nation, Kentucky must first and foremost improve the education level of the workforce. This is the number one issue facing economic developers in Kentucky.

When the Kentucky Education Reform Act was passed in the early 1990s it was landmark legislation that promised a bright future for Kentucky. Now, more than 15 years after its passage, the improvements have been minimal, at best. Even though our graduation numbers have increased, an inexcusable number of graduating students are not properly prepared for either post-secondary education or the workforce. They lack

basic skills in math and grammar that make it difficult for existing and potential businesses to find qualified workers. We must develop a seamless education system in Kentucky that creates a self-directed workforce with the attitudes, learning habits and decision tools for lifelong success.

We, too, must recognize that not everyone is interested in post-secondary education. Therefore, we must increase our commitment to training those people interested in a vocational career, or who have been displaced or entered the workforce after a long absence. The General Assembly recently took steps to address this issue by significantly increasing funding for the Bluegrass State Skills Corporation.

We must also cultivate an innovative and dynamic culture that will keep our best and brightest students here while attracting others to Kentucky. One of the great benefits of today's technological advances is that people don't have to follow the jobs; the jobs will follow the people. We have to ensure that broadband technology is available statewide and, most importantly, that it is affordable. The recent merger of AT&T and BellSouth should provide tremendous opportunities in this area, and ConnectKentucky has made great strides in implementing and promoting broadband around the state.

State tax incentives also affect the competitiveness of Kentucky's communities. Without them, Kentucky would have an almost insurmountable disadvantage in attracting new businesses to Kentucky. Area Development Magazine recently conducted a survey of what the specific factors companies considered when relocating their facilities. State and local tax incentives were ranked the fourth-highest selection factor for those companies surveyed. There needs to be a comprehensive review of Kentucky's tax credit and financial incentives to address modern economic changes. Attracting new business to the state is important, but keeping existing businesses and helping them grow is critical as well.

In 1925, Kentucky ranked 41st in per capita income among the 48 states. In 2005, we ranked 45th. Kentucky cannot afford another 80 years of this "progress." However, if we can change our ideas of what economic development is and how we can reform Kentucky communities to be competitive in this arena, the progress for this state will be immeasurable.

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