



The AGA Messenger

President's Message

Rick Waddle

Volume XXVI, Issue 1, June 2005

Congratulations to Lee Ann Watters for presiding over a great year for our chapter. Her leadership has been enthusiastic, fun, organized, and understated. She has managed to stay well under the radar while pulling off some pretty spectacular feats.

Lee Ann, we recognize your efforts on behalf of this chapter and we extend to you our sincere gratitude!

In the news:

Phil Nally and I recently attended the Regional Officer's Workshop (RCOW) in Nashville, Tennessee. Jim Arnette, our Southeast Region Vice President hosted the event. I came away surprisingly impressed by the organizational structure of the National AGA.

While there, we horned in on the Nashville Chapter's Awards luncheon at the Wildhorse Saloon. What an impressive chapter! These guys know how to throw down. We had reserved seating and our own name tags!

In the know:

Now, I am going to impart to you the most-est, best-est thing ever, that I gots from the workshop: **AGA is the number one resource in the world for the government financial occupations.** There is no other organization solely dedicated to increasing your professional abilities, contacts, and stature.

Your Central Kentucky Chapter embraces this concept as we make our plans for the coming year. You can rely on the programs that we have been delivering for years, such as:

- The Annual Accounting & Auditing Update in October. A nice hot lunch and a big brownie can always make the CPE easier to digest!
- A new twist such as the drawings we will be having for free stuff at our regular monthly membership meetings.

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Joel Schrader, a native of Frankfort and graduate of Kentucky State University will be the featured speaker for the June membership meeting. He will be speaking on "Managing Employees from a White House Perspective." Mr. Schrader has worked for the CIA, including details in the Pentagon's National Military Joint Intelligence Center and the White House Situation room. He returned to Frankfort to begin a web design business and ran for the State House of Representatives. He is currently working for the Kentucky Office of Homeland Security.

2004–2005 Membership Banquet



Members enjoyed the sunshine at the annual banquet.

The 2004–2005 Membership Banquet was held on May 5, 2005. It was a gorgeous Spring day in Kentucky. Members and guests shared great food, great weather and great fellowship outside on the patio of The Dragon Bar & Grille in downtown Frankfort.

Chapter President, Lee Ann Watters, began the banquet by recognizing those

members who served on the Chapter Executive Committee during 2004–2005 by presenting them with crystal paperweights. She gave a short recap of highlights and accomplishments of the year and passed the gavel on to the 2005–2006 President, Rick Waddle. Lee Ann also introduced the incoming slate of officers for the Central Kentucky Chapter. She recognized that there would be new faces on the CEC this year and hoped their enthusiasm would bring some great new ideas to the table. Rick Waddle shared these sentiments and some of his excitement about leading the chapter. Rick also told of his ideas for the coming year and his eagerness to work with the new committees and officers to make this a great year for the Central Kentucky Chapter of AGA.

Following the awards presentation, the Southeastern Regional Vice President, Dave Bennett, spoke to the group. Mr. Bennett, the Director of Accounts and Budgets for Blount County, Tennessee, spoke to the membership about regional and national developments in AGA. He spoke about the increasing popularity of the Certified Government Financial Manager program and the upcoming national Profes-



Dave Bennett, 2004–2005 SE Regional Vice President

Central Kentucky Chapter News

Chapter Executive Committee Meetings

The Chapter Executive Committee of the Central Kentucky Chapter of the Association of Government Accountants met at the Super Buffet on June 1, 2005. Officers in attendance were Rick Waddle, Mary Hudson, Lee Ann Watters, Lydia Reynolds, Nancy Beth Gillum, Brianne Skidmore, Amy Small, John Williams Phil Nally, Cindy Upton and Dan Flaherty.

The meeting was opened by Rick Waddle who presented a sample membership meeting program and a sample strategic plan for review.

The first item of business was a discussion of the chapter's contribution to the National PDC's community service raffle. Brianne Skidmore agreed to spearhead this effort by preparing a Kentucky-themed basket. The basket will be shipped prior to the PDC.

Phil Nally has recently agreed to serve as the Regional Vice President-Elect for the Southeast Region. His term will be the 2006-2007 fiscal year. The RVP's home chapter traditionally hosts the regional PDC; Lydia Reynolds has agreed to chair the PDC committee. We will most likely hold the conference

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2005-2006 Slate of Officers

President	Rick Waddle, Dept. of Fish & Wildlife
Past President & Historian	Lee Ann Watters, Mountjoy & Bressler, LLP
President—Elect	Mary Hudson, Auditor of Public Accounts
Secretary	Nancy Beth Gillum, Mountjoy & Bressler, LLP
Newsletter Editor	Lydia Reynolds, Mountjoy & Bressler, LLP
Programs Chair	John Williams, Environmental and Public Protections Cabinet
Education Chair	Cindy Upton, Legislative Research Commission
Membership Chair	Brianne Skidmore, Auditor of Public Accounts
CGFM Chair	
Attendance Chair	Mary Hudson, Auditor of Public Accounts
Community Service Chair	Amy Small, Auditor of Public Accounts
Early Careers Chair	Sharon Parrish, Kentucky State University
Treasurer	Phil Nally, Finance and Administration Cabinet
Website Coordinator	Dan Flaherty, Dept. of Agriculture

2005–2006 Committees

Programs/Speakers

John Williams, EPPC
Rick Waddle, Dept. of Fish and Wildlife
Dal Barrett, CWD
Mary Hudson, APA

Education/Training

Cindy Upton, LRC
Mary Hudson, APA
Nancy Beth Gillum, Mountjoy & Bressler
Phil Nally, FAC
John Williams, EPPC

Membership Services

Brianne Skidmore, APA
Rick Waddle, Dept. of Fish and Wildlife
John Williams, EPPC

Community Service

Amy Small, APA
Celina Green, Mountjoy & Bressler
Linda Sagraves, APA
Brianne Skidmore, APA
John Williams, EPPC

Scholarship

Sharon Parrish, KSU
Amy Small, APA

Central Kentucky Chapter Events

- Chapter Membership Meeting
June 2, 2005
11:30 a.m., Office Pub and Deli (Come get registered for a free lunch and other prizes!)

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- Community Service opportunities which have become a growing part of our chapters efforts.
- A nationally recognized certification to power up your resume. We have the Certified Governmental Financial Manager (CGFM) which is recognized by nineteen states and has its own month in neighboring Tennessee. Our chapter will be striving to have this accreditation recognized in Kentucky soon. We are also planning to purchase the CGFM study guides and organize study groups for our members interested in sitting for the exam. Keep your ears peeled for possible CGFM scholarships.....
- Opportunity to participate. Please join a committee. We will have sign up sheets at the monthly meetings. We want your input!

Speaking of scholarships, we are planning to set up a booth for the 127 yard sale to fund our scholarship program. We will be accepting all your throw-aways (no trash!) beginning sometime this month. Our goal is to raise \$2,000 to help a deserving accounting major through college.

I am holding back a little because I don't want to give it all away my first month on the job. I hope to see you at the monthly meeting!

Shortage of U.S. Skilled Workers By 2020?

Tom Crouch, CPA, CIA, CISA, Atty.

Editor's note: Parts I and II of this article appeared in the December 2004 newsletter. To receive a copy of these parts, please contact the Editor at LReynolds@mountjoybressler.com

Part 3 ---- Data impacting job market

According to AARP (See http://www.aarp.org/international-events/Articles/a2002-09-10-international_unece.html), thirteen percent of 2000's work force was aged 55 and older. The number will climb to seventeen percent by 2010. (See <http://www.aarp.org/money/careers/employerresourcecenter/researchanddata/Articles/a2004-07-22-agingworkforce.html>)

The U.S. Government Accountability Office (previously the General Accounting Office or GAO -- <http://www.gao.gov/about/namechange.html>) noted that the U.S. work force has doubled during the past 50 years. However, the labor force is expected to grow at about one-third the previous rate during the next 50 years.

The U.S. Bureau of Labor Statistics (BLS) says 76 million baby boomers (born between 1946 and 1964) will be retiring over the next 25 years. After 1964 there is a generational dip. There are only 58 million GenXers (born between 1965 and 1980) to replace the baby boomers. As the baby boomers retire, the workforce will grow at a much lower level.

The first baby boomers, born in 1946, will turn 62 in 2008, and turn 65 in 2011. The last baby boomers, born in 1964, will turn 65 in 2029. Unless more people work longer or a higher percentage of people work, the total labor pool could decrease each year from 2008 through 2029. In fact, many sources expect the work force to shrink between 2010 and 2020.

A higher and higher skill level is expected in most jobs. Even if the number of skilled workers needed in the work force were to remain constant from 2008 through 2029, a higher percentage of available workers probably will need to be moved into those skilled labor jobs just to maintain the same number of skilled laborers. Even if the total labor pool were to remain constant from 2008 through 2029, the skilled laborer percentage of the work force is still expected to increase due to escalating skill requirements.

Former U.S. Treasury Secretary and current Harvard University president Larry Summers has been widely quoted on the coming skilled labor shortage. He regards a skilled labor shortage as all but inevitable.

Part 4 --- Where will skilled labor shortages emerge early?

Organizations where employees can retire after 30 years are expected to have skilled labor shortages emerge early. These type organizations include all levels of government work. This would include public school systems and public colleges. The oldest baby boomers in these type jobs reached 30 years of service in 1998, and the youngest baby boomers can reach 30 years by 2016. It looks like very few of the baby boomers will still be in these type

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jobs after 2016.

The U.S. Federal government is expected to have about 40% of their work force retire by 2010. Tennessee state government is also expected to have 40% retire by 2010. Many observers have projected a shortage of public school teachers due to teacher retirements.

The Hyde Group has noted that 70% of college teachers/professors are expected to retire by 2010. Some observers have suggested that the 70% noted might be closer to 45% to 50%, which is still very high. There might be adjunct professors who could fill the gap.

Part 5 ---- Job Skills Needed versus Skills of People Available

There will be more job openings without a match. Job openings might not be filled because:

- Undesirable location to the qualified applicants,
- Change in job requirements, and
- Applicants available are not trained, experienced, or qualified for the job.

The National Association of Manufacturers (see www.nam.org/careers) says many well- paid manufacturing jobs remain unfilled. These open jobs require two and four year technical degrees, and short-term skill certificates. Their own study showed 80 percent of the surveyed manufacturers reported a moderate to serious shortage of qualified applicants even though manufacturing was then suffering serious layoffs.

Many people seem to assume that the coming skilled labor shortage will mean that there will be more jobs than workers for their occupation and in their work region. The more likely situation will be a shortage for some skilled labor jobs in their work region but not necessarily in their occupation. Also, the openings for their occupation might be in another city or state. A particular occupation might have job openings in a city in 2014 and no more openings until 2018. For example, a region might need a chemical engineer, a high school math teacher, an air conditioner repairman, and a nurse, while not needing an elementary school teacher, a lawyer, a roofer, or a social worker.

There are likely to be skilled labor shortages but they might not match up well with a skilled worker in a given location at a particular time. The skilled labor shortage will have many mismatches among occupations, specific qualifications needed, locations, when workers are available, and when jobs are open.

Part 6 ---- Why to Consider Manpower Planning?

The U.S. Securities and Exchange Commission might not require publicly traded companies to adopt manpower planning and disclose such information. However, many publicly traded companies might adopt manpower planning and make disclosures. Why so?

Many companies are expected to adopt manpower planning because it should reduce their

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staffing risks. In essence, they should be more likely to avoid or minimize skilled labor shortages within their company. For manpower planning information, see these websites:

http://akss.dau.mil/dag/Guidebook/IG_c6.2.1.3.asp
http://www.accel-team.com/human_resources/hrm_01.html
http://ptcpartners.com/Art_ManpowerPlanning.htm

A skilled labor shortage within a company can impact the company's operational efficiency, profitability and stock price. If a company has adopted manpower planning and they make some disclosures about their plans, the investors who are aware of the coming skilled labor shortage are more likely to reward the company with a higher stock price. When skilled labor shortages and manpower planning disclosures begin to impact stock price, investment managers might request the U.S. Securities and Exchange Commission to require manpower planning and at least limited disclosure.

When only a minimal level of manpower planning is conducted, the cost is likely to be very low. Such a low level should be very cost justified. In fact, it is likely to be viewed as reasonably prudent to conduct at least a minimum level of manpower planning. When directors and officers fail to meet the reasonably prudent business person standard, they can have individual legal liability in the future. This fact alone may convince companies to conduct and document at least a minimal level of manpower planning.

A skilled labor shortage within a company might adversely impact a company's ability to repay a large loan. A company's lenders may begin pushing for the adoption of manpower planning, and disclosure of such information. A lender might reject a loan application if a company can not show how their manpower planning supports the viability of a new or existing facility. Also, the presence or absence of documented manpower plan could impact the interest rate charged.

A skilled labor shortage within a company might adversely impact the value of some company assets and the overall value of the company. For example, a skilled labor shortage might make a specific plant facility far less valuable if not enough skilled labor is available for the plant facility. The company's insurance company may want the company to adopt manpower planning to reduce the risk. The presence or absence of documented manpower plan could impact the insurance rate. The failure to adopt manpower planning and a subsequent skilled labor shortage might greatly increase the arson risk for a plant facility. An insurance company might require a supportive manpower plan before they insure a new or existing facility. An insurance company could come to the realization that the lack of manpower planning starting several years before has now impaired the value of the facility so that the insurable amount is reduced or the policy is not renewed. Also, if the insurance coverage is reduced or cancelled, the lender may have a contract clause, which makes the loan callable. The insurance companies that insure high risks at low rates are likely to lose money and be viewed as imprudent.

When skilled labor is abundant, there is little need to conduct manpower planning. When a skilled labor shortage begins to emerge, some companies might find that long lead times are needed to ensure an adequate skilled labor supply. If one segment of highly skilled workers becomes scarce, the lead time needed to hire and/or train new workers easily could be six

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months, or even much longer. In some instances, the need for replacements could create work bottlenecks, or even stop critical work from being completed. Such a business risk could be one of the strongest arguments for conducting manpower planning.

The trade and industry associations may choose to address cost effective manpower planning for their members. The active and early involvement by the trade and industry associations should help maximize the collaborative manpower planning efforts. These efforts should help ensure that scarce resources are efficiently organized, allocated, and deployed throughout the economy.

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in March or April; Cindy Upton suggested booking the hotel soon. Phil Nally suggested that we plan for approximately 100 attendees.

Rick announced that committee reports are due at the August CEC meeting. The following reports are needed: Chapter History, Programs, Community Service and Education.

Rick presented a handout that detailed the Central Kentucky Chapter's point accumulation under the Chapter Recognition Program for the 2004 - 2005 chapter year. The chapter has attained it's 10,000 point goal for the year. Rick highlighted the areas, Membership, CGFM Certification and Awards, that need our attention.

The CEC voted to continue our Website and approved the payment of the related annual fee. Officer pictures and bios will be included on the site.

In an effort to increase attendance at the monthly membership meetings, attendees will be entered into a drawing. Two prizes, a free lunch and a \$15 gift certificate will be given away at each meeting. Additionally, a member's name will be drawn each meeting, making that member eligible for a free membership renewal at the annual banquet. Finally, a member's name will be drawn for a "Progressive" prize. If the member whose name is drawn is not in attendance, the prize will be increased by \$15 for the next meeting. We will be setting up a greeting table at the membership meetings starting with the June meeting. All business issues will be conducted prior to the meeting - attendees will be able to pay for lunch, sign the attendance forms and pick up name tags and CPE certificates prior to the meeting at this table.

Cindy Upton gave an update on Educational events for the coming year. Bill Broadus will speak at the annual PDC on October 10th and 11th. Dennis Dycus will present a day-long seminar in May 2006.

Rick suggested that the chapter purchase CGFM examination review materials and form a study group to promote certification. Mary Hudson stated that she is trying to secure the national CGFM coordinator to speak at the September membership meeting. Mary suggested that after that meeting we assess interest in the study group and make a decision then.

The CEC discussed ideas for scholarship fundraisers. The CEC agreed to sponsor a yard sale during the 127 Yard Sale Weekend to benefit the scholarship. Rick Waddle has offered to donate space for members to bring donations and for the chapter to set up the yard sale.

Amy Small discussed Community Service opportunities for the coming year. She announced that she plans to continue the pop tab collection to benefit Friends of Indian Summer again this year. She has

AGA CENTRAL KENTUCKY CHAPTER											
TREASURER'S REPORT											
FOR THE MONTH OF MARCH 2005											
OPERATING ACCOUNT				EDUCATION ACCOUNT							
<i>Beginning Bank Balance</i>				\$	5,357.37	<i>Beginning Bank Balance</i>				\$	1,000.00
Revenue:				Revenue:							
	Interest	\$	4.35								
	Total Revenue	\$	4.35					Total Revenue	\$	0.00	
Expense:				Expense:							
	Jan-Mar Meeting Subsidy	\$	190.32								
	Total Expense	\$	190.32					Total Expense	\$	0.00	
<i>Ending Bank Balance</i>				\$	5,171.40	<i>Ending Bank Balance</i>				\$	1,000.00

Chapter Executive Committee			
Office	Officer	Email	Phone Number
President	Rick Waddle	Rick.Waddle@ky.gov	(502) 564-7750
President-Elect & Attendance	Mary Hudson	Mary.Hudson@auditor.ky.gov	(502) 573-0050
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Newsletter Editor	Lydia Reynolds	LReynolds@mountjoybressler.com	(502) 695-1040
Treasurer	Phil Nally	Phil.Nally@ky.gov	(502) 564-7750
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Education & Training Coordinator	Cindy Upton	Cindy.Upton3@lrc.ky.gov	(502) 564-8100
Community Service	Amy Small	Amy.Small@auditor.ky.gov	(502) 573-0050
Membership Chair	Brianne Skidmore	Brianne.Skidmore@auditor.ky.gov	(502) 573-0050
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