

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 1st Meeting of the 2022 Interim

June 2, 2022

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, June 2, 2022, at 1:00 PM, in Ballroom B of the Northern Kentucky Convention Center. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Jason Petrie, Co-Chair; Senators Danny Carroll, Donald Douglas, David P. Givens, Morgan McGarvey, Stephen Meredith, Michael J. Nemes, Robin L. Webb, and Stephen West; Representatives Lynn Bechler, Danny Bentley, Randy Bridges, Joseph M. Fischer, Ken Fleming, Chris Fugate, Al Gentry, David Hale, Mark Hart, Angie Hatton, Melinda Gibbons Prunty, Josie Raymond, Brandon Reed, Steve Riley, and James Tipton.

Guests: Ellen Heslen, Deputy Mayor, Louisville; David James, President, Metro Council District 6; Matt Golden, Chief of Public Services, Louisville; Vicki Reed, Commissioner, Department of Juvenile Justice; George Scott, Deputy Commissioner, Department of Juvenile Justice; Dr. Matthew B. Courtney, Policy Advisor, Kentucky Department of Education; and Natasha Stein, Assistant Director, Kentucky Department of Education.

LRC Staff: Jennifer Hays, Cynthia Brown, Sarah Watts, Hope Rowlett, and Ashton Thompson

Louisville Youth Detention Facility

Ellen Heslen, Deputy Mayor, Louisville; David James, President, Metro Council District 6; Matt Golden, Chief of Public Services, Louisville; Vicki Reed, Commissioner, Department of Juvenile Justice; and George Scott, Deputy Commissioner, Department of Juvenile Justice, discussed the need for additional funding to expand a juvenile detention facility in Jefferson County.

Deputy Mayor Henson testified that 25 years ago, the state developed a unified juvenile justice system in 119 counties, which included regional centers located in Adair County, Ashland County, Breathitt County, Covington, Lexington, Paducah, and Bowling Green. The youth detention center in Louisville, which was not a part of the unified system,

was comprised of 96 beds and provided alternative services such as home incarceration and home supervision. To cover operating expenses, the state paid the city a per diem rate of \$94 a day per youth. However, total operating costs exceeded what the city was reimbursed by the state.

This led to discussions between the city and the state regarding returning the operation of the youth detention center to the state. To implement the transition, the city appropriated \$685,000 to help the state renovate and expand a juvenile day center located in Lyndon. Due to challenges related to the pandemic, the opening of the newly repurposed detention center was delayed.

Mr. Golden testified about Louisville's juvenile transportation system. Despite various challenges, the city has enhanced its public safety response to justice-involved youth. This includes a dedicated group that facilitates youth transportation to and from detention centers, juvenile courts, and medical treatment. Additionally, the Louisville Metro Council approved the allocation of \$3 million from the American Rescue Plan to fund a new facility designated for juvenile pre-detention screening, which provides a safe place for youth awaiting the screening decision.

Deputy Mayor Heslen stated that one of the challenges Louisville is facing is the lack of a regional detention center equipped for the city's large population. With 25 percent of incarcerated youth in the state originating from Louisville, the existing detention facility in Lyndon is not equipped to address the needs of the children. Based on a previous expansion of the facility in 2019, it is estimated that it will cost \$890,500 to upgrade the facility. The operating budget would need to be approximately \$8,307,000 for a 40-bed facility.

Mr. James testified that the expansion of the youth detention facility is jointly supported by the majority and minority caucuses of the Louisville Metro Council.

In response to a question from Senator McDaniel, Deputy Mayor Heslen testified that the city is advocating for additional money to be included in the state's budget to allow for the upgrade of the youth detention facility in Jefferson County, which would be operated by the state. In response to another question from Senator McDaniel, Deputy Mayor Heslen confirmed that the facility would house post-adjudicated youth while allowing them to remain in the Louisville Metro area. The renovation will cost nearly \$1 million, and total operating costs will be about \$8.4 million annually.

In response to a question from Senator Carroll, Deputy Mayor Heslen testified that transportation to and from court appearances is difficult due to a large volume of youth from Jefferson County detained in facilities around the state.

In response to a question from Senator McDaniel, Mr. Golden testified that kids are held at a pre-detention screening center while a judge determines whether they need to be detained at a state detention facility.

In response to a question from Representative Tipton, Deputy Mayor Heslen testified that the city is advocating for a 40-bed facility that will offer alternative placement options as well as educational and medical services. In response to another question from Representative Tipton, Deputy Mayor Heslen stated that transportation costs are incurred by the Jefferson County Sheriff's Office and Louisville Metro.

Commissioner Reed testified about the costs associated with operating the Jefferson Regional Juvenile Detention Center (JRJDC). In June 2019, juvenile detention was transferred from the Louisville Metro Government to the Department of Juvenile Justice (DJJ). The DJJ converted the Rice Audubon youth development center into a 16-bed detention center to begin accepting youth. In December 2021, the intake area was expanded to accommodate a maximum of 26 youth. In total, DJJ has spent \$350,000 to upgrade the facility from a youth development center to a detention center. The JRJDC costs \$4.75 million annually to operate at full staff, and each youth costs \$539.31 per day.

Commissioner Reed also testified about the youth detention process. After a judge signs a juvenile detention order, the youth is brought to JRJDC and DJJ takes custody of the youth. DJJ closely monitors capacity numbers to ensure there are open beds and transfers youth as needed to other regional detention centers.

Deputy Commissioner Scott testified about the factors that determine whether a youth remains at JRJDC or is transferred to another facility. These factors include the number of youth at the center, the date of the next court appearance, the need for psychological evaluations, and gang issues. To maintain contact with family and attorneys, youth are allowed daily phone calls, zoom calls, and in-person visitations.

Commissioner Reed stated there are 328 beds state-wide for juvenile detention and there is no shortage of beds available. However, the issue is where the beds are located.

In response to a question from Representative Fleming, Deputy Mayor Heslen testified that the city would be willing to create a report outlining its requests and estimated range costs.

In response to a question from Representative Prunty, Deputy Mayor Heslen stated that, per statute, counties were reimbursed \$94 per day per youth, but this amount was not enough to cover actual costs.

In response to a question from Representative Raymond, Deputy Mayor Heslen stated that youth detention centers provide a placement for kids going through the pre-adjudication process and do not provide any treatment or rehabilitation.

Overview of the Kentucky Department of Education's Community Education Programs

Natasha Stein, Assistant Director, Kentucky Department of Education, and Dr. Matthew B. Courtney, Policy Advisor, Kentucky Department of Education discussed the Kentucky Department of Education's (KDE) community education programs.

Dr. Courtney testified that community education programs are defined in KRS 160.155 and are designed to ensure public buildings are used for educational purposes when not in regular use. These programs provide educational, recreational, cultural, healthcare, and other related community services. The five goals of the community education programs are to increase the use of school facilities during non-school hours, enhance lifelong learning opportunities for adults, create opportunities for parents and community members to volunteer within the school system, implement strategies to support the K-12 system through core academic and career readiness activities, and provide opportunities for more collaboration among community partners.

KDE issues continuation awards to 93 districts operating community education programs. Awards provide districts with \$20,000 to be used for the salary of a community education director with a 25 percent match from the grantee for a total contribution of \$16 million distributed annually.

By July 15th, grantees receiving state funds for a community education program must submit an annual report that includes an evaluation of the program and a financial statement. KDE also prepares the Community Education Annual Report, which measures various outcomes of the programs.

In response to a question from Senator West, Dr. Courtney testified that the curriculum for the adult education program is determined by the community education director, the superintendent, and the school board. In response to another question from Senator West, Dr. Courtney stated the programs are completely local and KDE is only responsible for distributing funds and ensuring compliance.

Review of 22RS HB 8

Jennifer Hays, Committee Staff Administrator, Appropriations and Revenue, Legislative Research Commission (LRC), discussed 22RS House Bill 8 revenue measures.

Ms. Hays testified there was a record number of bills introduced and passed into law during the 2022 General Session. Among the 230 bills that were enacted, 42 had some impact on revenue and taxation.

House Bill 8 enacted several changes to the state's revenue structure and reduces the individual income tax rate over time. On September 5, 2022, the Department of Revenue and the Office of the State Budget Director will review the reduction conditions and will determine whether the individual income tax rate will be reduced. Initially, reduction conditions for the fiscal years 2021 and 2022 will be considered, but subsequent annual reviews will only consider the most recent fiscal year. If conditions are satisfied, rate reductions will be triggered on January 1, 2023, and may be triggered on January 1, 2024, upon the action of the General Assembly.

Each fiscal year, two conditions must be met: the balance reserve trust fund (BRFT) must be equal to or greater than 10 percent of general fund (GF) moneys, and GF moneys must be equal to or greater than GF appropriations plus the Individual Income Tax (IIT) equivalent. If both conditions are met for fiscal years 2020 and 2021, the individual income tax rate will be reduced from five percent to four and a half percent for taxable years beginning January 1, 2023. Action by the General Assembly is required before additional rate reductions can occur.

In response to a question from Senator Carroll, Ms. Hays confirmed that if the legislature enacted laws that broadened the base for consumption-type taxes, like sales and use taxes, it would not result in an immediate reduction of the individual income tax rate, but would be an entire year before the revenues from the broadening of those taxes would be considered in the formula used for reducing the individual income tax rate.

In response to a question from Senator Givens, Ms. Hays acknowledged the LRC staff who contributed to the drafting and economic analysis of House Bill 8.

With no further business before the committee, the meeting was adjourned at 2:01 p.m.