

AREA DEVELOPMENT DISTRICT WORKING GROUP

Minutes of the 5th Meeting of the 2019 Interim

October 30, 2019

Call to Order and Roll Call

The 5th meeting of the Area Development District Working Group was held on Wednesday, October 30, 2019, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Suzanne Miles, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Suzanne Miles, Co-Chair; Senators Dennis Parrett and Brandon Smith; Representatives Jim DuPlessis and Susan Westrom.

Guests: Lisa Cooper, Executive Director, Northern Kentucky Area Development District (ADD); Amy Kennedy, Executive Director, Buffalo Trace ADD; Buddy Hoskinson, Director, Quality Assurance and Accountability, Department for Aging and Independent Living; Josh Benton, Deputy Secretary, Education and Workforce Development Cabinet; Bridget Papalia, General Counsel, Education and Workforce Development Cabinet; Andy Hightower, Senior Policy Advisor, Education and Workforce Development Cabinet; Amy Barnes, Executive Director, Office of State and Federal Grants, Department for Local Government; and Laura Redmon, Budget Manager, Department for Local Government.

LRC Staff: Mark Mitchell, Jennifer Hays, Cynthia Brown, Katy Jenkins, and Chase O'Dell

Approval of minutes

A motion was made, and seconded, to approve the minutes of the September 25 meeting. The minutes were approved by voice vote.

Improving Financial Reports to LRC

Lisa Cooper, Executive Director, Northern Kentucky ADD; and Amy Kennedy, Executive Director, Buffalo Trace ADD, discussed improving financial reports submitted by ADDs to LRC.

Amy Kennedy testified that most of the ADDs have audits currently being performed. Going forward, all of the ADDs will be reporting in the governmental format for audits. The ADDs would like to see additional language provided for clarity of guidelines with the House Bill 189 format. Lisa Cooper stated that the ADDs are supposed to have an online portal running by July 1, 2020.

In response to a question from Representative DuPlessis, Lisa Cooper testified that the Joint Funding Administration (JFA) funding is back to what it was over the last 40 years.

Cabinet for Health and Family Services Relationships with ADDs

Buddy Hoskinson, Director, Quality Assurance and Accountability, Department for Aging and Independent Living, discussed the relationship between the ADDs and the Cabinet for Health and Family Services (CHFS).

Buddy Hoskinson testified that the Older Americans Act brings the majority of the funding for the Department for Aging and Independent Living. The department provides monitoring oversight and technical assistance. The responsibility of Area Development Districts (ADDs) to the department is to fulfill contracts.

In response to a question from Representative Westrom, Mr. Hoskinson stated that the Department for Aging and Independent Living provides training to the ADDs as required by the contracts between the entities. He continued to say that an area plan would not be the same in different parts of the state. In response to another question from Representative Westrom, Mr. Hoskinson said that the department tracks the number of people on waiting lists for meals. In response to another question, Mr. Hoskinson said that the department has a nutritionist on staff to work with the ADDs to meet nutrition guidelines. In response to further questioning, Mr. Hoskinson stated that while some ADDs have contracted with themselves, they typically subcontract out services.

Education and Workforce Development Cabinet Relationships with ADDs

Josh Benton, Deputy Secretary, Education and Workforce Development Cabinet; Bridget Papalia, General Counsel, Education and Workforce Development Cabinet; and Andy Hightower, Senior Policy Advisor, Education and Workforce Development Cabinet, discussed the relationship between ADDs and the Education and Workforce Development Cabinet.

Josh Benton testified that the Education and Workforce Development Cabinet does not have a natural direct relationship with the ADDs. The relationship is a result of the structure of workforce as defined by federal law.

Mr. Benton testified that the Workforce Innovation and Opportunity Act (WIOA) drives the structure of workforce at the state and local level. There are 10 local workforce

boards in Kentucky. Each board establishes strategies and local oversight of the delivery of federal funds. The Education and Workforce Development Cabinet will have a relationship with an ADD if a local workforce board procures the ADD to serve as a fiscal agent or a service provider.

In response to a question from Representative Miles, Mr. Benton reviewed a map displaying the local workforce development areas where an ADD is designated as a fiscal agent or service provider.

Mr. Benton stated that the Education and Workforce Development Cabinet provides oversight, technical assistance, and monitoring functions to make sure that funds are being procured as the law allows. If the cabinet finds a concern during a monitoring visit, it would proceed with corrective action. When it comes to the delivery of services, federal law dictates common measures that local workforce areas have to focus on. Much of the cabinet's relationship with the ADDs is determined by the decisions that take place at the local workforce board level.

In response to a question from Representative Westrom, Mr. Benton testified that when someone applies for unemployment, the Education and Workforce Development Cabinet provides them with communication and instruction on how to connect with their local career center. In response to another question, Mr. Benton said that WIOA provides instruction for the workforce structure. In partnership with the Cabinet for Health and Family Services (CHFS) and local boards, the Education and Workforce Development Cabinet has received grant funds from the Department of Labor to serve the sober living. In response to further questions, Mr. Benton testified that the cabinet is connecting its staff within career centers to the service providers who are providing treatment. The cabinet is working with mayors.

In response to Senator Smith, Mr. Benton stated that WIOA, the Workforce Innovation and Opportunity Act, is a federal workforce law. Mr. Benton continued to say that the law sets the framework for the delivery of the public workforce system.

In response to a question from Representative Westrom, Mr. Benton stated that a website provides contact information for all of the career centers around the state. Use kcc.ky.gov, then click on Office Locations in the upper right corner to search for a location near you.

In response to a question from Representative Miles, Mr. Benton testified that there is currently not an instance where an ADD serves as both the fiscal agent and service provider for the same workforce area.

Department for Local Government Relationship with ADDs

Amy Barnes, Executive Director, Office of State and Federal Grants, Department for Local Government; and Laura Redmon, Budget Manager, Department for Local Government discussed the relationship between ADDs and the Department for Local Government.

Amy Barnes testified that the Department for Local Government (DLG) administers the Joint Funding Administration (JFA) program. The program delivers both state and federal funds to the ADDs through a contractual agreement. Included in the agreement are federal funds from the Economic Development Administration and from Housing and Urban Development (HUD) as a part of DLG's Community Development Block Grant (CDBG) program. The state funds are used to match the federal programs, as well as to match the Appalachian Regional Commission (ARC) funds for some of the ADDs. There is also additional state funding provided.

Ms. Barnes stated that DLG requires two types of reports from the ADDs; a financial report and an activity report. DLG is a repository rather than a regulatory agency for cost allocation plans.

In response to a question from Representative DuPlessis, Ms. Barnes stated that there was confusion about the language in the 2018 budget regarding the match in the JFA formula. She continued to say that the department made matches to federal funds first, then applied the JFA formula to what was remaining. For fiscal year 2020, the formula will be applied on the front end. ADDs have agreed to how the math was done. In response to another question from Representative DuPlessis, Ms. Barnes stated that there was no discussion about reparations to fix some of the lack of funding that happened in some districts.

Senator Smith stated that the coal severance distribution formula has changed many times since he has been in the legislature. He thanked Ms. Barnes for her work in that area.

Laura Redmon testified that there are fluctuations in how money is dispersed because of the different programs that make up the JFA. Economic development funds are dispersed evenly between the 15 ADDs. CDBG has a different allocation process. Ms. Barnes stated that DLG applies for funds to the Economic Development Administration (EDA) on behalf of the ADDs.

In response to a question from Representative Miles, Ms. Redmon said that DLG wants to ensure that the department and subrecipients are in compliance.

In response to a question from Representative Westrom, Ms. Barnes stated that DLG administers the Kentucky Small Cities CDBG. The department receives a technical assistance fee tied to the program. DLG must use a portion of the fee to promote the CDBG program to eligible applicants across the commonwealth. In response to another question

from Representative Westrom, Ms. Barnes provided examples of projects that are funded by CDBG funds. Ms. Barnes continued to say that most dollars are spent in the public facilities and infrastructure category.

Representative Duplessis stated that he understood that the JFA formula had not changed for 40 years. Ms. Barnes stated that there was a JFA formula that existed. During an administration change, the formula was lost. The ADDs then collectively decided how JFA funds would be distributed. Some directors were not pleased with how the division had been going. The old formula was eventually found, which is essentially the formula that was put into the 2018 budget language, with a few tweaks for modernization. In response to another question from Representative DuPlessis, Ms. Barnes stated that any time a formula is addressed that distributes money, there are going to be winners and losers. In response to further questioning from Representative DuPlessis, Ms. Barnes agreed that several of the ADD directors were able to get the formula changed without a collective agreement from all of the other ADD directors. Representative DuPlessis stated that when winners and losers are made, there should be more collective discussion.

With no further business before the working group, the meeting was adjourned.