

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 4th Meeting of the 2020 Interim

September 16, 2020

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, September 16, 2020, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Steven Rudy, Co-Chair; Senators Tom Buford, Matt Castlen, Rick Girdler, David P. Givens, Alice Forgy Kerr, Morgan McGarvey, Stephen Meredith, Gerald A. Neal, Michael J. Nemes, Dennis Parrett, Robin L. Webb, Stephen West, and Phillip Wheeler; Representatives Lynn Bechler, Danny Bentley, Myron Dossett, Joseph M. Fischer, Kelly Flood, Jim Glenn, David Hale, Mark Hart, Angie Hatton, Jason Nemes, Ruth Ann Palumbo, Melinda Gibbons Prunty, Brandon Reed, Steve Riley, Sal Santoro, John Sims Jr, Wilson Stone, James Tipton, and Susan Westrom.

Guests: Michael Adams, Secretary of State; Kate Shanks, Vice President of Public Affairs, Kentucky Chamber of Commerce; Cookie Crews, Commissioner, Kentucky Department of Corrections; Randy White, Deputy Commissioner of Adult Institutions, Kentucky Department of Corrections; Hilarye Dailey, Deputy Commissioner of Support Services, Kentucky Department of Corrections; and Lisa Lamb, Deputy Commissioner of Community Services and Local Facilities, Kentucky Department of Corrections.

LRC Staff: Jennifer Hays, Cameron Childress, Sarah Watts, and Chase O'Dell.

Approval of Minutes

A motion was made by Senator Parrett, seconded by Senator Nemes, to approve the minutes from the August 19, 2020, meeting. The minutes were approved by voice vote.

Election Expenses and Other Concerns

Michael Adams, Secretary of State, discussed election expenses and other concerns.

Secretary Adams testified that during the primary elections this year in Kentucky, voters were given options, there was high voter turnout, there was no spike in COVID-19 cases, and there was no evidence of vote fraud.

For the general election, absentee voting will be scaled back some. Absentee balloting will be encouraged for those who need it. Normally, only two percent of Kentucky voters vote absentee. In the primary, roughly 75 percent voted absentee. Secretary Adams testified that while this worked in a primary election, it could be disastrous if three quarters of voters voted absentee in a general election. The Secretary of State's office has received 321,000 requests for absentee ballots. This is 80,000 less than were requested at the same point before the primary election.

There will be three weeks of early in-person voting in the general election. No excuses or appointments will be necessary to vote early. Early in-person voting will start October 13. There will be many more voting locations on November 3 than there were on June 23. Secretary Adams has approved 48 county plans. Only one approved county plan has just one voting location. Great strides have been made to facilitate in-person voting on November 3.

Congress has paid the vast majority of election costs. Following the primary, almost \$2,000,000 was left in 'Help America Vote' Act dollars earmarked for election equipment upgrades. Another \$2.5 million was left in CARES Act funding, which is much more flexible. Secretary Adams reviewed the budget for the general election, which he said would cost \$9.74 million. Four million dollars are needed for absentee ballot postage. Additional county staffing will cost another \$2.2 million. Election equipment upgrades will cost \$2 million. Other expenses include funds for a state board of elections call center, public service announcements, and other miscellaneous costs.

Senator McDaniel commented on how younger people were beginning to volunteer to serve as poll workers. In response to a question from Senator McDaniel, Secretary Adams stated that county clerks will be reimbursed for election costs primarily based on utilization of absentee ballots. Secretary Adams discussed the challenge of getting younger poll workers.

In response to a question from Representative Stone, Secretary Adams testified that he has confidence in the election system. He continued to say that county clerks will be allowed to process absentee ballots more quickly than normal. The absentee voting and early voting phases will be staged separately. Secretary Adams predicted that 75 to 80 percent of the votes will be counted on election night. Results will be unofficial, but will be enough to project some outcomes.

In response to a question from Representative Bentley, Secretary Adams stated that the State Board of Elections call center will presumably use Board of Elections staff.

Representative Nemes discussed the need for an adequate number of voting locations in Jefferson County. Secretary Adams responded that his office had not yet

received plan proposals from Jefferson, Fayette, Boone, Daviess, Pulaski, and other large counties. He added that he did not have a particular number of voting locations in mind to apply to any one county. Jefferson County typically has 239 locations to vote at on election day. Secretary Adams added that one location per metro council district, which would total 26 locations, may be the minimum amount of locations that Jefferson County should have. Secretary Adams concluded by saying that he would not approve a plan from Jefferson County that contained only four voting locations, and that he and Governor Beshear both have the ability to veto a plan.

In response to a question from Representative Prunty, Secretary Adams expressed his support for having a permanent place in each county where any voter in the county can vote. In response to another question, Secretary Adams stated that a voting center doesn't have to be a large facility.

Representative Dossett discussed how the county clerk in Hopkins County will use a mobile voting precinct across the county so that individuals can vote in person. Secretary Adams added that Anderson County used drive-thru voting.

In response to a question from Representative Rudy, Secretary Adams testified that the \$2 million for equipment are funds matched by the counties rather than the state. Upgrading machines has improved the security of the ballot. Secretary Adams discussed how paper scanners which are capable of processing paper ballots improve security and voter confidence. In response to another question from Representative Rudy, Secretary Adams stated that it is a Class D felony in Kentucky to vote more than once, and that it is not possible to do. Because of e-Poll books, there is an instantaneous recording of any time a ballot is received. Federal dollars were used to buy e-Poll books.

In response to a question from Representative Bechler, Secretary Adams testified that this general election will cost roughly \$5 million dollars more than what the General Assembly has already allocated to the State Board of Elections and to local governments to reimburse county clerks. Normally, it costs the state \$10 million to run an election. This election will cost about \$20 million. Roughly \$5 million dollars will be covered by the federal government. This leaves \$5 million dollars for the state to cover in extra costs exceeding what the General Assembly already appropriated. In response to another question, Secretary Adams said that votes are recorded electronically and instantaneously. If someone votes once, they cannot vote again. He continued to say that no one voted twice in the primary election.

In response to a question from Representative Prunty, Secretary Adams stated that the Center for Voter Information is a shady group, and advised Kentuckians to disregard any contact they get from the group.

In response to a question from Senator Nemes, Secretary Adams testified that September 30 is the deadline for every county to produce a plan for the election. He continued to say that his office is providing the information for each county on www.sos.ky.gov. In response to another question, Secretary Adams said that his goal is to resolve any differences with counties on their plans before October 1.

In response to a question from Senator Wheeler, Secretary Adams testified that any incident of an individual attempting to vote twice will be referred for prosecution.

Kentucky Chamber of Commerce Request for CARES Funding for Unemployment Insurance Loan Repayments

Kate Shanks, Vice President of Public Affairs, Kentucky Chamber of Commerce, discussed the Kentucky Chamber of Commerce request for CARES funding for unemployment insurance loan repayments.

Ms. Shanks testified that the Kentucky Chamber of Commerce understands the importance of the Unemployment Insurance (UI) program, stating that it is an important safety net for those who become unemployed through no fault of their own. The Chamber is concerned with the status of the UI trust fund. Benefits are even more important during the pandemic. The Chamber is concerned with the tax increase that will come early next year to replenish the fund.

The trust fund was at a much healthier state at the start of the pandemic. Businesses were at tax rate schedule A, which is the most favorable schedule. After the great recession, the trust fund was depleted and businesses were at schedule E, the highest cost tax schedule. Similar circumstances are faced now. The Chamber expects to move from the lowest cost to the highest cost tax schedule at the beginning of next year. The Chamber along with other organizations have urged the Governor to provide some of the CARES Act federal dollars to the state trust fund. This is an allowable expense under the CARES Act.

Ms. Shanks discussed how businesses have stepped up during the COVID-19 pandemic. She continued to say that the significant tax increase coming next year will stall the recovery. Employers are hiring and people are trying to get back into the workforce. The labor force has decreased significantly. For July, the workforce was down more than 200,000. Ms. Shanks stated that financial difficulties in businesses also means financial difficulties in state government, since the largest portion of the state general fund comes from income and sales taxes remitted by businesses. The Chamber has reached out to Kentucky's congressional delegation and asked for help. For the 2021 regular session, the Kentucky Chamber of Commerce will be focused on a recovery agenda.

In response to a question from Representative Rudy, Ms. Shanks stated that Governor Beshear's office is considering the Chamber's request.

Senator McDaniel asked that Ms. Shanks provide the committee with a chart of the different UI tax rate schedules. He continued to discuss the number of unemployment insurance calls members of the general assembly receive from the public. Senator McDaniel also discussed the difficult situation businesses are facing.

Representative Tipton encouraged members of the committee to let their constituents know that come January 1, businesses will see a significant increase in unemployment insurance premiums. In response to a question from Representative Tipton, Ms. Shanks stated that her understanding was that CARES Act funding would expire at the end of this year unless congress takes additional action to extend it. The Chamber understands that some of the CARES Act funds have already been spent, and that there is not enough money to solve the UI trust fund issue. The Chamber has been informing its members of the coming rate increase.

Senator West stated that it is the administration's obligation to help businesses. He continued to say that information he received from State Budget Director John Hicks shows that there is \$768 million left available from the Coronavirus Relief Fund. In response to a question from Senator West, Ms. Shanks testified that the Kentucky Chamber of Commerce believes those funds can be used for the UI trust fund. In response to another question, Ms. Shanks stated that she did not know whether those funds had already been spent down.

In response to a question from Senator Givens, Ms. Shanks testified that businesses pay into the UI trust fund rather than employees. She continued to say that it took a while for the fund to reach schedule A after the great recession, which took significant investment over time. As the economy expands, businesses pay more into the UI trust fund. Senator Givens discussed how business closures impact trust fund rates and the trust fund balance.

Budgetary Impacts Related to Prisons and Jails

Cookie Crews, Commissioner, Kentucky Department of Corrections; Randy White, Deputy Commissioner of Adult Institutions, Kentucky Department of Corrections; Hilarye Dailey, Deputy Commissioner of Support Services, Kentucky Department of Corrections; and Lisa Lamb, Deputy Commissioner of Community Services and Local Facilities, Kentucky Department of Corrections, discussed budgetary impacts related to prisons and jails.

Deputy Commissioner Hilarye Dailey testified that for fiscal year (FY) 2020 the Department of Corrections saved \$10 million due to a lower than forecasted inmate population. This is the first time in 10 years that the department has not had to make a Necessary Government Expense (NGE) request. In FY 2020, the department received \$3.5 million from the CARES Act to replace state costs. The department needs additional prison beds due to the level of controlled intake, which stands at roughly 2,000 inmates per day

who are awaiting admission to a state facility. The department will be working with the Office of State Budget Director on an updated inmate population forecast.

In response to a question from Senator McDaniel, Commissioner Cookie Crews stated that she was fairly certain the inmate population would return to pre-COVID levels at some point in the next fiscal year.

In response to a question from Representative Prunty, Deputy Commissioner Lisa Lamb stated that the department will be able to report how many individuals who have been commuted come back in with a new felony conviction.

In response to a question from Representative Nemes, Deputy Commissioner Lamb testified that the Department of Corrections does not have the ability to track arrests, but that she would check with the Administrative Office of the Courts to see how many early releases have since been rearrested.

In response to a question from Representative Tipton, Ms. Dailey stated that there were 645 commutations in August. She continued to say that it was too early to determine the amount of savings for FY 2021. In response to another question, Ms. Dailey stated that controlled intake refers to individuals waiting to come into a state institution because they cannot serve time in a county jail.

With no further business before the committee, the meeting was adjourned at 2:19 p.m.