

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 1st Meeting of the 2020 Interim

June 26, 2020

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Friday, June 26, 2020, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Phillip Pratt, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Phillip Pratt, Co-Chair; Representative Tommy Turner, Co-Chair; Senators Denise Harper Angel, Alice Forgey Kerr, Wil Schroder, Reginald Thomas, Mike Wilson, and Max Wise; Representatives Lynn Bechler, Tina Bojanowski, Terri Branham Clark, Jeffery Donohue, Deanna Frazier, Chris Freeland, Chris Fugate, Robert Goforth, Jim Gooch Jr., David Hale, Richard Heath, Cluster Howard, Kim King, Adam Koenig, Bobby McCool, Michael Meredith, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Rachel Roberts, Steve Sheldon, Maria Sorolis, Cherlynn Stevenson, Richard White, and Rob Wiederstein.

Guests: Travis Burton, Director of Political Affairs, Kentucky Chamber of Commerce; Dr. Kris Williams, Chancellor, Kentucky Community and Technical College System; Bradley Stevenson, Executive Director, Child Care Council of Kentucky; Jennifer Washburn, Executive Director, iKids Childhood Enrichment Center; Todd Griffin, President, Kentucky Retail Federation; Shannon Stiglitz, Senior Vice President of Government Affairs, Kentucky Retail Federation; Dan Galvin, owner, Galvin's; and Debbie Long, owner, Dudley's.

LRC Staff: Andrew Manno, Janie Boyd, and Sasche Allen.

Impact of COVID-19 on Businesses and What Comes Next

According to a Chamber survey taken between late April and early May, businesses across the state have had to completely change their operations and as a result almost 80 percent of the Chamber's members said they have seen a significant loss of revenue. Fifty-five percent were already facing cash flow issues, 28 percent said they had had to suspend operations, and 33 percent at that point had had to lay off employees. In response, the Kentucky Chamber of Commerce, in partnership with KCTCS, launched Restart Kentucky and has worked to provide their members questions and answers on their

website, the procurement of personal protective equipment, webinars, paycheck protection program loan education and advocacy, and a Who's Hiring campaign. The organization has also started a "We See You" local chamber campaign, formed a task force for reopening recommendations, provided masks and hand sanitizer, and formed a partnership with the Kentucky Department of Education. Some of the topics covered by the webinars that were offered included "The Impact of COVID-19 on Restaurants and Retail in Kentucky", "Reopening the Economy: A Review of States' Response to COVID-19", "Addressing COVID-19 Legal Liability Risks for Employers", and "On the Front Line: Kentucky Hospitals in the Age of COVID-19". Some of the issues that the business community worked on during COVID-19 were the reopening of schools, legal liability, hospitality reopening plans, CARES funding for small business grants, child care, safely reopening businesses, and opposing unnecessary obstacles to reopening businesses.

KCTCS has been working with leadership from the Kentucky Council on Postsecondary Education and the Governor's Office to finalize reopening plans for the fall session for all 16 colleges in the KCTCS network. Most institutions have announced they plan to offer several options to students but also have contingency plans. KCTCS will be carefully following the Healthy at Work requirements. They will be requiring health checks as students enter campus, face coverings, appropriate social distancing, and strict cleaning protocols. Due to the abrupt closing of the spring session of classes, there are currently four stages of KCTCS's restart plan. Stage one went through May 31, 2020 which included technical faculty and students making up lab coursework on campuses only, the opening of workforce assessment centers, and minimal system office access. Stage two went through June 30, 2020 which included less than 50 percent of faculty and staff in facilities, students with appointments could access student services, technical faculty and students continued to complete coursework, and all Summer 1 courses were offered online only. Stage three will be July 1, 2020 to July 31, 2020 and will allow up to 50 percent of faculty and staff on campus, permit students with appointments access student services, allow some face to face Summer 2 classes to take place on site in labs, and permit meetings of up to 50 people. Stage four will be from August 1, 2020 through December 18, 2020. During this stage, fall session classes will begin on August 17, 2020 in a variety of formats including online and face to face. All student services will also be offered on all campuses. Actions in stage four are subject to approval by the Kentucky Council on Postsecondary Education and subject to change.

Answering a question from Representative Kim King, Dr. Kris Williams said with the current size of most classrooms social distance requirements should be easy to implement, but it may be more challenging when students have to be in classrooms where machines and other types of equipment are used. As a result, campuses have adopted hybrid models as an option that will have half of a class in a classroom at a time to achieve social distancing. In certain lab classes and technical classes such as welding, actual physical barriers were already in place.

In response to Representative Tina Bojanowski, Mr. Travis Burton said examples unnecessary obstacles to reopening businesses included requesting information from businesses that would compromise their privacy such as proprietary information.

Replying to a question from Senator Mike Wilson, Mr. Burton said the interim period of the year will give the Chamber the opportunity to reflect on what worked well during this time and what did not.

Representative Deanna Frazier made comments about addressing issues with childcare and providing care for the elderly.

Addressing a question from Representative Steve Sheldon, Mr. Burton said the Chamber is aware of the issue employers have been having with getting employees back in the workplace due to some employees receiving unemployment pay, unemployment emergency pay, and stimulus finds. Due to different types of businesses reopening at different planned phases, the issue is difficult to access at this time.

Co-Chair Phillip Pratt made comments about the large amount companies across the state that have been unable to fill positions as businesses have begun to reopen.

Impact of COVID-19 and Reopening of Child Care Providers

In 2013 there were 4400 childcare providers throughout the state but that has decreased to 2172 in 2020. This decrease is partially due to a freeze being put on federal block grant funds for childcare assistance in 2013. Bradley Stevenson, Executive Director of the Child Care Council of Kentucky, said he believes the effects of COVID-19 will have a similar effect and will cause major issues for working parents in Kentucky. A survey conducted by the Prichard Committee for Academic Excellence, that received over 1500 responses, found that Kentucky's childcare capacity before the COVID-19 pandemic was 165,314. However, as a result of the pandemic 11 to 15 percent of those providers may have to potentially close permanently. Daycares were ordered to close in March 18, 2020, and some have yet to reopen due to staffing issues, lack of access to supplies, and employees who are collecting unemployment. On June 15, 2020, licensed childcare providers were eligible to reopen with strict guidelines that included increased cleaning and limited group sizes. About 60 percent of facilities have reopened with 40 percent remaining closed.

The Child Care Council of Kentucky has worked to create Reopen Childcare Kentucky in conjunction with 80 other interested parties throughout the state including childcare providers, healthcare providers, postsecondary institutions, and the Kentucky Chamber of Commerce. Collectively, they submitted reopening recommendations to the Governor's Office. One of the childcare facilities involved in Reopen Childcare Kentucky is iKids Childhood Enrichment Center. The Executive Director, Jennifer Washburn,

explained her experience as a small business owner during the COVID-19 pandemic. Throughout the pandemic, iKids has operated as a limited duration center adhering to National Association for the Education of Young Children accreditation guidelines by providing care to the community's healthcare and emergency responders. Choosing to operate as a limited duration center, iKids lost more than \$23,000 in April 2020. The receipt of a PPP loan covered losses for April and May but was fully exhausted June 12, 2020, which was the case for most childcare facilities across the state. Ms. Washburn explained that her facility is licensed for 97 children but operates with 89 for a lower teacher to child ratio. iKids receives funds through Kentucky Child Care Subsidy, which pays \$20 a day for qualifying families, for about five children but relies mainly on parent contributions and tuition. With the newly mandated group size reductions, Ms. Washburn's facility is down 20 child care spots which will equal out to a 22.4 percent reduction in revenue. With the staffing requirements of each class coverage, as well as staff for wellness checks and additional staff to reduce break contacts, the staffing hours have increased by 20 percent. The decrease in revenue and increase in staffing hours is not reflective of the rest of the industry. Ms. Washburn said that most of the other childcare facilities she has been in contact with will more than likely have revenue losses of 60 to 70 percent and increase in costs is around 50 percent.

After comments from Representative Michael Meredith, Mr. Stevenson said that the Child Care Council of Kentucky submitted a comprehensive reopening plan to the Governor's Office, but there is some paperwork that each individual childcare facility is supposed to submit to the Governor's Office. Ms. Washburn further explained that each individual childcare facility would not have their own reopening plans to submit to the Governor's Office. The emergency regulations that each facility has to follow are those that have caused issues for some facilities thus far in the reopening schedule. Answering follow up questions regarding specific requirements listed in the emergency regulations, which allowed childcare facilities to reopen on June 15, 2020, Ms. Washburn said that group sizes have been limited to 10 children and each group cannot intermingle throughout the day.

Co-Chair Danny Carroll gave details about his facility and how they have implemented the emergency regulations to reopen. He said he does not believe the data and statistics support the strict regulations that have been put in place.

Representative Josie Raymond made comments about the limited group sizes, parents who may no longer have the part time childcare option, and how the childcare issue across the state is disproportionately affecting women.

Answering a question from Representative Lynn Bechler, Mr. Stevenson said that the discrepancy in statistics he mentioned, that were from a survey conducted by the Prichard Committee for Academic Excellence, compared to those of Travis Burton, Director of Political Affairs for the Kentucky Chamber of Commerce, were a result of the

Chamber using a national study of childcare facilities. The study conducted by the Prichard Committee for Academic Excellence was a statewide survey of 1500 childcare facilities. Responding to a follow up question, Ms. Washburn said that after reaching out to Executive Branch leadership weeks prior, she had not received a response from them as of yet.

Representative Tina Bojanowski made remarks regarding the hourly pay of childcare employees, the lack of healthcare coverage for childcare employees, and the readiness levels of children entering kindergarten.

Addressing a question from Representative Kim King, Mr. Stevenson said the Child Care Council of Kentucky worked to create Reopen Childcare Kentucky in conjunction with 80 other interested parties throughout the state including childcare providers, healthcare providers, postsecondary institutions, and the Kentucky Chamber of Commerce to collectively submit a comprehensive reopening plan to the Governor's Office. The recommendations that were submitted did not include the reduction in group sizes or not intermingling children.

Replying to Representative Maria Sorolis, Ms. Washburn explained that the guidelines and requirements of childcare facilities are not consistent with proposed school reopening guidelines and requirements. She said that the two sets of guidelines should be more cohesive, because many childcare facilities will be providing after school care, which will make following their requirements very difficult with the separation aspect and group size limitations.

Answering questions from Senator Mike Wilson, Mr. Stevenson reiterated that a large portion of their recommendations were used in the emergency regulations, but the smaller group sizes and not intermingling children was not a part of their recommendations. Responding to a follow up question, Mr. Stevenson said the regulations that were in place before the COVID-19 pandemic would be sufficient. Some limited duration centers are still operating under regulations that were in place while most other facilities were closed. These regulations do not require the smaller group sizes.

Responding to comments made by Representative Jim Gooch regarding children with development issues and children's' need for structure, Ms. Washburn said that when children are taken out of their routine, creative behaviors or tantrums may begin. A childcare center offers developmental, psychological, and social benefits.

Addressing a question from Representative Deanna Frazier, Ms. Washburn said subsidies did not remain the same while childcare facilities were closed. Subsidies changed from being based on attendance of subsidized children to being paid based on enrollment numbers of subsidized children before the pandemic.

Replying to a question from Representative Michael Meredith, Ms. Washburn said thinks that centers such as hers with lower numbers of subsidized children compared to those facilities with higher numbers of subsidized children are being effected in the same way. Quality will suffer and prices of childcare will increase if things continue on the current path.

Impact of COVID-19 on Retail Businesses and the Shop Healthy Initiative

The Kentucky Retail Federation (KRF) represents various different types of businesses including traditional retail, grocery, agribusiness stores, propane, pharmacies, restaurants, convenience stores, vending machines, among others. The state's retail industry supports for over a half million jobs, pays more than \$9 billion in wages annually, and collects the state's sales and use taxes. When the state was faced with closures, retail businesses and the KRF was not prepared for managing business closures, health concerns, product shortages, executive orders, local orders, or health department rules. Members of the KRF did work quickly to adjust by providing protection for employees, providing senior hours for customers vulnerable to COVID-19, encouraging curbside service, learning new shopping practices, implementing self-enforced capacity limits, and coordinating with the Governor's Office. The KRF also had to determine were businesses were to be deemed essential to remain operating such as grocery stores, pharmacies, and farm supply stores. Shannon Stiglitz, Senior Vice President of Government Affairs for the Kentucky Retail Federation, said that the KRF worked well with communicating product shortage information to the Governor's Office. There has also been communication with the Department of Agriculture about price increases. Ms. Stiglitz explained issues that have come up include those with regulations being imposed by several different sources including state and local offices and coordinating with public health. She said the KRF was consulted about regulations before retailers were permitted to reopen. Todd Griffin, President of the KRF, detailed the Shop Healthy KY campaign that assisted the public in knowing how to navigate stores after retailers reopened.

The General Assembly passed SB 150 at the end of the 2020 Regular Session that allowed for restaurants to sell alcohol by the package, sell to-go alcohol by the drink, and sell raw foods and grocery items. Restaurants have faced challenges such as a lack of guidance and reopening communications; possible inability to properly socially distance and abide by capacity limits; loss of customer base; access to PPE; and possible issues with the paycheck protection program. Dan Galvin, owner of Galvin's restaurant in Georgetown, and Debbie Long, owner of Dudley's in Lexington, described their experiences and challenges as restaurant owners during this time, which included many of the issues Ms. Stiglitz had detailed.

Responding to Representative Kim King, Ms. Stiglitz said that it would be helpful if a reopening committee would have been created that included members of the retail industry. A committee was created by the Governor's Office but only included members of the administration.

Answering a question from Representative Rachel Roberts, Ms. Stiglitz said that a pandemic is not included in business interruption insurance but the issue has been raised at the federal level.

Representative Terri Branham Clark detailed issues she had been made aware of by business owners in her district. Many of those small business owners had businesses in other states in addition to their businesses in Kentucky. Therefore, there were different regulations and varying reopening schedules among states.

Senator Reginald Thomas gave his opinions on Governor Andy Beshear's handling of the COVID-19 pandemic and mentioned he has received national acclaim. He also said that Lieutenant Governor Jacqueline Coleman's background as a teacher will assist in contributing to school reopening plans.

There being no further business, the meeting adjourned at 3:44 p.m.