

establish that, after January 1, 2026, “covered services and supports” eligible for reimbursement from the Kentucky Independence Plus Through Consumer-Directed Services Program (KRS 205.5605-205.561) would not include referral to, or secure new employment for a person in, a sheltered workshop where participants are paid less than minimum wage.

The fiscal impact of SB 131 on local governments is indeterminable but likely to be minimally positive. As of late 2019 (the most recent numbers provided by the Cabinet for Health and Family Services) there were approximately 1,389 Kentuckians with a disability employed in sheltered workshops at 23 community rehabilitation providers and two other facilities in Kentucky. A 2016 census reported the average wage to be \$5.57 per hour with a low of \$.01 per hour and a high of \$9.92 per hour. (These wage figures are speculative because the piece rate paid to workers in sheltered workshops do not correspond precisely with an hourly wage rate). This compares to the 3,656 Section 14 (c) FLSA waiver participants who work in the community with 79% earning minimum wage at \$7.25/hour and up to \$10/hour, 19% earning \$10.01 to \$15/hour, and 2% earning more than \$15/hour.

It is unknown how many of the 1,389 workshop workers would leave the sheltered workshop setting for competitive wage jobs in the local community. Those workers who did take jobs in the community would be paid at least minimum wage of \$7.25/hour and so would increase their spending power. Cities and counties that impose an occupational license tax would see a minimal increase in occupational tax revenues based on the increased wages paid workers with a disability. In addition to Louisville/Jefferson County Metro and Lexington/Fayette Urban–County Governments, as of 2020 there were 137 cities and 70 counties in Kentucky that imposed an occupational license tax. First class cities may impose a license fee of up to 1.25% on wages; there is no specific statutory maximum on the license fees other cities may levy. Counties may impose an occupational license fee of 1% to 1.25% of wages depending on population.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II applies to SB 131 as introduced. There is no earlier version for comparison.

Data Source(s): Cabinet for Health and Family Services, Department of Behavioral Health, Division of Developmental and Intellectual Disabilities; LRC Staff

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