

EXECUTIVE BRANCH EFFICIENCY TASK FORCE

Minutes of the 4th Meeting of the 2022 Interim

September 26, 2022

Call to Order and Roll Call

The 4th meeting of the Executive Branch Efficiency Task Force was held on Monday, September 26, 2022, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representative Jerry T. Miller, Co-Chair; Senators Michael J. Nemes, and Whitney Westerfield; Representatives Shane Baker, Bobby McCool, and Patti Minter.

Guests: Dr. Ares Cedeno and Trey Grayson, Governor's Scholar Program; Ray Perry, D.J. Wasson, and Jacob Walbourn, Public Protection Cabinet.

LRC Staff: Daniel Carter, Alaina Spence, and Cheryl Walters.

Approval of Minutes

The minutes of the August 22, 2022, meeting were approved without objection, upon the motion by Senator Mills, and seconded by Representative Baker.

Charge of the Task Force

Representative Miller stated the objectives of the task force, which are to look into the functions of the executive branch of the Commonwealth; allow agencies to explain their structure, funding, and budget building practices; and grant agencies the opportunity to propose to the legislature future reorganization plans and proposals to make their internal processes more efficient.

Governor's Scholar Program

Presenting for the Governor's Scholar Program (GSP) were Dr. Ares Cedeno, Executive Director, and Trey Grayson Chair of the GSP board. Mr. Grayson explained the origins and funding of GSP. In 1983, Governor John Y. Brown decided the state needed a "Governor's school", which were already being developed in Midwestern and Southern states. The legislature authorized funding for GSP during the 1983 session. The program began before funding was available, so private funding was immediately needed, and private donors began donating money to GSP. Roughly 75 percent of funding consists of

state appropriations to GSP, Inc., a not-for-profit, 501(c)3, corporation. The remaining 25 percent is raised privately through a separate foundation, GSP Foundation, that raises money and transfers the funds to GSP, Inc.

Mr. Grayson stated GSP's mission, which is to enhance the next generation of civic and economic leaders. The program is a free, five week program held in Kentucky colleges and universities. Every three years, GSP allows Kentucky colleges and universities to submit bids to host the program.

In 2005, General Assembly passed a reorganization bill that required a separate foundation to raise private money, to resolve confusion with state and private dollars funneling together in one entity. The legislature appropriates money directly into GSP, Inc., and all private support and grants go into GSP Foundation. In early July, the state transfers money into GSP. The board of directors hire the executive director, and the executive director hires the remaining staff.

Mr. Grayson then briefly explained the board structure. There are three ex-officio members: the Commissioner of Education, President of the Council on Postsecondary Education, and the cabinet secretary of cabinet they are attached (Education & Labor). The Governor gets five appointees, staggered over each term, and 24 board members are appointed by the body according to by-laws and articles. In 2011, the oversight was transferred from Governor's office to the Education & Labor Cabinet. The Education & Labor Cabinet has oversight over GSP, even though GSP is not technically a state agency, due to the amount of state funds GSP receives through GSP, Inc.

Dr. Cedeno testified about his role and the day-to-day operations of GSP. Dr. Cedeno is hired by board of directors and is not a state employee. Currently, they have on staff a fiscal officer and two full-time and two-part time administrative assistants. GSP Foundation has a president of the foundation that also works in their office, but funded with private money from the foundation. GSP is one of three Governor's schools in Kentucky. The other two are Governor's School for the Arts, and Governor's School for Entrepreneurs; each are separate from GSP and have their own executive director and staff and structure.

GSP staff work year-round to organize the summer programs, which are held on three different campuses. Dr. Cedeno, along with the campus directors, hire and supervise the summer personnel, which are contractually hired for one summer. Applicants may reactivate their application and be hired for subsequent summers, but under no guarantee. On each campus, there is a campus director, approximately 19 faculty members, 19 residential staff members, and 8 office staff members. Each campus has 350 Governor's scholars, for a total of 1,050. The current appropriation allows for 1,020 students, but in last two years the Department of Education provided additional support for 30 more scholars.

The main objectives of the program are to provide tools to help students tackle problems and help others; be creative in life, school, workplace, and community; develop the ability to recognize when to be a leader and when to be a follower; and learn how to achieve their highest potential.

The selection of Governor's Scholars involve a highly competitive process at the school, district, and state level. Dr. Cedeno does outreach to each of the counties in the state, and has visited 80 so far this year. GSP would like to have students represented from all 120 counties but has not met that goal during the last two years. GSP received 1,756 applications in 2022, and accepted 1,051 students for a 60% acceptance rate. More females applied than males, which has been the case since 1995. The application is based on academic achievement, extracurricular activity, community service, honors and awards, a writing sample, and two letters of recommendation.

Students who are accepted into the program go on supervised field trips, participate in community service, and listen to convocation speakers. To maintain a safe and productive learning environment, students must follow rules and regulations created by GSP, which prohibit firearms, alcohol, and drugs on the campuses.

Once finished with the program, students complete a survey on their satisfaction with the program. Approximately 83% of GSP alumni attend Kentucky colleges and universities, and all Kentucky colleges and universities offer scholarships at different levels based on whether a student has completed GSP.

In response to questions from Rep. McCool, Dr. Cedeno stated that GSP tracks the number of students who have completed the program and attained a bachelor's degree. GSP works with Kentucky Statistics in obtaining the information. Other factors they review include where the students attend school, whether they attend college in-state or out-of-state, and if they have residence in Kentucky. They also have to maintain this information for their donors, and started collecting this information since 1999. Approximately 82.6% of GSP alum reside in Kentucky. Mr. Grayson added that with the goal of having every county represented, GSP is doing their best to recruit more students from different parts of the state and different backgrounds. The Department of Education and Churchill Downs have also provided support to target students who have overcome adversity.

In response to questions from Rep. Baker, Dr. Cedeno stated that GSP does not design the curriculum, per se. There are a number of classes that students select as focus areas which are taught by the faculty. The faculty consists of college professors and high school teachers. The classes that relate to focus areas are usually taught by the college professors, by lecture. Faculty are hired for specific subject areas. A faculty member will propose a course on the focus area to be reviewed by Dr. Cedeno and the three campus directors. The general study course that is assigned to the student is facilitated to be taught

from different perspectives, and not to exclude anyone. The residential curriculum is voluntary and facilitated by RAs. Dr. Cedeno also stated that GSP did not receive any complaints about the program that were brought to Rep. Baker's attention. Dr. Cedeno met with the representative who voiced the complaint last week about the activity, and GSP is currently reviewing whether the activity should remain.

Rep. Minter commented on the impact GSP has had in her observations of first generation college students and thanked them for their hard work and success.

In response to Rep. Miller's question on behalf of another member, Mr. Grayson stated that generally boys have a higher acceptance rate than girls, and some of that is due to logistics and bathroom allocation.

Sen. Westerfield commented and asked about a timeline to investigate the questions posed by Rep. Baker about the activities and curriculum of GSP, and to ensure not civil rights violations have occurred.

Public Protection Cabinet – Organizational, Operational, and Budgetary Overview

Presenting for the Public Protection Cabinet (PPC) were Secretary Ray Perry; D. J. Wasson, Chief of Staff; and Jacob Walbourn, General Counsel. Secretary Perry gave a brief overview of the cabinet structure, responsibilities, funding, and staff. PPC focuses on consumer protection through licensing and regulation of various industries and occupations. PPC is a shared service cabinet, which include administrative services, fiscal and human resources, IT, and communications throughout the various departments. PPC has developed internal databases which provide licensure and insurance tracking, which currently serves all agencies except the Department of Housing, Building, and Construction. The shared database allows for financial savings and allows PPC to adapt their database to any new laws created. IT staff have created additional applications for increased efficiency, which include STAR training for the Department of Alcoholic Beverage Control (ABC), evidence-tracking for ABC officers, and an internal system for purchase and travel requests that integrates with eMARS, the state system, reducing errors. PPC have also created an internal sign-in and sign-out program, to help track remote workers.

PPC primarily operates on restricted funds through licensing fees, but also some general and federal funds. House Bill 1 helped PPC hire additional physicians and vehicles for state fire marshal's office, and also hire more inspectors and plan reviewers.

PPC's agencies include the Office of the Secretary and 10 other departments. The Office of the Secretary provides services and oversight for all agencies within the cabinet. Some of the departments under PPC include the Department for Professional Licensing, the Kentucky Real Estate Authority, Kentucky Boxing and Wrestling Commission, ABC,

Department for Charitable Gaming, Department of Financial Institutions, Kentucky Horse Racing Commission (administratively attached), Office of Claims and Appeals, Department of Housing, Building, and Construction, and the Department of Insurance. The Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund is administered through the Office of the Secretary.

PPC also received federal funding for the following programs: non-profit assistance to those that qualified and had negative revenue for calendar years 2020 or 2021, a program to scan real estate appraisal documents into a national database, and a crime victims' compensation program under the federal Crime Victims Act.

In response to questions by Senator Mills, Mr. Walbourn stated that promoting large cash tournament poker style games are probably illegal. There is a license available for a special fundraising event for charitable organizations, however, a large cash tournament poker event would likely not qualify. Charitable gaming would be under PPC purview, but non-charitable gambling events would be referred to either local or state police. PPC does not regulate the Board of Embalmers, but PPC has regulated them before.

Secretary Perry noted that \$52 million was raised for the Team Western Kentucky Tornado Fund. PPC paid \$10 thousand per funeral for all tornado victims, then relied on FEMA, before providing additional assistance, to avoid duplication of efforts. Once FEMA compensated victims, PPC then provided additional money to victims. Private insurance was more likely to apply to tornado victims in Western Kentucky than to flooding victims in Eastern Kentucky. PPC was able to share information with the Department of Insurance to provide assistance on deductible claims for insureds. They are also working with non-profits to rebuild destroyed homes. They have committed \$16 million from the fund to build 300 homes in the area. They have also partnered with long-term recovery groups and gave \$12 million for long-term recovery assistance. They are also partnering with the Hope Initiative in Graves County to build 20-25 homes. There is a little over \$9 million left in the fund.

In response to questions from Senator Westerfield about IT infrastructure, Mr. Walbourn stated that the cabinet has created a shell system that handles licensing, and each board has a small branch to the shell system. The system can be customized for each board. Previously some agencies were using third-party vendors, and PPC tasked their IT professionals to bring these systems in-house, and customize for their boards. An example is the STAR Training through ABC. Secretary Perry added that PPC has prepared a list of their IT initiatives; what they have done, what they have saved, and what they are working on, with the goal to make licensing as easy and business-friendly as possible.

In response to a follow-up question from Senator Westerfield, Secretary Perry stated that Department of Financial Institutions is considering reorganization to address block chain technology and crypto and may need legislative assistance. Secretary Perry has also

mentioned concerns with losing employees to other agencies, particularly with Department of Financial Institution employees. The Federal Reserve and FDIC have tried to recruit, offered to pay more money, and are now offering allow employees to work entirely from home. The positions are competitive and hard to find, which has put a strain on staffing. Currently PPC has 46 open positions, 7.7 percent of their staff.

In response to questions from Rep. Minter, Ms. Wasson stated they are working on drafting regulations for the bill of rights portion of student loan regulation, reviewing best practices, and incorporating a specific process into regulations they are drafting.

In response to questions from Sen. Mills, Secretary Perry stated that there is a new permanent policy that requires staff to be in the office at least three days a week. Currently, 48 percent of PPC staff participate in the hybrid telecommute policy in accordance with new state policy. All PPC employees are required to be in the office together one day a week. New employees have to be in the office five days a week for at least six months. They had difficulty training new employees during COVID, when staff were telecommuting all week. Mr. Walbourn added that of the other 52 percent who report to work all five days, most are field inspectors. Very few employees telecommute 100 percent and are only allowed if their position requires it. PPC has a log-in system that employees have to use to indicate whether they are working remote or on site. Secretary Perry stated it is for productivity and employee safety. The Secretary added there have been very few complaints with the system, and their current work flexibility methods keep them somewhat competitive with the market.

Representative Miller thanked the Public Protection Cabinet representatives for their testimony, and the meeting was adjourned at 2:27 p.m.