

2015 Interim

LEGISLATIVE

Volume 28, No. 5
August 2015

* Read online at www.lrc.ky.gov/legislation.htm

RECORD

Lawmakers focus on preserving military bases

by Jim Hannah
LRC Public Information

FRANKFORT – The best way to preserve Kentucky's two largest military installations – Fort Knox and Fort Campbell – is to make them more economically viable for U.S. Army to operate.

That's what Col. (Ret.) David Thompson, executive director of the Kentucky Commission on Military Affairs, told members of the Interim Joint Committee on Veterans, Military Affairs and Public Protection on Aug. 13 in Frankfort.

"The theme is to reduce their costs," Thompson said. "They don't have the money they had before. Any time we can help the installations, to pull the cost burdens off them for operating the installations, the better."

He said it's vital Kentucky does everything it can to preserve the two bases, in addition the Bluegrass Army Depot in Richmond. The military brings \$15.3 billion into Kentucky's economy annually, Thompson said. Much of that is because of the three installations. For example, Fort Knox's annual economic impact is estimated at \$2.5 billion.

The three military installations are threatened by the budget sequestration of 2013, or the automatic federal spending cuts in particular categories. Those cuts have the military scrambling to reduce its ranks.

Fort Campbell in western Kentucky was largely unscathed by the most recent cuts, Thompson said. Fort Knox lost its Armor Center and School to Fort Benning, Ga., but gained the Human Resources



Photo by Bud Kraft/LRC Public Information

WWII veteran Bluford "Buddy" Smith, 92, of Hi Hat, testifies on his difficulty receiving VA benefits before the Interim Joint Committee on Veterans, Military Affairs and Public Protection while House Speaker Greg Stumbo, D-Prestonsburg, center, and Kentucky Department of Veterans Affairs Commissioner Heather French Henry look on.

Command.

"It is important to note that despite the significant turmoil in the Department of Defense, the Commonwealth of Kentucky is well positioned with regards to our installations," Thompson said. "We have a lot of growth potential going forward."

As the military reduces the number of bases, Thompson said he thinks that Kentucky has a chance to be the home to new consolidated operations. Fort Knox has recently added two Germany-based engineer companies, and the Army's Recruiting

Continued on page 2

School readiness is goal of early child care changes

by Rebecca Hanchett
LRC Public Information

Sometime before the end of 2017, a plan will be put in place to rate the quality of every publicly-funded early child care facility in Kentucky.

And while it will take some time to see results from the All-STARS (Accelerating Learning Statewide Through an Advanced Rating System)

five-star rating program, expanded under 2015 House Bill 234, the Governor's Office of Early Childhood Executive Director Terry Tolan said the goal – "kindergarten- readiness" for all Kentucky's children—is crystal clear.

"We want to see more children enter kindergarten ready to be successful on the first day," Tolan told the Kentucky General Assembly's Tobacco Settlement Agreement Fund Oversight Committee

on Aug. 5.

Only 50 percent of Kentucky children were ready for kindergarten during the last statewide kindergarten readiness screening in 2014, meaning over 24,500 children were unprepared, said Tolan. The percentage of children who were prepared for school increased only one percent from 2013.

"If we do what we've always done, we're not

Continued on page 2

Child care, from page 1

going to have more children ready for kindergarten. We've got to continue to find ways to reach more families, put more kids in high quality early learning experiences," said Tolan.

Once fully implemented, she said there will be more than 2,000 quality-rated child care centers for parents and guardians to choose from across the Commonwealth.

Funding for the All-STARS program—which will expand the current STARS for KIDS NOW rating system and be implemented by the fall of 2017—will be drawn from a \$44 million federal Race to the Top Early Learning Challenge grant that Kentucky received last year. That money is expected to run out sometime in 2017, although the Cabinet and Early Childhood Advisory Council will have plans in place to sustain the All-STARS program before that happens, explained Tolan.

Sen. Whitney Westerfield, R-Hopkinsville, explored what those plans may be. "Short of asking for appropriations, which everybody would expect, what else is there--what can you do?" he asked Tolan.

Part of the plan, she responded, will likely be to make sure that investments are paying off.

"We all want to make sure that the dollars we are investing are getting us where we need to be...or getting kids where they need to be, more importantly," said Tolan. "But yes, at some point, it's going to take some additional investment to sustain programs going forward."

Westerfield said he has been told that earning a higher quality rating could be "cost-prohibitive" for some early child care facilities. Tolan responded that having more qualified staff and better staff-to-student ratios does cost more, and the state plans to craft a rewards system—backed by Race to the Top dollars—to alleviate some expense.

"(The rewards) will be tied to the ratings," said Tolan.

Increased reimbursement for quality programs that serve low-income children, better access to scholarships, and discounts on products to improve classroom quality are all possibilities, she said.

In addition to the Race to the Top early learning grant, Kentucky puts 25 percent of its annual share of funding from a 1998 national tobacco settlement agreement toward early childhood education. Tolan said the tobacco money has been leveraged to acquire other funds.

Tobacco settlement funding for Kentucky's early child care programs, including STARS for KIDS NOW, totaled over \$17 million over the last biennium, according to the Office of Early Childhood's last biannual report.

Committee Co-Chair Rep. Wilson Stone, D-Scottsville, praised a recent agreement between Kentucky and tobacco companies that saved the state hundreds of millions of dollars in potential tobacco settlement dollars.

Military, from page 1

and Retention School is moving to Fort Knox from Fort Jackson, S.C. In addition, the post became the new home of a summer ROTC training course this summer.

"The more we can drive these costs down on these installations ... the more sensible it is going to seem for the military to put forces at these installations where they can save on base operating costs over the long term," Thompson said.

Rep. Tom Burch, D-Louisville, asked what state officials can do, or have done, to preserve the installations.

Thompson said one way is to make the state an attractive place for military personnel to retire. He said several states don't require people disabled in the military to pay property taxes. In addition, 22 states don't collect taxes on military retirees' pensions.

"There are a lot of things we can do with these installations to preserve them," Thompson said. "Right now, local governments are engaged with Fort Knox and Fort Campbell ... in partnerships to

reduce the costs at these installations."

For example, Fort Campbell has agreed to lease a section of its private railroad to Hopkinsville, which hopes to use the railroad tracks to provide better access to its mega economic development zone under development.

Fort Campbell also received a \$3.1 million grant from Kentucky to help pay for a five-megawatt solar array that will reduce its energy costs.

Sen. Dennis Parrett, D-Elizabethtown, said Fort Knox also produces its own energy from alternative sources such as geothermal,

natural gas and solar.

Parrett asked if military installations in other states were doing the same to stay competitive.

Thompson said Kentucky is leading in that regard. He said Fort Knox's move toward energy self-sufficiency makes it a more valuable military installation because it won't have to depend on the energy grid in the time of crisis—either caused by war or natural disaster.

Col. (Ret.) David Thompson said one way to help preserve the installations is to make Kentucky an attractive place for military personnel to retire.

Advocates for mentally ill urge passage of "Tim's Law"

by Rob Weber
LRC Public Information

Thirty-seven times, Tim Morton was placed in handcuffs and taken to the hospital to receive care for a severe mental illness.

"They'd get him back on medications. He would regain lucidity and say he was fine," said Dr. Sheila Schuster, executive director of the Kentucky Mental Health Coalition.

But the Lexington man was unable to recognize that he had a serious mental illness and would quit taking his medication each time he was released from the hospital, Schuster said.

"He did not take care of himself and he had a number of physical ailments that eventually led to his death," Schuster said. Morton was 56 when he died in 2014.

Schuster told Morton's story to lawmakers on the Health and Welfare Committee on August 19 while calling for the passage of "Tim's Law." The legislation would provide a more humane treatment system for people like Morton, Schuster said.

Proposed legislation expected to be considered in next year's legislative session would help make court-ordered outpatient treatment available to people who have severe and persistent mental illness, the inability to recognize that they are mentally ill, and have previously been involuntarily committed for care, Schuster said.

"We call it 'assisted outpatient treatment' so

they don't have to go to the hospital and they don't have to be handcuffed in the back of a sheriff's car and taken through that whole process," Schuster said.

"We want to do it in the most humane way, recognizing the civil liberties of people who, through no fault of their own, have a brain disorder," said Schuster, a longtime mental health advocate. "I know that all of us, probably, on some level have a philosophical problem with taking away civil liberties of someone because they have a brain disorder. But, folks, I've been here 30 years talking to you all and I'm telling you we've got to do something different in this commonwealth."

The proposed legislation would also "strengthen a statute already on the books that is not being used sufficiently," Schuster said. "It's for people in the hospital under a court order to give them the opportunity to work with an alternative sentencing social worker..., with their legal counsel, and with their peer support specialist to understand they have the opportunity to leave the hospital if they agree with a court order to go to outpatient treatment."

Passage of Tim's Law would foster treatment "without first having to get to the point of a psychotic episode and hospitalization," said Maggie Krueger, president of NAMI (National Alliance on Mental Illness) Somerset, a support, education and advocacy group.

"In other words, treatment before tragedy," Krueger told lawmakers.

Firefighters seek workers comp for certain cancers

by Jim Hannah
LRC Public Information

David McCrady had reached the pinnacle of his career in December 2013. At the age of 46 he was a battalion chief with the Owensboro Fire Department. He was in charge of training and safety in the only profession he knew – and one he loved.

Then he got cancer.

After brain surgery, chemotherapy, radiation and enrolling in a drug trial that has extended his life well beyond the original diagnosis of three to six months, McCrady is trying to convince state legislators to pass a law that would extend workers compensation coverage to firefighters who develop cancer linked to the toxins released from the blazes they battled. The proposed law would apply to Kentucky's 3,700 paid firefighters and 20,000 volunteer firefighters.

After hearing McCrady testify before the Interim Joint Committee on Licensing and Occupations on Aug. 14 in Frankfort, committee co-chairman John Schickel, R-Union, said such powerful testimony would help get the proposed legislation passed.

"I feel this legislation will be going to the front of the line when we take up the session next year," Schickel said.

Legislation that would have done just what McCrady wants didn't pass this past session.

"I know our leadership really wants to get this thing worked out and approved this upcoming session," Schickel said. "That's why I wanted you to come again today."

Lexington Fire Department Captain Chris Bartley also testified in support of the proposed legislation. He said similar legislation has been introduced for the last five years. It was known as House Bill 156 during the last legislative session.

"As you can see from the attendance of firefighters from across the state ... this is an important bill to all of us as a group," said Bartley, who also serves as the legislative affairs director of the Kentucky Professional Firefighters Association. "Materials that are burning today are not made of natural items anymore. It burns hotter. It burns faster – and releases more toxins. That's what's giving us cancer."

He said firefighters are not getting cancer because they don't wear their self-contained breathing apparatuses. Bartley said the toxins are being absorbed through a firefighter's pores.

A University of Cincinnati analysis of 32 studies of firefighters found they were at a 50 percent higher risk of developing 10 types of cancer, Bartley said. Those cancers include testicular cancer, multiple myeloma, colon cancer, leukemia and what McCrady has – brain cancer.

Thirty-two states have laws similar to what has been proposed in Kentucky, Bartley said. Michigan and Arkansas passed firefighter cancer bills this year.

To prevent firefighters from claiming worker compensation insurance for cancers not caused



Photos by Bud Kraft
LRC Public Information

Top photo: Sen. Paul Hornback, R-Shelbyville, center, Rep. Brad Montell, R-Shelbyville, at left, and Sen. Joe Bowen, R-Owensboro, right, discuss issues before the Aug. 14 meeting of the Interim Joint Committee on Licensing and Occupations.



Bottom photo: Rep. Larry Clark, D-Okolona, speaks during the Aug. 14 Interim Joint Committee on Licensing and Occupations meeting.

by the job, the proposed legislation contains some restrictions, Bartley said. For example, a firefighter must have not used tobacco products for 10 years to be covered. The firefighter would also have to been in the profession for five years before being covered and any cancer developed after being out of the profession for more than five years would not be covered.

Rep. Denver Butler, D-Louisville, said the new coverage would be paid from revenue collected from an existing 1.8 percent state tax levied on all home and vehicle insurance policies. The revenue from

the tax was originally intended to be earmarked for police and fire needs but has been used to balance the general fund in recent years, Butler said.

McCrady said the cancer and loss of his career caused more than just a financial hardship to his family. He misses his colleagues from a career he had for 23 years.

"I had depression issues because I was suddenly removed from what I loved," he said.

But he has found a way to get back to his passion. He teaches cancer awareness and prevention classes to firefighters.

2015

Kentucky

GENERAL ASSEMBLY

Senate

<p>Julie Raque Adams (36) 213 S Lyndon Ln Louisville, KY 40222 (LRC) 502-564-8100 (Home) 502-744-9264</p> <p>Ralph Alvarado (28) 3250 McClure Rd Winchester, KY 40391 (LRC) 502-564-8100 (Home) 859-556-0620</p> <p>Joe Bowen (8) 2031 Fieldcrest Dr Owensboro, KY 42301 (LRC) 502-564-8100 (Home) 270-685-1859</p> <p>Tom Buford (22) 409 W Maple St Nicholasville, KY 40356 (LRC) 502-564-8100 (LRC FAX) 502-564-2466 (Home) 859-885-0606 (Home FAX) 859-885-0606</p> <p>Jared Carpenter (34) PO Box 100 Berea, KY 40403 (LRC) 502-564-8100</p> <p>Danny Carroll (2) 220 Cimarron Way Paducah, KY 42001 (LRC) 502-564-8100 (Home) 270-703-8025</p> <p>Julian M. Carroll (7) 702 Capitol Ave Annex Room 254 Frankfort, KY 40601 (LRC) 502-564-8100</p> <p>Perry B. Clark (37) 5716 New Cut Rd Louisville, KY 40214 (LRC) 502-564-8100 (Home) 502-366-1247</p> <p>C.B. Embry Jr. (6) PO Box 1215 Morgantown, KY 42261 (LRC) 502-564-8100 (Home) 270-791-1879 (Work) 270-526-6237</p> <p>Carroll Gibson (5) PO Box 506 Leitchfield, KY 42755 (LRC) 502-564-8100 (Home) 270-230-5866</p> <p>Chris Girdler (15) 702 Capitol Ave Annex Room 209 Frankfort, KY 40601 (LRC) 502-564-8100</p>	<p>David P. Givens (9) PO Box 12 Greensburg, KY 42743 (LRC) 502-564-8100</p> <p>Denise Harper Angel (35) 2521 Ransdell Ave Louisville, KY 40204 (LRC) 502-564-8100 (Home) 502-452-9130</p> <p>Ernie Harris (26) PO Box 1073 Crestwood, KY 40014 (LRC) 502-564-8100 (Home) 502-241-8307</p> <p>Jimmy Higdon (14) 344 N Spalding Lebanon, KY 40033 (LRC) 502-564-8100 (Home) 270-692-6945</p> <p>Paul Hornback (20) 6102 Cropper Rd Shelbyville, KY 40065 (LRC) 502-564-8100</p> <p>Stan Humphries (1) 763 Sinking Fork Rd Cadiz, KY 42211 (LRC) 502-564-8100 (Home) 270-522-0195</p> <p>Ray S. Jones II (31) PO Drawer 3850 Pikeville, KY 41502 (LRC) 502-564-8100 (Work) 606-432-5777 (Work FAX) 606-432-5154</p> <p>Alice Forgy Kerr (12) 3274 Gondola Dr Lexington, KY 40513- (LRC) 502-564-8100 (Home) 859-223-3274</p> <p>Christian McDaniel (23) PO Box 15231 Latonia, KY 41015 (LRC) 502-564-8100</p> <p>Morgan McGarvey (19) 2250 Winston Ave Louisville, KY 40205 (LRC) 502-564-8100 (Home) 502-589-2780</p> <p>Gerald A. Neal (33) 462 S 4th St Meidinger Twr, Ste. 1250 Louisville, KY 40202 (LRC) 502-564-8100 (Home) 502-776-1222 (Work) 502-584-8500 (Work FAX) 502-584-1119</p> <p>Dennis Parrett (10) 731 Thomas Rd Elizabethtown, KY 42701 (LRC) 502-564-8100 (Home) 270-765-4565</p> <p>Dorsey Ridley (4) 4030 Hidden Creek Dr Henderson, KY 42420 (LRC) 502-564-8100 (Home) 270-826-5402 (Work) 270-869-0505 (Work FAX) 270-869-0340</p>	<p>Albert Robinson (21) 1249 S Main St London, KY 40741 (LRC) 502-564-8100 (Home) 606-878-6877</p> <p>John Schickel (11) 2147 Natches Trace Union, KY 41091 (LRC) 502-564-8100</p> <p>Wil Schroder (24) 25 Observatory Pointe Dr Wilders, KY 41076 (LRC) 502-564-8100</p> <p>Dan "Malano" Seum (38) 1107 Holly Ave Fairdale, KY 40118 (LRC) 502-564-8100 (Home) 502-749-2859</p> <p>Brandon Smith (30) 124 Craig Street Hazard, KY 41702 (LRC) 502-564-8100 (Home) 606-436-4526 (Home FAX) 606-436-4526</p> <p>Robert Stivers II (25) 207 Main St Manchester, KY 40962 (LRC) 502-564-8100 (Home) 606-598-8575 (Work) 606-598-2322 (Work FAX) 606-598-2357</p> <p>Damon Thayer (17) 105 Spyglass Dr Georgetown, KY 40324 (LRC) 502-564-8100</p> <p>Reginald Thomas (13) 702 Capitol Ave Annex Room 255 Frankfort, KY 40601 (LRC) 502-564-8100 (LRC FAX) 502-564-0777</p> <p>Johnny Ray Turner (29) 849 Crestwood Dr Prestonsburg, KY 41653 (LRC) 502-564-8100 (Home) 606-889-6568</p> <p>Robin L. Webb (18) 404 W Main St Grayson, KY 41143 (LRC) 502-564-8100 (Home) 606-474-5380</p> <p>Steve West (27) 202 Vimont Ln Paris, KY 40361 (LRC) 502-564-8100</p> <p>Whitney Westerfield (3) 700 South Main St PO Box 1107 Hopkinsville, KY 42241- (LRC) 502-564-8100 (Work) 270-885-7671</p> <p>Mike Wilson (32) 631 Washington Ave Bowling Green, KY 42103 (LRC) 502-564-8100</p> <p>Max Wise (16) 130 High Point Crossing Campbellsville, KY 42718 (LRC) 502-564-8100</p>
---	---	--

House

Rocky Adkins (99)	PO Box 688 Sandy Hook, KY 41171 (LRC) 502-564-8100 (Home) 606-738-4242 (Work) 606-928-0407 (Work FAX) 606-929-5913
Lynn Bechler (4)	2359 Brown Mines Rd Marion, KY 42064 (LRC) 502-564-8100 (Home) 270-988-4171
Linda Belcher (49)	4804 Hickory Hollow Ln Shepherdsville, KY 40165 (LRC) 502-564-8100 (Home) 502-957-2793
Johnny Bell (23)	108 N Green St Glasgow, KY 42141 (LRC) 502-564-8100 (Home) 270-590-0110 (Work) 270-651-7005
Robert Benvenuti III (88)	2384 Abbeywood Rd Lexington, KY 40515 (LRC) 502-564-8100 (Home) 859-421-1464
Kevin D. Bratcher (29)	10215 Landwood Dr Louisville, KY 40291 (LRC) 502-564-8100 (Home) 502-231-3311
George Brown Jr. (77)	424 E Fourth St Lexington, KY 40508- (LRC) 502-564-8100 (Home) 859-312-7513
Regina Bunch (82)	179 Mountain St Williamsburg, KY 40769- (LRC) 502-564-8100 (Home) 606-549-3439
Tom Burch (30)	4012 Lambert Ave Louisville, KY 40218 (LRC) 502-564-8100 (Home) 502-454-4002
Denver Butler (38)	PO Box 9041 Louisville, KY 40209 (LRC) 502-564-8100 (Work) 502-817-3044
John Carney (51)	1079 Woodhill Rd. Campbellsville, KY 42718 (LRC) 502-564-8100 (Home) 270-403-7980
Larry Clark (46)	5913 Whispering Hills Blvd. Louisville, KY 40219 (LRC) 502-564-8100 (Home) 502-968-3546
Hubert Collins (97)	72 Collins Dr Wittensville, KY 41274 (LRC) 502-564-8100 (Home) 606-297-3152
Leslie Combs (94)	245 E Cedar Dr Pikeville, KY 41501 (LRC) 502-564-8100 (Home) 606-444-6672
Tim Couch (90)	PO Box 710 Hyden, KY 41749 (LRC) 502-564-8100 (Home) 606-672-8998 (Home FAX) 606-672-8998
Will Coursey (6)	285 Oak Level Elva Rd Symsonia, KY 42082 (LRC) 502-564-8100 (Home) 270-851-4433 (Work) 270-252-1278

Ron Crimm (33)	PO Box 43244 Louisville, KY 40253 (LRC) 502-564-8100 (Home) 502-245-8905 (Work) 502-400-3838
Jim DeCesare (17)	PO Box 122 Rockfield, KY 42274 (LRC) 502-564-8100 (Home) 270-792-5779 (Work) 270-792-5779
Mike Denham (70)	306 Old Hill City Rd Maysville, KY 41056 (LRC) 502-564-8100 (Home) 606-759-5167
Bob M. DeWeese (48)	6206 Glenhill Rd Louisville, KY 40222 (LRC) 502-564-8100 (Home) 502-426-5565
Jeffery Donohue (37)	PO Box 509 Fairdale, KY 40118 (LRC) 502-564-8100 (Work) 502-439-6175
Myron Dossett (9)	491 E Nashville St Pembroke, KY 42266 (LRC) 502-564-8100 (Home) 270-475-9503
Jim DuPlessis (25)	102 Utah Ct Elizabethtown, KY 42701 (LRC) 502-564-8100
Joseph M. Fischer (68)	126 Dixie Place Ft Thomas, KY 41075 (LRC) 502-564-8100 (Home) 859-781-6965 (Work) 513-794-6442
Kelly Flood (75)	121 Arcadia Park Lexington, KY 40503 (LRC) 502-564-8100 (Home) 859-221-3107
David Floyd (50)	102 Maywood Ave Bardstown, KY 40004 (LRC) 502-564-8100 (Home) 502-350-0986
Jim Glenn (13)	PO Box 21562 Owensboro, KY 42304 (LRC) 502-564-8100 (Home) 270-686-8760
Jim Gooch Jr. (12)	714 N Broadway B2 Providence, KY 42450 (LRC) 502-564-8100 (Home) 270-667-7327 (Work FAX) 270-667-5111
Derrick Graham (57)	702 Capitol Ave Annex Room 367A Frankfort, KY 40601 (LRC) 502-564-8100 (Home) 502-223-1769
Jeff Greer (27)	PO Box 1007 Brandenburg, KY 40108 (LRC) 502-564-8100 (Home) 270-422-5100 (Home FAX) 270-422-5100
David Hale (74)	1 Hales Ln Wellington, KY 40387 (LRC) 502-564-8100 (Home) 606-768-3474
Mike Harmon (54)	633 N 3rd St Danville, KY 40422 (LRC) 502-564-8100 (Home) 859-238-7792
Chris Harris (93)	719 Forest Hills Rd Forest Hills, KY 41527-

	(LRC) 502-564-8100 (Home) 606-237-0055
Richard Heath (2)	438 Millers Chapel Rd Mayfield, KY 42066 (LRC) 502-564-8100 (Home) 270-705-7539 (Work) 270-247-2210 (Work FAX) 270-247-2304
Jeff Hoover (83)	PO Box 985 Jamestown, KY 42629 (LRC) 502-564-8100 (Home) 270-343-2264 (Work) 270-343-5588
Dennis Horlander (40)	1806 Farnsley Rd, Ste 6 Shively, KY 40216 (LRC) 502-564-8100 (Home) 502-447-2498 (Work) 502-447-9000
Cluster Howard (91)	151 Pinehill Dr Jackson, KY 41339 (LRC) 502-564-8100
Kenny Imes (5)	4064 US 641 N Murray, KY 42071 (LRC) 502-447-8100
Joni L. Jenkins (44)	2010 O'Brien Ct Shively, KY 40216 (LRC) 502-564-8100 (Home) 502-447-4324
James Kay (56)	PO Box 1536 Versailles, KY 40383 (LRC) 502-564-8100
Dennis Keene (67)	1040 Johns Hill Rd Wilders, KY 41076 (LRC) 502-564-8100 (Home) 859-441-5894
Thomas Kerr (64)	5415 Old Taylor Mill Rd Taylor Mill, KY 41015 (LRC) 502-564-8100 (Home) 859-356-1344 (Work) 859-431-2222 (Work FAX) 859-431-3463
Kim King (55)	250 Bright Leaf Dr Harrodsburg, KY 40330 (LRC) 502-564-8100 (Home) 859-734-2173
Martha Jane King (16)	Lake Malone 633 Little Cliff Estates Lewisburg, KY 42256 (LRC) 502-564-8100 (Home) 270-657-2707 (Home FAX) 270-657-2755
Adam Koenig (69)	No 12 170 Harrington Ct Erlanger, KY 41018 (LRC) 502-564-8100 (Home) 859-653-5312
Stan Lee (45)	PO Box 2090 Lexington, KY 40588 (LRC) 502-564-8100 (Home) 859-252-2202 (Home FAX) 859-259-2927
Brian Linder (61)	16 Ridgeview Cir Dry Ridge, KY 41035 (LRC) 502-564-8100
Mary Lou Marzian (34)	2007 Tyler Ln Louisville, KY 40205 (LRC) 502-564-8100 (Home) 502-451-5032
Donna Mayfield (73)	2059 Elkin Station Rd Winchester, KY 40391 (LRC) 502-564-8100

Tom McKee (78)	(Home) 859-745-5941 1053 Cook Rd Cynthiana, KY 41031 (LRC) 502-564-8100 (LRC FAX) 502-564-0152 (Home) 859-234-5879				(LRC) 502-564-8100 (Work) 606-932-2505
David Meade (80)	PO Box 121 Stanford, KY 40484 (LRC) 502-564-8100		Ryan Quarles (62)	PO Box 1001 Georgetown, KY 40324 (LRC) 502-564-8100	
Reginald Meeks (42)	PO Box 757 Louisville, KY 40201 (LRC) 502-564-8100 (Work) 502-741-7464		Marie Rader (89)	PO Box 323 McKee, KY 40447 (LRC) 502-564-8100 (Home) 606-287-7303 (Work) 606-287-3300 (Work FAX) 606-287-3300	
Michael Meredith (19)	PO Box 292 Brownsville, KY 42210 (LRC) 502-564-8100 (Work) 270-597-6049		Rick Rand (47)	PO Box 273 Bedford, KY 40006 (LRC) 502-564-8100 (Home) 502-255-3392 (Work) 502-255-3286 (Work FAX) 502-255-9911	
Russ A. Meyer (39)	106 Lone Oak Dr Nicholasville, KY 40356 (LRC) 502-564-8100		Jody Richards (20)	817 Culpeper St Bowling Green, KY 42103 (LRC) 502-564-8100 (Home) 270-842-6731	
Suzanne Miles (7)	PO Box 21592 Owensboro, KY 42304 (LRC) 502-564-8100		Steve Riggs (31)	PO Box 24586 Louisville, KY 40224- (LRC) 502-564-8100 (LRC FAX) 502-564-6543	
Charles Miller (28)	3608 Gateview Cir Louisville, KY 40272 (LRC) 502-564-8100 (Home) 502-937-7788		Tom Riner (41)	1143 E Broadway Louisville, KY 40204 (LRC) 502-564-8100 (Home) 502-584-3639	
Jerry T. Miller (36)	P.O. Box 36 Eastwood, KY 40018 (LRC) 502-564-8100		Bart Rowland (21)	PO Box 336 Tompkinsville, KY 42167 (LRC) 502-564-8100	
Terry Mills (24)	690 McElroy Pk Lebanon, KY 40033 (LRC) 502-564-8100 (Home) 270-692-2757		Steven Rudy (1)	350 Peppers Mill Dr Paducah, KY 42001 (LRC) 502-564-8100 (Home) 270-744-8137	
Phil Moffett (32)	812 Brookhill Rd Louisville, KY 40223 (LRC) 502-564-8100		Sal Santoro (60)	596 Walterlot Ct Florence, KY 41042 (LRC) 502-564-8100 (Home) 859-371-8840 (Home FAX) 859-371-4060	
Brad Montell (58)	543 Main St Shelbyville, KY 40065 (LRC) 502-564-8100 (Home) 502-633-7533 (Work) 502-633-7017		Dean Schamore (10)	120 Ball Park Rd Hardinsburg, KY 40143 (LRC) 502-564-8100	
Tim Moore (18)	417 Bates Rd Elizabethtown, KY 42701 (LRC) 502-564-8100 (Home) 270-769-5878		Jonathan Shell (71)	PO Box 138 Lancaster, KY 40444 (LRC) 502-564-8100	
Rick G. Nelson (87)	117 Gumwood Rd Middlesboro, KY 40965 (LRC) 502-564-8100 (Home) 606-248-8828 (Home FAX) 606-248-8828		John Short (92)	PO Box 1133 Hindman, KY 41822 (LRC) 502-564-8100 (Work) 606-785-9018	
David Osborne (59)	PO Box 8 Prospect, KY 40059 (LRC) 502-564-8100 (Home) 502-228-3201 (Work) 502-645-2186		Arnold Simpson (65)	112 W 11th St Covington, KY 41011 (LRC) 502-564-8100 (Home) 859-581-6521 (Home FAX) 859-261-6582 (Work) 859-261-6577	
Sannie Overly (72)	340 Main St Paris, KY 40361 (LRC) 502-564-8100 (Home) 859-987-9879		Kevin Sinnette (100)	PO Box 1358 Ashland, KY 41105- (LRC) 502-564-8100 (Home) 606-324-5711 (Home FAX) 606-329-1430	
Darryl T. Owens (43)	1018 S 4th St, Ste 100 Louisville, KY 40203 (LRC) 502-564-8100 (Home) 502-584-6341		Rita Smart (81)	419 W Main St Richmond, KY 40475 (LRC) 502-564-8100 (Home) 859-623-7876	
Ruth Ann Palumbo (76)	10 Deepwood Dr Lexington, KY 40505 (LRC) 502-564-8100 (Home) 859-299-2597		Diane St. Onge (63)	PO Box 17351 Lakeside Park, KY 41017 (LRC) 502-564-8100	
Tanya Pullin (98)	1026 Johnson Ln South Shore, KY 41175		Fitz Steele (84)	176 Woodland Ave Hazard, KY 41701	
					(LRC) 502-564-8100 (Home) 606-439-0556 (Home FAX) 606-439-0556
			Jim Stewart III (86)	545 KY 223 Flat Lick, KY 40935 (LRC) 502-564-8100 (Home) 606-542-5210	
			Wilson Stone (22)	1481 Jefferson School Rd Scottsville, KY 42164 (LRC) 502-564-8100 (Home) 270-622-5054	
			Greg Stumbo (95)	PO Box 1473, 108 Cassidy Dr Prestonsburg, KY 41653 (LRC) 502-564-8100 (Home) 606-886-9953	
			Tommy Thompson (14)	PO Box 458 Owensboro, KY 42302 (LRC) 502-564-8100 (Home) 270-926-9736 (Work) 270-926-1740 (Work FAX) 270-685-3242	
			John Tilley (8)	126 Moreland Dr Hopkinsville, KY 42240- (LRC) 502-564-8100 (Home) 270-881-4717	
			James Tipton (53)	8151 Little Mount Rd Taylorsville, KY 40071 (LRC) 502-564-8100	
			Tommy Turner (85)	175 Clifty Grove Church Somerset, KY 42501 (LRC) 502-564-8100 (Home) 606-274-5175	
			Ken Upchurch (52)	PO Box 969 Monticello, KY 42633 (LRC) 502-564-8100 (Home) 606-340-8490	
			David Watkins (11)	1280 Taransay Dr Henderson, KY 42420- (LRC) 502-564-8100 (Home) 270-826-0952 (Home FAX) 270-826-3338	
			Gerald Watkins (3)	702 Capitol Ave Annex Room 332C Frankfort, KY 40601 (LRC) 502-564-8100	
			Jim Wayne (35)	1280 Royal Ave Louisville, KY 40204 (LRC) 502-564-8100 (Work) 502-451-8262	
			Russell Webber (26)	PO Box 6605 Shepherdsville, KY 40165 (LRC) 502-564-8100 (Home) 502-543-8209	
			Susan Westrom (79)	PO Box 22778 Lexington, KY 40522- (LRC) 502-564-8100 (Work) 859-266-7581	
			Addia Wuchner (66)	PO Box 911 Burlington, KY 41005 (LRC) 502-564-8100 (Work) 859-525-6698	
			Brent Yonts (15)	232 Norman Cir Greenville, KY 42345 (LRC) 502-564-8100 (Home) 270-338-6790 (Work) 270-338-0816 (Work FAX) 270-338-1639	
			Jill York (96)	PO Box 591 Grayson, KY 41143 (LRC) 502-564-8100 (Work) 606-474-7263 (Work FAX) 606-474-7638	

Committee Meetings

Index

- A**
Administrative Regulation Review Subcommittee, 46
Agriculture, 10
Appropriations and Revenue, 7, 9, 27
- C**
Capital Planning Advisory Board, 45
- E**
Economic Development and Tourism, 23
Education, 17, 19, 29, 30
Energy, 25
- G**
Government Contract Review Committee, 34, 52
- H**
Health and Welfare, 20
- J**
Judiciary, 32
- L**
Labor and Industry, 24
Legislative Research Commission, 33
Licensing and Occupations, 14
- N**
Natural Resources and Environment, 12
- P**
Public Pension Oversight Board, 39
- S**
SB 192 Implementation Oversight Committee, 43
- T**
Tobacco Settlement Agreement Fund Oversight Committee, 42, 51
Tourism and Development Subcommittee, 28
Transportation, 15
- V**
Veterans, Military Affairs, and Public Protection, 11

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 2nd Meeting of the 2015 Interim

July 23, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, July 23, 2015, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Rick Rand, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Rick Rand, Co-Chair; Senators Ralph Alvarado, Danny Carroll, Chris Girdler, Morgan McGarvey, Dennis Parrett and Robin L. Webb; Representatives John Carney, Ron Crimm, Mike Denham, Bob M. DeWeese, Jeffery Donohue, Myron Dossett, Joni L. Jenkins, Martha Jane King, Reginald Meeks, Terry Mills, Tanya Pullin, Marie Rader, Steven Rudy, Arnold Simpson, Rita Smart, Fitz Steele, Jim Stewart III, Wilson Stone, Tommy Turner, Susan Westrom and Jill York.

Guests: Jane Driskell, State Budget Director; John Hicks, Deputy State Budget Director; Janice Tomes, Deputy State Budget Director; Greg Harkenrider, Deputy Executive Director, Governor's Office of Economic Analysis; and John Covington, Executive Director, Kentucky Infrastructure Authority.

LRC Staff: Pam Thomas, Jennifer Hays, Eric Kennedy, and Donna Harrod.

Approval of Minutes

Senator Parrett made a motion, seconded by Senator McDaniel, to approve the minutes of the June 18, 2015 meeting. The motion carried.

Budget Review and Update for end of Fiscal Year 2014-2015

Jane Driskell, State Budget Director and John Hicks, Deputy State Budget Director reviewed the budget and revenues for Fiscal Year 2014-2015 (FY 15), and the financial outlook for Fiscal Year 2015-2016 (FY 16).

Director Driskell said that actual general fund receipts for FY 15 exceeded the official estimate by 1.7 percent, generating a revenue surplus of \$165,401,697. The growth in receipts was driven primarily by the individual income tax, sales tax, and business taxes (including the corporation income and limited liability entity taxes). These taxes provide the most elastic sources of revenue, and they performed well in creating a total of \$504.6 million in "new" money when compared to FY 14.

Ms. Driskell reported that the remaining general fund revenue sources fell during the year. The under-producing areas included the property, coal severance, and cigarette taxes and lottery proceeds. Of these sources of revenue, cigarette taxes were in their fifth

year of decline which is the national trend. Lottery receipts did not meet the budgeted estimate but did show some growth, with the under-producing areas being the national games, which have seen what the industry refers to as "jackpot fatigue" among players. Property tax receipts remained at the same level as 2008.

Director Driskell said that, overall, the general fund revenue growth rate for FY 15, compared to the prior year, was 5.3 percent. When examined on a quarterly basis during the year, the revenue growth is accelerating, which is a good indicator of economic momentum and a strengthening state economy.

Director Driskell stated that, based on current assumptions in revenue and expenditure growth, FY 16 is expected to be the first year the state will have a structurally balanced budget in many years.

Director Driskell discussed how the revenue surplus would be used. General fund revenues in excess of the official estimate equaled \$165.4 million. After accounting for necessary government expenses (NGEs), a budgeted carryforward into FY 16, spending less than budgeted in debt service and other areas, and other expenditure-related issues, the general fund surplus equaled \$139.1 million. Pursuant to the general fund surplus expenditure plan contained in 14 RS HB 235, the current state budget, \$56.6 million of that total will be held for NGEs in FY 16. That leaves a total of \$82.5 million to be deposited into the budget reserve trust fund, more commonly called the "rainy day fund."

Ms. Driskell stated that, after making this deposit, the budget reserve trust fund stands at the highest balance in a decade. She said that this was a result not only of the FY 15 surplus, but is also due to the enactment of 15 RS HB 510, in which the General Assembly transferred \$63.5 million from the Public Employee Health Insurance Trust Fund into the budget reserve trust fund. The current reserve balance equals \$209.4 million, which is 2.1 percent of FY 16 general fund revenues.

Ms. Driskell presented information on road fund revenues for FY 15, which declined for the first time since FY 09, resulting in a revenue shortfall of almost \$20 million or receipts of 1.3 percent below the official estimate. A large component of the decline in revenues was the motor fuels tax, due in large part to the falling average wholesale price of gasoline which led to a reduced tax rate. She discussed the impact of 15 RS HB 299, which fundamentally changed the manner in which the average wholesale price of gasoline is calculated for FY 16 and going forward. This change preserved approximately \$20 million in revenues in FY 15, with an even larger impact in FY 16 and beyond. In FY 15, the number of taxable gallons of fuel purchased increased, but not enough to fully compensate for the effect of the lower tax rate.

In discussing the other road fund revenue sources, Ms. Driskell stated that after 5 years of

growth the motor vehicle usage tax receipts fell 2.3 percent in FY 15, due in large part to the recently enacted trade-in allowance for new vehicle purchases, which reduced receipts by \$45.8 million for the year. She cautioned that this allowance eliminates the elasticity of this tax, which is the second-largest road fund revenue source. Despite strong new car and truck purchases, the impact of this allowance led to a decrease in revenues.

Ms. Driskell discussed emerging trends in the economy and presented a preliminary outlook for FY 16 and the next biennial budget process. Kentucky has seen an increase in home prices in the Bowling Green, Louisville, Northern Kentucky, and Owensboro areas in recent months. Likewise, new home construction permits across the Commonwealth are rebounding. The unemployment rate in the Commonwealth is also down, and is below the national rate. This, combined with other strong labor statistics, indicates a strengthening state economy moving into the next biennium.

Ms. Driskell noted the upcoming work of the consensus forecasting group, which will meet in August to prepare planning revenue estimates, and release preliminary estimates in October and final official estimates in December, prior to the start of the 2016 budget session.

In response to a question by Representative Rudy, Ms. Driskell clarified that the SEEK shortfall was addressed by the General Assembly as an NGE through enactment of 15 RS HB 510.

In response to a question by Representative Donohue, Ms. Driskell stated that she did not have information on how Kentucky ranks nationally in terms of annual expenditure per inmate in the state correctional system, but that her staff would supply the committee with that information.

In response to a series of questions by Representative Denham, Ms. Driskell stated that the actuaries examining the Public Employee Health Insurance Trust Fund assured state officials that the amount remaining after the recently enacted \$63.5 million transfer was sufficient for fund needs. In regards to the budget reserve trust fund, Ms. Driskell stated that the reserve balance is something that the credit rating agencies take into account when rating Kentucky. Mr. Hicks stated that he did not have information on the current state ratings from the various rating agencies, but that in June the agencies made note of several positive aspects in the state finances, as well as the creation of the task force to examine ways to strengthen the Kentucky Teachers' Retirement System and address its unfunded liability.

In response to a question by Senator Parrett, Ms. Driskell stated that it was correct that at the time the new vehicle trade-in allowance was enacted, it was estimated that it would reduce revenues by \$30 million annually, and that an increase in new vehicle sales accounts for the actual cost of the allowance exceeding the estimate.

In response to a series of questions by Representative Meeks, Ms. Driskell stated that she expects the coal severance tax to continue its decline for a number of years to come, and that cigarette sales are also expected to continue falling in the state and nationally into the future. The lottery proceeds are

more difficult to predict. She went on to discuss the trend in NGE amounts, stating that the total amount is expected to increase next year, with a key driver being the \$10 million appropriated for various initiatives to address heroin abuse in the state.

In response to a question by Senator McDaniel, Ms. Driskell reviewed the expected NGE categories for next year, which she stated would be similar to FY 15 other than the expenditures to address heroin abuse noted previously.

In response to a question by Representative Rand, Mr. Hicks stated that in the current budget, the General Assembly substantially reduced the amount of state appropriations to the Quality and Charity Care Trust Fund, but not to zero, and that these expenses were addressed as an NGE capped at \$6 million in FY 15, and \$4 million in FY 16. By comparison, the amount appropriated in FY 14 was \$17 million. To receive state funding for charity care the University of Louisville must now demonstrate the charity care it provides in a new way, and it took some time to generate the necessary data in FY 15, which is why only \$600,000 was spent in that year. FY 15 expenditures reflect only two quarters worth of care, with the other part of the year to be paid out in FY 16. When that occurs, the budgeted cap on appropriations for FY 16 may be reached.

In response to another question by Representative Rand, Ms. Driskell stated that the state has calculated the structural balance or imbalance the same way for many years. She explained that by saying the state is expected to have a structurally balanced budget next year, she means that recurring revenues received in that year will meet or exceed recurring expenditures paid in that year.

In response to a question by Senator McDaniel, Mr. Hicks explained that corrections is often one of the larger categories of NGE, because the state prison population is difficult to estimate and budget for each year. In FY 15, as in many years, the population was greater than estimated, requiring additional funding as an NGE. Regarding the guardian ad litem category, Mr. Hicks explained that before 2006, this program was funded with a separate line-item. Beginning in that year, the General Assembly deleted the line-item and has instead paid for guardian ad litem expenses as an NGE. Over the years, the amount paid has remained consistent, only it now appears as an NGE category.

As a follow-up on the guardian ad litem issue, Senator Webb requested a county-by-county breakdown of expenditures, and noted that she believes fees are often insufficient for the work performed, which can be complex. Furthermore, Sen. Webb stated that there may be a shortage of attorneys performing this work in some counties. Representative Simpson stated that he had been advised that some attorneys and law firms were making over \$100,000 annually on guardian ad litem cases, and he asked if that information was true. Mr. Hicks responded by offering to gather and provide actual payment data by recipient, if possible.

In response to a question by Representative Stone, Ms. Driskell stated that her staff is now estimating the number of taxable gallons of motor fuels expected to be purchased in the current fiscal

year, and next year, and that the consensus forecasting group will discuss this issue when it convenes.

Kentucky Infrastructure Authority

Executive Director John Covington explained the purpose, history, structure, and funding of the Kentucky Infrastructure Authority (KIA).

Mr. Covington said that, with the enactment of SB 409 in 2000, water and sewer infrastructure improvement became a top priority of state government, with three important components being a planning process to determine the best use of state funds, development of the best geographic information system (GIS) for water and sewer infrastructure in the nation, and increased funding for project construction.

Planning begins at the system level and is led by the fifteen regional water management councils whose geographic boundaries align with the area development districts. The councils are comprised of elected and appointed leaders, representatives of utilities and health departments and citizens-at-large. The councils establish planning areas, identify the needs within each area, and then rank specific water and sewer system construction projects based on those identified needs. State, federal, and other funding is then provided based on the rankings. Due to the capital intensive nature of water and sewer systems, the planning is very long-term.

Mr. Covington explained that KIA coordinates and reviews the council rankings, with priority given to projects that regionalize systems, have the highest impact in numbers of households served with the lowest average cost per customers, and that provide services in areas that have a median household income that is below the state average. After a project is ranked, the area development district approaches that utility to explore all possible funding sources.

Mr. Covington stated that KIA publishes the Kentucky Water Management Plan each year, which is a compilation of data from the Water Resource Information System (WRIS) and each council's project rankings. The plan is publicly available on the KIA website, and includes summary data for the entire state, broken down by county, area development district, and legislative district. Each project in the plan is linked to the project's entire profile in the WRIS. There are currently 719 ranked water projects and 482 ranked wastewater projects in the plan.

Mr. Covington demonstrated how to locate and use the WRIS on the KIA website, explaining the various search functions and information available for each project.

Moving to project funding available through KIA, Mr. Covington stated that there are four KIA loan programs, as follows: Clean Water State Revolving Fund (Fund A); Drinking Water State Revolving Fund (Fund F); Infrastructure Revolving Fund (Fund B); and Governmental Agencies Program Fund (Fund C). He reviewed the loan process and available balance for each fund, and informed members that only governmental agencies such as cities, counties and special districts are eligible to receive loans through any of KIA funds.

Funds A and F are federally-funded through the Clean Water Act, an environmental program, and the Safe Drinking Water Act, a public health program,

respectively. Pursuant to federal law, all projects receiving loans through either of these federal sources are funded strictly in priority order. Funds B and C are state or KIA-funded programs.

Mr. Covington explained that to receive a loan from any of the funds, a project must be listed on the state revolving fund priority list during the annual call for projects made each fall. KIA staff reviews all loan applications, and the KIA board makes loan approvals. The interest rates for loans are set annually by the KIA board and repayment periods range from 20 to 30 years.

Mr. Covington then discussed the KIA budget. He stated that all KIA administrative expenses, including staff salaries and benefits, are paid through the administrative fee imposed on each loan, with no state general fund support.

Mr. Covington explained the KIA grant process, which differs from the various loan programs. In addition to administering the previously mentioned state and federally-funded loan programs, KIA is also charged with administering legislatively authorized grant projects which may be approved as line-items in the state budget. Since 2010, there has not been much new grant activity, especially in the single-county coal severance area due to a lack of available funds.

There are 103 closed grants with a balance of \$734,803, and 180 open grants with a balance of \$32,510,896.

Mr. Covington explained that KIA does not have the authority to reallocate grant funds from one project to another, even in the case of a closed project with a remaining balance, and that only the General Assembly may reallocate grant funds through legislation. In the case of a closed project with a balance of grant funds remaining unspent, funds will remain in that account until reallocated by the General Assembly.

Elaborating on points of common confusion relating to stalled grant projects, Mr. Covington stated that some projects with a balance of grant funds do not advance because even with those grant moneys, the project does not have enough other funding available to cover all expenses. Other reasons for a stalled grant project may be that the utility has abandoned that project for some reason, or that obtaining necessary easements has taken longer than anticipated.

Mr. Covington discussed the implications of reallocating grant funding from an open project. Some open projects may have taken on contractual obligations that contemplate the grant funds, and that if that money is reallocated, the obligation on the utility remains in place and must be satisfied with whatever other funding is available from other sources. Reallocating funds from an open project may also delay or end a project that was advancing or ready to begin construction.

Mr. Covington stated that nearly all of the recent project funding provided through KIA has been federal funding, and that ultimately utilizing loans rather than grants brings the state more value for what money is available, because KIA will use loan repayments to offer new loans.

In response to a question by Representative Rand, Mr. Covington said that many borrowers may

be reluctant to officially close out grant projects with KIA for fear of losing any remaining funds that may be available for reallocation. Some of these borrowers may leave a grant project open at KIA to allow time to approach their state legislator to request the remaining balance to be reallocated in a certain way, for a certain project. In such an instance, the KIA reports would list the project as open, while the given borrower or utility may state that it is closed and the balance available for reallocation.

In response to a series of questions by Representative Westrom, Mr. Covington stated that all projects, both loan and grant, are required to be bid according to the applicable procurement law (either state, federal, or local), and that proper procurement procedures are in place. An area development district could be the actual recipient of a loan if the district itself was undertaking the qualifying project, but that does not happen. He explained that the entity administering a loan and making project payments varies, with some utilities, area development districts, engineering firms, or the governmental entity-recipient itself performing these functions.

In response to a question by Representative Carney, Mr. Covington explained that the WRIS website will not list each contractor that performs work on a project, partially because KIA does not directly pay contractors, and also because many projects involve multiple contractors and sub-contractors. Regarding the ability of a contractor to increase its payments using change orders after being awarded the initial contract on a low bid, Mr. Covington stated that change orders are allowed, unless they constitute a significant change in project scope. Change orders are always reviewed but not usually re-bid.

Other Business

The chair informed members that various documents were available in their folder for review, including a list of executive branch agency reports submitted to the committee and correspondence from Jennifer Anglin, Acting Deputy Director, Office of Budget Review, relating to interim appropriations increases, adjustments and revisions.

There being no further business, the meeting was adjourned at 2:52 P.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, and Public Protection Minutes of the 1st Meeting of the 2015 Interim

June 18, 2015

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on General Government, Finance, and Public Protection of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, June 18, 2015, at 10:00 AM, in Development Room B at The METS Center, 3861 Olympic Blvd., Erlanger, KY. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Rita Smart, Co-Chair; Senators Stan Humphries, Christian McDaniel, and Dennis Parrett; Representatives Tom McKee, Brad Montell, Steve Riggs, and Tom Riner.

Guests: Steve Rucker, Deputy Secretary, Finance and Administration Cabinet; Scott Aubrey, Director, Division of Real Properties, Finance and Administration Cabinet; Paul Gannoe, Deputy Commissioner, Department for Facilities and Support Services, Finance and Administration Cabinet; Mike Hayden, Kentucky Wired Program Director, Finance and Administration Cabinet; John Hicks, Deputy State Budget Director, Office of State Budget Director; Jerry Graves, Executive Director, Kentucky River Authority; David Hamilton, Staff Engineer, Kentucky River Authority; and Jennie Wolfe, Kentucky River Authority.

LRC Staff: Katie Comstock, Joe Lancaster, and Spring Emerson.

New State Office Building Lease-Purchase Update

Steve Rucker, Deputy Secretary, Finance and Administration Cabinet, provided a brief presentation and overview of the New State Office Building construction project.

In response to questions from Representative Montell, Mr. Gannoe said that even though continuous preventive maintenance had been performed on the Capital Plaza Tower, some remaining issues are primarily due to its age. Safeguards included in the contract for the New State Office Building including warranties on the mechanical and roof systems that remain in effect when the building is transferred to the state after 35 years. The cost of the lease is approximately \$13 per square foot. The tax-exempt debt was sold by a limited liability corporation, and lease payments are held in a trust.

In response to questions from Representative Riggs, Mr. Gannoe said the New State Office Building property and all the improvements would revert to state ownership in 35 years. Mr. Rucker stated that early stage planning for the Capital Plaza Tower includes an option of demolition and replacement. Mr. Gannoe said the New State Office Building would be certified by the U.S. Green Building Council for energy efficiency.

In response to questions from Chairman Carroll regarding construction oversight of the new building, Mr. Gannoe said all plans have been approved, Finance and Administration Cabinet representatives review on-site weekly, and monthly progress meetings are conducted.

In response to questions from Representative Smart, Mr. Gannoe said the New State Office Building will be well constructed. Mr. Rucker said the Mayor of Frankfort, the Tourism Cabinet, and others have been involved in discussions concerning the future of the Capital Plaza Tower building.

In response to a question from Representative Riggs, Mr. Rucker said other possible uses for the Capital Plaza Tower and other properties in downtown Frankfort have been discussed.

Next Generation Kentucky Information Highway (NGKIH) Update

Mr. Rucker provided a brief presentation and

overview of Kentucky Wired, formerly known as the Next Generation Kentucky Information Highway.

In response to questions from Senator Parrett, Mr. Rucker said that the eastern region of Kentucky is deficient in broadband service compared to other state regions and shall receive priority, but the entire state should have service by the autumn of 2018.

In response to a question from Representative Riggs, Mr. Rucker stated that broadband carriers prefer a guaranteed return on investment before providing services, and the Public-Private Partnership (P3) was chosen after careful deliberation. Mr. Hicks added that the failed P3 projects were dependent upon subscription rates, but financing for this project would not be dependent upon the number of customers. He said there would be a presence in each county, but due to location not at every state government site; those omitted sites would receive network services through the use of vendors. Mr. Rucker said the services would be open access, with the next step being community leaders building the infrastructure.

In response to questions from Representative Montell, Mr. Rucker stated that all wireless technologies require middle-mile infrastructure, and must be fed by the fiber network. Iowa began in the mid-1990s, and Illinois has implemented it as well, so Kentucky would not be a pioneer.

In response to a question from Chairman Carroll regarding fees for private companies, Mr. Rucker said they will be offered fiber strands through a bidding process.

In response to questions from Representative Smart, Mr. Rucker said the network would be 85 percent aerial fiber in right-of-ways, with 15 percent buried. He stated that citizens would pay for home service use.

In response to questions from Senator Humphries, Mr. Rucker stated that an excess of fiber capacity would be available for use through a procurement process, whether for a major carrier or an internet service provider.

In response to a question from Representative McKee, Mr. Hayden stated that routes of fiber create cross-sections and would be completed in phases.

In response to a question from Representative Riner, Mr. Hayden stated that the federal First Net wireless connectivity network for first responders would not be in the same risk category.

Kentucky River Authority

Jerry Graves, Executive Director, Kentucky River Authority (KRA), provided a capital project update for the Kentucky River locks and dams.

In response to questions from Representative McKee regarding water withdrawal restrictions, Mr. Hamilton said the Kentucky Division of Water regulates water withdrawal from the Kentucky River. Mr. Graves said no agricultural use restrictions exist.

In response to questions from Representative Montell, Mr. Graves said the KRA services its own restricted agency fund debt service, and new bond issuance would be determined by the Office of Financial Management.

In response to a question from Chairman Carroll, Mr. Graves said water withdrawal rate charges would remain the same upon completion of the projects.

In response to questions from Senator Parrett,

Mr. Hamilton said irrigation by tributary use is handled by the Kentucky Division of Water. Mr. Graves said Kentucky lock and dam rates are fairly low, compared to other states.

In response to questions from Representative Smart, Mr. Graves said the KRA mission includes an increase in tourism and recreation on the Kentucky River, in partnership with the Tourism Cabinet.

In response to a question from Representative Riggs, Mr. Graves said he continues to communicate with members of the Kentucky federal congressional delegation for assistance.

There being no further business before the subcommittee, a motion to adjourn was made by Representative Riggs and seconded by Representative McKee, and the meeting was adjourned at 11:34 AM.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 2nd Meeting of the 2015 Interim

July 8, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Agriculture was held on Wednesday, July 8, 2015, at 10:00 AM, at the University of Kentucky Research and Education Center, Princeton, Ky. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators C.B. Embry Jr., Stan Humphries, Dennis Parrett, Dorsey Ridley, Robin L. Webb, Stephen West, and Whitney Westerfield; Representatives Lynn Bechler, Will Coursey, Myron Dossett, Kelly Flood, Derrick Graham, David Hale, Richard Heath, James Kay, Kim King, Martha Jane King, Michael Meredith, Suzanne Miles, Terry Mills, Sannie Overly, Ryan Quarles, Bart Rowland, Steven Rudy, John Short, Rita Smart, Wilson Stone, and James Tipton.

Guests: Representative Jim Gooch. Danny Beavers, Mayor, City of Princeton; Ellen Dunning, County Judge Executive, Caldwell County; Dr. Nancy Cox, Dean, College of Agriculture, Food and Environment; Dr. Lloyd Murdock, Interim Director, UK Research and Education Center, Princeton; Dr. Rick Bennett, Associate Dean for Research, College of Agriculture, Food and Environment; Dr. Chad Lee, Department of Plant and Soil Sciences, College of Agriculture, Food and Environment; Dave Maples, Executive Director, Kentucky Cattlemen's Association; Russel Schwenke, President, Kentucky Corn Growers Association; Philip McCoun, Chairman, Kentucky Corn Promotion Council; Pat Clements, President, Kentucky Small Grain Growers Association; Don Halcomb, Chairman, Kentucky Small Grain Promotion Council; Jamie Guffey, Executive Director, Kentucky Poultry Federation; Mike Burchett, President, Kentucky Soybean Association; Ryan Bivens, Secretary/Treasurer, Kentucky Soybean Promotion Board; Mark Haney, President, Kentucky Farm Bureau; Steve Coleman, Chairman, Water Management Working Group, Kentucky Farm Bureau; and Bonnie Jolly, Kentucky

Pork Producers.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Susan Spoonamore, Committee Assistant.

The June 10, 2015 minutes were approved by voice vote, upon motion made by Representative Stone and second by Representative Mills.

Overview of UK's Princeton Research and Education Center and Grain Center of Excellence

Dr. Nancy Cox, Dean, College of Agriculture, Food and Environment, stated the Princeton Research and Education Center (UKREC) provides valuable research for beef, poultry, grains and other numerous agriculture related projects. The Center has aged over the years and it is now time to upgrade the facility.

Dr. Lloyd Murdock, Interim Director, UKREC, explained that the Center was established in 1925 as the West Kentucky Substation. In 1885, the Agricultural Experiment Station was established as the research arm of the College of Agriculture of the University of Kentucky and has functioned as a center of agricultural activities. Research has been done on liming, fertilizer application, conservation practices, seeding mixture improvements and eventually crop and animal production were added. Throughout the years, research at the Center has made great advancements towards increasing crop yields and livestock production. Dr. Murdock said Kentucky farmers have been able to increase their returns by millions of dollars annually. Dr. Murdock explained that no-till research originated at the Princeton facility. Now, a farming method that some would argue has impacted United States agriculture most significantly, no-till is known worldwide and Princeton, Kentucky is noted for where it originated. UKREC is now at a point where more resources and technology are needed to move forward. Modern updates to the facility are required in order to provide new technology, the ability to teach courses on campus and provide quality research.

Dr. Chad Lee, Department of Plant and Soil Sciences, College of Agriculture, Food and Environment, explained the purpose of the Kentucky Grains Center of Excellence is to enhance Kentucky's sustainable grain crops so Kentucky farmers may help feed the world, protect the environment, expand the Kentucky economy, and pass their farms to the next generation. He said the challenge is to help growers increase grains and oilseeds production efficiency and to reduce the environmental footprint.

Dr. Lee explained the vision for the Kentucky Grains Center of Excellence should be: people who tackle important issues in grains agriculture; a recognized center in the region and internationally; to connect local producers, industries and citizens; and state of the art facilities that allow the goals to be achieved.

Dr. Lee said corn, soybeans and wheat generate millions of dollars each year for labor and income. Within eighty miles of Princeton, 80 percent of grain crops are grown in the region.

Dr. Lee explained that the Center is comprised of several tracts of property, one of which is Kevil 60. The tract is leased from a family but he is not sure how much longer that will continue. It is a tract the Center would like to keep as it is an integral part of the farm.

Dr. Lee discussed designs showing the rendering of the new proposed Center with modifications. The onetime project cost is estimated at approximately \$24 million.

Representative Quarles asked about the legislative veto of House Bill 510. Senator Hornback said there was a provision in House Bill 510 that initially provided the funding for the Grains Research Center. Once it became apparent that it would cost more than originally stated, it was decided to gather more information from the University of Kentucky before moving forward. The Governor's Office of Agricultural Policy was directed to set aside \$4 million until a firm plan could be approved. Senator Hornback also noted that the first no-till field ever planted was in Christian County.

Representative McKee stated that investing in the new Research Center would be an investment for the entire Commonwealth.

In response to Representative Smart, Mr. Lee said that a lot of product is shipped via the Ohio or Mississippi River. Over one-half of the soybeans produced in Kentucky were exported. Kentucky grows approximately 1.5 million acres of corn each year.

Update on Kentucky's Beef Cattle Industry

Dave Maples, Executive Director, Kentucky Cattlemen's Association (KCA), Gary Woodall, President of the KCA, Steve Dunning, KCA Program Chair and Jeff Pettit, member, spoke about the importance of having a grain center. Mr. Maples explained that Kentucky was the largest cattle producing state east of the Mississippi River. Kentucky ranks 5th nationally in the number of farms and has over 1.1 million beef cows. The Association's mission is to provide a strong voice for all of Kentucky's beef farm families and serves as a resource for information and education for producers, and as a catalyst for enhancing producer profitability. The Princeton UK Research Center provides a wealth of information that is critical to the beef producers in Kentucky. Producers use grain as a source of feed and it is important to have the best grain possible. Through research, the Center has provided valuable information and techniques in growing grains.

Update on Kentucky's Corn and Small Grain Industry

Mr. Russel Schwenke, President, Kentucky Corn Grower's Association, Philip McCoun, Chairman, Kentucky Corn Promotion Council, Pat Clements, President, Kentucky Small Grain Growers Association and Don Halcomb, Chairman, Kentucky Small Grain Promotion Council, stated that 50 percent of the corn grown in Kentucky is used for livestock/poultry feed. Other uses include fuel, exports and food and beverage. He also stated that wheat was the second largest grain crop grown in Kentucky. The UK Research Center is important to all of Kentucky. Kentucky is producing food for not only its own citizens, but is exporting grains to other states and countries.

In response to Representative Bechler, Mr. Schwenke said that the current yield per acre is 153 bushels. Approximately 10 percent is exported.

Update on Kentucky's Poultry Industry

Mr. Jamie Guffey, Executive Director,

Kentucky Poultry Federation, stated that poultry is the #1 agriculture commodity in Kentucky. Broiler production ranks #2 in Kentucky and #7 nationally. Mr. Guffey stated farm revenue of poultry for 2014 was in excess of \$1.2 billion. There are approximately 1,000 family owned poultry farms and that number increases each year.

Mr. Guffey said that assistance is needed in the area of truck weight variance, more university research that focuses on poultry, exempt sales tax status for bedding and veterinarian supplies, help with increasing utility rates, and loan and grant programs.

In response to Representatives Tipton and Senator Webb, Mr. Guffey said that in light of the bird flu, greater care has been taken in truck washes, limited access on poultry farms and trying to keep migratory birds away.

Update on Kentucky's Soybean Industry

Mr. Mike Burchett, President, Kentucky Soybean Association and Ray Bivens, Secretary/Treasurer, Kentucky Soybean Promotion Board, discussed concerns on federal policies regarding the Waters of the United States. Mr. Burchett stated that there are 1.8 million acres of soybeans grown in Kentucky. Mr. Bivens stated that research is important to the economic impact for Kentucky and internationally. Over one-half of the soybeans grown in Kentucky are exported, mostly to China.

Comments from Kentucky Farm Bureau

Mr. Mark Haney, President, Kentucky Farm Bureau (KFB) and Steve Coleman, Chairman, Water Management Working Group, Kentucky Farm Bureau, spoke on the newly formed Water Management Working Group. Mr. Haney said the Group is a 20 member task force assembled by KFB to develop recommendations that enhance the quality and quantity of water resources accessible for agricultural production in the state and to help alleviate demand pressure on municipal water supplies. Mr. Coleman said the mission of the Group is to research emerging critical issues of inadequate water supplies available for agricultural production, examine potential actions to solve deficiencies and make recommendations for new and reliable water sources to key areas in Kentucky that will benefit both agriculture and municipal water customers.

The meeting was adjourned at 12:15 p.m.

INTERIM JOINT COMMITTEE ON VETERANS, MILITARY AFFAIRS, AND PUBLIC PROTECTION

Minutes of the 1st Meeting of the 2015 Interim

July 9, 2015

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, July 9, 2015, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Will Coursey, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Will Coursey, Co-Chair; Senators C.B. Embry Jr., Carroll Gibson, Ernie

Harris, Christian McDaniel, Dennis Parrett, Whitney Westerfield, and Max Wise; Representatives Regina Bunch, Tom Burch, Denver Butler, Larry Clark, Ron Crimm, Myron Dossett, Jim Gooch Jr., Jeff Greer, Kenny Imes, Martha Jane King, Donna Mayfield, Terry Mills, Tim Moore, Rick G. Nelson, Tom Riner, Rita Smart, John Tilley, and Russell Webber.

Guests: Jim Simms, Executive Director, MAJ John Harvey, President, and Brig. Gen. Steve Bullard, Legislative Liaison, National Guard Association of Kentucky; Chuck Reed, President, and Jim Smith, Member, Board of Directors, Kentucky Wounded Heroes; and (Ret.) Col. Dave Thompson, Kentucky Commission on Military Affairs.

LRC Staff: Erica Warren, Kristopher Shera, Jessica Zeh, and Rhonda Schierer.

National Guard Association of Kentucky

Mr. Simms and MAJ John Harvey gave a PowerPoint presentation. Mr. Simms stated that the National Guard Association of Kentucky (NGAKY) is the professional organization of current and retired officers of the Kentucky National Guard (KYNG), affiliated with the National Guard Association of the United States (NGAUS), the nation's oldest military association. NGAKY is a volunteer, non-profit, non-partisan association, with a primary mission to advocate the interests of current and retired soldiers and airmen, as well as families and their employers, and ensure that the KYNG has sufficient resources and budget to carry out its mission, and provide modern equipment, training and personnel benefits. NGAKY achieves its mission through its lobbying and legislative activities. NGAKY provides members with specific insurance benefits that provide immediate support to families. NGAKY is operated by a board of directors, five elected positions, 27 members, and five staff, and represents over 7,500 soldiers, airmen, and retired personnel. Officers in KYNG are eligible to become members of both NGAKY and NGAUS.

Mr. Simms stated that the Kentucky National Guard Historical Foundation (KNGHF), which is affiliated with NGAKY, is a non-profit sister organization that maintains a library of military documents and provides scholarships to children of current and former members of the Kentucky Army and Air National Guard.

Mr. Simms said that NGAUS has been in existence since 1878 and is a private organization that is permitted to lobby Congress on behalf of its 45,000 members. The National Guard Memorial is the NGAUS headquarters, which serves as a perfect location to facilitate lobby efforts by NGAUS and state association delegations to achieve legislation that enhances National Guard capabilities, unit readiness and quality-of-life for its personnel and families.

MAJ Harvey thanked members for the long list of military-related legislative accomplishments including Kentucky's military income tax exemption, Military Family Assistance Trust Fund, the Kentucky National Guard Adoption Benefit Program, the Kentucky Code of Military Justice, the Kentucky National Guard Tuition Assistance Program, the new state-operated Morale-Welfare-Recreation program, and the streamlining ability to do business with

federal agencies and civilian companies.

MAJ Harvey shared the NGAKY legislative priorities with the committee. He discussed the importance of protecting the Kentucky National Guard Tuition Assistance Plan. He stated that the plan helps maintain 100 percent manning, is a great incentive for Kentuckians to remain in Kentucky at an increased educational level, it fills the gap where National Guard soldiers and airmen do not qualify for federal military service tuition programs, there are 1,000 applicants per semester, and fewer deployments mean more soldiers and airmen are available to take classes, maxing out available funds. The newest soldiers and airmen are far less likely to qualify for Post 9-11 GI bill eligibility.

MAJ Harvey discussed the Kentucky National Guard Youth Challenge program and the changes required to comply with SB 97, the “dropout” legislation. He stated that the program is highly effective preventive, not remedial, at-risk youth program, targeting participants failing to progress towards a high school degree, 16-18 years of age. SB 97 raised the compulsory attendance age to 18. The change brought unintended consequences of putting the Harlan and Hardin Youth Challenge Campuses out of business if there is no associated accommodation to the status of their unique students who are coded as W25 (dropout). This was not the intent of the bill. Governor Beshear has directed the DMA and KDE to find a resolution. Limiting the program to students 18 or older is not a good option for Kentucky because the available student base is small at age 18 or older and these students need help at a younger age. Recoding students in Youth Challenge programs to permit attendance, for example, by potentially creating a new Department of Defense (DOD) code seems to be the easiest and best solution.

MAJ Harvey discussed a minor change to the 2015 MWR legislation stating that the NGAK would like to add DOD military and civilian personnel performing duty in the Commonwealth to the eligibility list. This would allow all personnel on temporary duty at Kentucky installations, including the Wendell H. Ford Regional Training Center in Greenville, to utilize the program. NGAKY would also like for the law to clarify and state that donations are accepted.

The NGAUS federal priorities are to enhance domestic operation, expand the state partnership program, fund the Guard Cyber Force, provide funding for equipment and modernization, leverage the cost-effective Guard, military construction, personnel and benefits, preserve and operational force, and representation in defense reviews.

MAJ Harvey discussed the declining federal budget allocations. The total reduction projections for Federal FY15 are \$34.7 million, a 22 percent reduction. These reductions impact readiness, jeopardize ability to perform both state and federal missions, decrease employment opportunities within Kentucky, and reduce the taxable income base. Reductions have caused Kentucky’s force structure to be at risk. A combination of the Army’s Aviation Restructuring Initiative, Total Army Analysis and Sequestration makes Kentucky the third hardest hit state in the nation. NGAKY wants the army to stop

reductions in Army National Guard end-strength until FY 2017, to allow the National Commission on the Future of the Army to make recommendations on the balance between the active and reserve components as well as weigh in on the Army’s controversial Aviation Restructure Initiative, which would transfer all AH-64 Apache attack helicopters from the Army National Guard.

The Air National Guard’s main issue is the C-130 Modernization. KYANG is working to gain traction on two major C-130 issues. To modernize the C-130H transport aircraft, the air Force has agreed to an internationally-mandated modernization of the Air National Guard’s C-130H fleet with Automatic Dependent Surveillance-Broadcast (ADS-B) out capability prior to FY2020 in order to continue flying in international airspace.

NGAKY supports appropriating additional funding in the national defense bills to support UH-60 Blackhawk helicopter modernization, maintaining funding for counter-drug operations, the Jason Simcakoski Memorial Opioid Safety Act, and the National Guard burial privileges.

Brig. Gen. Steve Bullard announced that the NGAUS General Conference and EXPO will be in Nashville this year, Baltimore in 2016, and in Louisville from September 7-10, 2017. In 2017, over 4,000 are expected in attendance, key government and military leaders will be part of the conference, and it is estimated to have a \$1.2 million impact on revenue for the Louisville area.

Kentucky Wounded Heroes

Mr. Reed stated that the Kentucky Wounded Heroes (KWH) was first the Kentucky Wounded Warriors program from 2007-2011 and was covered under the safety organization of the National Guard. In 2012 the program became a totally non-profit, public charity that covered military but expanded to include police, firefighters, and emergency management services personnel, which precipitated their name change.

Mr. Smith stated that the program is community based, with no compensation for any staff. The volunteer staff includes advisory capacity, pro bono attorney, CPA, and a public relations firm which also provides office space for the organization. Previously there has been no real organization taking care of the wounded “others” from the police, fire fighters, EMS, and emergency management who have been injured in some capacity in the line of duty. Members of active duty at Fort Knox and the Fort Campbell Warrior Transition Units have been helped through the organization. This program also includes spouses, children, and significant others. There have been 600 participants so far. The organization has also been able to help the University of Kentucky Traumatic Brain Injury program by getting information about them to the Wounded Heroes events and services. This program is serving as a model for other programs in other states. The organization has also helped other states create similar organizations.

Mr. Reed explained KWH’s program needs. KWH needs to find wounded heroes in KY and surrounding states and asked legislators to share information about KWH to their constituents in need. The program is also looking for ideas on grants and

donations to keep the program steady and growing. Mr. Reed stated that the KWH program is in need of a 15 passenger travel van at a cost of \$24,000. KWH received \$12,000 from the Department of Military Affairs, and the program is looking to acquire the other \$12,000.

Other Business

COL (Ret.) Col. Dave Thompson, Kentucky Commission on Military Affairs, gave an update on the news released today regarding the Army reduction of troops at Fort Knox and Fort Campbell. Last year, a U.S. Army Environmental Command report found that, in the “worst-case scenario” of cuts possible, Fort Knox would stand to lose 4,100 additional soldiers and civilian jobs to those already cut, and under the same scenario, Fort Campbell would lose 16,000 military and civilian personnel. COL Thompson expressed his gratitude for the support of the Veterans, Military Affairs, and Public Protection Committee and stated that it was announced today that Fort Knox will be spared and the post will gain 67 soldiers and Fort Campbell will lose 363 soldiers. COL Thompson stated that sequestration is the primary driver to these cuts and the force strength is already at the lowest levels in military since before WWI.

Representative Greer expressed his relief that Fort Knox is one of only three posts nationwide to get additions. Fort Knox received a silver award for community. Brig. Gen. Steve Bullard stated that states like Georgia that have never been affected by cuts are being cut severely, but Kentucky mostly got a pass.

Chair Coursey announced that there will be a Trap Shoot on July 30, 2015, in Calvert City, Kentucky at 5:30 PM. For those interested in participating, the cost is \$10 per person or \$150 per team for two rounds. The proceeds will be donated to the Kentucky Wounded Heroes program.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 2nd Meeting of the 2015 Interim

July 2, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, July 2, 2015, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Jared Carpenter, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators C.B. Embry Jr., Chris Girdler, Ernie Harris, Paul Hornback, Ray S. Jones II, John Schickel, Johnny Ray Turner, Robin L. Webb, and Whitney Westerfield; Representatives Hubert Collins, Tim Couch, Chris Harris, Reginald Meeks, Marie Rader, John Short, Fitz Steele, and Jim Stewart III.

Legislative Guest: Representative Jonathan

Shell

Guests: Mr. Peter Goodmann and Mr. Carey Johnson, Division of Water, Energy and Environment Cabinet; Mr. Reagan Taylor, Madison County Judge Executive; Commissioner Greg Johnson, Mr. Mike Hardin, Ms. Karen Waldrop, Mr. Ron Brooks, Mr. David Waldner, and Mr. David Wicker, Kentucky Department for Fish and Wildlife Resources.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, Lowell Atchley, and Kelly Blevins.

A quorum was present. After a motion and a second at the request of the chair, the June 4, 2015 minutes were approved.

Cleaning Kentucky's waterways: storm damage, pollution control, and water quality in the Commonwealth

Peter Goodman, Director of the Division of Water (DOW) discussed the specifics of cleaning waterways after weather related disasters and DOW's mission in aiding clean up. DOW has various roles in disaster clean up including protecting water quality, maintaining dam safety and planning, and implementing the Federal Emergency Management Agency's (FEMA) Floodplain Management program.

During disasters, DOW aids in making communities responsive and resilient. Technical and other assistance is provided to communities for water and waste water. For example, DOW releases boil water advisories and provides technical assistance, and issues regulations and permitting for floodplain and water quality certifications. DOW does not provide financial assistance for cleaning streams and waterways.

The Natural Resource Conservation Service (NRCS) has a funding mechanism for local governments to clean waterways after a disaster, and NRCS pays up to 75 percent of the cost, if the community obtains a 25 percent match. The match can be in kind rather than financial. Typical uses of NRCS funds are for debris removal and reshaping eroded banks. FEMA also provided disaster assistance to local communities, but there must be county disaster declaration. FEMA provides assistance to both public agencies and individuals for problems not covered by insurance, but there may be requirements for floodplain construction permits. DOW is able to do expedited permits in conjunction with FEMA. There are also permits for several activities under KRS Chapter 151.250 and 401 KAR 4:050 and 060.

Removal of bedload does not help streams to handle the amount of surface runoff when there are high water events, but removal of woody debris does help. Capacity is generally not improved by cleaning out rock from the channel. There is a one-step removal process in place with DOW and communities that participate in that process can remove debris from the bank or bar but cannot work directly in the stream channel. This is to minimize disturbance to the stream channel and it helps communities by not requiring them to obtain a 404 permit.

The United States Army Corps of Engineers (USACE) issues a nationwide permit and DOW issues a water quality certification. DOW tries to ensure projects are under nationwide rather than individual permits because of the regulatory burdens associated with the individual permit. Those burdens

make responding to disasters very difficult because of the need to respond quickly. If an individual permit is needed there is an emergency process, but the person needing the permit must contact DOW and USACE.

In response to a question about whether the one-step process is only for cities or counties, Mr. Goodman said no. Individuals can apply for the one-step process too.

One legislator commented that there are many streams that are overgrown and eroded and removing debris from the banks is too difficult. In response, Mr. Goodman stated that the one-step process does not exclude use of machinery but there needs to be a plan. Stripping a stream to bedrock does not help. DOW's role is to provide technical assistance and help with a plan that is useful.

In response to a legislator's comment that this meeting is a good opportunity to find solutions to our waterway clean up problems, DOW stated the state has exceeded the annual average flow from rainfall. DOW has a commitment to work with landowners and to ensure that clean up does not put them in jeopardy with various permitting agencies or federal or state law.

In response to a question about whether raw sewage from Virginia has been stopped by the Energy and Environment Cabinet and whether Kentucky filed a legal action or imposed a fine or other measure against Virginia for the environmental pollution, Mr. Goodman replied that the flow of sewage has stopped. DOW issued a do not swim advisory for Fishtrap Lake. Kentucky DOW did not take legal action against Virginia.

One legislator commented that Kentucky should fine states in the same way it fines coal companies. In response to a question about where the money would go if DOW did fine Virginia, Mr. Goodman replied that it would not go to DOW. It would go to the general fund.

One legislator stated that Fishtrap Lake has been referred to as "Trashtrap Lake" because of the amount of trash. In response to a question about whether DOW has tried to stop trash coming into the lake from out-of-state, Mr. Goodman replied that under Secretary Bickford there was a real emphasis placed on trash and the problems of trash above Cumberland Falls. He committed to research the problem further.

In follow up, the legislator commented that USACE refused to aid because the agency treats the lake as flood control rather than recreation and asked for a meeting to be set up for legislators and DOW to look at the lake. Mr. Goodman commented that the water quality has been good with Fishtrap Lake, so more information is needed at this time. A meeting can be scheduled to look at the lake and discuss the problem further.

A legislator stated that the fact that Kentucky did not notice raw sewage flowing into Kentucky's streams from another state is a cause for concern. In response to a question about whether there is a protocol in place for states to inform each other of environmental emergencies, Mr. Goodman replied that there is a protocol. The Ohio River Valley Water Sanitation Commission (ORSANCO) has a method to inform states of potential environmental problems.

In a response to a question about whether water

quality testing was done, Mr. Goodman said that water testing is performed, but up to six weeks can pass before DOW is informed of the problem.

One legislator stated that there was no testing done at the time when the pollution was the greatest and later samples might be diluted. It does not appear Virginia cares about what happens to Kentucky's water.

In response to a question about how often DOW tests major waterways, Mr. Goodman stated that the frequency of tests depends on the program and the objectives. For example, there are reference streams that are tested on a rotating basis and some waterways are tested every six months. There is also a network of testing that is on a six month basis. Total Maximum Daily Loads (TMDLs) are sampled throughout the year. There is also a lake and fish tissue sampling program.

In response to a question on how often coal companies are required to test water quality for a mountain top development, Mr. Goodman said it depends on the parameters but could be on a monthly basis.

Storm Damage and cleanup issues in Madison County

Mr. Reagan Taylor, Madison County Judge Executive, stated that his county has suffered a series of weather related disasters which prompted his office to reach out to local landowners to discern specific problems associated with cleaning up the waterways on their properties. Many property owners complained that DOW imposed fines on property owners for getting into the creeks with dozers. There needs to be a long-term fix to the problem of recurrent storms causing debris in waterways rather than just contacting DOW for a one-step process. It is the responsibility of local government to find the solution. One method is to set aside funds annually for a storm. Also, DOW's advice not to put anything on the banks is counterintuitive. Large rock is good for erosion control. There are trees in the water channel that are so big that removal is impossible without heavy equipment and creeks can become so clogged with debris that the water changes direction and that can cause flooding and other problems. The channels can be deepened to allow better water flow. FEMA has funding but funding is not distributed in a timely manner. The solutions proposed by DOW and FEMA sound good but those agencies do not work in reality. The state needs a plan that could use FEMA money to implement a program to regularly clean out streams, perhaps on a yearly basis. The rock removed could be used for crushed stone and create dense grade rock for roads and construction. The life and safety of property and residents is more important than a little grease in the creek.

One legislator remarked that Representative Damron had a bill to allow farmers to remove gravel without a permit. Another legislator commented that growth affects drainage and sedimentation. The federal government is in an "anti-use" mode, meaning residents cannot use their own property.

Fees-in-Lieu Program Overview

Mr. Greg Johnson, Commissioner of Kentucky Department of Fish and Wildlife Resources (KDFWR) and Mike Hardin, KDFWR, described

the goals, processes, and requirements for the Fee-In-Lieu-Of (FILO) program. The federal government takes jurisdiction of certain navigable waterways including intermittent and ephemeral streams. USACE has oversight and enforcement of the FILO program. USACE regulates any fill or debris placed in streams and wetlands and if there is permanent loss of a portion of the waterway then the permittee must pay compensation or mitigate. Permittees have the option to mitigate themselves, buy credits from a mitigation bank, or pay into a FILO program. The FILO program operates under agreement with USACE who prescribes the rules, restrictions and creates a mitigation interagency review team (IRT). Officially, the United States Environmental Protection Agency (USEPA) is not a signatory to the IRT but USACE does consult with USEPA. FILO cannot do projects for water supply or sewage.

FILO is fully funded from fees collected on Section 404 Clean Water Act permits. No general fund or federal dollars are used for mitigation projects. FILO mostly services state Department of Transportation projects. In fact 61 percent of the revenue has come from transportation. FILO addresses eroding banks, sedimentation, and permanent protection.

FILO operates in ten geographic service areas. The mitigation is done in the service area where the funds are generated.

In response to a series of questions regarding FILO and the purchase and use of Wildlife Management Areas, Mr. Hardin said that in some circumstances FILO money has been used to purchase WMAs such as Veterans Memorial. FILO was used to leverage the purchase price and there are some FILO projects on WMA properties. Access has not been an issue. When KDFWR purchases land for a WMA, that land is open or will be opened to the public.

In response to a question about why KDFWR and the IRT does not use Natural Resource Conservation Service (NRCS) engineers rather than hire outside consultants at a higher cost, Mr. Hardin said that federal law will not allow federal funds to be used to pay for regulatory staff a NRCS. The legislator said that 61 percent of federal transportation dollars are used since the cost of the restoration is so expensive.

In response to a question about whether there were enough wetlands in Kentucky for permittees to pay into for mitigation, Mr. Hardin said if an applicant pays then there will be a project for a stream or wetland. There is still ample opportunity for projects.

In response to a question about the amount of administrative overhead charged for a project, Mr. Hardin said that 10-20 percent is administrative. There is an amount that goes to a reserve fund as well.

In response to a question about whether FILO was once used for restoration in 2000 after a resolution passed directing use of money for sewers, Mr. Hardin said that in 2000 a letter was submitted to USACE who rejected the proposal.

The meeting was adjourned at 2:45 PM (EDST).

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 2nd Meeting of the 2015 Interim

July 10, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, July 10, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Dennis Keene, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Joe Bowen, Julian M. Carroll, Denise Harper Angel, Jimmy Higdon, Paul Hornback, Ray S. Jones II, Christian McDaniel, Dan "Malano" Seum, and Damon Thayer; Representatives Tom Burch, Denver Butler, Larry Clark, Jeffery Donohue, Dennis Horlander, Joni L. Jenkins, Adam Koenig, Reginald Meeks, Charles Miller, Brad Montell, Darryl T. Owens, Ruth Ann Palumbo, Sal Santoro, Arnold Simpson, Diane St. Onge, and Susan Westrom.

Guests: Fred Higdon, Commissioner, Matt Neal, FDA State Tobacco Coordinator, Steve Humphress, General Counsel, Department of Alcoholic Beverage Control; Steve Kelly, Deputy Commissioner, Department of Agriculture; Hoppy Henton, Council for Burley Tobacco; Orlando Chambers, Tobacco Research and Development Center, University of Kentucky; Gary Feck, Commissioner, Jack Coleman, Deputy Commissioner, Department of Housing, Buildings and Construction; Michael Donta, Deputy Commissioner of Workplace Standards and Supervisor of Apprenticeship, Kentucky Labor Cabinet; Brian Miller, Executive Vice President, Home Builders Association of Northern Kentucky; Mike Quinn, CEO, Quinn Electric; Mark Kramer, CEO, Townsley Electric.

LRC Staff: Bryce Amburgey, Jasmine Williams, Michel Sanderson, and Susan Cunningham.

Approval of minutes for June 18, 2015 meeting

A motion to approve the minutes of the June 18, 2015, meeting was made by Representative Burch and seconded by Representative Keene. The motion carried by voice vote.

Presentation on Electronic Cigarettes

Matt Neal, State Program Coordinator for the FDA tobacco contract, told the committee that according to the 2014 Kentucky Incentives for Prevention survey (KIP) a high percentage of e-cigarette users in Kentucky are sixth through eighth graders. Senate Bill 109 (2014 RS) defined noncombustible products such as vapor products or alternative nicotine products as tobacco products intended for human consumption. Under the new legislation, retailers are prohibited from selling these products to anyone under 18 years of age. The Department of Alcoholic Beverage Control has investigators who conduct regular, monthly tobacco inspections of any business that sells tobacco products. The FDA does not regulate e-cigarettes.

Representative Keene recognized Representative Larry Clark, who asked members to note information in their folders regarding e-cigarettes. He said that the University of Louisville has been awarded a grant for

research on this topic. Additionally, he noted that he had filed a bill in the 2015 Regular Session to regulate e-cigarettes like other tobacco products. Fees from regulations could return approximately \$7 million.

In response to a question from Representative Burch, Mr. Neal was unsure about the level of nicotine in the vapor used in the e-cigarettes. Commissioner Higdon said the agency is charged with enforcing current law that limits access to minors. The vapor has nicotine that is addictive, and there are health risks in using the product.

Senator Higdon commented that ABC compliance buys are effective in raising awareness to retailers who might otherwise sell to minors.

In response to a question from Senator Hornback, Mr. Higdon said it is harder to identify smaller venues. Mr. Humphress said that anonymous tips help the ABC identify these venues for inspections. Any products found are seized and destroyed. Mr. Neal said the FDA is working on administrative regulations relating to e-cigarettes.

In response to a question from Senator Seum, Mr. Humphress said that it is illegal for a retailer to sell e-cigarettes to a minor under the age of 18.

Steve Kelly, Deputy Commissioner for the Department of Agriculture, said the department is inspecting retailers for signage to acknowledge no sales of tobacco products to minors. Of concern is the fact that tobacco for this product is not produced locally, and as smokers switch to liquid nicotine, there will be less need for locally grown burley tobacco.

Hampton "Hoppy" Henton was present, representing the Council for Burley Tobacco, a grower-only organization representing growers of burley tobacco in a multi-state area. He said that he is also a citizen representative on the FDA committee that is writing regulations for e-cigarettes. Smoking products are referred to as combustible, and chewing tobacco is non-combustible. The FDA's analysis is that nicotine is highly addictive, although health hazards are not fully defined. The hazard of nicotine is greatly magnified when tobacco is burned.

Addiction and health risks in some cases are not the same thing. Advocates of the e-cigarette focus on people already addicted to tobacco or already smoking who are using e-cigarettes as a way to reduce or stop smoking. This eliminates burning tobacco and replaces it with vapor, moving from high-risk smoking. In cases where there are restrictions on tobacco use, such as work and restaurants, people who are addicted are able to use vapor until in their own environment where they can smoke. This is known as dual use. The health community is divided on this concept.

Mr. Henton spoke regarding the taxing of e-cigarettes at the nicotine delivery level as compared to the tax on a pack of cigarettes. As consumption drops, manufacturers raise their prices, maintaining their profit level. If the tax structure were attached to the retail level, this would keep a revenue stream without raising cigarette taxes.

Orlando Chambers, Kentucky Tobacco Development and Research Center at the University of Kentucky, said there is a laboratory to analyze tobacco samples. Analysis of e-cigarettes and e-liquid finds that the amount of nicotine in the

products is correct to the labeling. However, other minor alkaloids have been found, leading analysts to question if the nicotine is synthetic or from tobacco. Most of the products come from China and India, but not much is from the United States. Last year, only 200 acres of tobacco was grown specifically for applications related to e-cigarettes.

The market is growing with anticipated sales of \$3.5 billion in 2015, with predictions that e-cigarettes will overtake conventional cigarettes within the next 15 years. Barrels of nicotine, as well as bottles and flavors, are sold on the internet. The value of the product in an e-cigarette is declining. Based on estimates, approximately 3.5 million one milliliter e-cigarettes could be made from the nicotine that could be produced in an acre of tobacco. Growers are paid less for tobacco grown for this use.

In response to a question from Senator Higdon, Mr. Kelly said the department inspections involve checking for signage regarding sales to minors. ABC is the enforcement agency regarding tobacco sales to minors.

In response to a question from Senator Hornback, Mr. Henton said the FDA is working on e-cigarette regulations that should be finalized this fall. Dr. Chambers said nicotine could be produced from sources other than tobacco.

Senator Hornback said that he is against taxes just to raise money. The reason to raise taxes on combustibles was to cut consumption. He advised using caution on taxing a product for that purpose.

Northern Kentucky Home Builders

Brian Miller, Executive Vice President, Home Builders Association of Northern Kentucky, said the Enzweiler Apprentice Training Program began in 1967 and is the longest continually operated, privately owned trade school in the nation. It began as a four year program in carpentry, and in 1978 a four year program in electric was established. There is also a two year program for HVAC. The curriculum is recognized by the U.S. Department of Labor. The program is 26 weeks long, providing 126 hours of training. The school calendar goes from April to September, two nights per week from 6:00 PM until 9:00 PM. Tuition is approximately \$1,500 per year. There is a 98 percent job placement rate and a 76 percent job retention rate after three years. In 2013, the HBA of NK conducted a survey of the work force needs in the construction industry in northern Kentucky. That survey showed that by 2025 there will be a need for approximately five thousand new skilled trade workers.

This year the state ceased to accept the certificates of graduation from the Enzweiler program as a recognized education provider for HVAC and electric. The school had received no notice that the program did not meet requirements for state licensure. During the past month the school has met with the Department of Labor and the Department of Housing, Buildings and Construction to reestablish acceptance of the school's programs as a certified provider for these respective trades.

Through this process we have also discovered the ratio of apprentice to journeyman for residential contractors should be adjusted. The current state ratio is geared toward the needs of large public projects.

Our contractors work in a residential setting rather than at large public jobs.

Senator Schickel commented that the Enzweiler school has always received high praise from contractors for the training provided to its students. He noted that the committee will assist the school in any way possible. Representative Keene agreed the school is on the right track to solving the problem.

Mark Kramer, CEO, Townsley Electric, said he has been teaching in the electrical field for over 30 years. Prior to 2003, employees worked for the owner of a company. The owner retained a Master's License, which also served as a contractor's license. In 2003, statewide licensing began and created a mandate that there be at least one licensed electrician on every project. Housing, Buildings and Construction regulations allow that a test for an electrician's license may be taken two years prior to the regular date if the applicant is attending an approved program. However, Department of Labor regulations state that there must be three journeymen to every apprentice. Townsley Electric performs small commercial work, with a typical job consisting of two journeyman and four apprentices. This is normal for the entire trade throughout Kentucky.

The Department of Housing, Buildings and Construction does not regulate training programs. The Department of Labor's regulations state that there must be three journeyman for every apprentice. Mr. Kramer stated that having a licensed person on every project was not a problem. However, the industry is not structured to place the journeyman to apprentice ratio for small projects. Mr. Miller said the Department of Labor has offered an annual waiver process, but it is not business friendly.

In response to a question from Senator McDaniel, Mr. Miller replied there are on-the-job training hours in addition to a certificate of completion by a recognized educational provider. The projects in residential construction are different than a large prevailing wage job.

In response to a question from Senator Bowen, Mr. Kramer responded that the Department of Labor's regulation pertains to collective bargaining and prevailing wage projects, which are projects that do not include residential contractors.

There being no further business to come before the committee, with a motion and second, the meeting was adjourned at 11:07 AM.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 2nd Meeting of the 2015 Interim

July 7, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Transportation was held on Tuesday, July 7, 2015, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll. The minutes from the Committee's June 2, 2015 meeting were approved.

Present were:

Members: Senator Ernie Harris, Co-Chair;

Representative Hubert Collins, Co-Chair; Senators Joe Bowen, Jared Carpenter, C.B. Embry Jr., Jimmy Higdon, Gerald A. Neal, Dorsey Ridley, Albert Robinson, Brandon Smith, Johnny Ray Turner, and Whitney Westerfield; Representatives Denver Butler, Tim Couch, Will Coursey, David Floyd, Tom McKee, Russ A. Meyer, Charles Miller, Jerry T. Miller, Terry Mills, Rick G. Nelson, Tanya Pullin, Marie Rader, Steve Riggs, Sal Santoro, John Short, Arnold Simpson, Diane St. Onge, Fitz Steele, Jim Stewart III, Tommy Turner, David Watkins, and Addia Wuchner. Senator Dorsey Ridley and Representative David Watkins attended the meeting via approved videoconference.

Guests: Mary Elizabeth Bailey, Commissioner of the Department of Human Resource Administration, Kentucky Personnel Cabinet; Carol Beth Martin, Executive Director of Office of Human Resource Management, Kentucky Transportation Cabinet (KYTC); Rodney Kuhl, Commissioner, Department of Vehicle Regulation, KYTC; and Heather Stout, Deputy Executive Director of the Office of Information Technology, KYTC

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Christina Williams.

Update on KYTC actions in response to the Engineer Salary Study mandated by HB 236 of the 2014 Regular Session

Mary Elizabeth Bailey, Commissioner, Department of Human Resource Administration, Kentucky Personnel Cabinet, and Carol Beth Martin, Executive Director, KYTC Office of Human Resource Management, gave an update on KYTC actions in response to the Engineer Salary Study that was mandated by HB 236 in the 2014 Regular Session of the General Assembly.

Commissioner Bailey stated the plan that was developed to revise the engineer series salaries has allowed the Transportation Cabinet to be competitive with private entities as well as state engineering salaries in surrounding states. The plan resulted from a joint effort of collecting data and surveying various entities by the Personnel Cabinet and KYTC. The information collected included variables of work week schedules, benefits, and salaries. The engineer series contains 13 classifications and the plan presents two options for addressing the salary concern.

Commissioner Bailey stated the highest turnover rate of the engineer classifications tend to be Engineer I (57 percent turnover rate) and Engineer II (40 percent turnover rate). Director Martin stated because of the turnover rate, KYTC has been faced with the challenge of losing engineers that the Commonwealth has spent time, money, and resources to train. Many private consultants, contractors, and city or county governments are offering engineers higher salaries to work for them. Because of this loss, contract costs for engineering services have increased. In 2014, the KYTC contracted for approximately \$150 million in professional engineering services in comparison to just over \$100 million in 2004, a 48 percent increase. Director Martin stated approximately fifteen years ago, 70 percent of the design work was performed by KYTC employees and currently, 70 percent of the design work is performed by outside consultants.

Commissioner Bailey stated the various

entities that were surveyed include the National Compensation Association of State Governments (NCASG), the American Association of State Highway and Transportation Officials (AASHTO), and other public and private entities. The state uses NCASG often when trying to obtain classification data from various states to determine how other states are paying their employees, including the amount of pay, the benefit packages, and incentives, etc. Of the 13 states that responded to one survey, all stated they have retention problems in the engineer series. Of the states that responded to a separate survey, 8 of 14 states stated recruitment and retention is a problem particularly because of the lack of competitive salaries. One problem states, including Kentucky, generally have had is that they are not able to offer any type of signing bonuses, moving expenses, or any incentives that most private sector companies are able to offer engineers. The NCASG has offered some strategies that states have shared, however nothing has been as successful as raising the bottom line dollar of an employee's salary.

The AASHTO study paid particular attention to the six states surrounding Kentucky (Illinois did not participate), comparing entry, midpoint, maximum, and average salaries for nine engineering job classes. Tennessee and Indiana ranked above Kentucky in every job classification surveyed.

Other public and private entities were surveyed, which showed that Kentucky Transportation Cabinet engineer salaries were well below neighboring states. For a position comparable to Kentucky's Transportation Engineering supervisor, (\$60,950), the average annual salary in the Midwest Region is \$94,400, in the South Central Region is \$92,500, and in the Southwest Region is \$91,400. The United States Bureau of Labor Statistics showed that Kentucky ranked sixth among the surrounding states in Civil Engineer salaries for both private and public sectors.

The conclusion following the study was that there are a couple of ways the salary issue could be addressed. By reviewing the classifications, education, and experience needed for each classification, and utilizing a point factor analysis, pay grade changes became options for eight of those classifications. Pay grades may increase based on market conditions as determined through a point factor analysis or salary surveys of both public and private employers. Personnel regulation 101 KAR 2:034 Section 3 (7)(8) permits a combination of grade changes and special entrance rates to reach a salary necessary to combat recruitment and retention problems.

Commissioner Bailey stated special entrance rates (SER) were available options for nine classifications. Special entrance rates can aid recruitment problems, primarily when a grade change is not possible. A SER sets the minimum salary for a class at a rate above the minimum of the pay grade. The SER can be any amount up to the grade midpoint.

Salary compression is also an issue that needs to be addressed. The Personnel Cabinet provided salary compression adjustment options for seven classifications. For employees in a class for which a special entrance rate is established, current employees may receive a salary adjustment equal to the difference between the former entrance rate and

the new entrance rate if funds are available.

The final results of the study resulted in higher pay grades and/or higher minimum salaries within some classifications for approximately 550 employees effective June 16, 2015. The cost for these salary changes in addition to fringe benefits is approximately \$7.8 million per year. The Kentucky Transportation Cabinet Secretary is quoted as saying "Alarming turnover, far greater than for state government as a whole, threatens our core engineering competences. For taxpayers, it also has the costly consequence of forcing the cabinet to increasingly rely on private consultants, at premium rates."

Chairman Harris stated he believed the \$7.8 million cost increase is well spent money when compared to the fact that there was approximately a \$50 million increase in consulting between one year and another.

In response to a question asked by Representative Floyd, Director Martin stated Engineering Technologists do not have to have a degree. She explained the different classifications and requirements of several job classifications.

In response to a question asked by Representative Collins, Commissioner Bailey stated 70 percent of the design work is done by outside consultants, and the 30 percent of the design work that is done in-house is done by central office in Frankfort. Representative Collins suggested some of that design work be distributed throughout the different district offices.

Senator Robinson suggested analyzing not only salary and benefit costs but retirement costs as well to determine a true cost of adjusting the salaries for the engineer series. He also suggested a program to help engineers pay for their degrees if they agree to continue to work for the cabinet for a specified amount of time to work off the cost. Director Martin stated the cabinet does have a similar scholarship program in place where a stipend is given to students who are enrolled in an approved engineering program and in return, they must work for the cabinet for a period of time. There is a success at retaining those individuals and if the individual does not work the specified amount of time, they must reimburse the cabinet for the classes.

In response to a question asked by Representative Wuchner, Commissioner Bailey clarified the levels of education and training required for engineers in training and engineer technologists, as well as the other classifications.

In response to a question asked by Chairman Harris, Director Martin stated some Engineering Technologists have their degrees and some do not. She further clarified the avenues that a person could take who wishes to become an engineer within the cabinet.

Referencing the 70 percent of the consulting that is done outside of the cabinet, Commissioner Bailey stated there is not a specific percentage goal in mind to have the work done in-house, rather the goal is to help ease the Chief District Engineer's job in dealing with the loss of trained and knowledgeable employees. She added there have recently been some employees that have had offers from outside consultants but have chosen to stay because of the changes coming.

In response to a question asked by Senator Higdon, Commissioner Bailey stated one solution that has been considered but not yet implemented to help the salary issue was to change the engineer employee's work week from 37.5 to 40 hours per week. The raise the employees would realize would be the compensation for working the additional 2.5 hours per week.

In response to a question asked by Senator Higdon, Director Martin stated the 550 employees that this plan would impact is just an estimate on the amount of employees that would be affected. She added the cabinet would like to see a reduction in turnover and would like to realize savings to help offset the \$7.8 million as well as being able to do more work in-house with the cabinet's own employees.

Representative St. Onge reiterated that a consequence of employees leaving for better paying jobs is that projects get delayed.

Representative Collins stated it is important to consider if an engineer that does the design work of a project has to see the project through to completion and if not the extra cost associated with following through of the project needs to be considered as well.

In response to a question asked by Senator Higdon, Commissioner Bailey stated in order to make a true comparison of salaries, a conversion of the cabinet's 37.5 week salary schedule and engineers in other states and the private sector's 40 hour work week schedule was done in order to see if the cabinet could compete with outside salaries.

In response to a question asked by Representative Jerry Miller, Commissioner Bailey stated the 550 positions that are being considered for raises are various positions and not just top-level engineer classifications. Commissioner Bailey added the \$7.8 million in funding needed for the raises averages out to approximately a 20 percent increase per position. Representative Miller also urged the cabinet to factor in the value of the benefits that working for Kentucky State Government has to offer.

Senator Westerfield questioned why the KYTC was focusing on engineers, who are only one of several jobs within Kentucky State Government that their salaries are not competitive with other states or private sector jobs, and therefore have high turnover rates. He also asked that the benefit packages that Kentucky State Government offers versus the benefits that employees receive in the private sector be considered when increases in pay are decided.

Chairman Harris stated that the study was in direct response to a directive in the KYTC budget bill adopted in the 2014 Regular Session. He reiterated that the Road Fund money is separate from the General Fund money and as a result the Road Fund money can be spread outside of the Transportation Cabinet with a few exceptions.

Update on the progress with the new Automated Vehicle Information System (KAVIS)

Rodney Kuhl, Commissioner, Department of Vehicle Regulation, KYTC; and Heather Stout, Deputy Executive Director of the Office of Information Technology, KYTC, gave a brief update on KAVIS. Ms. Stout stated the previous update that the Committee received was via a letter that was sent in November 2014 that stated the cabinet

rejected the 3M software after a technical assessment. The Commonwealth took control of the project and was planning to proceed with new development which consisted of a modular approach. A team was assembled to finish the development of KAVIS, which is now being referred to as KAVIS:2.

Ms. Stout stated the cabinet has broken down the KAVIS:2 approach into two objectives; to enhance the use of AVIS minimally through interfaces to gain benefits for citizens and stakeholders, and to replace AVIS gradually through the implementation of modules.

Some of the accomplishments to date for enhancing the use of AVIS include a print on demand decal system and scanning within the county clerk offices which was fully implemented in May 2015. The benefits of this approach is that it is expected to decrease the time in the county clerk offices for customers, eliminate double entry of data for clerks, reduce paper handling and archiving, decrease maintenance of aging printers, reduce postage for clerks and motor vehicle licensing, reduce annual audit time, and to greatly improve access to vehicle documents. All of those benefits have been realized as well as immediate access to title documents and other vehicle related documents by other agencies and improved tax review and audits by the Department of Revenue.

Ms. Stout stated in enhancing the use of AVIS there were some implementation problems that were experienced such as paper jams, a confusion of the process, SD cards for printers were misplaced and/or not shipped or not functioning, technical connectivity with the Xerox Server, and gradual implementation required two processes to be run concurrently in Motor Vehicle Licensing causing a title application backlog. She added some remaining issues are the technical connectivity with the Xerox server, and a resolution is expected shortly. There is also a title application backlog, but the initial backlog of 41 days has been reduced to 21 days. Resources have been retrained and business and technology process improvements are being implemented.

Ms. Stout stated another enhancement for the use of AVIS is a new web renewal site that will be deployed in the summer of 2015 which will include the same functionality with a new design. With this new web renewal, county clerks will receive money collected immediately. There will also be an enhanced web renewal site to be deployed in the fall or winter of 2015 which will include all eligible plates being renewable online, not just standard issue plates. The process for county clerks to approve renewals will also be streamlined.

Ms. Stout stated there will be a modular approach to replacing AVIS. The benefits of a modular approach are that the cabinet can roll out smaller pieces of functionality over time; incrementally remove functionality pieces from AVIS; minimize the risk for the KYTC, Motor Vehicle Licensing, county clerks, and stakeholder groups; it enables the focus to be on data cleansing/conversion efforts just on specific modules that need to be converted; enables focus for training efforts; and it allows organization by vehicle type and volume.

Ms. Stout further explained in detail each

module. The following modules that will be used in replacing AVIS are: 1) menu and disabled placards, 2) boats, 3) off road, 4) mobile home, 5) all trailers, 6) motor home/house car, 7) bus, 8) motorcycles, 9) trucks/wreckers, and 10) passenger cars. The modular approach will build on the implementation of various aspects of the registration process to develop more complex modules later. Ms. Stout stated the cabinet is currently in module one. The project life cycle is a sprint development cycle and the modules will be completed through iteration. The estimate is that the work in module one will be completed in October 2015 and will be rolling out within the end of 2015 or the beginning of 2016, depending on county clerk availability.

The project life cycle will include seven iterations of work that will be in three week time periods. During the sprint development, the starting and initiating of module two will develop as module one is being completed so as soon as module one is completed, the cabinet moves straight into development of module two. The hope is that as the cabinet is planning and initiating module two, they will have the estimate of completion on module two by fall of 2015. Ms. Stout reiterated she does not have an estimate of completion of the entire KAVIS:2 system, however, as the modules are being completed, each module will have a completion estimate. The hope is that some modules will be able to be combined in order to shorten the life cycle of the entire project. Additionally, later modules should take less time to complete because many functions have been addressed in previous modules.

Ms. Stout stated that to maximize the success of replacing AVIS, the KYTC is welcoming the project management office reviews throughout the entire process. The cabinet has also hired a project manager that is working under Ms. Stout. That project manager, Ms. Stout, and all of the members in the project management office are certified project managers.

Ms. Stout stated the cabinet has hired a vendor, KiZAN, which is very experienced in the sprint development life cycle that KYTC is following and they provide process guidance as well. The cabinet also has Microsoft technical assessments to review the project, including the architecture that has been planned and the code that is being developed in order to make sure the cabinet is on the right track. The Microsoft technical assessment team will be called upon for one week checkpoints throughout the course of the project. The Commonwealth Office of Technology will also be doing independent verification and validation of the process.

Ms. Stout stated some issues and risks with replacing AVIS is that the cabinet is sharing resources with AVIS Maintenance and support staff and they must be able to do their work to support the AVIS system while the cabinet continues to try to replace it. Scheduling around different stakeholder busy times such as elections or the end of the month where county clerks are always busy has also been a challenge. Another issue is that resource time is being consumed by assessment services.

Ms. Stout stated some of the positive things that are showing momentum on the project are that the

cabinet has a highly motivated team with a sense of pride and a will to prove their capabilities. Resources, both existing and new, have formed into a cohesive team and feedback on work completed thus far has been positive. The cabinet has also had encouraging and supportive stakeholders. The modular approach was easily accepted and the Working Committee (various stakeholders) meets weekly to validate requirements.

In response to a question asked by Senator Westerfield, Ms. Stout stated the cabinet does share information and is able to interface with different parking authorities and/or other vendors.

In response to a second question by Senator Westerfield, Ms. Stout stated the cabinet could outsource the code that is being used to build KAVIS:2 to other states, however, this would not be for profit. She stated states will often share codes and information to other states, however there is no cost associated with sharing that information.

Senator Westerfield asked if the state owes 3M any money or if 3M owes the state any money for the contract obligation that was not fulfilled. Ms. Stout stated there is a mediation scheduled for August for the 3M contract situation, and litigation will follow if the situation is not resolved and a settlement agreed to.

In response to a question asked by Representative Collins, Ms. Stout stated there is no current recommendation to raise any fees.

In response to a question asked by Representative Collins regarding complaints on decals, Commissioner Kuhl stated there have been a few comments that law enforcement in some of the smaller jurisdictions have made regarding the aversion to the one year digit on the decal. He stated the cabinet worked with the state police on the design of the decal.

In response to a question asked by Representative Collins, Commissioner Kuhl stated the cabinet has a plan in place to lower the time it takes to get the titles, and that plan will be reviewed within the next 30 days and the process will be evaluated. Commissioner Kuhl further stated the contract for titles being made out of state is not up for renewal for approximately another year and the contract will be revaluated at that time.

In response to a request made by Chairman Harris to elaborate on security procedures, Ms. Stout stated the KYTC does have a security liaison with COT that is involved with all of the ongoing projects to at least make sure we are meeting COT's policy. Part of the Microsoft technical assessment team's tasks is to evaluate security. She also mentioned that the KAVIS architect has a great background in security.

The committee reviewed Administrative Regulations 601 KAR 9:135 and KAR 14:020. No objections were raised, and Chairman Harris adjourned the meeting at 2:14 P.M.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 1st Meeting of the 2015 Interim

July 13, 2015

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, July 13, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Danny Carroll, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Jimmy Higdon, Reginald Thomas, and Johnny Ray Turner; Representatives Linda Belcher, Hubert Collins, Jeffery Donohue, Brian Linder, Rick G. Nelson, Jim Stewart III, and Jill York.

Guests: Jacqueline Korengel, Kentucky Adult Education; Clyde Caudill, Kentucky Association of School Administrators.

LRC Staff: Janet Stevens, Joshua Collins, and Daniel Clark.

The Kentucky Alternate Assessment Program

Rhonda Simms, Associate Commissioner, Kentucky Department of Education (KDE), said Kentucky's Alternate Assessment Program includes instruction and the state assessment. The alternate assessment allows students with the most significant cognitive disabilities to participate in an inclusive learning environment with a focus on bridging academic growth and strengthening independence. The alternate assessment also addresses the needs of students by allowing greater depth of adaptations, modifications, and alternative modes of participation. This assessment is also an alternate means of participation in the required state tests so students may demonstrate achievement.

Ms. Simms spoke about the legal basis for alternate assessment and said the Kentucky Education Reform Act (1990) mandated an inclusive assessment system. Also, in 1997, the Individuals with Disabilities Education Act mandated that all children with disabilities would be included in all general, state, and district wide assessments with appropriate accommodations or an alternate assessment. In 2001, No Child Left Behind mandated all students to be tested in grades three through eight, and once in high school for both reading and mathematics. This required a link to grade level content and standards for alternate assessment.

Ms. Simms said every year an Individualized Education Program (IEP) team meets and decides which students qualify for the alternate assessment. The team decision considers the individual need of the student; data from formal evaluations, classroom performance, and teacher observations; and whether the student can meet the requirements of the standard course of study for general education. Also, the annual Admissions and Release Committee (ARC) team reviews participation guidelines to determine how the student will participate in the statewide assessment and accountability system. A special needs placement in a cognitive, emotional disability, or other health impairment category does not determine participation in alternate assessment, nor does participation in

alternate assessment determine placement.

Ms. Simms said the alternate assessment and K-PREP assesses six standards per content area that are linked to the general education standards. Low incidence teachers completed a survey to recommend the standards for instruction and assessment. Criteria for selection of those standards include a link between academic and functional skills along with the opportunity for collaboration with general education classrooms. The standards are simplified, reduced in depth and breadth, and are aligned to general content standards.

Jennifer Stafford, Director, Division of Support and Research, Office of Next Generation Learners, KDE, said attainment tasks and transition attainment records are two components of the Alternate K-PREP. Attainment tasks include multiple-choice items with picture-based responses administered to students. Test materials may be modified or simplified based on the individual student needs, and there are 30 total items on the assessments. The Transition Attainment Record is a checklist completed by teachers based on a student's current level of content knowledge. Kentucky educators are highly involved in the development of the alternate assessments and once the standards are identified, the University of Kentucky serves as the testing vendor.

Ms. Simms spoke about the college and career readiness connections for the alternate assessment and said the college ready alternate is based on grade 11 benchmarks. Also, alternate assessment students are included in the college readiness for accountability. The career ready alternate is being developed with the idea of an employability skills attainment record that focuses on skills that are transferable to a supported workplace.

In response to Chairman Danny Carroll's question regarding career ready curriculum for alternate assessment students, Ms. Simms said the career ready curriculum is integrated with the standard educational requirements in the eighth grade and alternate assessment students will follow this curriculum through high school.

Chairman Danny Carroll stated his school district has a wonderful transition program for alternate assessment students that starts during their junior year of high school and supports employment.

In response to Representative Linda Belcher's questions regarding the transition attainment record and different reading levels, Ms. Stafford said all assessments are linked to the general content standards and are simplified and modified for alternate assessment students. Ms. Simms said the reading levels are based on progress and the overall classroom experience for each student.

Gretta Hylton, Policy Advisor, Office of Next Generation Learners, KDE, said there are specific skills on a student's IEP that teachers focus on. Those specific skills determine the student's content that is set forth by the curriculum and state standards.

Representative Linda Belcher said teachers in her district are concerned because alternate assessment students are given a very difficult curriculum.

In response to Chairman Danny Carroll's question regarding age appropriate content, Ms. Simms said teachers are able to modify and select

the appropriate material for students to learn in accordance to the standard connected to the age of the student.

In response to Representative Wilson Stone's questions regarding the benchmarks and success rates associated with college and career readiness, Ms. Simms said benchmarks for alternate assessment students were set by Kentucky teachers and are much simpler than the regular benchmarks. Also, only a small percent of special education students move on to a postsecondary institution after high school.

In response to Representative Jill York's question regarding the development of the career ready alternate, Ms. Simms said feedback to the school indicating what skills a student has gained that are career connected and the ability to put the students into the readiness component of the accountability program are two positive changes KDE has made to the career ready alternate. Federally, there is not recognition of students who complete a diploma that is not of the standard course of study.

Exceptional Students' Classrooms- A Teacher's Front-Line Experience

Elaine Farris, Teacher, McCracken County Schools, said the alternate assessment is determined by an ARC that meets annually. Attainment tasks and the transition attainment record are the two major components of the alternate assessment. Each subject in the attainment tasks has six standards that are assessed each year, and the standards are aligned with regular grade level standards. Students are tested as either a Dimension A student or Dimension B student. This is based on the student's communication skills. Dimension B students have no symbolic communication system. Also, the transition attainment record measures students' performance on academic skills needed for transition. Students are assessed in reading, writing, math, and science readiness.

Ms. Farris spoke about the benefits of the alternate assessment and said the assessment is given twice a year. The test window is approximately one month and allows the teacher more time to assess the students and decreases the stress on the students. Each test window tests three standards per core content area, and students are tested closer to the time they learned the skills. Each test consists of 15 questions that are broke into three sections with five questions. The student is allowed a break between sections if needed. The tests are administered in a one-on-one setting, and the student can only be tested in one core content area per day. All questions are multiple choice with visual supports, and the teacher is allowed to utilize other supports when needed.

Ms. Farris spoke about the struggles with alternate assessment and said the standards can assess skills for which special education students do not have the underlying academic skills to perform. The test requires the student to not only learn the standards, but to generalize those skills. Generalization of skills can be difficult for students with moderate to severe disabilities, and the amount of core content that has to be taught does not always allow enough time to target the social skills, daily living skills, and vocational skills that need to be worked on. Also, teachers have to develop the majority of the curriculum and teach

multiple subjects on multiple grade levels.

Amy Scott, Teacher, McCracken County Schools, spoke about her experiences as a special education teacher and presented the committee with picture examples of the curriculum she teaches in her classroom. The picture examples are located in the meeting folder at the Legislative Research Commission Library.

Chairman Danny Carroll said Kentucky schools have come a long way in regards to curriculum and accommodating special education students.

Ms. Farris agreed with Chairman Danny Carroll's statement and said a lot has changed for special education in Kentucky over the past 10 years.

In response to Representative Jimmy Stewart's questions regarding money received from the federal government for the Alternate Assessment Program, Ms. Simms said the federal government provides Kentucky with \$700,000 for the program. The money is for all schools and most of it pays for the work that creates the alternate assessment.

Representative Linda Belcher congratulated Ms. Farris and Ms. Scott for their hard work in teaching and for a wonderful presentation.

In response to Representative Linda Belcher's question regarding special education teachers and their concerns, Ms. Simms said KDE will discuss the concerns brought before the committee with a special emphasis on the flexibility of Dimension B students. Also, the balance between functional instruction and academic instruction needs to be addressed so there is a connection with both.

Representative Linda Belcher said she is concerned about the balance between functional and academic instruction with special needs students.

Chairman Danny Carroll praised Ms. Farris, Ms. Scott, and the McCracken County school district for their adjustments made to benefit special education students.

In response to Chairman Danny Carroll's question regarding what can be done to help other school districts get quality instruction in special education, Ms. Simms said KDE tries to make sure their support in special education is equalized for every school district across the Commonwealth. Ms. Farris said it helps to have the administrators involved with special education and not to separate special education students from the regular education students.

In response to Representative Hubert Collins's question regarding students that move to another school district right before the alternate assessment is given, Ms. Hylton said for students to be given a state test, they have to be in the school for a minimum of 100 days. Also, KDE will work with school districts if anything unusual happens with a student moving in from another state or school district.

Representative Linda Belcher said special education teachers have a tremendous amount of work to do on a daily basis, and it is hard to keep good special education teachers in a school district because of the workload.

With no further business before the committee, the meeting adjourned at 11:42 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Postsecondary Education Minutes of the 1st Meeting of the 2015 Interim

July 13, 2015

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, July 13, 2015, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Alice Forgy Kerr, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Reginald Meeks, Co-Chair; Senator Max Wise; Representatives Kelly Flood, Cluster Howard, James Kay, Donna Mayfield, Tom Riner, Rita Smart and Addia Wuchner.

Guests: Cheryl King, Lumina Foundation Strategy Labs; Erin Klarer, Kentucky Higher Education Assistance Authority; Jacqueline E. Korengel, Kentucky Adult Education; Clyde Caudill, Kentucky Association of School Administrators.

LRC Staff: Ben Boggs, Jo Carole Ellis, and Amy Tolliver.

Presentation: Commonwealth College Update

Council on Postsecondary Education (CPE) President Robert King stated that by the year 2020, 56 percent of Kentucky's jobs will require some level of postsecondary education. Currently, only about 23 percent of Kentuckians (between the ages 25-44) have a bachelor's degree or higher. He stated that House Bill 265 (the 2012 budget bill) directed CPE to work with Kentucky Community and Technical College Systems (KCTCS) to develop an Adult Learner Degree Attainment Initiative to increase bachelor's degree completion rates.

The result, President King explains was the Commonwealth College Initiative, which seeks to serve those working-age adults who have some college credits and help them to complete their bachelor degrees. Commonwealth College focuses on high-need occupations that will enhance Kentucky's workforce development. The programs are on-line, competency-based, flexible, modularized, and marketed to working-aged adults at a public university price.

CPE Executive Vice President and Chief Administrative Officer, Dr. Aaron Thompson stated that, built upon the success of KCTCS' Learn on Demand program, the Commonwealth College initiative brings multi-institutional efforts under one brand, with a curriculum designed in partnership with Kentucky's industries. Academic credit is given for prior learning and strong online student support services will be provided.

The initial programs focus on Bachelor of Science degrees in advanced manufacturing sponsored by Western Kentucky University (WKU) and health leadership sponsored by the University of Louisville (UofL).

Dr. Jeffrey Sun, Professor of Higher Education at UofL announced that the Bachelor of Science

in Organizational Leadership and Learning with a concentration in healthcare leadership degree program will launch in the fall of 2016. Dr. Sun said the goals are to increase the workforce of highly skilled individuals (supervisors and managers) within the field, continue the university's role as a regional and state economic engine, and to engage Kentucky industries. The target audience is people who work in the healthcare field and who currently hold an associate's degree. Registration and admissions is offered monthly. Prior work-related learning experiences can be applied, accelerating the degree completion. There is potential opportunity for students to earn salary increases as they move through the program. Dr. Sun explained that the healthcare industry and exemplars within the industry were consulted for input on curriculum development.

Beth Brinly, Deputy Secretary of the Education and Workforce Development Cabinet said the Kentucky Workforce Investment Board and its education, workforce development and economic development partners have been collaborating to build a true talent pipeline in Kentucky by aligning strategies to enhance sustainable economic and job growth to improve the lives of Kentuckians.

Secretary Brinly said one of the partnership's efforts is competency-based education. Commonwealth College, along with Accelerating Opportunity Kentucky and KCTCS Learn on Demand are helping the Commonwealth enhance its economic competitiveness in the context of important national trends, and can use the legislature's support now and going forward.

President King said that CPE will request \$2.4 million each year of the 2016 – 2018 biennium to strengthen the on-line technology and administrative support for the initiative, and to appropriately market this opportunity to working-aged Kentuckians.

In response to Senator Kerr's questions regarding credit for prior learning, Dr. Thompson said that reliable, valid, and regulated generalized and workplace targeted pre and post-tests will be given to determine credit for prior learning. He added that certificates indicating the student has certain competencies are also utilized to determine credit for prior learning.

Dr. Sun also responded explaining that clock hours can be applied toward qualification for admission but are not used to determine competency or credit for prior learning. Dr. Sun added that UofL has 15 years experience determining credit for prior learning and has a team of evaluators who will be working with the healthcare leadership degree program students.

Senator Kerr said she anticipates that, with adequate marketing, Commonwealth College will be flooded with students.

In response to Representative Flood's question regarding funding, Secretary Brinly said though the Workforce Initiative supports the funding initiative within CPE for Commonwealth College, there is no request within the Workforce Initiative budget for the program.

Representative Flood applauded the revolutionary learner driven approach that

Commonwealth College is taking.

In response to Representative Flood's question regarding on-line course development, Dr. Sun stated that courses for the health leadership degree program are being designed by an eight person team.

Representative Flood said that the term "creating excellence" misnames what is being done. She stated that, rather than seeking excellence, people are seeking relevance to the learner in today's workforce and suggested Commonwealth College remain clear about that when asking for funds.

In response to Representative Flood's question regarding Bachelor of Arts degree versus certificate programming, Dr. Thompson stated that although Commonwealth College is about the extension to a four year baccalaureate degree, the Initiative does not want to exclude certificates in these high-need occupation areas. Therefore, building capacity at KCTCS for mid-line certificates is being discussed.

Representative Flood said that Kentucky is going to have to make a serious investment in Commonwealth College in order for it to save taxpayer money and address our workforce supply-demand gap over the long run.

In response to Representative Flood's question, President King explained that the technology item in the 2016-18 biennium funding request refers to the hardware needed to manage the portal in order to successfully guide students through the system.

In response to Representative Howard's questions about tuition and test fees, Dr. Thompson stated that although CPE is looking at ways to have a set state-wide tuition, currently the degrees are offered at the public institution price from which the courses are being offered. Dr. Thompson explained that if students move through the competency based courses rapidly they still have to pay the full tuition rate. Students are also responsible for the cost of administering the credit for prior learning tests.

In response to Representative Howard's question regarding student's developmental education needs, Dr. Thompson said that KCTCS will offer the developmental education courses students need.

In response to Representative Howard's question about current on-line teaching methods, Dr. Thompson explained that most on-line courses are based on the "sit and get" model but the learner driven competency based education model utilized by Commonwealth College allows students, through testing, to demonstrate what they are learning as they progress.

Representative Smart echoed Representative Kerr's sentiments regarding the importance of marketing and encouraged educating all members of the General Assembly on the importance of funds for marketing the program.

In response to Representative Smart's question about tracking student debt, Dr. Thompson stated that Commonwealth College maintains a high commitment to financial literacy. President King explained that part of Commonwealth College's commitment to students is providing 24/7 on-line and toll-free telephone support services offering financial as well as career and academic advising. Secretary Brinly added that financial literacy counseling for students in on-line learning environments will also be

available through the Kentucky Career System.

In response to questions from Representative Meeks regarding degrees offered and population served, President King explained that student enrollment will begin this fall for the Bachelor of Science degree in advanced manufacturing sponsored by WKU. The Bachelor of Science degree in health leadership sponsored by the UofL will begin in the fall of 2016. Current Learn on Demand graduates and Kentuckians between the ages of 25-44 are the initial target population the program seeks to serve.

In response to a question from Senator Wise regarding target degree completion time, President King stated that students advance at their own pace, and there is no maximum time frame for degree completion.

In response to comments from Senator Wise comparing anticipated Commonwealth College student retention rates with current online General Education Diploma (GED) student retention rates, Dr. Thompson stated that it is hard to compare the two programs and the populations they serve. Commonwealth College students already have their high school diplomas and workplace experience; and even though it has built in practice tests, the GED is an "up or down" test while the Commonwealth College model allows for mastery of content as students through the program.

In response to a question by Representative Thomas, relating to hands on evaluations to demonstrate competency, Dr. Sun said that the healthcare leadership degree program sponsored by UofL is designed to include activities to be completed in coordination with learning partners in the workplace that can be recorded and uploaded on-line. Additionally, there will be internships and other experiential workplace components and projects required.

In response to a question from Senator Thomas about whether there is a job attainment goal for the Commonwealth College students, President King said no targets have been established. Dr. Thompson added that Commonwealth College is operating under a paradigm in which students are educated to high need jobs.

In response to Representative Wuchner's questions regarding proprietary rights of the programs and participating institutions, President King explained that the programs will be branded as Commonwealth College but the sponsoring university will award the degrees. This allows the program to be provided without having to generate a totally new, free-standing, and separately accredited enterprise. President King added that Commonwealth College is structured to allow all Kentucky's public institutions to participate.

In response to Representative Riner's question about the cost of tuition for a student taking the maximum number of courses in the health leadership degree program, Dr. Sun said that it would cost approximately \$17,000.

In response to Rep. Meeks' question about what Dr. Sun thinks his students will be doing in six years, Dr. Sun said he hopes that sooner than six years they will have been promoted into supervisory roles, and even management roles in the industry, and also

proceeding into UofL's masters degree program.

In response to Rep. Meeks' question about the flexibility of the program, Dr. Thompson explained that what makes this process dynamic is its flexibility; the modules can be changed at any time based on employers' needs.

In response to Rep. Meeks' question for President King about his satisfaction with the pace of the program in its fourth year of development, President King said he is not satisfied. When talks began with Carl Rollins and Representative Simpson four years ago funds, were not awarded. Additionally, the budget for the universities has been cut consistently. He said he is astonished and pleased that UofL and WKU have found resources to start participating in the program. President King said he cannot imagine a "bigger bang" for fewer bucks.

With no further business before the committee, the meeting adjourned at 11:40 A.M.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Second Meeting of the 2015 Interim

July 15, 2015

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, July 15, 2015, at 1:00 p.m., at Our Lady of Peace in Louisville, Kentucky. Senator Julie Raque Adams, Co-Chair, called the meeting to order at 1:10 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative Tom Burch, Co-Chair; Senators Ralph Alvarado, Danny Carroll, David P. Givens, Denise Harper Angel, Jimmy Higdon, Reginald Thomas, and Max Wise; Representatives George Brown Jr., Bob M. DeWeese, Joni L. Jenkins, Mary Lou Marzian, Reginald Meeks, Phil Moffett, Tim Moore, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, Susan Westrom, and Addia Wuchner.

Guests: Jennifer Nolan, President, Our Lady of Peace; Martha Mather, Chief Operating Officer, Our Lady of Peace; Brad Lincks, Chief Nursing Officer, Our Lady of Peace; Louis Waterman, Board Member, KentuckyOne Health; Richard Schultz, Board Member, KentuckyOne Health; Sharon Hager, General Counsel, KentuckyOne Health; Don Lovasz, President, KentuckyOne Health Partners; Charlie Powell, President, KentuckyOne Medical Group; Brian Yanofchick, Senior Vice President, Mission Integration, KentuckyOne Health; Sherri Craig, Vice President, Advocacy & Public Policy; Susan Greenrose, parent of a child at Our Lady of Peace; Beth Jurek, Executive Director, Office for Policy and Budget, Cabinet for Health and Family Services; Phyllis Sosa, Staff Assistant, Department for Aging and Independent Living, Cabinet for Health and Family Services; Nicole Julal, Regional Director, Government Affairs, CVS Health; Allyson Blandford, Senior Manager, State Government Affairs, Express Scripts; Bob McFalls, Executive Director, Kentucky Pharmacists Association;

Jonathan Van Lahr, Independent Pharmacist from Brandenburg, Kentucky and Member of the Kentucky Pharmacists Association Government Affairs Committee; George Hammons, Independent Pharmacist from Barbourville, Kentucky, and Past President of the Kentucky Pharmacists Association; and Rosemary Smith, Independent Pharmacist from Beattyville, Kentucky and President of the Kentucky Independent Pharmacy Alliance.

LRC Staff: DeeAnn Wenk, Miranda Deaton, Ben Payne, Jonathan Scott, Sarah Kidder, Gina Rigsby, and Cindy Smith.

Welcome Remarks

Jennifer Nolan, President, Our Lady of Peace, and Martha Mather, Vice President, Chief Operating Officer, Our Lady of Peace, welcomed the committee and gave an overview of the facility. Susan Greenrose, parent, gave an account of her son Austin's experiences at Our Lady of Peace.

Approval of the Minutes of the June 17, 2015 Meeting

A motion to approve the minutes of the June 17, 2015 meeting was made by Representative Marzian, seconded by Senator Alvarado, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulation was referred on June 3, 2015 for consideration but deferred by the Cabinet for Health and Family Services prior to the committee's June 17, 2015 meeting: **910 KAR 1:170** – establishes the standards of operation for the Supportive Services Program in Kentucky. Phyllis Sosa, Staff Assistant, Department for Aging and Independent Living, Cabinet for Health and Family Services, was present to answer questions. A motion to amend **910 KAR 1:170** was made by Representative Marzian, seconded by Representative Jenkins, and amended by voice vote.

The following administrative regulations were referred on July 1, 2015 for consideration: **201 KAR 21:090 & E** – establishes a two year prechiropractic course of instruction to be completed prior to entry into chiropractic college; **202 KAR 7:701** – establishes the scope of practice for individuals certified or licensed by the Kentucky Board of Emergency Medical Services; and **921 KAR 3:045** – establishes issuance procedures used by the cabinet in the administration of SNAP.

A motion to approve **201 KAR 21:090 & E, 202 KAR 7:701, 910 KAR 1:170 as amended and 921 KAR 3:045** was made by Representative Marzian, seconded by Representative Jenkins, and approved by voice vote.

Legislative Hearing on Executive Order 2015-386 Relating to Reorganization of the Cabinet for Health and Family Services

Beth Jurek, Executive Director, Office for Policy and Budget, Cabinet for Health and Family Services, was present to answer questions. Senator Givens requested copies of the Medicaid managed care organizations contracts (MCO) and information on how the contracts will impact the cabinet's budget.

In response to questions by Senator Givens, Director Jurek stated that the MCOs knew that the Request for Proposal (RFP) contained information

about rates before the contracts were signed. Senator Givens requested information about the impact that the new contracts would have on the budget. Director Jurek stated that the cabinet took the 2016 budget into consideration when negotiating the contracts. He also requested information about the mechanism providers would have for resolutions of disagreements between providers and the MCOs.

A motion to accept Executive Order 2015-386 was made by Representative Marzian, seconded by Representative Jenkins, and accepted by voice vote.

Legislative Hearing on Executive Order 2015-387 Relating to the Establishment and Operation of the Kentucky Office of Health Benefit and Information Exchange

Beth Jurek, Executive Director, Office for Policy and Budget, Cabinet for Health and Family Services, was present to answer questions.

In response to questions by Senator Alvarado, Director Jurek stated that Kentucky knows the needs of citizens and can design health plans and an exchange better than the federal government. Kentucky would have to pay assessments for participation in the federal exchange. The ongoing cost of kynect is \$28 million a year. The projected \$383 million referenced in the 2014 Deloitte white paper referred to the Medicaid expansion. The exchange and the Medicaid expansion are two different programs. Kentucky used 100 percent federal funds for the startup of costs and to build an exchange that will interface with the federal exchange. Since Kentucky has already received funds to build an interface system with the federal government, the state would not receive more funds to build another interface system with the federal exchange. The cabinet has only used the funds appropriated for the exchange and has not used any intercabinet transfers for kynect. There is a three percent assessment charged on insurers if Kentucky participated in the federal exchange. Arkansas is going away from its private model of Medicaid because it has been too costly. Kentucky chose the Medicaid expansion model that would be the most cost effective.

In response to questions by Representative Moore, Director Jurek stated that the differences between the 2014 and 2015 executive orders relating to the Kentucky Office of Health Benefit and Information Exchange are that the title and the Kentucky Health Insurance Advisory Council formally established and attached to the Kentucky Department of Insurance in the Public Protection Cabinet merged with the newly created and established kynect Advisory Board that is administratively attached to the Office of Health Benefit and Information Exchange, and an additional consumer member was added to the kynect Advisory Board. Subsidies received by the state are from the federal government. The Governor drafted the executive order and then heard testimony from consumers and insurers. Kentucky had to participate in an exchange and opted to create a state exchange. If the executive order is not ratified in the 2016 Regular Session, it can be drafted with slightly different language, or since a decision to draft a new executive order is within the Governor's executive statutory authority, a completely new executive order can be filed.

Representative Burch stated that the United States Supreme Court ruled that the Affordable Care Act is the law. Kentucky needs to make sure kynect stays in place and continues to serve the citizens of the Commonwealth. Kentucky will have to pay for an exchange whether the state continues with kynect or the federal government sets up an exchange in the state.

In response to questions by Senator Givens, Director Jurek stated that the 2014-2016 Budget of the Commonwealth can be found at the Office of State Budget Director's web site: osbd.ky.gov. She would provide the committee with a break-down of kynect expenditures, but the majority of the budget is for personnel, operating expenses, and contracts. The start-up costs of the exchange were higher in the beginning. The cabinet is constantly challenged to make every dollar go as far as it possibly can. Since kynect has only been operating for a year, the funds currently budgeted are appropriate for now. Kentucky's exchange is a national model that both consumers and insurance companies like, and a decision was made to continue kynect instead of opting to participate in a federal exchange.

In response to questions by Representative Marzian, Director Jurek stated that kynect has attracted more insurers to Kentucky.

In response to questions by Representative Meeks, Director Jurek stated that kynect is serving more people than Kentucky Access did partly due to federal subsidies. There is no pre-existing condition exclusion in kynect as was required to receive benefits in the Kentucky Access program. The cabinet is still working on problems with the small employer program.

In response to questions by Representative Wuchner, Director Jurek stated that the reason some other states have looked at multistate exchanges or merging into the federal exchange to save money is because of the problems they encountered in starting a state exchange. There are significant costs to merge into the federal exchange, and since Kentucky has already built an exchange, all costs to merge into the federal exchange would require state funds. Kentucky has been approached by other states about its technology used in the exchange. The exchange does not receive federal subsidies. Subsidies from the federal government are for people enrolled in qualifying health plans and depend on income level. There is no expiration date for the federal provision of subsidies.

In response to questions by Senator Danny Carroll, Director Jurek stated that Arkansas is looking for something other than its current private market model for the Medicaid program.

A motion to accept Executive Order 2015-387 was made by Representative Marzian and seconded by Representative Meeks. After a roll call vote of 11 yes votes and 11 no votes, the motion failed.

Pharmacy Benefit Management Overview

Nicole Julal, Regional Director, Government Affairs, CVS Health, Allyson Blandford, Senior Manager, State Government Affairs, Express Scripts, stated that a pharmacy benefit manager (PBM) provides pharmacy benefit services to its clients which allow them to offer affordable drug benefit

plans. PBM clients include private sector employers, public sector entities, health plans, and union trust/Taft-Hartley plans. Plan sponsors typically hire consultants or brokers to navigate the request for proposal (RFP) process. PBMs compete to provide the best services and prices to win business. Pharmacy benefit management services include price, discount, and rebate negotiations, formulary management, mail-service pharmacies, drug utilization review, specialty pharmacy services, pharmacy retail networks, and claims processing. Currently more than 216 million Americans receive pharmacy benefits provided through PBMs. PBMs aggregate the buying clout of millions of enrollees, enabling plan sponsors and individuals to obtain lower prices for prescription drugs. PBMs save plan sponsors and consumers an average of 35 percent compared to expenditures made without pharmacy benefit management.

Maximum allowable cost (MAC) is used to reimburse pharmacies when generic drugs are dispensed. Medicaid originally developed MAC reimbursement process to normalize reimbursement and encourage efficient purchasing decisions. MAC reimbursement is the most used industry standard process for generic drug reimbursement. MAC lists are proprietary by PBM. Kentucky pharmacies have access to MAC information at any time. Kentucky was the first state to pass comprehensive MAC legislation in 2013 Senate Bill 107.

Cost sharing tools such as co-pays for prescription benefits are used to make prescription drugs affordable for the plan sponsor and the patient. Cost sharing allows for greater coverage and more efficient spending. Federal law established maximum out-of-pocket expenses to protect the patient. PBMs encourage plan sponsors to set fair and reasonable out-of-pocket maximums to allow access to medication. Mandated co-pay limits do not address the underlying problem of high drug prices set by drug manufacturers. Rising cost of drug prices determined by manufacturers make caps on cost-sharing unsustainable. Co-pay limits would lead to increased use of brand drugs if patients do not have to consider costs and drastically increase plan sponsor responsibility. Payers use copays to incentivize cost-efficient use by patients.

Some conditions such as anemia, cancer, growth deficiency, hemophilia, hepatitis, infertility, multiple sclerosis, pulmonary hypertension, and rheumatoid arthritis require specialty drugs. By 2018, specialty drugs will represent 50 percent of all drug expenditures. One key factor driving the trends will be an increase in utilization by an aging population and increased prices. Some solutions include a reduction in waste and adherence through formulary strategy, days' supply design, and member cost share recommendations. Network management would save on unit cost discounts through exclusive specialty programs. Utilization management would provide significant savings through programs like prior authorization, drug quantity management, and preferred specialty management. Patient assistance programs would provide patient savings through foundation-based support programs.

PBMs keep prescription drug costs down for patients and plan sponsors. PBMs operate in a

competitive marketplace with payers, manufacturers, pharmacy services administrative organizations (PSAOs), and providers. Restrictions on PBMs cost-savings tools would impact all payers, public and private, while providing no benefit to consumers.

In response to questions by Senator Adams, Ms. Blandford stated that the reason a generic drug price can fluctuate monthly is because drug prices change frequently, some daily. The manufacturer controls the price of the drug. The price can depend on whether a plan has co-pays or co-insurance. Co-pays and co-insurance both have caps. PBMs negotiate discounts not set drug prices. Ms. Julal stated that out-of-pocket expenses are different for upfront costs.

In response to a question by Senator Wise, Ms. Julal stated that 2013 Senate Bill 107 specifies the appeals process and time limits on updates. The appeals process applies only to fully-covered insurance plans, not to self-insured or state employee plans. Ms. Julal stated that the reimbursement rate is based on the cost of the drug as available in the marketplace.

In response to questions asked by Representative Wuchner, Ms. Blandford stated that specialty drugs are incredibly expensive. Major concerns are the rising cost of specialty drugs and amount spent overall for specialty drugs. There needs to be reasonable out-of-pocket expenses for patients who cannot afford the high cost of specialty drugs. Ms. Julal stated that the ACA sets guidelines on maximum out-of-pocket expenses, and co-pays and prescription benefits.

In response to questions by Representative Burch, Ms. Blandford stated that if someone could not afford a medication, one solution would be to ask their doctor if there is a generic drug available that would lower the cost of the medication. PBMs help payers manage benefits and the cost of drugs. PBMs are not manufacturers nor do they set prices for the drugs. PBMs do not work with physicians on prescribing practices, but help make decisions on formularies on behalf of clients.

In response to a question by Senator Adams, Ms. Blandford stated that PBMs have pricing guarantees built into the contract with a client and only make money when a client saves money. There are two pricing models used by clients. First is the pass through model where the client sees the discount and rebates upfront and the PBM gets paid an administrative fee per claim. Second is the spread pricing model where a client has to achieve savings overall not just per claim.

Independent Pharmacies

Bob McFalls, Executive Director, Kentucky Pharmacists Association, stated that Senate Bill 107 was passed in 2013 to address transparency in drug reimbursement costs by PBMs. PBMs were originally registered as third-party administrators to reduce administrative costs for insurers, validate patient eligibility, administer plan benefits, and negotiate costs between pharmacies and health plans. Over time, the role of PBMs has grown with a unique, strategic position between the insurer and provider that allows them to control practically every aspect of prescription drug transactions. PBMs are largely unrecognized by most consumers, plans, government entities, employees, employers, and

human resource managers. PBMs impact more than 95 percent of drug coverage, and yet remain virtually an unknown and unregulated entity. The Pharmacy Benefit Management Institute reported 75 percent of the market share in terms of total equivalent prescriptions for 2014.

Retail pharmacists dispense a product without knowing the cost of the drug until it is sold. Pharmacists do not set the prices for drugs dispensed to patients, do not have access to prices for more than 80 percent of dispensed drugs, and have to deal with significant fluctuation in drug costs. The National Community Pharmacists Association notes significant fluctuations in generic drug costs with no associated correction in reimbursement. A MAC list refers to a health plan or PBM-generated list of products that establishes maximum amounts that a PBM will pay a pharmacy for reimbursement for certain generic drugs. There are no standardized criteria that PBMs use for the inclusion of drugs on MAC lists or for the factors used to determine how to set the maximum price. PBMs frequently have a MAC list for the health plan and one for the pharmacy within the same plan.

PBMs are required to disclose in the contracts with pharmacies the pricing indices used to calculate the reimbursement paid to the pharmacy for drug products. A MAC is used and disclosed in the contract with pharmacies to determine drug product, reimbursement to disclose what products are subject to MAC, and what the MAC is for each of the drugs. MAC lists have to be updated every 14 days and parameters are established for price appeals by pharmacies. The contract must include the sources used by the PBM to calculate drug product reimbursement paid for covered drugs, but most PBMs have not disclosed this information. Each contract between a PBM and pharmacy is required to include a process to appeal, investigate, and resolve disputes regarding MAC pricing. Most PBMs are still using the same appeals process used before SB 107 was enacted. Most MAC appeals are not investigated and resolved within the ten day requirement. If a MAC appeal is denied, a PBM is required to provide the reason for denial and identify the National Drug Code (NDC) of a drug product that may be purchased by the pharmacy at or below the MAC contract price. Most PMBs do not comply with this requirement. Contracts currently do not contain specific MAC lists or contain specific MAC pricing.

APBM is required to review and make necessary adjustments to a MAC for every drug at least every 14 days. Since MAC lists are not published like Medicaid and posted, there is no way to determine if MAC pricing is being adjusted according to the timeline. Pharmacies have to wait until a prescription is filled and a claim is submitted before knowing the reimbursement rate. PBMs are required to provide pharmacies weekly updates to the list of drugs subject to MAC and the actual MAC for each drug. PBMs are not complying with requirements outlined in SB 107.

Jonathan Van Lahr, Independent Pharmacist from Brandenburg, Kentucky, and member of the Kentucky Pharmacists Association Government Affairs Committee, stated that PSAOs are different from PBMs. PBMs get money when a claim is filed. PBMs set reimbursement prices that are non-

negotiable for pharmacists. Cost of reimbursement can change on a daily basis with no explanation. A pharmacist's main concern is the patient. Senate Bill 107 states that a PBM has to give pharmacists a list of drugs and cost of each. It also states that a reason for denial has to be provided by PBMs to pharmacies. Pharmacists need a complete list of drugs for Medicaid reimbursement not on a drug by drug basis. PBMs have to provide a MAC list to pharmacies.

In response to questions by Senator Adams, Mr. Van Lear stated that the MAC is provided on a patient by patient basis. There should be specific reasons given for a denial. Three PBMs control 75 percent of the insurance market.

George Hammons, Independent Pharmacist from Barbourville, Kentucky, and Past President of the Kentucky Pharmacists Association, stated that it has become more difficult to take care of patients. There needs to be more transparency. Prescription brand name and generic medications continue to rise. Costs are rising dramatically for pharmacies. There are no reasons given by PBMs for denials of claims. The average wholesale price (AWP) has increased dramatically. Pharmacists are not involved in contract negotiations. PBMs are not a regulated by anyone.

Rosemary Smith, Independent Pharmacist from Beattyville, Kentucky, and President of the Kentucky Independent Pharmacy Alliance, stated that PBMs have unfair rules. PBMs are in the process of creating a specialty drug list. PBMs are allowed to own on-line pharmacies. The 1-800-HOTLINE number is unnecessary, because pharmacists are more qualified to counsel patients about medications. A PBM's responsibility has changed over the past ten years. PBMs decide co-payments.

In response to questions by Senator Adams, Mr. McFalls stated the Kentucky Pharmacists Association met with PBMs in February 2015 to discuss Senate Bill 107. There needs to be more communication before more legislation is passed. It is better to speak to a local pharmacist than call a mail order representative about medication concerns.

In response to questions by Senator Danny Carroll, Mr. Van Lear stated that the role of the PBM has changed tremendously in past 30 years from being an intermediary of the insurance company. Some PBMs are larger than insurance companies today. Pharmacists are not involved in the contract negotiations by PBMs and insurance companies. There are no limitations on the activities of the PBMS on how far they can expand into the insurance market or other avenues. Three PBMs control 75 percent of the insurance market which impacts many patients. It is a federal anti-trust violation for a pharmacist to refuse to take a plan.

Adjournment

There being no further business, the meeting was adjourned at 4:23 p.m.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 1st Meeting
of the 2015 Interim

July 16, 2015

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, July 16, 2015, at 1:00 PM, at the Indiana/Kentucky/Ohio Regional Council of Carpenters and Millwrights Training Center, Louisville. Representative John Short, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative John Short, Co-Chair; Senators Perry B. Clark, Wil Schroder, Reginald Thomas, and Mike Wilson; Representatives Lynn Bechler, Kevin D. Bratcher, George Brown Jr., Tim Couch, Mike Denham, Bob M. DeWeese, Jeffery Donohue, Myron Dossett, Jim Gooch Jr., Mike Harmon, Richard Heath, James Kay, Dennis Keene, Kim King, Martha Jane King, Tom McKee, Terry Mills, David Osborne, Arnold Simpson, Wilson Stone, David Watkins, and Russell Webber.

Guests: Tim Wireman, Political Representative, Rick Faust, Senior Manager for Kentucky, and Hope Harp, Instructor, Indiana/Kentucky/Ohio Regional Council of Carpenters and Millwrights Training Center and Bob Peckny.

Legislative Guests: Representative David Floyd.
LRC Staff: John Buckner, Louis DiBiase, and Dawn Johnson.

Presentation on the Indiana/Kentucky/Ohio Regional Council of Carpenters and Millwrights Training Center

Mr. Wireman gave an overview of the center's four-year apprenticeship program. The 100 percent membership-funded program currently has approximately 5,000 participants statewide in training in a variety of commercial industries. The center works with local companies in developing program curriculum and providing skills enhancement through training. The center visits local high schools and works with groups including Job Corps, Skills USA, and Youth Build to attract a diverse group of trainees. Mr. Wireman explained that the apprentices earn wages while they learn. Training at the center is one week per quarter with the remainder of time spent on jobsites under the guidance of a journeyperson mentor. Graduates earn an associate degree from Indiana's Ivy Tech.

Rick Fouts, Senior Manager explained the center's recruitment efforts. He said that many high schools no longer encourage vocational training, focusing instead on four-year degree programs. There is a significant shortage of skilled workers as baby boomers reach retirement age. Many companies require a four-year apprentice certificate.

Hope Harp, Program Instructor explained that the Kentucky facility serves approximately 600 trainees with three classrooms, a computer lab, and a shop area. The center creates and publishes its curriculum, and the program is registered and nationally recognized.

Responding to Co-Chair Short's question, Mr. Wireman said salaries for millwrights and carpenters vary greatly depending on the strength of the construction industry. Representative Short said the industry is very important in eastern Kentucky,

particularly with the loss of coal jobs. Mr. Wireman said the only cost for the program's apprentices is an annual \$100 book fee.

Representative Martha Jane King said that her husband's career as a skilled tradesman helped send their children to college and provided a lucrative retirement. She said blue collar jobs have been devalued.

Representative Stone suggested high schools should again offer residential carpentry training. Mr. Wireman said some area technology centers and KCTCS offer carpentry, welding, and machinist programs. The center actively pursues these students.

Responding to Representative Kay's question, Mr. Wireman said the center's program continuously adapts to changes in technological requirements.

Responding to Representative Brown's question, Mr. Wireman said the program does not exclude felons who have served their time. The center does not consider an applicant's past but only a person's plans for the future.

Senator Wilson said his father was a millwright and provided well for the family. With shortages in skilled labor, training programs are beneficial to the state. Today's machinists require greater technological skills than ever.

In response to Representative Simpson's questions, Mr. Fouts said the program's retention rate is good but not all students succeed. Ms. Harp said there is an approximate 78 percent graduation rate. She said in the past five years there has been noticeable improvement in student preparedness. Mr. Fouts said the program receives no outside subsidies, and first-year apprentices earn approximately \$12 to \$14 per hour.

Pipeline Safety

Representative David Floyd spoke about 2015 HB 272. He explained the different types of pipelines in Kentucky and the easement and eminent domain processes. Recently, there has been an attempt to exercise eminent domain for a new pipeline to carry natural gas liquids. Representative Floyd explained attempts to repurpose existing lines.

Bob Peckny discussed the differences in pipelines and their potential dangers. He said the proposal for the Bluegrass pipeline is to carry natural gas liquids, which is the most dangerous pipeline product.

Representative Floyd said natural gas liquids will be transported through Kentucky. The most efficient way is through pipelines. With increased hazards, there should be increased precautions in place.

Mr. Peckny explained the company monitoring processes. The error rate can be significant. Representative Floyd said there are limitations in the methods used now of remote monitoring to detect small leaks. A more active monitoring process is called for to detect smaller leaks, especially on older, repurposed lines. HB 272 proposed to establish a means by which that could be accomplished to address what is inevitably in Kentucky's future. The proposal includes local government and emergency responders to offer insight as a pipeline is being planned, and providing funding for training and ongoing equipment needs. The initial suggestion was

oversight by the Public Service Commission with monitoring costs borne by an assessment on relevant operators, and the use of federal funds by obtaining additional certification of FEMSA. The proposal is for periodic, geographically separated soil and water sampling and any other regiment recommended by the authorities. Representative Floyd said he hoped members could see the need for additional precautions while not sacrificing the country's need for additional energy.

Representative Mills said that, as cosponsor of HB 272, it was important to address this issue. He said much of the pipeline has existed for 70 years. Companies should be required to install new lines. He expressed concern about the agricultural impact of the pipelines.

Representative Floyd said the legislation does not reduce the production of energy from any source. The intent is to get ahead of the additional hazards posed by the transmission of natural gas liquids through an area.

There being no further business, the meeting was adjourned at 2:40 PM.

INTERIM JOINT COMMITTEE ON LABOR AND INDUSTRY

Minutes of the 2nd Meeting of the 2015 Interim

July 16, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, July 16, 2015, at 10:00 AM, at the Indiana/Kentucky/Ohio Regional Council of Carpenters & Millwrights Training Center in Louisville, KY. Representative Rick G. Nelson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgry Kerr, Co-Chair; Representative Rick G. Nelson, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Chris Girdler, Denise Harper Angel, Wil Schroder, and Reginald Thomas; Representatives Lynn Bechler, Linda Belcher, Regina Bunch, Jeffery Donohue, Dennis Horlander, Joni L. Jenkins, Adam Koenig, Mary Lou Marzian, Charles Miller, Terry Mills, Tanya Pullin, Tom Riner, Jim Stewart III, and Brent Yonts.

Guests: Mike Donta, Deputy Commissioner, Supervisor of Apprenticeship, Acting Director of OSH Compliance, Department of Workplace Standards, Kentucky Labor Cabinet; Tim Wireman, Political Representative, Indiana/Kentucky/Ohio Regional Council of Carpenters, Millwrights and Carpenters Training Center; and Richard Fouts, Senior Manager, Indiana/Kentucky/Ohio Regional Council of Carpenters, Millwrights and Carpenters Training Center.

LRC Staff: Carla Montgomery, Adanna Hydes, Matt Ross, and Sasche Allen.

Approval of Minutes

A motion by Representative Jenkins and second by Representative Marzian to approve the minutes of the June 17th meeting carried by voice vote.

Update on Apprenticeship Program

Mike Donta, Deputy Commissioner, Supervisor

of Apprenticeship, Acting Director of OSH Compliance, Department of Workplace Standards, Kentucky Labor Cabinet, gave an update on the cabinet's registered apprenticeship program. There are 142 individual and joint sponsored programs in the state that represent over 1000 employers. Of those employers, 70 percent are non-union and 30 percent are union with 40 percent being related to construction. Currently, there are 2661 active apprentices in Kentucky and between July 1, 2014 and June 30, 2015, 251 apprentices completed a registered apprenticeship program with the average wage at completion being \$23.73 an hour. Some of the newest programs include partnerships with Quinn Electric Corporation, Bison Services LLC, D & T Electric Company, Bowling Green Metal Forming, and EST Tool & Machine Incorporated. In the past five years, 1,466 individuals have completed registered programs with average hourly wage of \$23.36, average yearly wage of \$46,700, and an addition of \$68,462,200 into the state's economy.

Deputy Commissioner Donta elaborated on the cabinet's nationally recognized program, Tech Ready Apprentices for Careers in Kentucky (TRACK), which is a college and career ready accountability model whose focus is career and technical education. The pre-apprenticeship program, in coordination with about 96 area technology schools, the Kentucky Labor Cabinet, and the registered apprenticeship employers, uses the current secondary career and technical education infrastructure at no cost to produce a career pathway for students into post-secondary opportunities. The employer must register the apprenticeship program with the Labor Cabinet, work with the school to identify students and the selection process, and choose a minimum of a four course sequence. The employer makes the determination of whether or not the student has successfully completed the program. The student receives credit for hours on the job along with industry certification. The postsecondary requirements are determined by the employer.

While going through the program, a student can do a co-op and earn dual college credit. Once the apprentice has completed the TRACK program, he or she is completely prepared for the workforce as the career pathway leads to gainful employment. Upon completion, the student becomes an employee of the company with no break in service. There is no cost to the student for the program. Therefore, the individuals who complete the program and enter the workforce do not have any student loans. Some of the companies that have had stand-out apprenticeship programs are Mid-Park in Leitchfield, Stober Drives in Maysville, which has just developed a four year engineering program, Dr. Schneider Automotive in Russell Springs, and Machining Consortium in Henderson, which just received a federal grant to assist with its program.

There have been several misconceptions about the TRACK program. It is not just a union program, which is something the Labor Cabinet has tried to convey. A person can complete an apprenticeship program in anything from plumbing to medical coding. There have been misunderstandings about potential violations of child labor laws. The program

follows all state requirements and laws as well as federal child labor laws. There are some things that students cannot do as a minor but a student can perform certain duties as an apprentice as long as they do not exceed the number of hours allowed by law during a school week. Some companies have reviewed and changed their policies to allow apprenticeship programs and allow minors to participate. Other companies have been concerned about workers' compensation and liability insurance. Some companies have had to negotiate with their insurance carriers. Other companies have decided to utilize another option called the Yes Program, in partnership with Adecco, which covers students with workers' compensation liability insurance until they graduate.

Deputy Commissioner Donta stated that the Labor Cabinet is developing programs in the areas of healthcare, information technology, and business services. The cabinet will do everything it can to help an employer put into action a registered apprenticeship program in partnership with the school systems and the Kentucky Department of Education. He summarized the federal American Apprenticeship Initiative, which is a \$100 million investment that includes 25 grants nationwide. The Labor Cabinet has applied for one of these grants in conjunction with the Education and Workforce Development Cabinet, the Cabinet for Economic Development, and the Kentucky Community and Technical College System (KCTCS), which in all makes up the Kentucky Skills Network. One program that is being developed in anticipation of receiving that grant is Ready Flex, which is a regional program in partnership with the Office of Career and Technical Education and the Kentucky Hospital Association. There have also been some federally proposed tax credits for apprenticeships. A tax credit bill was filed in the 2015 Legislative Session that received an information only hearing and, due to the positive reception, the bill may be proposed again in the upcoming session. In the approaching weeks at an historic meeting, Deputy Commissioner Donta will be presenting information about the TRACK Program to apprenticeship directors from each state in the country due to the national attention it has received.

Responding to a comment from Representative Jenkins, Deputy Commissioner Donta, in regards to an apprenticeship program for those working with individuals with disabilities, stated that if the US Department of Labor does not have a specific program that it recognizes, then the Kentucky Labor Cabinet can work with an employer to develop a registered apprenticeship program to meet the needs of those wanting to be industry certified in a particular area.

Deputy Commissioner Donta stated, in response to Senator Clark, that although most of the manufacturing companies they work with are members of the Kentucky Association of Manufacturers (KAM), the Kentucky Federation for Advanced Manufacturing Education (FAME), which KAM has taken on as a project, is not recognized by the US Department of Labor as a registered apprenticeship program. There are efforts to eventually make the Kentucky FAME program a registered program. Answering a follow up question,

he confirmed the minimum age is 16 years old, but there is no maximum age limit. If the cabinet receives one of the American Apprenticeship Initiative grants, then it plans to create a program to focus on reaching out to more non-traditional apprentices.

Addressing Representative Pullin, he said that the cabinet is trying to change the outlook of apprenticeship programs by working with the Department of Education and other agencies promoting the advantages of the programs.

Replying to Representative Donohue, Deputy Commissioner Donta stated that the TRACK program is industry and employer based, meaning that there has to be an employer within the school district that is willing to take on a program. Although, some employers will offer the use of their apprenticeship program to those outside of their area if a particular area is lacking a company that is offering an apprenticeship program. If there is an employer within a region where there is an area technology center that is willing to take on an apprenticeship program, then the cabinet and the Department of Education are willing to help the employer develop a program. Representative Donohue requested a list of the schools participating in the TRACK program and offered positive comments about the heavy equipment program at Fairdale High School in his district.

Answering a question posed by Representative Miller, the Deputy Commissioner said that although Jefferson County is a large county, there are efforts to try to improve and increase the number of programs offered.

Indiana/Kentucky/Ohio Regional Council of Carpenters, Millwrights and Carpenters Training Facility

Tim Wireman of the Indiana/Kentucky/Ohio Regional Council of Carpenters, Millwrights and Carpenters Training Center, gave an overview of the training facility and their apprenticeship program. The center is training current and future members of Kentucky's workforce in various trades in a way that allows the apprentices to gain hands on experience by allocating a small amount of time in the classroom and a significant amount of time being trained by experienced journeypersons on the job. Not only do the apprentices gain experience while going through the program, they are also compensated for their time and work. Mr. Wireman pointed out that according to recent studies, there has been a shortage of individuals who are being trained to be qualified tradesmen; therefore, the program allows people to gain a career with proper training that can prevent outsourcing.

The training facility offers a four year apprenticeship program where the apprentices attend class four times a year for one week and spend the rest of the time being trained on the job by experienced journeypersons. The center also offers continuing education for current members who may be experiencing challenges with work environments or newer technology in an effort to improve their abilities. The current membership of Indiana, Kentucky, and Ohio is 35,000 with about 5,000 millwrights and carpenters working in Kentucky. The Louisville center has about 500 indentured

apprentices, all of whom are working. There are about 300 carpenters working on the Louisville-Southern Indiana Ohio River Bridges Project and about 700 millwrights between the two Ford Plants in Louisville.

An individual seeking to become an indentured apprentice in the facility's program must first be administered a written exam by KCTCS and then an interview at the training facility. People are rarely turned away when seeking to become an apprentice. There is also the Helmets to Hardhats program, which offers veterans direct entry into their apprenticeship program. There are 119 veterans working apprentices in the facility. The Millwrights and Carpenters Training Facility reaches out to various minority organizations to recruit more minorities including Bridges to Opportunities Workforce Training Program, Youthbuild Louisville Program, Job Corps, and SkillsUSA Kentucky. Student outreach is through KCTCS and local area technology schools. Staff from the facility attend career days, speak with students in classes pertaining to carpentry, industrial maintenance, and welding, and offer tours of the training center to those interested in the program. Another program that is being developed is the curriculum based Career Connections program, which with the help of the Department of Education will allow students to complete required curriculum in high school and then gain entry into the apprenticeship program at the training center.

Those who complete the apprenticeship program receive an associate's degree from Ivy Tech Community College. The graduate can pursue a bachelor's degree or beyond through the foundation established with the apprenticeship program. Some graduates have gone on to obtain high level advanced manufacturing positions at places like Ford and GE, which prefer completion of an apprenticeship program in order to advance into higher lever positions.

Mr. Wireman stated that apprentices earn while they learn, receive mentoring from experienced journeypersons, and are afforded on the job training. The eight period programs are separated into two levels each year, the apprentice starts off at a certain percentage on a journeypersons scale, and each six months they will increase by five percent increments until they journey out. The facility not only offers the apprenticeship program and continuing education but also on-site productivity training to contractors. The facility has individuals working on projects in Paducah, Louisville, Lexington, Ashland, and many other places across the state. All of the facilities are tax free and rely fully on funding from membership.

Richard Fouts, Senior Manager, Indiana/Kentucky/Ohio Regional Council of Carpenters, Millwrights and Carpenters Training Center, offered his perspective on the training center and how he believes that with the help of the legislature and other state agencies, such as the Department of Education, the workforce of Kentucky can be better trained and educated through programs like theirs, which will draw manufacturing companies to Kentucky. The training center makes a significant effort to reach out to high school juniors and seniors to inform them of possible opportunities and advantages of completing their apprenticeship program. The opinion and

outlook of apprenticeship programs in advanced manufacturing have changed over the years. There are more opportunities now, with those who have finished apprenticeships completing bridge, hospital, and road projects. Companies like UPS, Ford, and GE look for applicants who have completed apprenticeship programs; therefore, programs such as those at the center's help individuals find employment in high level manufacturing positions. There is starting to be a deficit in the workforce due to older generations retiring or leaving the workforce. Projects that used to take 12 weeks to complete may start to take 20 weeks to complete. For that reason, the center needs help from the legislature and other state agencies to continue training and educating younger generations and those entering the workforce to better serve the state and attract more manufacturing companies to Kentucky to strengthen the economy.

As a response to Senator Thomas, Mr. Wireman stated that the four parts of the test taken to gain entry into the program are math, teamwork, locating information, and English comprehension. Mr. Fouts said the center utilizes the WorkKeys Assessment, and the section that students have the most difficulty with is the teamwork portion. Senator Thomas inquired about why the students who complete the program and receive their associate's degrees obtain it from Ivy Tech Community College and not an instate institution. Mr. Wireman said he would have to consult with the director of education and follow up with the committee.

Addressing Representative Belcher, Mr. Wireman stated that the program requires either a high school diploma or a GED for entry.

Mr. Wireman, answering a question posed by Senator Clark, said that the individuals who enter the program are referred to as indentured apprentices.

Senator Clark inquired about the issues with the falsification of welding certificates that was discussed at the June committee meeting. Co-Chair Nelson stated that letters were being prepared and sent to the appropriate agencies.

There being no further business, the meeting adjourned at 11:00 AM, and the committee toured the Millwrights and Carpenters Training Center.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 2nd Meeting of the 2015 Interim

July 17, 2015

Call to Order and Roll Call

The 2nd meeting of the Special Subcommittee on Energy was held on Friday, July 17, 2015, at 10:00 AM, in Room 171 of the Capitol Annex. Representative John Short, Interim Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative John Short, Interim Chair; Senators Dorsey Ridley, and Robin L. Webb; Representatives Tim Couch, Martha Jane King, Sannie Overly, Tanya Pullin, Tom Riner, Kevin Sinnette, Fitz Steele, Gerald Watkins (via videoconference) and Brent Yonts.

Guests: Representative Terry Mills; Andrew R. Fellon, President and CEO, Fellon-McCord;

Arthur Buff, Pipeline and Hazardous Material Safety Administration, United States Department of Transportation; and Tom Fitzgerald, Kentucky Resources Council.

LRC Staff: D. Todd Littlefield, Janine Coy-Geeslin, and Susan Spoonamore, Committee Assistant.

Natural Gas Pricing

Mr. Andrew R. Fellon, President and CEO, Fellon-McCord testified about natural gas prices and energy market forces expected to influence prices throughout the next decade. He gave an update on the forecast for state/regional natural gas and electricity prices. Energy prices are at or near a 15 year low. Coal and natural gas make up 70 percent of the cost of electricity in the United States. The increase in natural gas production has been supported in part by high oil prices and NGL prices. Forces expected to drive energy prices higher over the next decade are the regulation of hydraulic fracturing, coal and nuclear plants retirements, LNG exports, and manufacturing.

Mr. Fellon stated that a fracking study conducted by the Environmental Protection Agency indicated there was no widespread systemic threat to groundwater from hydraulic fracturing. The EPA acknowledged the study was limited in scope and that there have been instances of contamination. Fracking regulations are currently handled on a state and local level. If federal regulations are put in place, it would dramatically impact drilling economics.

He stated that the mounting federal regulations on coal-fired plants have led to a large build out of natural gas plants. Natural gas will continue to be the fuel of choice to replace retired coal-fired generation plants. In the global market, the U.S. natural gas prices are lower than prices in Europe and Asia. Mr. Fellon said that nine terminals have received Department of Energy approval for LNG exports to non-Free Trade Agreement countries. The U.S. continues to have a major competitive advantage in the manufacturing industry because of low energy costs and a reliable grid. The shale gas revolution has revitalized the U.S. manufacturing industry. Industrial consumption of natural gas is expected to continue to grow as new manufacturing facilities begin operation.

Mr. Fellon said that the long-term risks in the marketplace are expected to drive prices higher in the coming years. Managing the energy supply with demand needs at the producer level, as well as the point of consumption has become the new best practice. As to Kentucky's market, Mr. Fellon said that coal-fired generation plants will continue to be replaced by natural gas-fired plants. As a result, electricity costs will trend higher over time, and switching to natural gas is a positive from an environmental perspective. There is ample supply and transmission of natural gas to Kentucky, but new pipeline capacity may be required in certain areas.

In response to Representative Short, Mr. Fellon said that the price of natural gas would have to be in the \$2.00 range to be competitive with coal.

In response to Representative Watkins, Mr. Fellon said that the U.S. will see low prices for coal and natural gas for at least the next five years. The real issue facing the U.S. is the actual cost of putting in new generation facilities, which will drive up

electricity prices not fuel costs in the future. The cost of converting a coal-fired plant to natural gas is more expensive than the fuel input costs. Mr. Fellon said that the U.S. has an adequate supply of natural gas which should keep prices low.

In response to Representative Couch, Mr. Fellon said he did not have the information regarding how many coal-fired plants had been shut down and how it relates to the tons of coal but will provide the information. Representative Couch said that, according to his figures, the U.S. has lost approximately 200 coal-fired plants with another round of closings in the near future. Mr. Fellon also stated that coal production will increase in order to serve countries like China and India. Foreign markets, and not domestic markets, will drive the demand for coal.

In response to Representative Yonts, Mr. Fellon said that the Marcellus Shale is approximately 2,000 to 4,000 feet underground. He did not know personally what type of energy sources, if any, could be found deeper than 4,000 feet. Mr. Fellon also said he did not know the specifics of the recent earthquakes and their relationship with fracking. Fracking has been around for more than 50 years. Experts should look at the data for determining if there is a relationship.

Natural Gas and Pipeline Safety

Mr. Arthur Buff, CATS Program Manager, Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, U.S. Department of Transportation spoke about federal pipeline safety regulations and the proposed Utica Marcellus Texas Pipeline Project. Mr. Buff said that there are five PHMSA regional offices across the United States: eastern, southern, southwest central and western. The southern region office in Atlanta covers Kentucky. The mission of the Office of Pipeline Safety (OPS) is to protect people and the environment from the risks of hazardous materials transportation. He stressed that pipelines are vital to the economy and security. Approximately two-thirds of all energy consumed in the United States flows through the pipelines. There are approximately 2,700,000 miles of pipelines in the U.S., and Kentucky has 36,417 miles of pipelines. For a ten year period through 2014, there were 2,710 significant incidents nationally, and Kentucky has had 39 significant incidents, less than four per year. Mr. Buff explained that significant incidents include one or more of the following characteristics: one or more fatalities; one or more injuries requiring hospitalization; or at least \$50,000 property damage based on 1984 dollars. If it is a hazardous liquid pipeline, the release of five barrels or more of highly volatile liquid like propane or 50 barrels or more of other liquids are also characteristics of a significant incident.

Mr. Buff said that OPS is required to ensure compliance with Federal Pipeline Safety regulations; inspect pipeline operators facilities and records; investigate pipeline accidents; and take enforcement actions. OPS does not approve pipeline project or pipeline routes (rights-of-way); issue pipeline operation permits; or regulate commercial or residential development along pipelines. Once a project is ready for construction, then OPS gets involved. The Pipelines and Informed Planning

Alliance (PIPA) is an excellent source of information for state or local officials as well as property developers.

Mr. Buff said that Pipeline Safety Enforcement Procedures and Regulations can be found at 49 Code of Federal Regulations (CFR) Parts 186-199. The main focus is with Parts 192 and 195. Part 192 involves regulations for gas pipelines, and Part 195 deals with hazardous liquids pipelines. Part 190 contains their enforcement requirements, and Part 191 has the reporting requirements for pipeline operators. Liquid natural gas (LNG) facilities are regulated under Part 193. Part 194 requires hazardous liquid pipelines and operators to have oil spill response plans. Part 196 is a new regulation which applies to pipeline operators and excavators. Anyone who digs in the ground near a pipeline has specific requirements to follow. Operators and Excavators are subject to civil and criminal penalties for failure to comply. Part 198 involves grants to state agencies to run PHMSA intrastate pipeline safety programs. Part 199 contains drug and alcohol testing requirements for personnel who work for pipeline operators.

In response to Representative Short, Mr. Buff said that the life of a pipeline can last indefinitely if the lines are well maintained.

In response to Representative Yonts, Mr. Buff said that new regulations take a while to be published. It can be a long process. Some incidents can spark new pipeline safety regulations. Mr. Buff said he did not know the number for gas line explosions, but the number one cause of pipeline incidents is human excavators.

In response to Senator Webb, Mr. Buff said that OPS has 123 inspectors. Mr. Buff said that repurposing lines would cost the state some money but how much would depend on the grant amount awarded to Kentucky. He did not have information regarding cost impact to the Public Service Commission (PSC) or other state agencies due to repurposing of lines.

In response to Representative Short, Mr. Buff stated that all lines are inspected within a one to three year timeframe. The inspectors do go out in the field for spot checks.

In response to Representative Riner, Mr. Buff said that OPS works closely with Homeland Security for above-ground security. Security has tightened over the last five years.

In response to Representative Mills, Mr. Buff stated that average age of pipelines nationally is between 50 and 60 years old. Mr. Buff stated that he did not know how many requests for reversing the flow had been submitted.

Mr. Tom Fitzgerald, Kentucky Resources Council, briefly described the concerns for pipeline safety. He said that there are issues regarding repurposing pipelines, including the diameter of pipeline, wall thickness, grade, age, service history, in line inspection history, and the type of product transported. He questioned whether there was enough OPS staff to inspect the lines. Other concerns include

the fact that the PSC has no jurisdiction over routing or conversion of lines. The council recommends a statewide board to oversee the risks. He recommended that NGL pipelines be legislatively placed under the Electric Generation and Transmission Siting Board.

In response to Representative Yonts, Mr. Fitzgerald agreed that adverse possession was an interesting issue for NGL pipelines.

Representative Pullin stated that, in her opinion, NGLs raise more environmental issues concerning methane and explosion hazards.

Bob Pekny, a concerned citizen, stated that he was troubled for the safety issues of people living near a pipeline.

Pam Mitchell, a concerned citizen, said her concern was more about leakage from old pipelines.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on General Government, Finance, and Public Protection Minutes of the 2nd Meeting of the 2015 Interim

July 23, 2015

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on General Government, Finance, and Public Protection of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, July 23, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Rita Smart, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Rita Smart, Co-Chair; Senators Julie Raque Adams, Joe Bowen, Christian McDaniel, Dennis Parrett, and Johnny Ray Turner; Representatives Mike Denham, Adam Koenig, Tom McKee, Steve Riggs, and Tom Riner.

Guests: Bill Thielen, Executive Director, Kentucky Retirement Systems; Brian Thomas, General Counsel, Kentucky Retirement Systems; and, Karen Roggenkamp, Chief Operations Officer, Kentucky Retirement Systems.

LRC Staff: Frank Willey, Katie Comstock, Joe Lancaster, and Spring Emerson.

Kentucky Retirement Systems

In response to a question from Representative Riggs, Mr. Thielen said the employee contribution rate of twelve percent is comparable to national numbers.

In response to a question from Chair Smart, Mr. Thielen said Kentucky Retirement Systems (KRS) staff has a range of experience in the field of one to five years, and there is a significant amount of turnover due to the possibility of them getting significantly more pay elsewhere. The KRS currently has 261 staff members. In 2010, they lost 10 staff members, as well as 10 in 2012, 18 in 2013, 22 in 2014, and as of March 30, 2015, 25 have left this year.

In response to a question from Senator McDaniel, Mr. Thielen said that based on a Cavanaugh

McDonald actuarial study, the unaudited return on investment is at two percent, which is significantly lower than the 7.5 percent assumed rate of return.

In response to a question from Senator Bowen, Mr. Thielen said that it is not significantly important for his replacement to have investment experience, since there are separate CIO and investment staff.

In response to questions from Senator Carroll, Mr. Thielen said entry level pay for counselors is \$29,000 and at level four range is \$64,000. The issue of lower pay is not confined to one type of position. He added that four investment firms are hired for advice, as well as other firms for other matters.

In response to a question from Chair Smart, Mr. Thielen said approximately \$1.5 million per year is used for outside consulting, from overall expenditures of over \$30 million.

In response to questions from Senator Parrett, Mr. Thomas said there would continue to be agencies that are misclassifying employees, entering into independent contract arrangements to drop their payroll. Mr. Thielen said the economic impact of agencies leaving the KRS is unknown at this time. Senator McDaniel commented that agencies funded by Medicaid would have a substantial budgetary impact.

In response to questions from Chair Smart, Mr. Thielen said the average retiree from the Kentucky Employees Retirement System (KERS) non-hazardous plan is getting a total of approximately \$1,800 per month through health insurance premiums, and County Employees Retirement System (CERS) retirees are getting less than \$20,000 per year in benefits. He explained that the board has adopted an assumed long-term rate of return of 7.5 percent, and in September of this year the board will make decisions on the allocation of assets going forward in order to best meet the assumed rate of return.

In response to questions from Representative Riner, Mr. Thielen said board members elect the chairman, and the members receive a per diem rate of \$190 per meeting plus travel expenses, and they hold twelve or thirteen meetings per year. The rate of pay for attorneys at entry level is \$43,000.

In response to a question from Chair Smart, Mr. Thielen said there had been a \$5 billion increase in unfunded liability over a seven-year period, of which 25 percent was caused by the recession in 2008-2009 and 15.5 percent was caused by unfunded cost of living adjustments that were granted in 2008, 2009, 2010, and 2011. Employer contribution shortfalls caused about 30.2 percent of the unfunded liability. There are various other reasons for the remainder of the unfunded liability, including a closed amortization period, lack of payroll growth, timing, and software issues.

In response to questions from Representative Denham, Mr. Thielen said actuaries recommended that the KRS increase funding to follow along with the changes in accounting and reporting as required by the Governmental Accounting Standards Board (GASB), and the board decided to phase-in the increase for CERS over a five-year period in order to lessen the impact. The time period was increased to ten years by legislation, so the KRS is still phasing-in the impact of GASB 43 and 45 to the CERS, which

would have had an approximate 12 percent impact. The bond rating agencies say GASB 67 and 68 will not have a significant impact on the CERS, other than in reporting. Ms. Roggenkamp said the KRS has been very proactive in notifying the agencies of the GASB 67 and 68 requirements.

In response to questions from Senator Carroll, Mr. Thielen said contribution rates are the same for employees, although the benefit calculation is different. The Actuarially Required Contribution (ARC) is designed to account for certain assumptions, such as an increased economy.

In response to a question from Chair Smart, Mr. Thielen said the board had not requested more money above the ARC.

In response to a question from Senator McDaniel, Mr. Thielen said KRS 61.645 had been amended to allow the KRS to not be subject to filing contracts with the Government Contract Review Committee.

In response to questions from Chair Smart, Ms. Roggenkamp said the expenditure category labeled as "Other" includes small administrative items such as fees for background checks. Mr. Thielen said the KRS budget is subject to approval by the General Assembly during the biennial budget process and moneys come directly from trust funds; no General Fund is used for administrative expenses. Any moneys not expended at the end of the year are returned to the trust funds.

In response to questions from Chair Smart, Mr. Thielen said the KRS call center receives approximately 250,000 calls annually and there are approximately 12,000 in-office visits per year. He said there is still a significant backlog in post-retirement audits; however, there is a backlog reduction plan in place and during the first six months of this year that number has been greatly reduced.

In response to a question from Chair Smart, Mr. Thielen said the board voted to renew the healthcare contract with Humana to provide Medicare Advantage plans for a three-year period beginning January 1, 2016 with three one-year renewal options.

In response to a question from Representative McKee, Mr. Thielen said several changes had been made over the years to make the system more sustainable from a cost perspective in the future. He said the problem is the unfunded liability for benefits already earned, unless the contract with members is broken and benefits reduced for both retirees and Tier 1 members, which would require additional funding.

There being no further business before the subcommittee, the meeting was adjourned at 11:35 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Human Resources Minutes of the 2nd Meeting of the 2015 Interim

July 23, 2015

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Human Resources of the Interim

Joint Committee on Appropriations and Revenue was held on Thursday, July 23, 2015, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Joni L. Jenkins, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Joni L. Jenkins, Co-Chair; Senators Julie Raque Adams, Carroll Gibson, and Morgan McGarvey; Representatives Donna Mayfield and Darryl T. Owens.

Guests: Ms. Adria Johnson, Deputy Commissioner, Department of Community Based Services (DCBS), Cabinet for Health and Family Services (CHFS); Ms. Tina Willauer, Sobriety Treatment and Recovery Teams (START) Director, DCBS, CHFS; Mr. Barry Salovitz, Senior Director of Strategic Consulting Services, Casey Family Programs; Dr. Ron Sonlyn Clark, Senior Director of Substance Abuse Programs, River Valley Behavioral Health; Ms. Velve Poole, START Supervisor; and Ms. Ronda Maddox, START Family Mentor.

LRC Staff: Cindy Murray, Jim Bondurant, and Benjamin Thompson.

Sobriety Treatment and Recovery Teams (START)

Ms. Johnson, Ms. Willauer, Mr. Salovitz, and Dr. Clark presented information on the START program.

In response to questions from Senator Gibson concerning court orders, Ms. Willauer noted that START intervenes before the judge makes a decision in court cases. Ms. Willauer confirmed that START is currently only in four counties, but stated that DCBS was still looking at ways to expand the program.

In response to a question from Chair Jenkins concerning the costs, Ms. Johnson noted that the cost of creating a new START site could be up to \$750,000.

In response to questions from Representative Owens, Ms. Willauer noted that the START team in Jefferson County consists of four social workers and four family mentors. Ms. Willauer stated that for every family accepted into the START program, two families have to be turned away.

In response to a question from Chair Jenkins, Dr. Clark noted that the majority of the START population was from expanded Medicaid.

In response to questions from Senator Raque Adams, Ms. Willauer noted that there is no additional caseload to a START team's fifteen caseload cap.

In response to questions from Senator Alvarado, Ms. Willauer confirmed that START has reached out to all providers, including faith-based, in order to meet as much need as possible. Ms. Johnson noted that DCBS is hoping to expand the START program to Fayette County next.

In response to a question from Chair Jenkins, Ms. Willauer confirmed that START is partnered with the Health Access Nurturing Development Services (HANDS) program.

There being no further business before the subcommittee, the meeting was adjourned at 11:18 AM.

TOURISM AND DEVELOPMENT

SUBCOMMITTEE Minutes of the 1st Meeting of the 2015 Interim

July 27, 2015

Call to Order and Roll Call

The 1st meeting of the Tourism and Development Subcommittee was held on Monday, July 27, 2015, at 9:00 AM, at the EKU Center for the Arts, Richmond. Representative Rita Smart, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Chris Girdler, Co-Chair; Representative Rita Smart, Co-Chair; Senator Johnny Ray Turner, Representatives James Kay, Jerry T. Miller, and Jill York.

Guest Legislators: Senator Jared Carpenter.

Citizen Members: Carolyn Mounce, Eric Summe, Grayson Smith, and Mary Quinn Ramer.

Guests: Michael Benson, President, Eastern Kentucky University; Bob Stewart, Cabinet Secretary, and Lori Meadows, Executive Director, Kentucky Arts Council, Tourism, Arts and Heritage Cabinet; Belle Jackson, Executive Director, Berea Tourism; Steven Connelly, Mayor, City of Berea; and Hank Phillips, President and Chief Executive Officer, Kentucky Travel Industry Association.

LRC Staff: John Buckner, Committee Staff Administrator; Louis DiBiase, and Dawn Johnson.

Tourism and Creative Industries

Eastern Kentucky University President Michael Benson welcomed the committee to the Center for the Arts. The facility plays an important role in the cultural life at both the university and in the local community. The wide variety, quality, and number of performances offered at the center provide opportunities that would not exist but for the venue offered by the Center for the Arts. He thanked members of the legislature for their help in funding the construction and operation of the center.

Tourism, Arts, and Heritage Secretary Bob Stewart addressed the committee and emphasized the importance of the tourism industry to Kentucky's economy. Tourism ranks first or second in all southern states in regard to economic impact, and yet too often it is not given a priority among public decision makers. In Kentucky, tourism spending increased 4.4 percent in all regions, with a \$13.1 billion economic impact, which generated \$1.37 billion in state and local taxes, and created 180,000 jobs.

Secretary Stewart said that tourism is a very competitive venture, with virtually all states competing for leisure spending. As such, marketing Kentucky's vacation destinations is vital for increasing out-of-state spending. In addition to questions surrounding advertising, other questions must be answered, such as why our state parks continue to lose money and what can be done to reverse the trend, what is the future of the Kentucky Fair and Exposition Center, how can historic preservation tax credits be used to enhance local economic development, and how do the arts fit into Kentucky's overall tourism appeal. He said that he looks forward to working with the committee to help answer these and other pressing questions.

Lori Meadows, Executive Director, Kentucky Arts Council, gave a presentation about the creative

industries in Kentucky, which is broadly defined as an industry that includes all individuals and companies whose services and products originate in artistic, cultural, creative, authentic or aesthetic content. According to the US Bureau of Economic Analysis, the arts and culture sectors' 2011 contributions to the US gross domestic product was \$504 billion, and that figure increased by 4.2 percent in 2012.

In 2013, the Kentucky Arts Council commissioned the Kentucky Creative Industry Report, which was released in December 2014, and was the first study of its kind to focus on the economics of creative industries in the Commonwealth. The study used various labor market information, employment data, wage and salary measures, and survey data drawn from visual and performing artists, media, and design. The study found that the creative industry has a direct employment of over 60,000 Kentuckians, 36,000 indirect jobs, and nearly 12,000 direct creative jobs in non-creative enterprises. In total, 2.5 percent of Kentucky's employment is in the creative industries, with an average annual wage of \$34,299.

Ms. Meadows discussed "creative convergence," which is a term given to reflect the ways in which creative industries intersect with other business sectors such as tourism, culinary arts, manufacturing, and technology. To enhance this relationship, the Kentucky Arts Council is exploring ways to enhance training, create strategic partnerships, and generate industry recognition. Recommendations were made, which include supporting the expansion of the University of Kentucky's cooperative extension efforts in fine arts programs, encouraging businesses and workforce development training opportunities that support creative industries, coordinating statewide and regional endeavors to enhance community and economic development, and using creative resources to assist schools in implementing the National Core Arts Standards in the K-12 school system.

Mayor Steven Connelly, Berea, and Belle Jackson, Berea Tourism Association discussed the importance of arts-related tourism to their community. Both agreed that arts and crafts-related tourism has been important to Berea for well over half a century, and that continuing to build on its historical foundation is critical for the community. Drawing from lessons learned by other communities, Berea has created an annual "Festival of Learnshops," which is a festival of creative workshops, lasting anywhere from two hours to two days, in a wide variety of disciplines such as glass and beadwork, wood turning, storytelling, and music. The festival draws thousands of participants from across the nation, and provides an enormous boost to the local economy. Mayor Connelly and Ms. Jackson discussed how each community should endeavor to find particular niches that can be developed, and how arts-related tourism is an important part of a community's overall economic profile.

Hank Phillips, President and CEO of the Kentucky Travel Industry Association, provided an overview of the association and its mission. KTIA is a trade association composed of some 800 members whose businesses span the spectrum of the travel and tourism industry. KTIA's services to the industry are divided into four primary areas, which are advocacy,

education, information and business development.

Mr. Phillips said that the travel and tourism industry had a \$13.1 billion economic impact in Kentucky in 2014, directly supporting 179,000 jobs and generating \$1.37 billion in local and state tax revenue. The industry is composed of 54 diverse categories of businesses and organizations, small and large, operating in every area of the state. Tourism can be seen as an export industry, buy buyers (tourists) come to Kentucky to make purchases and then leave with products and memories.

The tourism industry faces certain difficulties, such as an insufficient level of consumer awareness by the traveling public and prospective visitors of the experiences and tourism opportunities available in Kentucky. Low awareness leads to depressed demand, which results in productivity not reaching its full potential. The limited awareness problem results from the next issue, which is far too few tourism marketing funds. One fact illustrates this issue: in 2013, Kentucky was last among southeastern states in the amount of state tourism advertising funds. This is compounded by the diversion of existing dedicated tourism marketing funds. During the last budget session of the legislature, the governor recommended and the legislature concurred in sweeping \$9 million in statewide transient room tax monies and placing those statutorily dedicated tourism marketing funds in the General Fund budget. Currently, the Kentucky League of Cities is proposing that another key source of local tourism marketing funds, the restaurant tax, that up to 75 percent of those funds be removed from the local tourism commissions and be provided to the city governments, an action that would have an absolutely devastating impact on over 40 tourism commissions receiving them.

Mr. Phillips said that the KTIA is asking for help with “Connect, Protect, and Collect.” By “connect,” he said that help is sought to connect with the tourism industry and learn more about its contributions and importance and in turn taking that message to your colleagues in the legislature. The “protect” is to protect scarce existing tourism marketing funds from diversion to other purposes. By “collect,” the KTIA is asking legislators to use their influence and actions to insure that the statewide transient room taxes are fully collected and submitted both by traditional hotels and the rapidly emerging AirBnB type operations.

There being no further business, the meeting adjourned at 11:00 AM.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Postsecondary Education

Minutes of the 2nd Meeting of the 2015 Interim

August 10, 2015

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, August 10, 2015, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Reginald Meeks, Chair, called the meeting to order, and the secretary

called the roll.

Present were:

Members: Representative Reginald Meeks, Co-Chair; Senators David P. Givens, Gerald A. Neal, and Stephen West; Representatives Derrick Graham, Cluster Howard, James Kay, Donna Mayfield, Tom Riner, Rita Smart, David Watkins, and Addia Wuchner.

Legislative Guests: Senator Reginald Thomas and Representative James Tipton.

Guest: Jerry Shaw, Retired Adult Education Director of Anderson County.

LRC Staff: Ben Boggs, Jo Carole Ellis, and Amy Tolliver.

Presentation: Kentucky Adult Education

Mr. Reecie Stagnolia, Vice President for Adult Education at the Council on Postsecondary Education (CPE), provided an overview of Kentucky Adult Education (KYAE) and its role in the Commonwealth’s economic development efforts. Mr. Stagnolia stated that according to statistics by the Georgetown University Center on Education and the Workforce, by 2020, 65 percent of all U.S. jobs and 63 percent of all Kentucky jobs will require some level of postsecondary education or training. KYAE seeks to address this need through workforce preparation courses, integrated education and training, and career pathways accelerated learning opportunities. Mr. Stagnolia stated that, since 2000, great strides have been made to address this population with the percentage of working age Kentuckians without a high school or GED diploma decreasing from 29 percent to 14 percent. This is the fifth best percentage decline in the nation. In 2014, 49 percent of 18-24 year olds earning their GED transitioned to postsecondary education.

In response to Representative Smart’s question regarding CPE’s budget, Mr. Robert King, President of CPE, said that 50 percent of the budget supports basic adult education, 15 percent covers the operation of the office, and the balance is “pass through” money that goes to the universities, the Kentucky Science and Technology Corporation and covers the cost of KYAE’s contract spaces.

Mr. Cody Davidson, Director for Adult Education at CPE presented a profile of the target population served, which include Kentuckians 18-64 years of age without a high school diploma or GED. He said individuals in this population are twice as likely to have hearing difficulties, three times as likely to have vision or cognitive difficulties and one-third have a disability. Additionally, 70 percent of the students served test below an 8th grade level. Mr. Davidson shared additional statistics illustrating the challenges of serving this population. These statistics are located in the meeting folder at the Legislative Research Commission library. Mr. King emphasized that this population requires an enormous amount of time and attention to advance to an employable level.

In response to Representative Graham’s question regarding GED credentials earned between September 2014 and June 2015, Mr. Davidson stated that 1,663 GED credentials have been earned, with an additional 1,831 students at various stages in the pipeline.

Ms. Jacque Korengel, Assistant Vice President

of Adult Education at CPE stated that in 2014, the GED was strengthened to better meet contemporary workplace standards. This enhancement has resulted in a year of reduced GED graduates with particular student anxiety and instructor discomfort in making the necessary adjustments. Coupled with these challenges is the overarchiving fifteen years of adult education success, which has resulted in a smaller pool of Kentuckians eligible for the GED. CPE and Kentucky Adult Education are closely monitoring the numbers of Kentuckians participating in adult education and taking the enhanced GED to see what support is needed. The success of other, newer, high school equivalency tests are being ascertained to see if they may be suitable for adult education students and their employers.

In response to Representative Meeks questions, Ms. Korengel said that the GED is an eight hour test made up of four modules that can be taken separately at the readiness and convenience of the student.

In response to Representative Graham’s questions regarding the comparative rigor and usage of the GED, the High School Equivalency Test (HiSet), and the Test for Assessing Secondary Completion (TASC), Mr. Stagnolia explained that, according to 2014 data, the pass rates for each test indicate that they are of equal rigor. However, the GED is aligned with college and career ready standards, while the other two are not yet fully aligned. In 2014 Kentucky’s GED pass rate was 84 percent, which was the second best in the nation. Six states are using all three high school equivalency tests and three states are using two of them.

In response to Representative Graham’s question about cost, Ms. Korengel explained that the cost of the GED test is \$80, plus \$40 for administrative costs. The cost of the HiSet is \$52 and TASC \$50, plus administrative costs. KYAE oversees voucher campaigns that lower the cost of the test by \$40 for students. The voucher money comes from federal incentive funds or receipts funds through KYAE’s transcript services. Additionally, many community based organizations, banks, businesses, and industries offer scholarships to students unable to afford the cost.

In response to Representative Smart’s question related to the myth that the GED test is too rigorous, Ms. Korengel said that to dispel this myth, instructors must persuade students that they can be successful. Furthermore, instructors must assure them that they will have help identifying their skill gaps, and that classes and labs will be available to prepare them to pass the tests. Mr. King added that instructors need adequate professional development to prepare them to work with this population of Kentuckians who are in various difficult situations.

In response to Representative Smart’s question about reaching the large population of Kentuckians without a high school diploma or GED, Mr. Stagnolia explained that KYAE is successful at reengaging the 18-45 year old cohort, but needs to do more to reach those 45-64 years of age. Strategies such as equipping students with an employability skills certificate or helping them obtain a national career readiness certificate are being developed to reach those who are the most educationally and economically

disadvantaged.

In response to Representative Wuchner's questions relating to KYAE's budget and program costs, Mr. Stagnolia explained that KYAE's general fund appropriation is \$18.5 million, down from \$25 million in 2008, and the remaining \$8.2 million in the budget comes from the Federal Workforce and Opportunity Act. KYAE enrolled nearly 29,000 students in 2014 and spent between \$500 and \$600 per enrolled student. KYAE students who already have their high school diploma, but are utilizing other services beyond GED, constitute 40 percent of enrollment.

In response to Representative Wuchner's question regarding professional development for instructors, Mr. Stagnolia stated that KYAE has led an intensive strategy over the last three years to train GED instructors to teach to higher standards. KYAE has been asked to speak at national conferences as a result of the three year professional development plan. The biggest challenges in working with adult education students who have many life challenges and barriers, are retaining students and convincing them to invest more time in the program. Some individuals think they will lose public benefits such as unemployment insurance or Medicaid benefits if they earn their GED.

Representative James Kay thanked the presenters and stated that education should be seen as a never-ending process rather than an attainment. The GED student profile of Kentuckians 18-64 years of age shows that people without a high school diploma or GED are significantly more likely to be unemployed and on government assistance. Investing in early childhood education would enable screening of students for hearing, vision, and cognitive difficulties which would reduce the barriers to their future educational success.

In response to Representative Howard's question about utilizing retention programs, Mr. Stagnolia stated that KYAE is working closely with KCTCS on ways to infuse the Accelerated Opportunity Program model into their core services and collaboration. There is already evidence that these intensive wrap around support services are enhancing students' persistence and completion levels.

In response to Representative Meeks question about looking to states with successful completion rates, Mr. Stagnolia said that KYAE is learning from other states participating in the Accelerated Opportunity Initiative, modeled after Washington's Integrated Basic Education and Skills Training Program (I-BEST). KYAE is one of the national leaders in adult education.

In response to Senator Thomas's question about the collaboration between education and workforce development, Mr. King said that employers need people with critical thinking, problem solving, and communication skills, along with abilities in innovation and collaboration. Mr. Stagnolia added that a key strategy of the Accelerated Opportunity Initiative, launched three years ago, is working with local workforce investment boards to identify family-sustaining wage jobs and develop the programs that will accelerate, through GED attainment, the occupational skills for these jobs.

Senator Thomas suggested that KYAE look into the Kentucky Carpenters and Millwrights Union's four year apprentice program. The program enables GED graduates to earn a journeyman's or millwright's license and a community college degree from the Indiana Community College Systems, IVY Tech. Licensed journeymen and millwrights completing this program are making up to \$75,000 in their first year of employment.

In response to Representative Graham's concern about losing students under the age of 18 from the GED program due to the compensatory attendance law, Mr. Stagnolia said that KYAE is working to comply with the new law. The Kentucky Department of Education is allocating grants and encouraging local districts to develop strategies to reengage students under the age of 18 who still need credits to complete degrees.

Mr. Jerry Shaw, retired Adult Education Director in Anderson County, spoke of the difficulties he experienced with KYAE at the CPE. Instructors' complaints are not being heard. After he was quoted in two NPR articles expressing his complaints, KYAE told state adult education directors that they were no longer allowed to speak to the press without prior approval. Instructors were also told that there will be no consideration given to the use of high school equivalency tests other than the GED. He said that Mr. Stagnolia makes all final hiring decision for program director positions.

Mr. Shaw expressed his opinion that the nearly 88 percent drop in GED graduates is due not only to the new, more rigorous test, but also to inadequate training of instructors. The professional development provided focused on developing lesson plans rather than equipping instructors to teach the more rigorous subject matter. He stated that Mr. Stagnolia told directors not to enroll students into the state database if they did not think they could get an academic gain in a reasonable timeframe. Mr. Shaw expressed his belief that KYAE has chosen to neglect the other half of the target population who are not potential post-secondary students.

Mr. King responded to the concerns and invited Mr. Shaw to meet with him to discuss further. In response to Representative Riner's question about inviting state directors to come before the committee to express their views, Mr. King stated that if requested, CPE would provide the committee with an e-mail list of Adult Education program directors.

In response to Mr. Shaw's comments, Mr. Stagnolia said that he has never told a program director not to enroll individuals who come to KYAE at the lowest levels; program directors are encouraged to reach, engage, and retain these students all the way through the pipeline to completion. In terms of not speaking to the press, tips on how to speak to the press more effectively were given to program directors by KYAE staff to help ensure accuracy and clarity. KYAE has practiced an extreme measure of due diligence in evaluating the other two high school equivalency tests and will continue to do so. In terms of portability and brand recognition, the GED is still the measure of academic attainment that most states use due to its recognition by employers. Mr. Stagnolia

added that in a recent meeting, program directors suggested KYAE remain with the GED for at least another three to five years while carefully evaluating the other two tests. KYAE wants to be involved to ensure that the best equipped program directors are in place to run the grant program at the local level.

Representative Smart thanked the presenters for their presentations and thanked KYAE for their work. She recalled taking a KYAE computer class and said that it might be what gave her the edge she needed to get elected as a state representative.

With no further questions before the committee, the meeting adjourned at 11:40 AM.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 2nd Meeting
of the 2015 Interim

August 10, 2015

Call to Order and Roll Call

The second meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, August 10, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Jimmy Higdon, and Johnny Ray Turner; Representatives Linda Belcher, Jeffery Donohue, Brian Linder, Marie Rader, Bart Rowland, Jim Stewart III, and Jill York.

Guests: Clyde Caudill, Kentucky Association of School Administrators.

LRC Staff: Joshua Collins, Jo Carole Ellis, and Daniel Clark.

School Calendars

Hiren Desai, Associate Commissioner, Office of Administration and Support, Kentucky Department of Education (KDE), spoke about school calendar emergency provisions for the 2014-2015 academic year and said school districts must meet a minimum of 1,062 instructional hours. A school district may reach 1,062 instructional hours by adding time to the school day. A school day cannot exceed seven hours, unless the district is already on an approved innovative alternative calendar. Also, a school district cannot schedule any instructional days on Saturdays. School districts may schedule graduation ceremonies before the final instructional day, and they may be open on the day of a primary election if no school in the district is used as a polling place. School district certified and classified personnel must complete all contract days by participating in instructional activities, professional development, or by completing additional work responsibilities.

Mr. Desai said if a school district attempted to complete 1,062 instructional hours by June 5, 2015, but was unable to under its school calendar, the district was required to request assistance from the commissioner of education by May 1, 2015. The

commissioner determined a plan for maximizing instructional time to complete 1,062 instructional hours by June 5, 2015. After providing planning assistance to the school district, the commissioner of education determined if the school district had maximized instructional time but could not complete 1,062 hours by June 5, 2015. The commissioner then waived the remaining instructional hours required. There were only three school districts who requested a waiver for the 2014-2015 school year and all other school districts completed 1,062 instructional hours.

In response to Representative Jill York's question regarding Menifee County's need for instructional hours waived, Mr. Desai said all of the instructional hours waived for Menifee County was weather related.

In response to Representative Bart Rowland's question regarding additional work responsibilities for instructional days, Mr. Desai said KDE provides a lot of professional development for teachers. Also, many school districts are providing professional development under the professional growth system and most school districts are pulling resources to have instructional time at central locations. If a school district is having bad weather, and a teacher is not able to make it to school that day for professional development, educational cooperatives will provide regional meetings for those teachers to attend at a different location.

In response to Senator Jimmy Higdon's question regarding school districts that were approved for the snowbound plan, David Cook, Director, Division of Innovation and Partner Engagement, KDE, said 13 school districts were approved for the snowbound plan in the 2014-2015 school year and 44 school districts were approved for the upcoming school year.

In response to Representative Linda Belcher's question regarding classified staff, Mr. Desai said a lot of school districts are providing different activities online and are allowing classified staff to attend activities in surrounding counties, much like the activities teachers attend. Also, instructional assistants help teachers out with professional development on school days missed.

In response to Chairman Wilson Stone's question regarding schools who request the waiver for instructional hours, Mr. Desai said not every school in the district requests the waiver for instructional hours.

Mr. Cook spoke about the benefits of the Non-Traditional Instruction Program and said the programs benefits are academic continuity, reduction of learning loss, and more engaged students and teachers. The program has also produced increased communication with parents and interaction with the community via social media. Also, students learn time-management, independence, and problem-solving.

Mr. Cook said non-traditional instruction could entail digital learning, blended learning, and project-based learning for students. The areas of future consideration for non-traditional instruction are the testing window for students, funding, curriculum, technology, professional development, and communicating non-traditional instruction to stakeholders.

Mr. Cook said 13 districts participated in the

non-traditional instruction program for the 2014-2015 school year, and KDE conducted monitoring visits in all 13 districts during the winter and spring of 2015 to verify the quality of the program. In addition to visits, districts provided evidence of student and teacher participation along with evidence of student achievement. The average participation rate in the program for the 13 districts was 91.37 percent for students and 97.94 percent for teachers. The multiple measures of evidence included review of learning outcomes and results, daily staff duties, and sample lesson plans.

In response to Chairman Wilson Stone's question regarding data related to instructional time for missed school days, Mr. Cook said schools are always looking to improve instructional time during school hours and on missed days. KDE hopes to see schools improve even more because of the non-traditional instruction given to students on school days that are missed.

Representative Brian Linder spoke about the success of Grant County's participation in the Non-Traditional Instruction Program and said students can learn more with the lessons given to them in the program than actually sitting in a classroom listening to lectures.

Representative Brian Linder stated he would like to see an internal conversation amongst staff at KDE regarding approving school districts first, then doing the follow ups during the summer after school is out.

In response to Senator Danny Carroll's question regarding accommodations for families who do not have access to internet at home, Mr. Cook said schools typically send hard copies of school work home with students who do not have internet access at home. Also, there are community checkpoints in a school district where a student can go to use a computer and have internet access.

In response to Senator Jimmy Higdon's question regarding schools starting early, Mr. Cook said hopefully a school that has entered the Non-Traditional Instruction Program will not have to start school so early because the school can build 10 days into their calendar that do not have to be made up.

Senator Jimmy Higdon said the Non-Traditional Instruction Program is a great program and helps alleviate pressure on a rural school system that has to start school early because the possibility of snow days.

Representative Linda Belcher said she appreciates the work KDE has done with the Non-Traditional Instruction Program and that project learning is a positive way for Kentucky students to learn. Also, there should be more parental involvement in schools.

Approval of Minutes of the July 13, 2015 Meeting

Upon motion from Representative Bart Rowland and second by Representative Jill York, the minutes were approved by voice vote.

Family Resource and Youth Service Centers

Melissa Goins, Director, Division of Family Resource and Youth Service Centers (FRYSCs), said FRYSCs were established as a component of the historic 1990 Kentucky Education Reform Act

(KERA). FRYSCs are school-based centers with a goal of assisting academically at-risk students succeed in school by helping minimize or eliminate non-cognitive or non-academic barriers to learning. Schools where at least 20 percent of the student population is eligible for free or reduced school meals are eligible to receive funding for a center.

Ms. Goins said FRYSC's operating budget for fiscal year 2016 is \$52.1 million with a three percent administrative cost to run the program. The remainder of funds are divided among the 816 centers based on free lunch count. For fiscal year 2016, the per-student funding for FRYSC was \$172.65.

Ms. Goins spoke about the United Way Born Learning Academies and said the academies are a partnership between the United Way, Governor's Office of Early Childhood, Cabinet for Health and Family Services Division of FRYSC, and Toyota Manufacturing. The academies teach parents of young children how to turn everyday moments into learning opportunities. After the first year of the academies' implementation, most parents reported an increase in their understanding of the importance of playing, talking, reading, and singing with their children. Also, 100 percent of parents indicated that the born learning materials were helpful, and they used the materials with a child. The materials helped parents understand how their child could learn.

Ms. Goins spoke about FRYSCs at the local level and said locally operated FRYSCs are strengthened by community partnerships in their ability to provide programs, services, and referrals to students and their families. The goal of the FRYSCs is to meet the needs of all children and their families served by the centers as a means to enhance student academic success. Each center offers a unique blend of programs and services to serve the special needs of the student and family populations.

Representative Linda Belcher said she works very close with FRYSC staff in her district, and she does not like the idea of split centers. She also stated that every school in the Commonwealth needs a FRYSC.

In response to Representative Linda Belcher's question regarding the needs assessment and surveys, Ms. Goins said she has sat down with FRYSC's legal department to work on identifying students in the survey and she hopes for a change in the survey as soon as possible.

Chairman Wilson Stone said teachers and FRYSCs usually figure out who the students are in the surveys.

In response to Representative Jim Stewart's question regarding how salaries are determined for FRYSC coordinators, Ms. Goins said school districts hires the coordinator and the salary is set by the school district.

In response to Senator Danny Carroll's question regarding how students are selected for the learning academies, Ms. Goins said FRYSC welcomes any child from birth to Kindergarten with a focus on families that do not have children in childcare.

Allen County Backpack Program

Chad Cooper, Curriculum and Instructional Coordinator, Allen County School District, said 25.5 percent of Allen County's population over the age of

25 has less than a twelfth grade education and 35.4 percent of families with children under the age of five live below the poverty level. Also, 63 percent of students in the Allen County School System are considered low-income students that qualify for free and reduced lunch. The Allen County School system implemented the Community Eligibility Option plan at the Primary and Intermediate Centers in the 2014-2015 school year. The program expanded to Bazzell Middle for the 2015-2016 school year.

Mr. Cooper said the Backpack Program started in the 2012-2013 school year in response to the need of children that did not have adequate food in their household on weekends and long breaks at school. Currently, all four schools in the Allen County School District have students that participate in the program with the largest number of students coming from the two elementary schools. During the 2014-2015 school year, approximately 150 children received food on a weekly basis.

Mr. Cooper said students may be referred to the program by teachers, cafeteria workers, bus drivers, administrators, or parents. The school personnel look for students who always appear to be hungry, tired, or may have family hardships. Other referrals have come from doctors' offices, health departments, church members, and child care providers.

Mr. Cooper said every Friday afternoon, or before breaks during the school year, backpacks are filled with food items that are easily prepared. The number of students in the household determines how much food is placed in the student's backpack. The students return the backpacks on Monday, or after the break, and the backpacks are refilled the following week. Common items that are sent home with students are pop tarts, crackers, cereal, canned food, microwaveable items, peanut butter and jelly, macaroni and cheese, and Smucker's Uncrustables.

In response to Representative Brian Linder's question regarding the percentage of donations given to the backpack program from the local community, Rhonda Kircher, Coordinator, Allen County Family Resource Center, said all of the food given to the Allen County Backpack Program is donated from the local community.

Representative Brian Linder said it is encouraging to see churches involved with the Allen County Backpack Program.

Chairman Wilson Stone said the framework that the Allen County Backpack Program provides makes it possible for the community to help so many young children.

Representative Linda Belcher said she is very committed to supporting FRYSCs and said apple orchards could be a good food source for the Backpack Program.

Representative Jill York thanked FRYSC and the Allen County Backpack Program for all of their hard work in helping families and young kids across the Commonwealth be successful.

In response to Chairman Wilson Stone's questions regarding middle school and high school kids who need help and FRYSC's role in helping kids stay in school, Lindsay Ross, Coordinator, Allen County Youth Service Center, said it is difficult identifying middle school and high school kids who

need help. That age group has a harder time asking for assistance because of embarrassment. Mr. Cooper said in some cases FRYSCs are the only positive contact families have with schools which can lead to a student staying in school and graduating.

With no further business before the committee, the meeting adjourned at 11:27 a.m.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 2nd Meeting of the 2015 Interim July 27, 2015

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Judiciary was held on Monday, July 27, 2015, at 10:00 AM, at the Eastern Kentucky Correctional Facility in West Liberty, Kentucky. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative John Tilley, Co-Chair; Senators Danny Carroll, Perry B. Clark, Ray S. Jones II, Wil Schroder, and Robin L. Webb; Representatives Johnny Bell, Denver Butler, Joseph M. Fischer, Chris Harris, Joni L. Jenkins, Mary Lou Marzian, Reginald Meeks, Suzanne Miles, Darryl T. Owens, Ryan Quarles, Tom Riner, and Brent Yonts.

Guests: Commissioner LaDonna Thompson and Innocence Project State Policy Advocate Amshula Jayaram.

LRC Staff: Jon Grate, Matt Trebelhorn, Alice Lyon, Elishea Schweickart, Beth Taylor, and Lindsay Huffman.

Kentucky House Bill 1 Impact Evaluation and 2014 Overdose Death Report

Representative John Tilley summarized the impact on House Bill 1. The mandatory use of KASPER has resulted in three things: overall decreased prescribing of controlled substances, decreased inappropriate prescribing, and decreased "doctor shopping". All three of these were goals of the bill, and all three have been successfully achieved. House Bill 217 was passed a year later, which cleaned up some parts of House Bill 1 and married the regulations to the statutory provisions. Representative Tilley asked members to note that those who are prescribing in high quantities are being monitored. Statistics have shown that since the passage of House Bill 1, heroin use increased. There has been an increase in heroin-related deaths. This shows how the market and opiate addiction comes into play when it comes to drug use. Recommendations include matching supply side interventions such as HB1 with demand-side interventions to increase long-term effectiveness in treatment and prevention. Representative Tilley noted that Senate Bill 197 does exactly that. Another recommendation is the continued analyses of prescribing behavior, patient behavior, and outcomes which is warranted to determine if the supply side impacts observed are sustained.

Improving the Accuracy of Eyewitness

Testimony

Amshula Jayaram, State Policy Advocate for the Innocence Project, discussed eyewitness testimony and the accuracy of it. The Innocence Project works with three important issues: eyewitness misidentification, reporting interrogations, and post-conviction DNA testing. The mission of the Innocence Project is to exonerate the innocent through DNA reform and strengthen the system through the correct identification of actual offenders. There is an Innocence network around the country; it is not tied by money but they do share resources and ideas. Ms. Jayaram presented the committee with numbers pertaining to DNA exonerations and eyewitness testimony, including a total of 332 exonerations and 238 misidentified. Another goal of the Innocence Project is to protect public safety. For every wrongly convicted individual, there is a perpetrator who remains at large. In cases pertaining to Innocence clients, the real perpetrators were eventually identified in 49 percent of all DNA based exonerations.

There are several ways a wrongful conviction can occur. Some of the top contributing factors for wrongful convictions are eyewitness identification, improper forensic science, false confessions, and informants. Ms. Jayaram also spoke briefly on several reasons false convictions can occur based on eyewitness testimony. This is because the recall process is selective, suggestive and malleable. Not only will memory fade quickly, memory is also easily subject to contamination by post-event information. It is important that the "Core Four" are followed when it comes to an eyewitness: blind/blinded administration, proper filler composition, instructions to the witness must be clear, and immediately recording an elicited confidence statement. By following these low cost steps, mis-identification is less likely. Nationally, 13 states have adopted statewide reform.

Responding to a question from Representative Marzian, Ms. Jayaram stated that DNA on arrest is not the answer to wrongful convictions because it's so readily available.

Responding to a question from Senator Schroder, Ms. Jayaram stated the Innocence Project has not yet spoke to the Prosecutors Advisory Council of Kentucky but they have spoken with members of law enforcement and members of the Justice and Public Safety Cabinet.

Department of Corrections

Commissioner LaDonna Thompson, with the Department of Corrections (DOP), presented to the committee. Commissioner Thompson spoke briefly on inmate escapes in Kentucky. Although escape attempts do not happen often, they are always a possibility. She recalled the serious escape from Beattyville that happened, and attempts at Northpoint Training Center and Eddyville. Some of these escape opportunities arise because staff is vulnerable, staff is with them every day, and staff is unable to be paid well.

Staffing is also another critical issue the Department of Corrections is currently facing. Not only are correctional officers being underpaid at this time, but many have to work mandatory overtime, up to 16 hours a day, several times a week. As of July

1, 2015 the statewide correctional officer vacancy rate was 22.1 percent. These long hours that officers are being required to work may also be contributing to higher post-traumatic stress disorder rates, and posing safety risk because officers may be too tired to catch something. The amount of overtime that is required is also very costly. For the 2015 fiscal year thus far, overtime cost is at \$9.4 million.

Responding to a question from Senator Westerfield, Commissioner Thompson stated that the \$9.4 million is not an estimate but has already been paid out. She also stated that even with the required overtime it has been hard for correctional facilities to staff work shifts. Many probation and parole officers have been picking up some of the weekend shifts.

Responding to a question from Senator Jones, Commissioner Thompson stated that many of the probation and parole officers that are volunteering at the correctional facilities were once correctional officers themselves.

Responding to a question from Senator Webb, Commissioner Thompson stated that the Department of Corrections is currently not able to be competitive when it comes to salaries with many Kentucky jails or Kentucky's surrounding states.

A review by the Personnel Cabinet revealed that Kentucky's correctional officers and hazardous duty workers were paid at below-market rates compared to surrounding states. Commissioner Thompson stated that the long hours and low wages were also contributing to the high turnover rate when it comes to officers. The low pay scale also attributes to difficulty hiring new officers and staff exhaustion due to working second jobs. Correctional officer turnover rates have been measured as high as 66.7 percent. Commissioner Thompson also stated that under the new wage structure the starting salary for correctional officers increased 13.1 percent, but it is too early to tell if it will help with the high vacancy rate.

Responding to a question from Senator Carroll, Commissioner Thompson stated with current prison designs a high number of staff is needed for things to run smoothly, but they do try to use technology as is it created.

Responding to a question from Representative Bell, Commissioner Thompson stated that besides the monetary benefit, another incentive for working overtime would be increased trainings. While many of her staff have showed an interest though, it is difficult for her to let them off work to attend because of the DOP's current critical staffing situation.

Commissioner Thompson touched briefly on the lack of a career ladder for her staff. If a career ladder statutorily existed, she believed many more people would want to work as correctional officers and it would help to retain staff. She discussed the change in the retirement law. After retirement went from 20 years to 25 years, DOC saw a drop in staff.

While correction officers are in a critical situation, DOC's Division of Probation & Parole is also beginning to experience record vacancy rates. In 2014 the vacancy rate for probation & parole officers was at 19.44 percent. Commissioner Thompson stated that this is due to the many additional duties the officers have along with their high caseloads, which are currently 86:1. The highest percentage of

probation & parole employee turnover is within the first five years of employment.

Responding to a question from Representative Riner, Commissioner Thompson stated that there is no compensation from DOC for officers who are hurt or suffer PTSD while on duty.

Commissioner Thompson discussed several positive changes that are underway. House Bill 463 is working, and the number of women being incarcerated has dropped. Because of this, Western Kentucky Correctional Complex, which is split into two separate buildings, will hold women in one location and men at the other. This change is expected to save about \$700,000 annually. Commissioner Thompson discussed segregation changes. Time spent by inmates in segregation has been cut to nearly half, and general population re-entry training has improved an inmate's chances of staying in the general population.

Responding to a question from Senator Webb, Commissioner Thompson stated that the mental health of inmates is an unknown for DOC unless something is reported to them.

Responding to a question from Representative Yonts, Commissioner Thompson stated that several of DOC staff and correctional officers are currently on food stamps.

Responding to a question from Senator Jones, Commissioner Thompson stated retirement is a big incentive for recruiting and retaining officers, since the mandatory service requirement was increased interest has dropped.

Responding to a question from Senator Clark, Commissioner Thompson stated that the record for prison breaks in Kentucky is very low.

Responding to a question from Representative Bell, Commissioner Thompson stated the biggest challenge for inmates when they leave the prison system is finding jobs.

Responding to a question from Representative Meeks, Commissioner Thompson stated that there are fewer than 20 inmates from out of state being held in Kentucky facilities.

The meeting adjourned at 12:00 PM.

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 548th Meeting

August 12, 2015

Call to Order and Roll Call

The 548th meeting of the Legislative Research Commission was held on Wednesday, August 12, 2015, at 1:30 PM, in Room 125 of the Capitol Annex. Representative Greg Stumbo, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Representative Greg Stumbo, Co-Chair; Senators Julian M. Carroll, David P. Givens, Jimmy Higdon, Ray S. Jones II, Gerald A. Neal, Dan "Malano" Seum, and Damon Thayer; Representatives Rocky Adkins, Johnny Bell, and Sannie Overly.

There being a quorum present, Representative Stumbo called for a motion to approve the minutes of the June 3, 2015, meeting; accept and refer

as indicated items A. through J. under Staff and Committee Reports; refer prefiled bills as indicated and approve items B. through M. under New Business; and accept and refer as indicated items 1. through 23. under Communications. The motion was made by Senator Carroll and seconded by Senator Stivers. A roll call vote was taken, and the motion passed with 11 yes votes and 1 pass. The following items were approved, accepted, or referred.

The minutes of the June 3, 2015, meeting were approved.

Staff and Committee Reports

Information requests for June through July 2015.

Committee Activity Reports for June through July 2015.

Report of the Administrative Regulation Review Subcommittee meetings on June 9 and July 14, 2015.

Committee review of the administrative regulations by the Interim Joint Committee on Health and Welfare during its meetings on June 17 and July 15, 2015.

Committee review of the administrative regulations by the Interim Joint Committee on Education during its meetings on June 8 and July 13, 2015.

Committee review of FY 2016-2017 Community Services Block Grant Application by the Interim Joint Committee on Health and Welfare during its meeting on June 17, 2015.

Committee review of FY 2016 Low Income Home Energy Assistance Program Block Grant Application by the Special Subcommittee on Energy during its meeting on June 19, 2015.

Committee review of Executive Reorganization Order 2015-353 by the Interim Joint Committee on Education during its meeting on July 13, 2015.

Committee review of Executive Reorganization Order 2015-386 by the Interim Joint Committee on Health and Welfare during its meeting on July 15, 2015.

Committee review of Executive Reorganization Order 2015-387 by the Interim Joint Committee on Health and Welfare during its meeting on July 15, 2015.

New Business

Referral of prefiled bills to the following committees: BR 147 (an act relating to promotion of organ and bone marrow donation), BR 199 (an act relating to the property tax on unmined coal), BR 200 (an act relating to coal severance revenues), and BR 201 (an act relating to sales and use tax holidays and declaring an emergency) to Appropriations and Revenue; BR 31 (an act relating to governance of postsecondary education institutions), BR 42 (an act relating to alternative certification programs), and BR 116 (an act relating to the posting of historical documents) to Education; BR 75 (an act relating to patient notification of mammogram results showing dense tissue) to Health and Welfare; BR 21 (an act relating to general principles of justification), BR 54 (an act relating to driving under the influence and declaring an emergency), BR 67 (an act relating to driving under the influence and declaring an emergency), BR 101 (an act relating to marriage), BR 102 (an act relating to the exercise of religious

freedom in the solemnization of marriage), and BR 197 (an act relating to drone surveillance) to Judiciary; BR 113 (an act relating to civil rights) to Labor and Industry; BR 37 (an act relating to problem, compulsive, or pathological gambling and making an appropriation therefor) to Licensing and Occupations; BR 58 (an act relating to county clerks) to Local Government; and BR 20 (an act relating to oaths) to State Government.

From Senate President Robert Stivers: Memorandum appointing Senator Julie Raque Adams to the LRC Director Search Committee.

From House Speaker Gregory D. Stumbo: Memorandum appointing Representative Derrick Graham to the LRC Director Search Committee.

From Senator Joe Bowen and Representative Brent Yonts, Co-Chairs of the Interim Joint Committee on State Government: Memorandum requesting to meet on November 18, rather than the regularly scheduled meeting date of November 25. There are five potential conflicts.

From Senator Alice Forgy Kerr and Representative John Short, Co-Chairs of the Interim Joint Committee on Economic Development and Tourism: Memorandum requesting to meet on July 16 in Louisville, August 20 in Logan County, and November 19 in Pikeville. There are no apparent conflicts.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointing membership to the 2015 Federal Environmental Impact Assessment Task Force.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointing an advisory committee to the Subcommittee on Tourism Development.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum appointing the following members to the Local Superintendents Advisory Council: Mr. Marion Ed McNeel (3rd District), Dr. Donna Hargens (4th District), Mr. Elmer Thomas (5th District), Dr. Terri Cox Cruey (6th District), Mr. Tim Bobrowski (at-large), and Mr. Buddy Barry (at-large).

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum approving the Final Report of the LRC Subcommittee on 2016-2018 Budget Preparation and Submission.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum appointing Marcia Seiler as Director of the Legislative Research Commission.

From Senator Chris McDaniel and Representative Denny Butler, Co-Chairs of the SB 192 Implementation Oversight Committee: Memorandum requesting to meet on October 23 in Louisville at the Volunteers of America campus. There are no apparent conflicts.

From General Counsel Laura Hendrix: Memorandum regarding settlement of litigation.

From Senate President Robert Stivers, House Speaker Gregory D. Stumbo and State Budget Director Jane Driskell: Memo authorizing membership of the Consensus Forecasting Group.

Communications

From the Office of the Attorney General: Constitutional Challenge Report for the months of April 2015.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the months of May, June, and July 2015.

From the Cabinet for Economic Development, Office of Compliance and Administrative Services: Loan data sheets for each loan approved as of the quarter ending June 30, 2015.

From the Personnel Cabinet: Semi-annual Report listing filled positions, exempted from classified service as of April 1, 2015.

From the Auditor of Public Accounts: FY 2014 Independent Accountant's Report of the Lung Cancer Research Fund.

From the Auditor of Public Accounts: FY 2014 Independent Accountant's Report of the Rural Development Fund.

From the Department of Military Affairs: Implementation of FY 2014 Single Audit Recommendation by Agency.

From the Kentucky Commission on the Deaf and Hard of Hearing: Telecommunications Access Program Annual Report, FY 2014-2015.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Fairview Independent School District.

From the School Facilities Construction Commission: Private Donations Facilities Match Program Study.

From the Education and Workforce Development Cabinet: Unemployment Insurance Report for the second quarter of 2015.

From the Cabinet for Health and Family Services, Department for Behavioral Health, Developmental and Intellectual Disabilities: 2014 Bi-Annual update from the Advisory Council on Autism Spectrum Disorder.

From the Tourism, Arts and Heritage Cabinet, Kentucky Department of Fish and Wildlife Resources: Kentucky Department of Fish and Wildlife Statewide Single Audit FY 14.

From the Personnel Cabinet: Personnel Cabinet Quarterly Reports as of March 31, 2015.

From the Cabinet for Health and Family Services, Department for Community Based Services: 2015 Statewide Strategic Planning Committee for Children in Placement, Statewide Strategic Plan and Finding and Recommendations.

From the Finance and Administration Cabinet, Office of the Controller: Surtax Receipts Statements for the Law Enforcement and Professional Firefighters Foundation Fund Programs for the months of June and July 2015; and year-to-date activity for FY 2015; and activity for accounting period 13, FY 2015.

From the Kentucky Personnel Cabinet: 2014 Annual Turnover Report of 15%+.

From the Cabinet for Health and Family Services: Kentucky Stroke Encounter Quality Improvement Project Registry Data Summary 2015 Annual Report.

From the Cabinet for Health and Family Services: SWIFT Adoption Teams Report for the second quarter of 2015.

From the Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, fourth quarter ending June 30, 2015.

From the University of Kentucky, Kentucky Tobacco Research & Development Center: Quarterly Report for the period April 1 through June 30, 2015.

From the Governor's Office of Early Childhood: 2015 Bi-Annual Report of the Early Childhood Advisory Council.

From the Tourism, Arts and Heritage Cabinet: 1% Statewide Lodging Tax Progress Report for FY 2015.

There being no further business, the meeting was adjourned.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

July 14, 2015

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, July 14, 2015, at 10:15 AM, in Room 131 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julie Raque Adams, Julian M. Carroll, and Paul Hornback; Representatives Jim Gooch Jr., Brad Montell, and Brent Yonts.

Guests: Ellen Benzing, Tammie Bullock, Eric Pelfrey, Evan Dick, Stacey Woodrum, Todd Trapp, Kristen Quarles, David Gayle, Hiren Desai, Kelly Foster, Ryan Green, and Beth Brinley.

LRC Staff: Kim Eisner, Daniel Carter, and Jarrod Schmidt.

A motion was made by Representative Yonts to approve Minutes of the June 2015, meeting of the committee. Senator Wise seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Senator Wise seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Senator Wise seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Senator Wise seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Senator Wise seconded the motion, which

passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Correction List. Senator Wise seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Transitions, Inc., 1500002827.

AGRICULTURE, DEPARTMENT OF:

Miss Kentucky Scholarship Organization, Inc., 1500002581.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Crowe Horwath LLP, 1500002192.

CABINET FOR HEALTH AND FAMILY SERVICES:

The Advisory Board Company, 1500001360.

CORRECTIONS, DEPARTMENT OF:

Correct Care Solutions, LLC, 1500001659.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Neurorestorative Carbondale, 1500001764; Neurobehavioral Resources, Ltd., 1500001765.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

AMS Temporaries, Inc., 1500001706; Crown Services, Inc., 1500001707; Guardian Angel Staffing Agency, 1500001708; Guardian Healthcare Providers, 1500001709; Nursestaffing Group Kentucky, LLC, 1500001710; SHC Services, Inc., 1500001711.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Kentucky Rural Water Associates, Inc., 1500002367.

DEPARTMENT FOR MEDICAID SERVICES:

Myers and Stauffer, LC, 1500001822; Fairbanks, LLC, 1500001951.

DEPARTMENT FOR PUBLIC HEALTH:

U of L Research Foundation, 1400001072-1; National Jewish Health, 1500002004; Julia Rodriguez Cervera, 1500002420.

EASTERN KENTUCKY UNIVERSITY:

Render Experiences, LLC, 16-084; MMLK, Inc., 16-085; iModules Software, Inc., 16-094; McCandlish Holton, PC, 16-098; Bowles Rice, LLP, 16-099; Landrum & Shouse, 16-100; Sturgill, Turner, Barker & Moloney, PLLC, 16-101; McBrayer, McGinnis, Leslie & Kirkland, PLLC, 16-102; Stoll Keenon Ogden, PLLC, 16-103; Stoll Keenon Ogden, PLLC, 16-104; Stoll Keenon Ogden, PLLC, 16-105; Stoll Keenon Ogden, PLLC, 16-106; BioMedical Research Services, 16-107.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Erik M. Carlsen-Landy, 1500002355.

EDUCATIONAL TELEVISION, KENTUCKY:

Mary Paulynn Lorenzo Covington, 1500002189; Benjamin L. Wise, 1500002190; Janna Chiang, 1500002193; Roger M. Bondurant, 1500002534; Michelle Grant, 1500002535; Britt Davis, 1500002536; James H. Bugay, 1500002537;

James R. Slone, 1500002538.

FINANCE AND ADMINISTRATION CABINET:

Cunningham Lindsey U.S., Inc., 1500002124.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

URS Corporation, 1500001991; Clotfelter Samokar, PSC, 1500001995; CMTA, Inc., 1500002374; Tetra Tech Incorporated, 1500002550.

FISH & WILDLIFE, DEPARTMENT OF:

Responsive Management, 1500002039.

INFRASTRUCTURE AUTHORITY:

Amanda L. Yeary, 1500002478.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Hanna Resource Group, LLC, 640; SCATE Inc., 641; Alamo Community College, 642; Lansing Community College, 643; Spartanburg Community College, 644.

KENTUCKY EMPLOYERS MUTUAL INSURANCE:

Multi, 16-CLD-001; Conning, Inc., 16-CON-001; Deutsche Investment Management Americas, Inc., 16-DIM-001; Kenning Consulting, 16-KEN-001; McCarthy Strategic Solutions, LLC, 16-MSS-001; Towers Watson Delaware, Inc., 16-TWD-001; Underwriters Safety and Claims, Inc., 16-USC-001.

KENTUCKY LOTTERY CORPORATION:

Clark Schaefer Consulting, LLC, 16-15-041.

KENTUCKY STATE UNIVERSITY:

Dean Dorton Allen Ford, PLLC, KSU-16-01; Johnson Newcomb, LLP, KSU-16-02; McBrayer, McGinnis, Leslie & Kirkland, PLLC, KSU-16-03; Anthony G. Barnes, KSU-16-04; Tata America International Corporation, KSU-16-05; Advocates for Youth, KSU-16-07; Penny R. Smith, KSU-16-12; Winburn & Associates, LLC, KSU-16-13.

MEDICAL LICENSURE, BOARD OF:

Kentucky Physicians Health Foundation, Inc., 1500002772.

MILITARY AFFAIRS, DEPARTMENT OF:

Otis Edward Bailey, 1500002555; Eric F. Gray, 1500002570; Joe W. Warren, 1500002614.

MOREHEAD STATE UNIVERSITY:

CG & B Marketing, LLC, 16-005; Corbin Design, Inc., 16-008; Interspace Limited, LLC, 16-009; Performance Resource Partners, LLC, 16-010; SecureWatch24, LLC, 16-011; Caption Colorado, LLC, 16-014; Sign Language Network of KY, LLC, 16-015; Audrey Ruiz Lambert, 16-018; Sturgill, Turner, Barker & Maloney, PLLC, 16-024; Sturgill, Turner, Barker & Maloney, PLLC, 16-025; MAXIMUS Higher Education, Inc., 16-027; William Collins, Freedom Psychiatry, PLLC, 16-028; MML&K Government Solutions, 16-030; Central Kentucky Interpreter Referral, Inc., 16-031; Kentucky Science and Technology Corporation, 16-032.

MURRAY STATE UNIVERSITY:

Capitol Solutions, 002-16; Facility Commissioning Group, 003-16.

NORTHERN KENTUCKY UNIVERSITY:

JMS & Associates, 692-2016.

NURSING, BOARD OF:

Landrum and Shouse, LLP, 1500002179.

PERSONNEL-OFFICE OF THE SECRETARY:

AON Consulting, 1500002111.

POST SECONDARY EDUCATION, COUNCIL ON:

Stamats, Inc., 1500002439.

PUBLIC ADVOCACY, DEPARTMENT FOR:

Robert Walker, 1500002769.

STATE POLICE, DEPARTMENT OF:

Paul Oldham, 1500002624; David Decker, 1500002625; Joseph Johnson, 1500002626; Donald Perry, 1500002627; William P. Baker, 1500002628; John Pratt, 1500002629; Kevin Guier, 1500002631; Steve Thomas, 1500002632; Samuel Little, 1500002633; Michael Carnahan, 1500002634; James Don Trosper, 1500002635; Kelley Farris, 1500002636; Harry J. Sowders, 1500002637; Timothy W. Mullins, 1500002638; Steven Owen, 1500002639; Johnny Begley, 1500002640; Billy P. Hall, 1500002641; Steven Todd Maggard, 1500002642; Jack H. Riley, 1500002643; Joel Woods, 1500002644; David Lassiter, 1500002645; Terry Alexander, 1500002646; Norman Winchester, 1500002647; Christopher Ison, 1500002648; Ronald Long, 1500002649; Bruce Kelley, 1500002650; Trevor Scott, 1500002651.

TRANSPORTATION CABINET:

Gregory K. Zieba, 1500002261; Strothman and County PSC, 1500002381; Stantec Consulting Services, Inc., 1500002492; Integrated Engineering, 1500002523; American Engineers, Inc., 1500002541; Stantec Consulting Services, Inc., 1500002598; QK4, 1500002608; Strand Associates, Inc., 1500002745; Stantec Consulting Services, Inc., 1500002760; Michael Baker, Jr., Inc., 1500002763; American Engineers, Inc., 1500002770.

UNIVERSITY OF KENTUCKY:

GBBN, A151240; Fourth Quadrant, Inc. d/b/a Merge, K15-249; Bond, Schoeneck & King, PLLC, K16-111; Stites & Harbison, K16-112; Wyatt Tarrant & Combs, K16-113; Cammack LaRhette Advisors, LLC, K16-114; Aon Risk Services, K16-115; Susan W. Burton, DMD, K16-116; Audio Visual Preservation, K16-117; CorVel Corporation, K16-118; Horn & Associates in Rehabilitation, K16-119; Huron Consulting Services, LLC, K16-120; Commonwealth Economics Partners, K16-121; Cornett IMS, K16-122; MDI Solutions Limited, K16-123; Fourth Quadrant, d/b/a Merge, K16-124.

VETERANS AFFAIRS, DEPARTMENT OF:

Multi, 1500002545.

WESTERN KENTUCKY UNIVERSITY:

Grant Thornton, LLP, 151606.

WORKER'S COMPENSATION FUNDING COMMISSION:

Actuarial and Technical Solutions, Inc., 1500002777.

WORKFORCE INVESTMENT, OFFICE OF:

Kimberly D. Martin, 1500001950

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Tad Thomas, 1400003790; Greenebaum Doll and McDonald, 1400003810; Stites and Harbison, 1400003828; Stites and Harbison, 1400003829; Littler Mendelson, 1400003830; Littler Mendelson,

1400003831; Littler Mendelson, 1400003832; Adams Stepner Woltermann and Dusing, PLLC, 1500000407; Tad Thomas, 1500000961; Stites and Harbison, 1500000962; Wyatt Tarrant and Combs, LLP, 1500001793; Tad Thomas, 1500002136.

DEPARTMENT FOR MEDICAID SERVICES:
Covington and Burling, 1400001429; Aon Consulting, 1400002459.

DEPARTMENT FOR PUBLIC HEALTH:
University of Louisville Hospital, 1400001072; Julia Rodriguez Cervera, 1400001699.

EDUCATION, DEPARTMENT OF:
Kentucky School Boards Association Educational Foundation, 1500000182.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

AMEC E. & I., Inc., 1000002150; Staggs and Fisher Consulting Engineers, Inc., 1200000308; Ross Tarrant Architects, Inc., 1200001550; Facility Commissioning Group, 1300001632; Patrick D Murphy Company Incorporated, 1300002656; JRA, Inc., 1400001269; Sherman Carter Barnhart, 1400001413; ALT32, PSC, 1500000928; Sherman Carter Barnhart Architects, 1500001342; Omni Architects, C-05256615.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Mountjoy Chilton Medley, LLP, 1200002390; Mountjoy Chilton Medley, LLP, 1400003684; Mountjoy Chilton Medley, LLP, 1400003692.

KENTUCKY LOTTERY CORPORATION:

Novacoast, Inc., 16-15-017; SHI, 16-15-035-2.

MILITARY AFFAIRS, DEPARTMENT OF:

Abdul Kader Dahhan, MD PSC, 1500001119.

MOREHEAD STATE UNIVERSITY:

Perceptive Software, 15-034.

MURRAY STATE UNIVERSITY:

McClain Dewees, PLLC, 002-15; Carrithers Law Office, PLLC, 003-15; Buck Consultants, 004-15; Boehl, Stopher, & Graves, LLP, 007-15; Peck, Shaffer & Williams, a Division of Dinsmore & Shohl, LLC, 009-15; Sherman Carter Barnhart, PSC, 011-15; Boehl, Stopher & Graves, LLP, 017-15; RubinBrown, LLP, 018-15; Wyatt, Tarrant & Combs, LLP, 108-15.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE:

Community Action Kentucky, Inc., 1400001777; Community Action Kentucky, Inc., 1400001917; Kentuckiana Regional Planning Development Agency, 1400001918; Community Action Kentucky, Inc., 1400001919; Community Action Kentucky, Inc., 1400001920; Community Action Kentucky, Inc., 1400001921; Kentucky Primary Care Association, Inc., 1400001922.

PUBLIC ADVOCACY, DEPARTMENT FOR:
John Niland, 1400003758.

TRANSPORTATION CABINET:

CDP Engineers, Inc., 1000000961; WMB, Inc., 1200001589; CDM Smith, Inc., 1200002495; QK4, 1200003579; Linebach Funkhouser, Inc., 1200003609; Parsons Brinckerhoff, Inc., 1200003650; CDM Smith, Inc., 1200003740; Strand Associates Incorporated, 1300000192; Lochner H.W., Inc. Consulting, 1300000204; Strand Associates Incorporated, 1300000205; Lochner H. W., Inc.

Consulting, 1300000210; Parsons Brinckerhoff, Inc., 1300001224; Lochner H W Incorporated Consulting, 1300001688; Bacon Farmer Workman Engineering & Testing, Inc., 1300002000; DLZ Kentucky, Inc., 1300002024; Strand Associates, Inc., 1400000045; BTM Engineering, Inc., 1400000216; QK4, 1400001951; QK4, Inc., 1500001396; HDR Engineering, Inc., 1500002158; Palmer Engineering County, C-01079886-5; Presnell Associates, Inc., C-03349284-1.

UNIVERSITY OF KENTUCKY:

Stengel Hill Architecture, A151110; HGA Architects & Engineers, LLC, A151140; Selge Holding & Ventures, LLC d/b/a Wheless Partners Executive Search, K15-129; Smith Management Group, K15-139; Education Resource Strategies, Inc., K15-225.

UNIVERSITY OF LOUISVILLE:

AON Consulting, 15-018; HBSA, Inc., 15-077; JRA, Inc., 15-113.

VETERANS AFFAIRS, DEPARTMENT OF:

Multi, 1400001408.

WESTERN KENTUCKY UNIVERSITY:

Sibson Consulting, 141506.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Adanta Group, 1500002813; Bluegrass Prevention Center, 1500002815; Cumberland River Behavioral Health, Inc., 1500002817; Four Rivers Behavioral Health Corporate Office, 1500002818; Kentucky River Community Care, Inc., 1500002819; Lifeskills Corporation Offices, 1500002820; Mountain Comp Care Center, 1500002821; Pathways, Inc., 1500002823; Pennyroyal Mental Health, 1500002824; River Valley Behavioral Health, 1500002825; Pathways, Inc., 1500002826.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

Patient Services, Inc., 1500001874.

CORRECTIONS, DEPARTMENT OF:

Christian County Jail, 1500001462; Fulton County Jail, 1500001565; Grant County Jail, 1500001566; Hopkins County Detention Center, 1500001567; Harlan County Fiscal Court, 1500001642; Pike County Detention Center, 1500001646; Bullitt County Jailer, 1500001769; Kentucky Administrative Office of the Courts, 1500001835; 49th Community Corrections Program, 1500001836; Communicare, Inc., 1500001839; Kenton County Community Corrections Advisory Board, Inc., 1500001841; Knott Drug Abuse Council, Inc., 1500001843; Marion County Fiscal Court, 1500001845; Kentucky Administrative Office of the Courts, 1500001847; Community Corrections-24th Judicial Circuit, 1500001848; Danville Public Library, Inc., 1500001969; Seven Counties Services, Inc., 1500002320.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Nursing Home Ombudsman Agency of the Bluegrass, Inc., 1500001752; Multi, 1500001755; Green River Area Development District, 1500001761; Multi, 1500001766; Bluegrass Regional Mental

Health Mental Retardation, 1500001792; New Vista Behavioral Healthcare, Inc., 1500001963; Center for Accessible Living, 1500001979; Wellspring, Inc., 1500002270; United Way of the Bluegrass, 1500002272.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Four Rivers Behavioral Health, 1500001721; Communicare, Inc., 1500001725; Pathways, Inc., 1500001729; Mountain Comp Care Center, 1500001730; Cumberland River Behavioral Health, Inc., 1500001732; Bluegrass Regional Mental Health Mental Retardation, 1500001735; University of Kentucky, 1500001736; University of Kentucky, 1500001737; Eastern Kentucky University, 1500001918; Case Western Reserve University, 1500002132.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Eastern Kentucky University, 1500001287; Blue Grass Community Action, 1500001293; Community Action Kentucky, Inc., 1500001313; Seven Counties Services, 1500001626; Community Action of Southern Kentucky Incorporated, 1500001627; Big Sandy Area Development District, 1500001628; Kentucky River Community Care, 1500001868; Pathways, Inc., 1500001870; Seven Counties Services, 1500001871; Northern Kentucky Regional Mental Health Mental Retardation Board, 1500001900; Kentucky Community and Technical College System, 1500001999; Eastern Kentucky CEP, Inc., 1500002001; Education Cabinet, 1500002002; Kentucky Housing Corporation, 1500002595; Community Action Lexington-Fayette, 1500002661.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

US Department of Interior Geological Survey, 1500002125.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Multi, 1500001647; Multi, 1500001648; Jefferson County Board of Education Vanhoose Education Center, 1500001649; Multi, 1500001650; Multi, 1500001651; Multi, 1500001652; Multi, 1500001653; Multi, 1500001654; Multi, 1500001655; Multi, 1500001656; Multi, 1500001657; Northern Kentucky Cooperative for Educational Services, Inc., 1500001658.

DEPARTMENT FOR NATURAL RESOURCES:

University of Kentucky Research Foundation, 1500001901.

DEPARTMENT FOR PUBLIC HEALTH:

Wendell Fosters Campus, 1500001989; St. Elizabeth Medical Center, 1500002118.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

National Energy Education Develop Project, 1500002014; Cedar, Inc., 1500002015; University of Kentucky Research Foundation, 1500002338; Kentucky Pollution Prevention, 1500002364; University of Kentucky Research Foundation, 1500002371; University of Kentucky Research Foundation, 1500002394; University of Kentucky Research Foundation, 1500002404; Southeast

Kentucky Community and Technical College, 1500002429.

DEPARTMENT OF REVENUE:

Multistate Tax Commission, 1500001880.

EDUCATION PROFESSIONAL

STANDARDS BOARD:

Danville Independent Board of Education, 1500002294.

EDUCATION, DEPARTMENT OF:

Bullitt County Board of Education, 1500001143; Clay County Board of Education, 1500001146; Martin County Board of Education, 1500001150; Barren County Board of Education, 1500001159; Bowling Green Independent Board of Education, 1500001160; Campbell County Board of Education, 1500001163; Carter County Board of Education, 1500001166; Danville Independent Board of Education, 1500001168; Elliott County Board of Education, 1500001169; Fayette County Board of Education, 1500001171; Grayson County Board of Education, 1500001177; Harlan County Board of Education, 1500001178; Hart County Board of Education, 1500001179; Kenton County Board of Education, 1500001184; Logan County Board of Education, 1500001189; Madison County Board of Education, 1500001191; Morgan County Board of Education, 1500001197; Nelson County Board of Education, 1500001199; Newport Independent Board of Education, 1500001200; Owensboro Independent Board of Education, 1500001201; Perry County Board of Education, 1500001204; Pulaski County Board of Education, 1500001205; Scott County Board of Education, 1500001208; Whitley County Board of Education, 1500001209; Marshall County Board of Education, 1500001231; Webster County Board of Education, 1500002033; Corbin Independent Board of Education, 1500002059; Covington Independent Board of Education, 1500002060; Fayette County Board of Education, 1500002064; Greenup County Board of Education, 1500002070; Knott County Board of Education, 1500002074; Letcher County Board of Education, 1500002076; Lincoln County Board of Education, 1500002077; Livingston County Board of Education, 1500002078; Ludlow Independent Board of Education, 1500002079; McCracken County Board of Education, 1500002081; Metcalf County Board of Education, 1500002082; Taylor County Board of Education, 1500002090; Wayne County Board of Education, 1500002092; YMCA of Greater Cincinnati, 1500002103; University of Kentucky Research Foundation, 1500002138; Anderson County Board of Education, 1500002205; Washington County Board of Education, 1500002239; Fleming County Board of Education, 1500002241; Spencer County Board of Education, 1500002244; Spencer County Board of Education, 1500002248; Todd County Board of Education, 1500002251; Bourbon County Board of Education, 1500002254; Boyle County Board of Education, 1500002255; Kentucky Valley Education, 1500002256; Eastern Kentucky University, 1500002257; Madison County Board of Education, 1500002260; Monroe County Board of Education, 1500002269; Oldham County Board of Education, 1500002276; Barren County Board of Education, 1500002278; Christian County Board of Education, 1500002279; Owen County Board

of Education, 1500002284; Boyd County Board of Education, 1500002304; Central Kentucky Educational Cooperative, 1500002310; Covington Independent Board of Education, 1500002311; Dayton Independent Board of Education, 1500002313; Estill County Board of Education, 1500002316; Fayette County Board of Education, 1500002317; Fayette County Board of Education, 1500002323; Fayette County Board of Education, 1500002327; Fayette County Board of Education, 1500002328; Fayette County Board of Education, 1500002329; Franklin County Board of Education, 1500002330; Garrard County Board of Education, 1500002333; Woodford County Board of Education, 1500002347; Letcher County Board of Education, 1500002363; Martin County Board of Education, 1500002365; University of Louisville Research Foundation, 1500002368; Eastern Kentucky University, 1500002369; Montgomery County Board of Education, 1500002373; Montgomery County Board of Education, 1500002375; Newport Independent Board of Education, 1500002376; Ohio Valley Education Cooperative, 1500002378; Pike County Board of Education, 1500002379; Shelby County Board of Education, 1500002380; Shelby County Board of Education, 1500002382; Shelby County Board of Education, 1500002385; Trigg County Board of Education, 1500002386; Kentucky Educational Development Corporation, 1500002387; Shelby County Board of Education, 1500002388; Lincoln County Board of Education, 1500002442; Boyle County Board of Education, 1500002444; Letcher County Board of Education, 1500002445; Newport Independent Board of Education, 1500002465; Pulaski County Board of Education, 1500002469; Bourbon County Board of Education, 1500002471; Boyd County Board of Education, 1500002472; Breathitt County Board of Education, 1500002473; Burgin Board of Education, 1500002474; Casey County Board of Education, 1500002475; Hickman County Board of Education, 1500002476; Boone County Board of Education, 1500002477; Monroe County Board of Education, 1500002480; Nicholas County Board of Education, 1500002481; Pendleton County Board of Education, 1500002482; Webster County Board of Education, 1500002483; KCTCS, 1500002484; Whitley County Board of Education, 1500002485; Madison County Board of Education, 1500002486; Pulaski County Board of Education, 1500002487; Franklin County Board of Education, 1500002489; Jefferson County Board of Education, 1500002490; Jefferson County Board of Education, 1500002491; Jefferson County Board of Education, 1500002493; Kentucky Educational Development Corporation, 1500002495; Scott County Board of Education, 1500002496; KCTCS, 1500002505; Western Kentucky University, 1500002515; Eastern Kentucky University, 1500002521; Education Professional Standards Board, 1500002544; Council On Postsecondary Education, 1500002546; Barren County Board of Education, 1500002548; Nelson County Board of Education, 1500002611; Eastern Kentucky University, 1500002652; Anderson County Board of Education, 1500002665; Fayette County Board of Education, 1500002669; Jefferson County Board of Education, 1500002676; Bowling Green

Independent Board of Education, 1500002677; Shelby County Board of Education, 1500002682; Lawrence County Board of Education, 1500002685; Corbin Independent Board of Education, 1500002686; Murray Independent Board of Education, 1500002687; Franklin County Board of Education, 1500002688; Hancock County Board of Education, 1500002692; Kentucky Educational Development Corporation, 1500002700; Madisonville Community College, 1500002701; Bluegrass Community and Technical College, 1500002704; Marshall County Board of Education, 1500002738; Trustees of Indiana University, 1500002744; Shelby County Board of Education, 1500002788; Central Kentucky Educational Cooperative, 1500002789; Kentucky Educational Development Corporation, 1500002791; Kentucky Valley Education, 1500002792; Ohio Valley Education Cooperative, 1500002794; West Kentucky Education Cooperative, 1500002795; Southeast/Southcentral Educational Cooperative, 1500002796; Ballard County Board of Education, 1500002802; Carter County Board of Education, 1500002806; Covington Independent Board of Education, 1500002807; Livingston County Board of Education, 1500002847.

FISH & WILDLIFE, DEPARTMENT OF:

UK Research Foundation, 1500002029.

JUSTICE CABINET:

U of L Pediatric Forensic Medicine, 1500002684.

JUVENILE JUSTICE, DEPARTMENT OF:

Louisville Metro Government, 1500002212; Jefferson County Board of Education, 1500002221; Eastern Kentucky University, 1500002606.

KENTUCKY RIVER AUTHORITY:

University of Kentucky Research Foundation, 1500001962.

MILITARY AFFAIRS, DEPARTMENT OF:

Northern Kentucky Area Development District, 1500001369; Louisville & Jefferson MSD, 1500001682; Edgewood City, 1500002443.

OFFICE OF THE GOVERNOR,

DEPARTMENT FOR LOCAL GOVERNMENT:

City of Prestonsburg, 1500002265; Lee County Fiscal Court, 1500002293; Owsley County Board of Education, 1500002503; Union County Fiscal Court, 1500002513; Kenton County Fiscal Court, 1500002539; Leslie County Fiscal Court, 1500002576; City of Cumberland, 1500002663; Calloway County Fiscal Court, 1500002691; Harlan County Fiscal Court, 1500002710; City of Covington, 1500002731; Powell County Fiscal Court, 1500002759; City of Corbin, 1500002875; Daviess County Fiscal Court, 1500002879.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE:

Public Protection Cabinet - Insurance Legal Division, 1500001773; Eastern Kentucky University, 1500001781; Department of Revenue, 1500001861.

POST SECONDARY EDUCATION, COUNCIL ON:

University of Kentucky, 1500001814.

TOURISM DEVELOPMENT CABINET:

Multi, 1500002573.

TRANSPORTATION CABINET:

Jefferson Community and Technical College,

1500001574; Federal Highway Administration National Highway Institute, 1500001788; Kentucky State University, 1500002120; Office of Employment and Training, 1500002197; Kentucky State University, 1500002705.

TRAVEL, DEPARTMENT OF:

Multi, 1500002719; Multi, 1500002720; Multi, 1500002721; Multi, 1500002722; Multi, 1500002723; Multi, 1500002724; Multi, 1500002725; Multi, 1500002726; Multi, 1500002727.

UNIVERSITY OF KENTUCKY:

St. Claire Regional Medical Center, MOA-001-16.

WORKFORCE INVESTMENT, OFFICE OF:

Key Assets Foundation, Inc., 1500001275; Kentucky Revenue Cabinet, 1500002160; Postsecondary Education KYVU, 1500002764.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

National Center for State Courts, 1500000410.

AGRICULTURE, DEPARTMENT OF:

Multi, 1500001216; Multi, 1500001218.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

University of Louisville Physicians, Inc., 1400001927.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Multi, 1400001066; Multi, 1400001066; Multi, 1400001073; Multi, 1400001073; Multi, 1400001156; Multi, 1400001157; Multi, 1400001158; Multi, 1400001159; Multi, 1400001160; Multi, 1400001160; Multi, 1400001162; Multi, 1400001163; Multi, 1400001164; Multi, 1400001202; Bluegrass Area Development District Title III, 1400001205; Multi, 1400002654; Multi, 1400002654; Multi, 1400003278.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Pennyroyal Mental Health, 1400000852; Green River Reg Mental Health Mental Retardation Board d/b/a Rivervalley Behavior, 1400000853; Lifeskills Incorporated, 1400000854; Seven Counties Services, 1400000856; Northern Kentucky Regional Mental Health Mental Retardation Board, 1400000857; Comprehend, Inc., 1400000858; Kentucky River Community Care, 1400000861; Lake Cumberland Mental Health Mental Retardation Board d/b/a Adanta Group, 1400000863; Bluegrass Regional Mental Health Mental Retardation, 1400000864; Pennyroyal Mental Health, 1400000890.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Northern Kentucky Cooperative for Educational Services, Inc., 1400002118.

DEPARTMENT FOR INCOME SUPPORT:

Kentucky State Police Headquarters, 1400001330-1; Eastern Kentucky University, 1400001601.

DEPARTMENT FOR MEDICAID SERVICES:

Department of Education, 1400001004; Lake

Cumberland Mental Health Mental Retardation Board d/b/a the Adanta Group, 1400001706; Bluegrass Regional Mental Health Mental Retardation, 1400001707; Communicare, Inc. Adult, 1400001708; Comprehend, Inc., 1400001709; Cumberland River Comprehensive Care Center, 1400001710; Four Rivers Behavioral Health, 1400001711; Kentucky River Community Care, 1400001712; Lifeskills, Inc., 1400001713; Mountain Comprehensive Care Center, 1400001714; Northern Kentucky Regional Mental Health Mental Retardation Board, 1400001715; Pathways, Inc., 1400001717; Pennyroyal Center, 1400001718; River Valley Behavioral Health, 1400001719; Seven Counties Services, 1400001720.

DEPARTMENT FOR PUBLIC HEALTH:

University of Kentucky Research Foundation, 1400001517; University of Kentucky Research Foundation, 1400001589; Comprehend, Inc., 1400001595; Kentucky River Community Care, 1400001597; Pathways, Inc., 1400001613; University of Kentucky Research Foundation, 1400001614; U of L Research Foundation, 1400001615; Department of Education, 1400001636; Kentucky Department of Education School Nurse Program, 1400001639; U of L Research Foundation, 1400001640; Seven Counties Services, 1400001655; Eastern Kentucky University, 1400001656; University of Kentucky Research Foundation, 1400001657; University of Kentucky Research Foundation, 1400001658; University of Kentucky Research Foundation, 1400002047; Pathways, Inc., 1400003442.

DIETITIANS & NUTRITIONISTS, BOARD OF LICENSURE CERTIFICATION:

Occupations and Professions, 1400001218.

EDUCATION, DEPARTMENT OF:

Research Foundation of Suny, 1400003761; KET Foundation, 1500001450; Jessamine County Board of Education, 1500002711.

EDUCATION, OFFICE OF THE SECRETARY:

Governors Scholar Program, Inc., 1400002958; Council On Postsecondary Education, 1400002963.

FEE-BASED PASTORAL COUNSELORS,

BOARD OF CERTIFICATION OF:

Occupations and Professions, 1400001209.

HERITAGE COUNCIL:

City of Middlesboro, 1400003696.

KENTUCKY APPLIED BEHAVIOR

ANALYST LICENSING BOARD:

Kentucky Board of Physical Therapy, 1400001436.

KENTUCKY BOARD OF LICENSURE FOR

MASSAGE THERAPY:

Occupations and Professions, 1400001215.

OFFICE OF THE GOVERNOR,

DEPARTMENT FOR LOCAL GOVERNMENT:

Federation of Appalachian Housing Enterprises, 1000000714; Housing Authority of Henderson, 1100000881; City of Providence, 1200000206; Menifee County Fiscal Court, 1300001197; City of Loyall, 1300001276; City of Hazard Water and Sewer District, 1300002287; Floyd County Fiscal Court, 1400001789; Monroe County Fiscal Court, 1500000314; Madisonville Community College, 1500000733; City of Mortons Gap, 1500001004.

OFFICE OF THE KENTUCKY HEALTH

BENEFIT EXCHANGE:

Department of Revenue, 1400001923; Eastern Kentucky University, 1400001925.

POST SECONDARY EDUCATION, COUNCIL ON:

Southern Regional Education Board, 1400001660; NCHEMS, 1500000883.

PUBLIC ADVOCACY, DEPARTMENT FOR:

University of Kentucky Research Foundation, 1400002508.

SPEECH-LANGUAGE PATHOLOGY & AUDIOLOGY, BOARD OF:

Kentucky Board of Physical Therapy, 1400001621.

VETERINARY EXAMINERS, BOARD OF:

Occupations and Professions, 1400001252.

WORKFORCE INVESTMENT, OFFICE OF:

Barren River Area Development District, 1400002814; Bluegrass Area Development District, 1400002818; Bluegrass Area Development District, 1400002845; Barren River Area Development District, 1400002847; Key Assets Kentucky, LLC d/b/a Key Services, 1500000589.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

FAIR BOARD:

Dinsmore & Shohl, LLP, 1500002756. Ellen Benzing discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

LEGISLATIVE RESEARCH COMMISSION:

Robert L. Linn, 14/15-05; Ron Hambleton, Psychometric and Evaluative Research Service, 14/15-06; Daniel Koretz, 14/15-08. A motion was made by Representative Montell to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE:

Community Action Kentucky, Inc., 1500001800; Kentuckiana Regional Planning Development Agency, 1500001801; Community Action Kentucky, Inc., 1500001802; Community Action Kentucky, Inc., 1500001803; Community Action Kentucky, Inc., 1500001804; Kentucky Primary Care Association, Inc., 1500001805; Community Action Kentucky, Inc., 1500002734. Tammie Bullock discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

TRANSPORTATION CABINET:

Burgess and Niple, Inc., 1500002488. Eric Pelfrey and Evan Dick discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

NKCES, 1500001759. Stacey Woodrum discussed the contract with the committee. A motion

was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Audubon Area Community Services, 1500001290; Bell Whitley Community Action, 1500001291; Big Sandy Area Cap, Inc., 1500001292; Community Action Lexington-Fayette, 1500001294; Central Kentucky CAC, Inc., 1500001295; Daniel Boone Community Action Agency, Inc., 1500001296; Gateway Community Services Organization, Inc., 1500001297; Harlan County Community Action Agency, 1500001298; KCEOC Community Action Partnership, Inc., 1500001299; Foothills Community Action, 1500001300; Lake Cumberland CSO, Inc., 1500001301; LKLP Community Action Council, 1500001302; Licking Valley CAA, 1500001303; Louisville/Jefferson County Metro Government, 1500001304; Middle Kentucky Community Action Partnership, Inc., 1500001305; Multi-Purpose Community Action Agency, Inc., 1500001306; Northeast Kentucky Community Action Agency, 1500001307; Northern Kentucky Community Action, 1500001308; Pennyryle Allied Community Services, 1500001309; Community Action of Southern Kentucky, Inc., 1500001310; Tri-County Community Action Agency, 1500001311; West Kentucky Allied Services, 1500001312. Todd Trapp, Kristen Quarles, and David Gayle discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Kentucky Valley Education, 1500002258; Madison County Board of Education, 1500002259; Madison County Board of Education, 1500002263; Marion County Board of Education, 1500002271; Glasgow Independent Board of Education, 1500002274; Scott County Board of Education, 1500002275; Christian County Board of Education, 1500002280; Henderson County Board of Education, 1500002281; Henderson County Board of Education, 1500002299; Bell County Board of Education, 1500002302; Campbellsville Independent Board of Education, 1500002307; Estill County Board of Education, 1500002314; Green County Board of Education, 1500002334; Hardin County Board of Education, 1500002335; Hart County Board of Education, 1500002336; Henderson County Board of Education, 1500002337; Hopkins County Board of Education, 1500002339; Hopkins County Board of Education, 1500002340; Jefferson County Board of Education, 1500002341; Jefferson County Board of Education, 1500002342; Leslie County Board of Education, 1500002344; Leslie County Board of Education, 1500002345; Woodford County Board of Education, 1500002346; Jefferson County Board of Education, 1500002349; Jefferson County Board of Education, 1500002350; Jefferson County Board of Education, 1500002351; Jefferson County Board of Education, 1500002353; Jefferson County Board of Education, 1500002354; Kentucky Educational Development Corporation, 1500002356; Kentucky Educational Development Corporation, 1500002358; Kentucky Educational Development Corporation,

1500002359; Kentucky Educational Development Corporation, 1500002361; Letcher County Board of Education, 1500002362; Montgomery County Board of Education, 1500002372. Hiren Desai and Kelly Foster discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

WORKFORCE INVESTMENT, OFFICE OF:

Barren River Area Development District, 1500002547; Bluegrass Area Development District, 1500002553; Kentuckiana Works - Workforce Investment Board, 1500002569; Pennyryle Area Development District, 1500002571; Lincoln Trail Area Development District, 1500002574; Green River Area Development, 1500002577; Cumberland SDA, 1500002585; Eastern Kentucky C.E.P., Inc., 1500002591; Buffalo Trace Area Development District, 1500002594; Northern Kentucky Area Development District, 1500002609. Ryan Green and Beth Brinley discussed the contracts with the committee. A motion was made by Senator Hornback to disapprove the contracts. Senator Raque Adams seconded the motion, which passed with Representatives Yonts and Horlander voting no.

With no further business before the committee, the meeting adjourned at 11:30 a.m.

PUBLIC PENSION OVERSIGHT BOARD

Minutes

June 22, 2015

Call to Order and Roll Call

A meeting of the Public Pension Oversight Board was held on Monday, June 22, 2015, at 12:00 Noon, in Room 131 of the Capitol Annex. Representative Brent Yonts, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Brent Yonts, Co-Chair; Senator Jimmy Higdon; Representatives Brian Linder and Tommy Thompson; Robyn Bender, Tom Bennett, Jane Driskell, James M. "Mac" Jefferson, Sharon Mattingly, and Alison Stemler.

Guests: Representatives Arnold Simpson and Derrick Graham, Clyde Caudill, Kentucky Retired Teachers Association, among others.

LRC Staff: Brad Gross, Bo Cracraft, Greg Woosley, Terrance Sullivan, and Marlene Rutherford.

Co-Chair Yonts announced that Co-Chair Bowen would not be in attendance due to an unexpected issue. He also indicated that the meeting of the Interim Joint Committee on State Government scheduled for Wednesday, which both he and Senator Bowen co-chair, would be cancelled, and that the Interim Joint Committee on State Government would not meet during the month of July.

Approval of Minutes

Representative Thompson moved that the minutes of the June 1, 2015, meeting be approved. Ms. Bender seconded the motion, and the minutes were approved without objection.

Co-Chair Yonts said that the Governor had appointed a task force to review the Kentucky Teachers Retirement System, and that recent

legislation brought both the Kentucky Teacher's Retirement System (KTRS) and Judicial Form Retirement System under the oversight of the PPOB.

Kentucky Retirement Systems Investment Update

David Peden, Chief Investment Officer of the Kentucky Retirement Systems, provided an investment performance summary update for the month of May. He said May was not a good month on an absolute basis, but was compared to the benchmark. The portfolio was up six basis points and the benchmark was down twenty basis points. The positive asset classes were US Public Equity, Absolute Return or hedge funds, and Real Estate. The negative returns came from Emerging Market Equity, Non-US Equity, Real Return or inflation sensitive assets, and Fixed Income. All asset classes outperformed the benchmark with the exception of Real Return. May did not have much effect on the fiscal year to date performance, and for the fiscal year, the portfolio is up 2.66 percent versus the benchmark return of 3.77 percent. Positive performers for the year are US Public Equity, Real Estate, Absolute Return, and Fixed Income. Peer groups have a large investment in US Public Equity, particularly large cap public equity, which explains some divergence of the returns by KRS and those peer groups. The negative performers are Emerging Markets, Real Return and Non-US Equity. KRS asset allocation was invested exactly as was recommended by the investment consultants five years ago, and based on the recent analysis, KRS may or may not make adjustments in the near future. Passive US Equity was the best performing asset class for the first half of the fiscal year, but he expects the investing environment to change and as volatility increases it will create an opportunity for active management to outperform passive funds. In future meetings, KRS will be able to analyze performance for the entire fiscal year and be able to report what asset classes performed well and those that did not and why. It may be important for PPOB to be shown a "heat map" or a visualization of data that reflects what is moving in the marketplace from the best asset class to the worst asset class by year and to show why diversification is important.

Overview of KTRS Funding

Gary L. Harbin, CPA and Executive Secretary of the Kentucky Teachers Retirement System, and Beau Barnes, Deputy Executive General Counsel and Secretary of Operations, provided an overview of KTRS funding.

Mr. Harbin said that teachers do not contribute to Social Security, so the benefits to teachers from KTRS are in many cases their only source of retirement income. Mr. Barnes said that one issue when Social Security was established was that teachers and the employer were already contributing to the pension plan, and including Social Security would have been cost prohibitive.

Mr. Harbin provided a history of KTRS, which was established in 1938 to provide retirement security for the state's educators. He discussed the administrative and investment costs, the investment performance, and the impact on the state's economy of the retirement benefits. The average monthly retirement benefit paid to all teachers is \$3,042.

The total normal cost of pension benefits is 16.75 percent of payroll, with teachers contributing 9.11 percent toward the normal cost of benefits and the state contributing 7.64 percent. Teachers also have withheld from their paychecks an additional 3.75 percent to pay for retiree medical benefits. Teachers contribute 2.91 percent more of the normal cost when compared to a contribution for social security, and the state's contribution of the normal cost of benefits is 7.64 percent or 1.44 percent over the comparative cost of Social Security to provide pension benefits. It would be extremely expensive if teachers were subject to social security, and it would cost the state, based on the same level of pay received today, about \$690 million more each year.

Mr. Harbin stated that, over the last 30 years, the compounded return on investments of KTRS has been 9.5 percent. Returns over the last ten years have ranged from 8.6 percent for the year ending March 31, 2015, placing KTRS in the top ten percent in national rankings, to 11.3 percent over a three year period, 10.4 percent over a five year period, and 7.2 percent over the ten year period.

Mr. Harbin discussed KTRS investment philosophy and investment structure. KTRS investment committee structure exceeds the current industry standard. The best practices structure has been recommended for use in other states and the investment costs for KTRS are some of the lowest in the nation. There are two outside investment committee experts on the investment committee: Bevis Longstreth and George M. Philip. Teacher retirement benefits have a positive impact on the state's economy. In 2015, KTRS will pay about \$2.1 billion in benefits, with 92 percent of retirees receiving those benefits living in Kentucky and contributing those funds back into the economy.

Mr. Harbin stated that, in July 1985, the system was 54 percent funded with \$1.8 billion in assets. Since that time, members have contributed \$6 billion and the state has contributed \$10.2 billion. Investment income for this period has totaled \$21.5 billion, payouts have been \$21.2 billion, and the administrative costs have been \$200 million. The plan balance as of June 30, 2014, was \$18.1 billion, reflecting a 53 percent funded status at that time.

The retiree medical benefits for teachers have been in effect since 1964. This was established when Medicare was passed and was a pay-as-you-go benefit until 2010. Since 1985, members have contributed \$1.3 billion and the state has contributed \$2.1 billion. The investment income has been \$300 million and the medical benefits paid out have totaled \$3.2 billion, leaving a balance as of June 30, 2014, of \$500 million. The medical benefits fund became a pre-funded fund as of July 1, 2011. In the mid 1990s, the fund was significantly underfunded, and because of this, in the early 2000s, \$800 million in contributions were redirected from the pension fund to the medical benefits fund. Since that time, the unfunded liability of benefits has been reduced \$2.7 billion.

KTRS has over 141,000 members with over 49,500 receiving benefits monthly. KTRS pays out over \$144 million in benefits monthly and has over \$18.5 billion in assets for pension and medical plans. The issue now facing KTRS is that one in

four teachers are eligible to retire, or approximately 15,000 of the almost 59,000 active members.

Since 2008, the system has experienced negative cash flow and will have sold \$1.3 billion in assets to meet benefits over and above the income coming into the plan through 2015, which will lower future investment returns. Additional funding is necessary to stabilize the situation.

Funding is important because 52 percent of retirees less than 80 years old are single and 85 percent 80 and above are single. A large majority of these individuals are females. In most cases, federal law does not allow teachers to receive a social security survivor benefit from their spouse's account. In 2014, there were 54 retirees age 100 or older and 4,684 age 80 to 89 nine years old, with total retirees age 80 and over at 5,692, which continues to grow.

KTRS reports two sets of numbers on asset and liability valuations in its financial statements, one based on the market value of assets and the assumed rate of return of 7.5 percent, and one based on a reduced assumed rate of return due to the Governmental Accounting Standards Board (GASB) statement 67. The market value of the assets is just over \$18 billion as of June 30 2014. Under GASB 67, the actuary uses about a 5.3 percent rate of return under the assumption that because KTRS does not have the full actuarially required contributions being paid into the plan they will have to liquidate a greater amount of assets to fund benefits and will not be able to achieve the full 7.5 percent assumed rate of return. So, using the 7.5 percent rate of return, the pension fund is 53.6 percent funded, but under the GASB 67 valuation it is 45.6 percent funded. Because the medical plan is now on a path of full funding, the 7.5 percent rate of return is used and the medical plan is 15.9 percent funded.

Mr. Harbin noted that liabilities have continued to grow. Although the fixed employer contribution rate of 13.105 percent was sufficient for a number of years, the flat market from 2000 to 2013, which included the great recession, has required additional funding since the 2006-2008 biennium to meet the actuarially required contribution (ARC) level. Assets cannot grow fast enough to catch up to the \$30 billion liability, which is why the ARC and contributions need to be increased in the future. Before the downturn in the market, KTRS was conservatively positioned in its portfolio, there was no issue with cash flow, and no money was invested in hedge funds. It is KTRS board policy to not invest with managers who use placement agents. Prior to the 2008 downturn in the market, the plan was in the top four in the nation and since the market is rebounding it is in the top ten. However, if there is another downturn, KTRS will need to sell assets to pay benefits at a time when those assets are depressed in value.

Mr. Harbin stated that pension budget requests have not been appropriated since 2006, with the exception of an additional \$3 million appropriation in fiscal 2007 and an approximately \$39 million appropriation in fiscal 2008 above the ARC. The total amount that has been unappropriated since fiscal 2009 is \$1.9 billion. KTRS has had to sell \$2.1 billion in assets over that same period of time in order to pay benefits to retirees. There was \$336 million redirected

from the retirement contributions to fund the medical benefits from fiscal 1999 through fiscal 2004. Because the pension fund needed the contributions and in order to continue the medical benefit, the state borrowed funds from fiscal 2005 through fiscal 2010, which was to be repaid over ten years with interest. In 2010, the "shared responsibility" legislation was passed, and a \$465 million pension obligation bond was issued to repay the balance due from the transfer of funds from the pension plan to the medical plan of approximately \$557 million. From August 2010 through February 2013 there was over \$890 million in bonds issued. As the bonds were paid off, the funds were the source of funding for the proposed \$3.3 billion bond recommended in the 2015 regular session.

Budgeted contribution rates for the state have been consistent since fiscal year 1999 through fiscal 2016 at 13.105 percent with the exception of fiscal 2007, which increased to 13.215 percent, and in fiscal 2008, which increased to 14.425 percent. The employers contribute 3.25 percent more than the employees since 1975. There is also an employer contribution rate paid directly from the general fund to fund cost of living adjustments (COLAs), minimum benefits, and sick leave payouts. Payments are amortized over twenty years and are a percentage of salary. There have been no additional COLAs awarded since 2011 above the statutory one and one half percent amount.

Fiscal year 2007 was the last year to see a positive cash flow with total contributions of about \$704 million, investment income of \$1.14 billion, and benefits, refunds and administrative expense of \$1.124 billion, resulting in the positive cash flow of \$20 million. Since fiscal 2008 through 2014, there has been a \$10 million to \$439 million, respectively, negative cash flow resulting in a selloff of assets to meet benefit obligations. As baby boomers retire, and with benefits increasing at the rate of over \$100 million per year, without additional contributions to the plan KTRS is expecting to have to sell assets of about \$3.4 billion over the next four years, from fiscal year 2016 through 2019. This on top of the \$2.1 billion in assets sold to meet benefits from fiscal years 2007 through 2015. KTRS was fortunate to be able to sell assets into a rising market, but if markets do not hold up and assets need to be sold it will be at the wrong time.

Mr. Harbin said that House Bill 4 in the 2015 session would have provided a long-term funding solution for teachers' pensions. The proposed bond of \$3.3 billion would have been issued at low interest rates and this amount would not have increased the state's debt because the debt owed teachers is already on the state's balance sheet. The bond would not increase payments from the budget because the debt service on the bond would have come from funds already dedicated to fund the pensions. The bond would have increased the funding ratio of the pension plan from 53 percent to 66 percent, and it would have provided a safety net so that investments or assets would not have to be sold at the wrong time. He reiterated that in his opinion one of the fallacies that was discussed during the session was that the bond would increase the state's debt, but it would not

because the state is already reporting \$39 billion in liabilities.

Responding to a questions by Co-Chair Yonts concerning this proposed bond being based on low bond rates and how long those rates are expected, Mr. Harbin indicated that the federal reserve is looking to possibly increase rates and that outside experts have indicated that rates could be increased sometime over the next 18 months by one or one and one-half percent, but that it would still be feasible to look into issuing bonds because of the historically low rates and a debt growing at 7.5 percent. The expense to the taxpayers and state would go up about \$116 million for every 25 basis points that the rates go up. Mr. Harbin stated that the 13.105 and 2.9 percent employer contribution rates would still need to be made, and that the \$3.3 billion bond would keep the investments earning returns without the necessity of depleting assets to pay benefits. He also noted that with the bond the state would be able to step into the additional needed ARC at approximately \$44 million per year over the next eight years. Without the bond, the new contribution into the ARC would be about \$400 million per year in general fund dollars. The bond would have provided the needed cash flow to pay pensions and allow the state to phase in over eight years to meet the full ARC and then be on track to fully fund the pension plan over the next 20 years. Without the bonding, KTRS will be requesting approximately \$1 billion per year in the next budget cycle. The general fund payments over that twenty year period with the eight year phase in without the bond would be \$1.2 billion and just over \$800 million with the \$3.3 billion bond, the bond payment, and the ARC, a savings of about \$400 million in 2035-2036.

The medical benefit fund is now 15.9 percent funded. Prior to the "shared responsibility" legislation, the amount of money to fund teachers' healthcare was projected to increase and in the last budget would have been over \$200 million per year. However, because the cost of those benefits are now shared with the school districts, active teachers, and retired teachers, the amounts in the 2014-15 and 2015-16 budgets were \$50 million and \$61 million respectively, a savings of about one fourth of the total cost of healthcare. From fiscal 1999 through 2005 there was \$335 million allowed by the actuaries to be used out of the pension fund to fund the medical insurance fund and those amounts have never been repaid. In fiscal 2005, the redirected contributions began to be repaid, with \$289 million repaid from fiscal 2005 through 2008 and \$273 million repaid in fiscal 2009 and 2010.

The unfunded liability the state had prior to the "shared responsibility" legislation in 2010 was \$5.9 billion as of June 30, 2007, \$6.4 billion in fiscal 2008, and \$8.3 billion in fiscal 2009. There was a drop to a total of \$3.2 billion as of June 30, 2010, and as of June 30, 2014, it was \$2.7 billion, as the positive cash flow begins and the asset base begins to grow.

The "shared responsibility" solution enacted in 2010 House Bill 540 was historic legislation in that it provided a long term, sustainable method to fund medical insurance for retired teachers, and it was a plan that was developed and had input from all of the state's education community within the KTRS

field of membership. Many of the groups in the membership field are included in the makeup of the task force recently appointed by Governor Beshear to study the teachers' retirement system funding.

Responding to a question by Mr. Jefferson as to whether KTRS has conducted an attribution analysis specifically as it relates to the unfunded liability and what percentage of the unfunded liability is due to the different components, like demographics, or ARC payments not being made, or other factors that contribute to the unfunded liability, Mr. Harbin stated that the driving factor is that the state has been behind in the funding status with the plan's assets being less than liabilities. KTRS has not done an attribution chart, but the greatest component of the unfunded liability is there have not been enough assets to invest long term to meet the liabilities. The attribution chart tries to encapsulate a complex pension plan in one document, which is difficult and uses information from an actuary that is five years behind current assets and liabilities. The chart does not include the contribution made this biennium of \$800 million. He urged the board to use the attribution chart as one piece of information. However, he said an attribution chart was given to the Committee on State Government and would be provided to Mr. Jefferson.

In response to questions by Senator Higdon concerning the monthly benefit of teachers, Mr. Harbin indicated that the membership is not broken down by classification of employee. The benefit calculation uses the same formula for both classroom and administration personnel and are calculated on years of service and salary levels. From 1999 there were \$615 million in benefits paid out and in 2014 \$1.9 billion, with approximately \$2.1 billion to be paid out in 2015. Senator Higdon inquired as to what had fueled this increase in benefits paid out, and Mr. Harbin said that the pension plan was in existence since 1938 and that it takes thirty years after a pension plan is formed for a person to begin drawing a benefit, which would have been around 1968 or 1970. Salaries have increased for teachers and there are significantly more retirees. There are about 1,000 net retirees added each year and there are more teachers retiring than passing away each year. The demographics will stabilize eventually and the asset base will grow because of salary. Mr. Harbin reiterated that the primary reason for the underfunding is not having the assets to invest, with investments accounting for approximately 70 percent of pension plan funding. The underfunding has been occurring for a number of years since 1975, and without the assets to invest KTRS cannot get to the 70 percent funded level. When the pension system was 25 percent funded it was the plan to contribute an additional three and one quarter percent each year over 30 years, but that 13 of those 30 years the markets did not cooperate and were flat and the return could not be attained that was needed. It is a long term issue. It was also during this time that the medical benefit was established, which added additional costs.

Responding to a question from Representative Thompson related to the cash flow and the fact that investment expenses appeared to have doubled from approximately \$18 million in fiscal 2010 to \$37 billion in fiscal 2014, Mr. Harbin stated that although

KTRS was selling assets they went from \$15 billion to \$18 billion in asset value so there was \$3 billion more in assets being invested and KTRS is investing in other asset classes and moving out of bonds, which is an extremely risky asset class. KTRS has reduced its allocation for bonds from 38 percent of the portfolio to 17 percent, so the fees for investing in alternatives is greater, which earn a higher return than the returns of those assets when in bonds. The cash flow data also reflects a percentage increase in benefits each fiscal year.

Representative Linder asked Mr. Harbin to expound on the earlier discussion with Senator Higdon. Mr. Harbin said the funding level in the late 90s was 97 percent just before the technology bubble busted. In the early 2000s, the funding level was smoothed over five years to arrive at the market value so the funding level does not reflect all the downturn in the market, which lost 50 percent of its value. However, the funding level did not drop by 50 percent because of the smoothing. The market increased up to October 2007 and then dropped 60 percent, which accounts for the 97 percent funded status in the late 90s to 53 percent today. Representative Linder indicated that it appeared to him that the main root of the problem is trying to recover from 2008, which is when the additional ARC increase was requested. Mr. Harbin said in 2008 the recession put pressure on all pension plans, but the decrease in the funding level has occurred over several years, which included the medical plan funding issue that was growing as an obligation of the state. Also, when the technology bubble busted it appeared the pension plan was well funded at 97 percent, but that was based on an exuberant market. In 1985, the pension plan was 53 percent funded and is 53 percent funded today. There were other factors that need to be considered during that time, for example the actuary was using a different rate of return assumption for liabilities. Representative Linder stated that these pensions were created many years ago and were based on different assumptions that have changed over time, such as life span. Mr. Harbin said that the average age of a classroom teacher at the time of retirement is about 58 years old and that they retire with 30 years of service. He also noted that the teachers now live to about the age of 80 years old.

Responding to questions by Representative Simpson concerning the additional funding needed for the retirement plan, Mr. Harbin said the actuary had determined that at the 97 percent funding level that contributions that would have gone to the pension plan could be directed to the medical benefit plan and \$336 million was redirected to the medical plan. In retrospect, the contributions should not have come out of the pension plan and gone into the medical plan because the assets were at unsustainable levels. In fiscal 2005, money had to be borrowed to continue to fund the medical plan until 2010 when the shared responsibility legislation was enacted.

Responding to comments by Co-Chair Yonts regarding those nearing eligibility for retirement, Mr. Harbin stated that approximately one in four teachers in Kentucky are eligible for retirement. As to funding, he noted that the pension plan is funded by employee contributions from the teachers, the

matching contributions from the state budget through the SEEK formula, and specific appropriations to cover items such as COLAs, sick leave payouts, etc. KTRS is in the position of where KRS was in 2008 when contribution rates began to increase. KTRS was able to avoid having to sell assets to meet benefits in a falling market, but KTRS is at the tipping point. KTRS is four times as big as KRS in the state budget because all teachers are in the KTRS, whereas not all state employees are in the KRS, and that the majority of contributions come out of the general fund budget. If KTRS does not get the funds to invest then the funds to come out of the general fund would be four times greater and the contribution amount increases will be much higher.

In response to Representative Thompson concerning the total outstanding debt, Mr. Harbin said the \$886 million has been paid down and that the annual payment is \$116 million per year out of the state budget.

Representative Linder asked about the average \$3,100 benefit amount and whether KTRS could break down the average pay out of all retirees per month to reflect the percentages and dollar amount each is receiving. Mr. Harbin indicated that there is a schedule at the end of the Comprehensive Annual Financial Report (CAFR) that breaks payments out by years of service and goes back about twenty years.

Co-Chair Yonts asked that Mr. Gross provide the Board with the CAFR schedule and the attribution report presented to the Committee on State Government.

In response to Co-Chair Yonts inquiring whether school systems having financial trouble was a factor on teacher retirement, Mr. Harbin said that this issue had not been reviewed; however when there is instability in a system you would tend to have more individuals retire. Co-Chair Yonts suggested KTRS may want to obtain information or statistics from the Kentucky Department of Education of those districts in a difficult financial situation. Mr. Harbin did say that when KERA was implemented many retired.

Responding to Representative Graham concerning the ARC payment, bonding issue and the plan of action from the teachers' retirement association, Mr. Harbin stated the ARC payment needed is over \$500 million additional dollars from the state budget and the bond would have lowered that to \$44 million in the first year and \$88 million in the second year, with the total additional ARC payment growing to about \$400 million eight years down the road. The bond would have been paid with monies already coming to the pension plan. It is the plan of KTRS to work closely with the task force appointed by the Governor and to reach a reasonable funding solution, and that bonding is still a viable plan and all options will be on the table.

Co-Chair Yonts announced the next meeting would be on August 24 at noon.

The meeting adjourned at about 1:30 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

July 1, 2015

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, July 1, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Senator C.B. Embry Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Paul Hornback, Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Ryan Quarles, and Jonathan Shell.

Guests: Mr. Roger Thomas, Mr. Joel Neaveill, Ms. Angela Blank, Ms. Beth , Mr. Brian Murphy, Dr. Luther Hughes, and Mr. Biff Baker, Governor's Office of Agricultural Policy; Ms. Kristen Branscum, Mr. Jonathan Van Balen, and Ms. Alisha Morris, Kentucky Department of Agriculture.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

The June 3, 2015 minutes were approved, by voice vote, upon motion by Senator Hornback and second by Representative Mills.

Governor's Office of Agricultural Policy

Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief of Staff, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy (GOAP), testified about project funding decisions made by the Agricultural Development Board (ADB) during its June meeting.

Mr. Neaveill discussed tobacco settlement funding allocations for the previous months under the County Agricultural Improvement (CAIP), Deceased Farm Animal, and Shared-use Equipment programs.

Responding to Senator Hornback regarding the Green River Area Beef Improvement Group's administration of several CAIP programs, Mr. Neaveill indicated some entities in the state oversee programs in multiple counties. He indicated that administrators can receive up to 5 percent of a county's tobacco settlement funds for administering a program.

In their report, Mr. Neaveill and Mr. Thomas explained how most counties operate their shared-use programs. In answer to Senator Gibson, it was explained that counties assess fees from farmers, fees that, in turn, can be used to pay for maintenance and can be used to buy additional equipment. Mr. Thomas indicated a shared-use program is a good way to enable farmers to use particular types of farm equipment without having to buy the equipment. He mentioned the large collection of shared-use equipment in Harrison County.

After updating on the status of county accounts, the GOAP representatives turned to the projects approved for regional or statewide funding at the previous board meeting.

The first project prompted considerable discussion, that of Atalo Holdings, a company that requested \$500,000 in tobacco settlement funds, in the form of grants and a loan, to buy some equipment needed for an industrial hemp seed processing facility in Winchester. According to testimony, the company

has lined up several approved hemp growers in the state. The original plan was for the company to import certified seed into Kentucky under licenses issued by the Department of Agriculture and the U.S. Drug Enforcement Agency. The applicant sold the seed to permitted farmers and will contract to buy harvested seeds produced by those farmers to be used in the manufacture oil and meal for marketable products. The federal Farm Bill allowed for departments of agriculture and universities to grow hemp for research. With the Farm Bill authorization, the Department of Agriculture entered into memoranda of understanding with farmers to grow the plant.

Under the funding arrangement with the board, Atalo garnered monetary commitments from 19 of 29 counties.

Responding to Co-Chair Embry Mr. Neaveill said it was his understanding that the hemp production authorization will continue through the life of the Farm Bill.

In answer to Co-Chair Stone, Mr. Neaveill explained that most of Atalo's endeavor will focus on hemp seeds, not the plant fiber.

Both Mr. Neaveill and Mr. Thomas responded to Representative Stone regarding steps that would occur should the applicant sell the business or should the growing or processing of hemp be prohibited by state or federal law. In those instances, the grant would be refunded on a prorated basis and a loan paid in full.

Mr. Neaveill, responding to Representative McKee, named some of the principals involved with Atalo. Some of the owners will be growing hemp.

Prompted by questions from Representative McKee, committee discussion turned to cannabinoids derived from hemp and marijuana plants and the clarification that the Atalo project will not be associated with the cannabinoid chemical derivative, rather with the plant seeds. Senator Hornback pointed out that one person involved in the venture is in the seed business. He mentioned the periodic problems encountered by Kentucky farmers in acquiring hemp seeds. Representative McKee mentioned the need to be able to not depend on foreign sources for hemp seeds. Senator Hornback said he will be growing 60 acres of hemp, and that considerable breeding needs to be undertaken to develop seeds that fit Kentucky's climate and other conditions.

Responding to Senator Gibson, Mr. Thomas noted that hemp is a new crop with some potential. Were it not, the board likely would not have approved the project, according to his testimony. He indicated support obtained from the counties indicated there is interest in the future of the plant. He said Atalo project could be compared to other board-approved projects involving less well-known plants – golden rod, chia, and sumac. Continuing, Mr. Thomas said the hemp legislation, Senate Bill 50, passed in the 2013 Regular session, contained language authorizing the board to commit funds to hemp-related projects.

Both Mr. Thomas and Mr. Neaveill addressed other questions by Senator Gibson relating to the concerns that law enforcement personnel expressed about the potential of hemp fields being used to shield marijuana plants. Mr. Thomas indicated the Farm Bill allowed the hemp research projects extending

to raising the plants for potential marketing. Mr. Neaveill commented that the Department of Agriculture requires GPS coordinates of hemp fields.

As the discussion continued, Representative Shell described the business interest and private investment that has resulted from hemp production in Kentucky. And addressing the law enforcement aspect, he said law enforcement personnel have visited farms to check out hemp fields.

GOAP staff responded to Senator Parrett that, with the amount of funds pledged by counties, the loan amount that Atalo could pursue through the board and Agricultural Finance Corporation, would be about \$15,000. Senator Webb mentioned that the topic of hemp has been discussed in Kentucky for years. She indicated she was pleased that it finally is being grown in the state.

The final projected funded by the board was that of the Pulaski County Conservation District, approved for \$62,500 in county funds to buy some buildings for shared-use equipment storage.

Kentucky Proud

Ms. Kristen Branscum, Executive Director in the Department of Agriculture's Office of Marketing, updated the committee on the Kentucky Proud program, which received Agricultural Development Board approval for funding last December totaling almost \$3.5 million spanning two years.

In her report, Ms. Branscum detailed the five main components of Kentucky Proud: the promotional (POP) grants, the Restaurant Rewards program, trade shows, retail support, and branding and advertising. Newer products and endeavors available include a 100 percent Kentucky grown popcorn, the new "Udderly Kentucky" brand milk, the "Kentucky Proud Kitchen" TV cooking show. Newer facets of the program include the Homegrown By Heroes farm program for veterans, the Farm to Campus program, Kentucky Proud Hemp, and Appalachia Proud, which is geared toward bolstering the economy of Eastern Kentucky counties.

A number of committee members were complimentary of the department and the Kentucky Proud program.

Responding to Representative Shell, Ms. Branscum indicated a "general buzz" has occurred in the wake of American Pharoah's Triple Crown victories. She indicated one facet of the Kentucky Proud program is the Kentucky Proud-Kentucky Bred endeavor.

In a response to questions from Representative Denham, Ms. Branscum was joined at the table by Mr. Jonathan Van Balen, who described the international marketing of Kentucky products. Well-known products and commodities shipped from Kentucky to foreign markets are horses, hardwood lumber, livestock, and the No. 1 product, Kentucky bourbon.

Ms. Branscum explained to Representative Denham the process used to pick the Appalachia Proud counties, generally counties east of Interstate 75 and south of Interstate 64.

Responding to Senator Parrett, Ms. Branscum described the cooking educational efforts involving Kentucky Proud and local extension offices, some of which have "Plate Up" shows.

Ms. Branscum addressed Representative

Stone's question about the sustainability of the program beyond the tobacco settlement funding, such as licensure of the brand. At this point in time, she said, no one pays for use of the brand.

Responding further to Co-Chair Stone, Mr. Branscum discussed the issue of assuring that Kentucky Proud products contain predominantly Kentucky-produced ingredients. She noted Kentucky Proud producers are allowed some flexibility in their ingredients.

In answer to Representative McKee, Ms. Branscum explained how the department works with the Parks Department and other agencies in helping them acquire locally grown foods for their restaurants and cafeterias. She said the lack of funding sometimes makes it difficult for the state parks to buy locally grown foods.

Senator Webb indicated legislators need to know if there are any barriers to getting locally grown foods into state parks. According to Mr. Thomas, the First Lady is an advocate of locally grown foods, as evidenced by the Governor's Garden initiatives. He also said the Justice Cabinet may be buying locally grown foods in the future.

Documents distributed during the meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

SB 192 IMPLEMENTATION OVERSIGHT COMMITTEE

Minutes of the 2nd Meeting of the 2015 Interim

July 13, 2015

Call to Order and Roll Call

The 2nd meeting of the SB 192 Implementation Oversight Committee was held on Monday, July 13, 2015, at 1:00 PM, at the Grateful Life Center in Erlanger, Kentucky. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Denver Butler, Co-Chair; Senators Morgan McGarvey and Whitney Westerfield; Representatives David Floyd, and Joni L. Jenkins.

Guests: Wayne Crabtree, Louisville Metro Public Health and Wellness; Jay Kylander, Messer; L. Rushman, PAR; Major Scott Miller, KSP; Trish Freeman, Kentucky Pharmacists Association; Catherine Troy, and Maggie Schroder, Department for Behavioral Health; Joel Brown, JPSC; Corey Buckman, SAS; John Lamius, VOA; Bryan Wright, Boyle Health Department; Noel Stegner, Northern Kentucky Hates Heroin; Jim Thaxton, HIRT; Anthony Taulbee, KSP Post 6; Steve Florian, Department for Public Advocacy, Boone County; Sharon Walsh and Robert Walker, UK CDAR; Anita Prater, Brighton Center, Lynne Saddler, Northern Kentucky Health Department; Ed Monahan, Department for Public Advocacy; Kimberly Wright, Kentucky Parents Against Heroin; J. Merrick, KCDC; Michael Burleson, and Steve Hart, Kentucky Board of Pharmacy; Jan Gould, Kentucky Retail Federation;

Allen Brenzel, Cabinet for Health and Family Services; Marie Alagia Cull, Cull & Hayden; Karen Davis, Jefferson County Attorney Office; Buck Travis, Assistant Commonwealth's Attorney Office; Daniel Shubert, Department for Public Advocacy; Ashel Kruezkamp, St. Elizabeth Healthcare; Steve Durham and Mark Bolton, LMDS; Steve Shannon, KARP; Karen Hargett, Transitions, Inc.; Rob Sanders, Commonwealth's Attorney Office; John Huff, AAGLC; Larry Griffin, Passport Health Care; Ann Barnum, Interact for the Health; Bruce Ripley, Transitions, Inc.; Anthony Nirtz, MHMR; Larry Wells, Citizen; and Terry Fonlman, Citizen.

LRC Staff: Jon Grate, Sarah Kidder, Alice Lyon, Jonathan Scott, and Cindy Smith.

The minutes of the June 26, 2015 meeting were approved without objection.

Heroin/Opioid Impact on Northern Kentucky

Ashel Kruezkamp from St. Elizabeth Healthcare, Kris Knochelmann, Kenton County Judge/Executive, Gary Moore, Boone County Judge/Executive, and Steve Pendery, Campbell County Judge Executive spoke about the impact on the community. Kim Moser, Director of the Northern Kentucky Office of Drug Control Policy, Kirk Kavanaugh, Deputy Director of the Northern Kentucky Office of Drug Control Policy, and Jason Merrick, Director of Inmate Addiction Services, spoke about plans for the future.

Ms. Kruezkamp said heroin overdoses have had an alarming increase since 2011 in the five St. Elizabeth emergency departments. Last year there were 745 overdoses, and over 1,000 are expected in 2015. A record number of 136 overdoses were reported in May, with a slight decrease in June. In 2014, there were 129 babies born with symptoms of withdrawal/neonatal abstinence syndrome (NAS) and over 250 babies born to mothers with a history of opiate use. In 2015, it is projected that 148 babies will be born with NAS.

Kim Moser discussed actual heroin deaths. She said that the top five counties for the highest number of heroin fatalities in 2013-2014 were Jefferson, Fayette, Kenton, Boone and Campbell. When adjusted for population, Northern Kentucky jumps ahead of Jefferson County in both 2013 and 2014. The decrease in fatalities in 2014 is due to the availability and the use of the overdose reversing drug, Naloxone. The number of victims saved by this drug is increasing according to emergency responders. The Northern Kentucky Methadone Clinic reports 1,200 clients are registered and receive methadone daily. This number has consistently trended upward and does not account for the 987 Kentuckians traveling to and utilizing the methadone clinic in Lawrenceburg, Indiana.

Judge Knochelmann added that to defeat this epidemic some hard facts need to be acknowledged. First, heroin is in every neighborhood. Second, the impact of heroin reaches across all socio-economic levels. Also, 80 percent of heroin addicts start with an addiction to pills, often the result of treatment for pain resulting from sports injuries, dental problems, or other medical treatments. The Kenton County Fiscal Court is committed to helping with the effort, and is funding the Commonwealth's Attorney for Kenton County's Heroin Expedited Addiction

Recovery Treatment (HEART) Program, which is a pretrial treatment diversion program.

Ms. Moser said the mission of the Northern Kentucky Office of Drug Control Policy is to provide advisory services to Boone, Campbell, and Kenton County Fiscal Courts on the best evidence-based treatment and prevention strategies for reducing substance use disorders in the community. The agency will assess the current treatment system and identify gaps and barriers to effective treatment, prevention, and community education, and will look for ways to improve the current system of wrap-around services, which will allow for complete recovery and re-engagement with families and the community. The three priorities for the first year are: prevention and education; treatment, including a jail substance abuse program and a Vivitrol Pilot; and the neonatal abstinence support network.

Mr. Kavanaugh said in order to understand best practices in the region, he and Ms. Moser have met with federal prosecutors, federal and state judges, Senator McConnell, and others. They have visited jails and the First Step Home in Cincinnati. Through meetings and conversations, and research by interns, they expect to have the best practices for Northern Kentucky.

Terry Karl emphasized that Campbell and Boone counties are having the same problems as Kenton County, but his statistics refer to Kenton County. Last month, there were 513 people who were detoxed in his jail and they are going to meet or increase that number in July. The county is dealing with pregnant females needing treatment on a daily basis. Kenton County is going to start a comprehensive drug treatment programs involving Vivitrol.

Jason Merrick said the problems are obvious with the crippling epidemic of heroin. The key is adaptability. Systems need to be created that can be adapted to heroin, or the next drug that comes along. He is developing a comprehensive jail treatment program for Kenton County, and he hopes for many other counties to follow.

In response to a question by Senator Westerfield, Mr. Merrick said the capacity of the program is at a minimum 70 beds separate from the general population.

In response to a question by Senator Westerfield, Mr. Merrick said the program is looking at a tiered system. Initially, there would be a six month state Substance Abuse Program, and then another level of care for inmates in the jail for 10 – 180 days.

Representative Jenkins noted that the Cabinet for Health and Family Services will be changing from termination to suspension of Medicaid for inmates, effective August 4.

Naloxone Protocols for Pharmacies

Speaking on Naloxone protocols for pharmacies were Mike Burleson & Steve Hart, Kentucky Board of Pharmacy, Trish Freeman, R.Ph., Ph.D, President-elect, Kentucky Pharmacists Association, and Bob McFalls, Executive Director, Kentucky Pharmacists Association.

Mr. Burleson said the Kentucky Board of Pharmacy, in conjunction with the Kentucky Board of Medical Licensure has promulgated regulations relating to the certification, educational, operational,

and protocol requirements to implement the provisions of SB 192. On May 13 the board had a meeting and the emergency regulations were submitted and passed, and were subsequently filed with the Regulation Compiler's office to become law. Under SB 192, the regulations create a physician approved protocol and provide a mandatory educational requirement. The board passed a continuing education program for the certification process, and hopes that online training for the pharmacists will be available soon.

Mr. McFalls stated that the Kentucky Pharmacists Association applauds the legislative action to address the heroin epidemic in Kentucky. One of the provisions of SB 192 grants specially-certified pharmacists the authority to initiate the dispensing of Naloxone, an opioid antagonist, subject to a physician-approved protocol. The Board of Pharmacy is directed to establish the certification process and set the guidelines for the protocol by regulation. The Association embraces and supports the role of the Board of Pharmacy in providing pharmacists with certification in Naloxone dispensing and educational information with the overarching goal of providing increased patient access to this life-saving medication for opioid overdose. Since November 5, 2014, a total of 25 states and the District of Columbia have passed Naloxone access laws, according to The Network for Public Health Law. Only New Mexico, Washington, New York, Rhode Island, and Vermont made the opioid overdose agent available from pharmacists without a prescription. Kentucky is now a leader in this.

Trish Freeman said the Advancing Pharmacy Practice in Kentucky coalition is taking a leadership role in preparing pharmacists to implement SB 192. The coalition developed a training program designed to meet Board of Pharmacy emergency regulations and the first training was held June 28, 2015 at the Kentucky Pharmacists Association annual meeting. There are other upcoming training events throughout the year. The coalition also commissioned a 36-item survey, developed by research team at UK in collaboration with Traci Green, PhD, distributed to all actively licensed pharmacists in the state. There were 5154 emails sent; 4834 were successfully delivered, 1181 responses had been received to date, with 109 excluded because they were not practicing pharmacy in Kentucky. The response rate to date is 24.4 percent. The survey asked questions relative to training in overdose prevention, certification for dispensing of Naloxone, willingness to distribute Naloxone, and barriers in implementing a Naloxone access program.

In response to a question by Senator McDaniel, Ms. Freeman said several pharmacists have applied for certification and are in the process of setting up protocols with physicians and ordering products.

In response to a question by Senator McDaniel, Mr. McFalls said the first pharmacists have already been certified.

In response to a question by Senator McDaniel, Ms. Freeman said the area furthest along in the process is Danville, Kentucky. There has been discussion that someone in Northern Kentucky may be up and running within the next month.

In response to a question by Representative

Butler, Mr. McFalls said one large chain is looking at getting their own program approved, but still need to meet some necessary requirements of the regulation.

In response to a question by Representative Floyd, Ms. Freeman said the survey is still open for one more day. Looking at preliminary results, the responses seem to be more concentrated in urban areas and in Northern Kentucky, but there are responses from all across the state.

Evidence-Based Practices

Speaking on evidence-based practices were Dr. Allen Brenzel, Clinical Director, KY Department for Behavioral Health, Developmental and Intellectual Disabilities, Van Ingram, Executive Director, KY Office of Drug Control Policy, Michele Flowers McCarthy, LPCC, Corporate Director of Substance Abuse Services, Bluegrass.org, and Dr. Sharon Walsh, UK Center on Drug and Alcohol Research.

Mr. Ingram said he is excited to hear about the progress and then introduced Dr. Brenzel.

Dr. Brenzel stated that substantially more individuals with opiate addiction are eligible for healthcare benefits. Major steps taken include adding a substance abuse treatment benefit to Medicaid, the passage of legislation to create an enhanced category of Licensed Chemical and Alcohol Drug Counselors, and opening the network within the Medicaid program for behavioral health and substance use disorder treatment. He said a major component of the bill expands access to evidence-based treatments by providing resources to jails and correctional facilities, community mental health centers, and programs that treat pregnant woman at risk to deliver opiate dependent babies. He said there is a general consensus that opiate addiction is different and has unique characteristics that require unique strategies. The key is that successful treatment will require the availability of a broad array of tools, programs, and practices. Treatment professionals need the ability to tailor treatment to the individuals they serve.

The most comprehensive resource for the definition of evidence-based practice is the federal Substance Abuse and Mental Health Services Administration (SAMHSA), which defines it as a set of treatment activities that evaluation research has shown to be effective. He encouraged the members to search SAMHSA's National Registry of Evidence-based Programs and Practices (NREPP) website to view the clearinghouse of over 350 programs and practices. The bottom line for inclusion in registry listings is: the program has been assessed for outcomes, there is evidence that these outcomes are positive from at least one study using an experimental design, and that the results of the study have been published in the last 25 years. He noted that it is important to realize that an evidence-based continuum is more important than a single practice.

Ms. McCarthy said it is important to understand that with any psychiatric or health disorder, there is not one perfect treatment approach. There is no way to determine one specific evidence-based practice that will work for every person. There needs to be the ability to access as many approaches that are needed because different individuals need different treatment. Recovery will not happen overnight. It needs to be thought of as a continuum of care that individuals

will flow through, and relapse is not a sign of failure. It is not just about removing the drug from the life of the addict, it is about addressing family needs, coping skills, daily living skills, how important employment is, and addressing a felony background.

Dr. Walsh said she has been involved in 25 years of opiate research and helped develop an educational program for physicians who were interested in providing treatment. There are currently over 560 physicians in Kentucky specially-waivered to provide Buprenorphine treatment to opiate addicted individuals. She said she was happy to hear about the jail pilot project with Vivitrol and she thinks that people are concerned about diversion of treatment drugs in the jails. Buprenorphine and Vivitrol help to stabilize people's lives. One of the main reasons people use diverted Buprenorphine is because they cannot get access to treatment. She believes all available evidence-based practices need to be expanded, including Buprenorphine and Vivitrol.

Ms. McCarthy encouraged the members to visit a medication-assisted treatment program to see what they are about, and to talk to clients and to staff before making a decision about how they feel about that type of treatment program.

In response to a question by Senator McDaniel, Mr. Ingram said that the SAMHSA website is the best resource to learn about evidence-based programs. The Cabinet is also very good about offering technical assistance.

In response to a question by Senator McDaniel, Dr. Brenzel said there is not much collected data on the issue of prenatal exposure to opiates. It is difficult to study or to do controlled trials because most of the infants exposed would also have exposure to alcohol or other drugs.

In response to a question by Representative Jenkins, Mr. Ingram said there is still a lot of educating to do concerning Casey's Law. It is very misunderstood and underutilized. It is a great tool and it is a law that the National Association of Model State Drug Laws has as a law they want to create a national model for.

In response to a question by Senator Westerfield, Dr. Brenzel said there are not specific neuro-biologic studies of opioids and infant fetal brain development. There are studies that look at outcomes, but they are confounded by a variety of other factors.

Rob Miller, citizen, spoke about his years of alcohol addiction and said he was a 20-year recovering alcoholic. He wanted the members to know that life is about the joy of wanting to live, versus the horror of living the way he used to live.

The meeting was adjourned at 2:33 p.m.

CAPITAL PLANNING ADVISORY BOARD

Minutes

July 14, 2015

Call to Order and Roll Call

The second meeting of the Capital Planning Advisory Board was held on Tuesday, July 14, 2015, at 9:00 AM, in Room 171 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Terry Mills, Co-Chair; Senator Whitney Westerfield, Representative Tom Riner, Jane Driskell, Carole Henderson, John Hicks, Sherron Jackson, James Link, and Mark Overstreet.

Guests: James Fowler, Chief Information Officer, Commonwealth Office of Technology; Tim Pollard, Executive Director of Finance, and Elaine Walker, Department of Parks Commissioner, Tourism, Arts and Heritage Cabinet; Dr. Len Peters, Cabinet Secretary, and Bruce Scott, Department of Environmental Protection Commissioner, Energy and Environment Cabinet; Beth Jurek, Executive Director, Office of Policy and Budget, Steve Veno, Commissioner, Department for Income Support, Christopher Clark, Executive Director, Office of Administrative and Technology Services, and Jennifer Harp, Deputy Executive Director, Office of Administrative and Technology Services, Cabinet for Health and Family Services; Troy Robinson, Executive Director, Office of Administrative Services, and Andy Casebier, Director, Division of Engineering and Contract Administration, Finance and Administration Cabinet; and J. Michael Brown, Cabinet Secretary, Justice and Public Safety Cabinet.

LRC Staff: Shawn Bowen, Katherine Halloran, and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the June 12, 2015 meeting was made by Mr. Hicks, seconded by Senator Westerfield, and approved by voice vote.

Information Items

Two information items were included in members' binders as follow-up from the board's June 12 meeting. The Department of Education submitted information regarding the Kentucky Facilities Inventory and Classification System project, and the Education and Workforce Development Cabinet submitted information regarding the placement of Kentucky Educational Television's microwave towers. No action was required.

Presentation – Commonwealth Office of Technology

As part of the capital planning process, the Commonwealth Office of Technology (COT) is responsible for the review and evaluation of information technology (IT) projects submitted in the agency capital plans. The evaluations were conducted over a one-week period by an eight-member review panel. Mr. James Fowler, Chief Information Officer, COT, discussed the results of the review and presented the project recommendations.

Forty-two qualifying IT projects were submitted for the 2016-2018 biennium. The review panel scored 20 of these projects (from all funding sources) as high in value, meaning they had the best return on investment for the Commonwealth. The projects total slightly over \$140,000,000, and include \$36,000,000 in federal funding. The panel recommended 12 General Fund projects totaling \$62,000,000, and three additional projects totaling \$32,030,000. The three additional projects did not mathematically make the cut as high in value, but were deemed important.

Four of the project recommendations, totaling \$18.2 million, related to document management

and the digitization of paper records. Mr. Fowler recommended that these projects be funded collectively, and that COT develop an enterprise-wide document management solution that would satisfy the needs of these projects and similar initiatives by other agencies. He further recommended that COT partner with the Kentucky Department of Libraries and Archives to develop an enterprise-wide high speed scanning and digitization system. The basic components of such a system are already available through the Kentucky Department of Libraries and Archives.

Mr. Fowler said the statutory definition of an IT system in KRS 45.750, while not prohibitive, is not clear that IT systems may include services or service subscriptions from third parties. He recommended that the statute be amended to specifically include these new forms of IT delivery.

Senator Humphries said he appreciated COT's objective approach to scoring and reviewing IT projects for the board. In regard to amending KRS 45.750, Senator Humphries said he and the board's staff will work with COT to accomplish this during the next legislative session. He then suggested that COT'S recommendation to amend KRS 45.750 be included as a policy recommendation in the capital plan.

Representative Mills said it is important to upgrade and fully integrate the state's IT infrastructure to better serve the public. He said he supported the language change to KRS 45.750, as well as the COT enterprise-wide document management solution project. He recommended the enterprise-wide document management solution project be supported and endorsed in the capital plan.

In response to a question from Mr. Hicks regarding the status of the Kentucky Business One Stop (KyBOS) project, Mr. Fowler said substantial progress has been made on this project. KyBOS is an example of multiple cabinets and agencies working together and sharing data. Systems are linked together via Cloud and Internet-based computing. These options would not be available had COT not completed, or almost completed, the centralization of IT infrastructure resources for executive branch agencies (Executive Order 2012-880, October 2012). The consolidation will be complete no later than October of this year.

Mr. Hicks noted that the Enterprise Business Intelligence reporting tool, which allows for the integration of data from multiple platforms, has enabled the Commonwealth to implement enterprise-wide business solutions. Mr. Fowler said the state has an enterprise level license for this software which allows executive branch agencies to share and manage data.

In response to a question from Senator Humphries, Mr. Fowler said if COT were to become a broker of information services, COT would partner with businesses to buy infrastructure as a service, or to purchase fundamental components of IT infrastructure as needed. Brokering these different services allows the state to get the maximum value from the industry at the best cost and purchase exactly what is needed. Additionally, it stimulates competition among the vendors to provide that

service. Mr. Fowler added that brokering IT services is the future of industry.

Consideration of Agency Plans

The Capital Planning Advisory Board received testimony regarding five state agency capital plans: Tourism, Arts, and Heritage Cabinet; Energy and Environment Cabinet; Cabinet for Health and Family Services; Finance and Administration Cabinet; and Justice and Public Safety Cabinet. The testimony included discussion of capital construction, information technology, grant/loan programs, and equipment needs for the period 2016-2022.

Tourism, Arts, and Heritage Cabinet

Tim Pollard, Executive Director of Finance, and Elaine Walker, Department of Parks Commissioner, presented the cabinet's capital plan. The following agencies within the cabinet submitted capital plans: Department of Fish and Wildlife Resources, Department of Parks, Kentucky Center for the Arts, Kentucky Heritage Council/State Historic Preservation Office, Kentucky Historical Society, Kentucky Horse Park, Northern Kentucky Convention Center, Secretary's Office, and the State Fair Board.

Mr. Hicks asked how the Department of Parks prioritizes maintenance projects given the limited availability of funds. Ms. Walker said the department has reached a critical stage in regard to funding its maintenance needs. Projects are prioritized in the order of health and safety and return on investment.

In response to a question from Senator Humphries, Mr. Pollard said the total dollar value of maintenance projects in the Department of Parks' capital plan is \$190,000,000. Ms. Walker added that an additional \$51,000,000 is included in the department's plan for expansion or improvement projects.

In response to a question from Senator Westerfield, Ms. Walker said the department's capital plan includes an IT project that would address the lack of cell phone coverage at Lake Barkley, as well as other state parks and resorts (Cable Infrastructure Planning and Implementation project, \$6,000,000). The department has been working with AT&T to provide coverage, and estimated timeframe for construction of a cell tower in the Lake Barkley area is three years. The department is also considering other options such as building a cell tower.

Energy and Environment Cabinet

Dr. Len Peters, Cabinet Secretary and Bruce Scott, Department of Environmental Protection Commissioner, presented the cabinet's capital plan. The following agencies within the cabinet submitted plans: Department for Environmental Protection, Department for Natural Resources, Secretary's Office, and the Public Service Commission.

In response to a question from Representative Riner regarding the increased threat of pharmaceuticals in water supply, Mr. Peters said pharmaceuticals are sometimes flushed down the commode and enter the water system. Many of these drugs are steroids or steroid-type compounds, and tend to be replete with endocrine disruptors, causing a variety of problems and issues. There is now an increased emphasis, not just in Kentucky, but nationwide, to ensure that the water supply is safe.

In response to a question from Senator

Humphries regarding the level of interaction between the Corps of Engineers and the cabinet as it relates to state-owned dams, Mr. Scott said cabinet staff meet with the Corps of Engineers periodically regarding matters of interstate commerce. Mr. Peters added that the cabinet works well with the three Corps of Engineers offices, which are located in Louisville, Nashville, and Huntington.

In response to another question from Senator Humphries, Mr. Scott said Bullock Pen Lake Dam is owned by the Kentucky Department of Fish and Wildlife Services and is the focus of an existing project to repair and upgrade this "high hazard" dam. There are eight homes below the dam and it is in threat of eminent failure. This dam requires structural repairs, including grouting of the foundation and dam, and upgrading and reconstruction of the spillway. Additional funding in the amount of \$4,000,000 is necessary to complete the repairs and upgrades.

In response to a request from Representative Mills, Mr. Scott said he would be glad to provide a list of the state-owned dams and their location.

Cabinet for Health and Family Services

Beth Jurek, Executive Director, Office of Policy and Budget, Steve Veno, Commissioner, Department for Income Support, Christopher Clark, Executive Director, Office of Administrative and Technology Services, and Jennifer Harp, Deputy Executive Director, Office of Administrative and Technology Services, presented the cabinet's capital plan. Three agencies within the cabinet submitted capital plans: Department for Behavioral Health, Developmental, and Intellectual Disabilities; Department for Public Health; and Office of the Secretary.

In response to a question from Mr. Hicks, Ms. Harp updated members on the status of the Kentucky Child Support Enforcement System (KASES) project. Several modules within the project have been completed, including the customer support web portal, the information exchange and search portal, business tools intelligence for reporting, online policy and procedure manuals, and the electronic case file. Additionally, the document management solution component has been completed. Mr. Veno added that funding was not available in 2012 to replace the entire system, therefore, federal funding was used to replace several components of the system. The mainframe core will be replaced next.

In response to a question from Representative Riner regarding the Construct Vital Statistics Service Center and Vault project, Mr. Clark said that the storage facility would be hardened (protected) against environmental conditions that may cause the deterioration of older, fragile documents. The facility would not be hardened against electromagnetic pulse attack or hackers.

Finance and Administration Cabinet

Troy Robinson, Executive Director, Office of Administrative Services and Andy Casebier, Director, Division of Engineering and Contract Administration, discussed the cabinet's capital needs. Agencies within the cabinet submitting capital plans included the Commonwealth Office of Technology, Department for Facilities and Support Services, Department of Revenue, and the Secretary's Office.

In response to a question from Representative

Riner regarding the Commonwealth Energy Management and Control System (CEMCS) project, Mr. Robinson said the project will result in a 15 percent energy reduction with annual savings of about \$900,000.

In response to a question from Mr. Hicks regarding the Renewal of the Capital Plaza Complex project, Mr. Casebier said \$14 million of the \$82 million project cost is for demolition of the Tower, and removal of asbestos and other hazardous materials that must be removed before demolition can begin. The remaining \$68 million project cost is for new construction, parking, and other infrastructure costs.

Justice and Public Safety Cabinet

J. Michael Brown, Cabinet Secretary, discussed the cabinet's capital needs. The following agencies within the cabinet submitted plans: Department of Corrections, Department of Criminal Justice Training, Department of Juvenile Justice, Department of Public Advocacy, Kentucky State Police, and the Secretary's Office.

In response to a question from Senator Humphries regarding the Renovate Medical Examiner Office/Jefferson Lab project, Mr. Brown said renovations to the first floor, which will house the Medical Examiner's Office, should be completed by March 2017.

Adjournment

There being no further business, the meeting adjourned at 11:40 a.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the July Meeting

July 14, 2015

Call to Order and Roll Call

The July meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, July 14, 2015, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Mary Lou Marzian, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Mary Lou Marzian, Co-Chair; Senators Julie Raque Adams, Perry B. Clark, and Alice Forgy Kerr; Representatives Denver Butler, Will Coursey, and Tommy Turner.

Guests: Maryellen Allen, Matt Steph, Board of Elections; Ryan Barrow, Steve Jones, Doug Hendrix, Finance Cabinet; Michael Burleson, Board of Pharmacy; Charles Lykins, Board of Cosmetology; Pamela Hagan, Board of Nursing; Matt James, Board of Licensed Diabetic Educators; Steve Beam, Ron Brooks, Steven Dobey, David Wicker, Department of Fish and Wildlife Resources; Leah MacSwords, Division of Forestry; Kerry Holleran, Barney Kinman, Justice and Public Safety Cabinet; Gerald Ross, Law Enforcement Council; Kevin Brown, Amanda Ellis, Greta Hylton, Department of Education; Steve Humphress, Melissa McQueen, Department of Alcoholic Beverage Control; Kim Collings, Steve Hollmann, Department of Natural Resources; James

Chandler, Brian Judy, Board of Home Inspectors; Jack Coleman, Michael Davis, Tina Quire; Department of Housing, Buildings and Construction; Bill Nold, Chandra Venetozzi, Office of Health Benefit and Health Information Exchange; Laura Begin, Kathy Fowler, Department for Public Health; Stephanie Brammer Barnes, Maryellen Myneer, Office of Inspector General; Stuart Owen, Neville Wise, Department for Medicaid Services, Bobbie Holsclaw, Board of Elections; Kathryn Callahan, The Humane Society of the United States; Chet Hayes, Ed Morris, League of Kentucky Sportsman, Doug Morgan, Kentucky Houndsmen Association; Ronnie Wells, Kentucky Grouse Hunters Association; Patty Swiney, MD, Kentucky Academy of Family Physicians; Shirley Michelle Vittatow, The Little Clinic; Dr. Brent Wright, Kentucky Medical Association; Gay Dwyer, Kentucky Retail Federation; Scott Lockard, Kentucky Health Department Association; Matt Rhodes, Louisville Metro Public Health and Wellness.

LRC Staff: Donna Little, Sarah Amburgey, Carrie Klaber, Karen Howard, Emily Harkenrider, Emily Caudill, Ange Bertholf, and Betsy Cupp.

The Administrative Regulation Review Subcommittee met on Tuesday, July 14, 2015, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

BOARD OF ELECTIONS: Statewide Voter Registration

31 KAR 3:040. Electronic Voter Registration System. Maryellen Allen, executive director, and Matt Selph, assistant director, represented the board. Bobbie Holsclaw, Jefferson County Clerk, appeared in support of this administrative regulation.

In response to questions by Co-Chair Marzian, Mr. Selph stated that the Electronic Voter Registration (EVR) System was a better system than the current card-style protocol because the data was more accurate, and the procedure was more efficient. The card system was inefficient and labor intensive because staff was required to interpret sometimes difficult-to-read handwriting. The board expected to save approximately \$100,000 yearly compared with the current system. This administrative regulation was approved unanimously by the bipartisan board. Twenty-seven (27) other states and the military already used similar systems. The EVR System process included the prospective voter entering personal data into the on-line program, data being verified against existing records, and data cross-referenced for use with the on-file signature from the Transportation Cabinet, Department of Driver Licensing. Ms. Holsclaw stated that Jefferson County supported the EVR System established by this administrative regulation.

Co-Chair Marzian stated that the EVR System seemed fiscally responsible.

In response to questions by Co-Chair Harris, Mr. Selph stated that Kentucky was unable to use the exact same system used by the military, but the system was developed after reverse engineering the military system in order to provide as much security as possible. The system initially required information such as the proposed voter's full name, county of residence, and Social Security Number. Any data

that contradicted data already on file automatically invalidated the application. The application included a perjury statement to discourage fraud. Additionally, the system was able to determine how many applications were made from a single IP address. It was not yet determined how many applications from a single IP address would trigger an investigation for fraud, probably over ten (10). Sixty-six (66) percent of those using the system were changing party affiliation or an address. A virtual signature was not substantively different from an actual signature pursuant to the card system. The board was not attempting to bypass the legislative process. Legislation and this administrative regulation were filed simultaneously in order to prepare for registration for the 2016 presidential election.

Co-Chair Harris stated that he was concerned about the possibility of fraud and the security of the EVR System. The County Clerk's Association was opposed to the EVR System. The board seemed to be attempting to bypass a legislative determination. Twenty-one (21) of the twenty-seven (27) states that used similar systems made the changes via determination of their legislatures. Co-Chair Harris made a motion, seconded by Senator Kerr, to find this administrative regulation deficient. A roll call vote was taken. There being four (4) votes to find this administrative regulation deficient and three (3) votes not to find it deficient, the motion failed.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add citations; (2) to amend Section 3 to comply with the drafting requirements of KRS Chapter 13A; and (3) to add a new Section 5 to incorporate by reference the Voter Registration Form. Without objection, and with the agreement of the agency, the amendments were approved.

Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 1, 2, and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

31 KAR 4:180 & E. Activities prohibited within 100 feet of the entrance to a building in which a voting machine is located.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 2: (a) for clarity; and (b) to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION

CABINET: Office of the Secretary: State Investment Commission

200 KAR 14:011. Qualified Investments. Ryan Barrow, executive director; Stephen Jones, deputy executive director and portfolio manager; and Doug Hendrix, deputy general counsel, represented the commission.

200 KAR 14:081. Repurchase agreement.

GENERAL GOVERNMENT CABINET: Board of Pharmacy: Board

201 KAR 2:015. Continuing education. Michael Burleson, executive director, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to update citations; and (2) to amend Sections 1 through 5, 8, and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 2:360 & E. Naloxone dispensing.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 6 and the material incorporated by reference to align the application requirements with the application form; (2) to amend Section 3 to clarify that the protocol shall have physician notification procedures only if desired by the physician in accordance with KRS 217.186(5)(b)3; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Hairdressers and Cosmetologists: Board

201 KAR 12:083. Educational requirements. Charles Lykins, administrator, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to add a citation; and (2) to amend Section 3 to require a written request to obtain special board permission. Without objection, and with agreement of the agency, the amendments were approved.

Board of Nursing: Board

201 KAR 20:063. Restrictions on use of amphetamine-like anorectic controlled substances. Pamela Hagan, APRN practice and education consultant, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 2 and 3 to comply with KRS 314.011(8) and to delete "dispense"; (4) to amend Sections 2 and 5 to cross-reference 201 KAR 20:057 that includes the Collaborative Agreement for the Advanced Practice Registered Nurse's Prescriptive Authority for Controlled Substances (CAPA-CS); (5) to amend Section 4 for clarity by providing examples of what the board considers as a "legitimate medical purpose" for applying for a written waiver; and (6) to

amend Sections 2 and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Licensed Diabetes Educators: Board 201 KAR 45:120. Renewal, reinstatement, and inactive status. Matt James, assistant attorney general, represented the board.

201 KAR 45:170. Application procedures.

In response to a question by Co-Chair Harris, Mr. James stated that this administrative regulation was being amended to close a loophole regarding an apprentice diabetes educator working under supervision.

A motion was made and seconded to approve the following amendments: to amend Section 1 to remedy an apparent conflict with KRS 309.335. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish

301 KAR 1:122. Importation, possession, and prohibited aquatic species. Steve Beam, wildlife division director; Ron Brooks, fisheries director; Steven Dobey, wildlife program coordinator; and David Wicker, general counsel, represented the department.

In response to a question by Co-Chair Harris, Mr. Brooks stated that the department was trying to avoid encroachment of round goby because the invasive species was becoming a problem in nearby states. A Kentucky sportsman had requested to use round goby as bait. Round goby supplants native species and may accidentally be released into the ecosystem if used as bait.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 3 to make technical corrections; and (2) to amend Section 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Game

301 KAR 2:049. Small game and furbearer hunting and trapping on public lands and other federally owned areas. Steve Beam, wildlife division director; Steven Dobey, wildlife program coordinator; and David Wicker, general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 4 through 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

301 KAR 2:300. Black bear seasons and requirements. Steve Beam, wildlife division director; Steven Dobey, wildlife program coordinator; and David Wicker, general counsel, represented the department. Chet Hayes, president, Fifth District Federation of the League of Kentucky Sportsmen; Doug Morgan, president, Kentucky Houndsmen Association; and Ed Morris, president, League of

Kentucky Sportsmen, appeared in support of this administrative regulation. Senator Robin Webb and Representative John Short appeared in support of this administrative regulation. Kathryn Callahan, state director, The Humane Society of the United States, appeared in opposition to this administrative regulation.

In response to questions by Representative Turner, Mr. Dobey stated that the 2013 statistics demonstrated a black bear population of approximately 500 to 700 bears. The population was growing at approximately eighteen (18) percent per year; therefore, the current population was probably higher than the 2013 estimates. Black bear nuisance reports had increased significantly in the last few years, as had the black bear population and the geographic spread. Bear locations ranged through Kentucky and Tennessee. Tennessee has also determined it was appropriate to establish a regulated black bear hunt.

In response to questions by Co-Chair Marzian, Mr. Dobey stated that the maximum number of permits was thirty-five (35). Mr. Beam stated that if the quota was met, the hunt would be adjourned, even if the season was not yet ended. The quota for females was more restrictive than the quota for males. Seventy-two (72) percent of harvested bears were male.

Ms. Callahan stated that The Humane Society of the United States opposed this administrative regulation and requested that the subcommittee find this administrative regulation deficient. Kentucky biologists have stated that the black bear populations need protection, including monitoring, limiting hunting, stopping poaching, and preserving female populations. Black bears had only recently returned to Kentucky, and the hunting program puts them at risk again. Kentucky was home to two (2) fragile black bear populations, the Big South Fork subpopulation and Eastern Kentucky bears. The Big South Fork subpopulation was especially at risk, and hunting of this subpopulation should be prohibited. Kentucky researchers, Sean Murphy and Steven Dobey, have stated that the subpopulation contains a total of only thirty-eight (38) black bears. Those thirty-eight (38) are closely related and may lack genetic diversity, which puts them further at risk. The stated growth rate was not the same as population recovery and did not support increased hunting. An expanded hunt, especially with hounds, was dangerous to the female bear population and their cubs. This administrative regulation may contribute to the extinction of the black bear in Kentucky again.

Mr. Morgan stated that the Kentucky Houndsmen Association supported this administrative regulation, which provided opportunities for youth hunters with the two (2) day youth season.

Mr. Morris stated that Kentucky Department of Fish and Wildlife Resources was the nationwide standard for reestablishing wildlife because of the department's success in maintaining populations and healthy wildlife. The League of Kentucky Sportsmen consisted of thousands of members, and the league supported this administrative regulation.

Mr. Hayes stated that the Fifth District Federation of the League of Kentucky Sportsmen supported this administrative regulation. The department had been

successful in reestablishing deer, elk, wild turkey, and river otters, among other animals. The department was funded by fees from sportsmen, not from the general fund. The Humane Society was misleading its donors because the Humane Society emphasized helping domestic animal shelters but used little of the donations for that purpose.

Senator Webb stated that the black bear population was stable and that the Kentucky Department of Fish and Wildlife Resources employed world-class biologists to ensure the health of Kentucky's wildlife. The Humane Society was generally opposed to hunting.

Representative Short stated that Knott County had to hire a wildlife warden solely to address the high number of nuisance complaints related to black bears. A bear had even been spotted on a school's playground during school hours. He stated support for this administrative regulation.

Co-Chair Marzian stated that the department may want to consider Minnesota's hunting program, which raised funds for arts and conservation programs.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Forestry: Forestry

402 KAR 3:010. Timber sales. Leah MacSwords, director, represented the department.

In response to a question by Co-Chair Harris, Ms. MacSwords stated that these administrative regulations applied to state forests only. State parks entered into agreements with the department for technical support; however, proceeds from timber sales in state parks went exclusively to the parks.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

402 KAR 3:030. Best management practices for timber harvesting operations.

402 KAR 3:050. Bad actor notice provisions.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 2 for consistency with terminology. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Internal Investigations Branch: Abuse Investigation

500 KAR 13:020. Internal Investigations Branch. Kerry Holleran, assistant general counsel, and Barney Kinman, staff assistant, represented the branch.

A motion was made and seconded to approve the following amendments: (1) to amend Section 4 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 6 to clarify the reporting procedures. Without objection, and with agreement of the agency, the amendments were approved.

Law Enforcement Council: Council

503 KAR 1:110. Department of Criminal Justice Training basic training: graduation requirements; records. Gerald Ross, assistant general counsel, represented the council.

In response to questions by Co-Chair Harris,

Mr. Ross stated that the initial eight (8) training hours were for orientation. The council was transitioning from a written exam to a practical assessment that had criteria thresholds and was treated as a pass – fail scoring system. The practical assessments added rigor to the evaluation process.

In response to a question by Representative Butler, Mr. Ross stated that funding for the training was directed to the local government units, which used insurance to finance the training.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a citation; and (2) to amend Section 4 to: (a) clarify that each training section shall at a minimum include one (1) or more of the listed training topics; (b) clarify that all of the listed training topics shall be covered before graduation; and (c) comply with the formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: Office of Instruction

704 KAR 3:370. Professional growth and effectiveness system. Kevin Brown, associate commissioner and general counsel; Amanda Ellis, associate commissioner; and Gretta Hylton, policy advisor, represented the department.

In response to a question by Co-Chair Harris, Ms. Ellis stated that public preschool teachers were certified in early childhood education. They were given an extra year to comply with this administrative regulation, and they were provided with specialized guidance for their unique educational setting. Private preschools were not subject to this administrative regulation.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 5, 7, 8, 10, and 15 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Kindergartens and Nursery Schools

704 KAR 5:070. Common kindergarten entry screener.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Advertising Distilled Spirits and Wine

804 KAR 1:061. Repeal of 804 KAR 1:060. Steve Humphress, general counsel, and Melissa McQueen, staff attorney, represented the department.

Local Administrators

804 KAR 10:010. County alcoholic beverage control administrator.

In response to a question by Co-Chair Harris, Mr. Humphress stated that an alcoholic beverage control administrator issued licenses at the local level. Usually the county executive or an appointee of the county executive served as the alcoholic beverage control administrator. For example, the county executor may appoint the local sheriff to serve in that capacity.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and

Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

804 KAR 10:020. City alcoholic beverage control administrator.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

804 KAR 10:025. Urban-county alcoholic beverage control administrator.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Oil and Gas: Oil and Gas

805 KAR 1:100. Commission's rules of procedure; spacing of deep well drilling; wildcat wells and pooling of interests. Kim Collings, director, and Steve Hohmann, commissioner, represented the division.

805 KAR 1:130. Administrative regulation relating to casing, cementing, plugging, gas detection and blow-out prevention in oil and gas wells.

805 KAR 1:140. Directional and horizontal wells.

805 KAR 1:170. Content of the operations and reclamation plan.

PUBLIC PROTECTION CABINET: Office of Occupations and Professions: Board of Home Inspectors: Board

815 KAR 6:010. Home inspector licensing requirements and maintenance of records. James Chandler, chair, and Brian Judy, assistant attorney general, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 2, 3, and 9 through 12 to comply with the drafting requirements of KRS Chapter 13A; and (2) to revise the Initial Licensure Application incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

Department of Housing, Buildings and Construction: Electrical Division: Electrical

815 KAR 35:015. Certification of electrical inspectors. Michael Davis, general counsel, and Tina Quire, assistant director, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend Section 5 to correct a cross-reference citation; and (2) to amend Section 6 to clarify the cross-referenced building codes. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Health Policy: Office of the Health Benefit and Health Information Exchange: Health Benefit Exchange

900 KAR 10:020. KHBE small business health options program. Bill Nold, former executive director and advisor, and Chandra Venettozzi, health data administrator, represented the cabinet.

In response to a question by Co-Chair Harris, Mr. Nold stated that the recent decision by the Supreme Court of the United States did not affect Kentucky's health benefit exchange because it was not a federal exchange program.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to: (a) authorize a small employer to offer stand-alone dental plan coverage to only its full-time employees; and (b) clarify the formula for determining the employee participation rate; (2) to amend Section 3 to: (a) delete the requirement that a dependent be at least three (3) years of age; and (b) clarify provisions for enrolling a qualified employee, or the spouse or dependent of a qualified employee, in a stand-alone dental plan; (3) to amend Section 9 to authorize a small employer to change its election to offer dependent or spousal coverage or the waiting period for newly qualified employees; (4) to amend Sections 11 and 14 to clarify new employee waiting periods and the effective date of termination of SHOP participation; (5) to amend Sections 2, 3, and 15 to delete a required application form that was incorporated by reference; (6) to amend Sections 1, 2, 3, 9, and 11 through 14 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (7) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to change the name of the agency to comply with Executive Order 2015-387 issued June 16, 2015. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 10:040. KHBE Consumer Assistance Program and kynector certification.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 3 through 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 5 to specify the number of public education activities to be conducted each month; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to change the name of the agency to comply with Executive Order 2015-387 issued June 16, 2015. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 10:050. Individual agent participation with the Kentucky Health Benefit Exchange.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 3, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to change the name of the agency to comply with Executive Order 2015-387 issued June 16, 2015. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 10:100. Appeals of eligibility determinations for KHBE participation and insurance affordability programs.

A motion was made and seconded to approve the following amendments: (1) to amend Sections

1, 2, 6, 7, and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 7, 9, 10, 12, 13, and 14 to change the name of the agency to comply with Executive Order 2015-387 issued June 16, 2015. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 10:110. KHBE formal resolution process related to SHOP employers and employees.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 3 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to change the name of the agency to comply with Executive Order 2015-387 issued June 16, 2015. Without objection, and with agreement of the agency, the amendments were approved.

Department for Public Health: Division of Public Health Protection and Safety: Sanitation

902 KAR 10:022. Repeal of 902 KAR 10:020 and 10:021. Laura Begin, regulation coordinator, and Kathy Fowler, division director, represented the cabinet.

Health Services and Facilities

902 KAR 20:400. Limited services clinics. Stephanie Brammer-Barnes, regulation coordinator, and Maryellen Mynear, inspector general, represented the cabinet. Shirley Vittitow, Little Clinics of Kroger, appeared in support of this administrative regulation. Patty Swiney, MD, Kentucky Academy of Family Physicians, and Brent Wright, MD, Kentucky Medical Association, appeared in opposition to this administrative regulation.

Ms. Vittitow stated examples of patients for whom limited service clinics (LSCs) were the appropriate providers for the treatment of chronic conditions included patients who refused to receive care from a general practitioner due to fear or other reasons. Shift workers and patients with limited transportation were also common users of LSCs. Not every patient fit into a 9 to 5 world in order to receive care for a chronic condition. LSCs that treated chronic conditions provide access and save money, which would bring down healthcare costs in Kentucky.

Dr. Swiney stated that the Kentucky Academy of Family Physicians was opposed to LSCs treating chronic conditions. These clinics did not improve access for Medicaid patients because Medicaid did not reimburse LSCs. This was not a physicians versus nurses debate. Chronic disease management was complex, and primary care physicians were the best choice for the management of chronic conditions. LSC care was often fractured. Collaboration of care was best. If this administrative regulation was not found deficient, the Kentucky Academy of Family Physicians requested that chart review and oversight provisions be added to this administrative regulation.

Dr. Wright stated that the Kentucky Medical Association was opposed to LSCs treating chronic conditions. Dr. Wright asked a series of questions. Why was it necessary to add these chronic conditions to the list of conditions an LSC may treat? What

evidence was there that LSCs can provide safe and effective treatment for chronic conditions? What did these changes do to Kentucky's health system because LSCs provided fractured care at a time when the goal was coordinated, comprehensive care? Why was a pilot study not conducted first to ensure safe and effective treatment of chronic conditions by LSCs? How did this administrative regulation improve access because most LSCs were located in relatively affluent areas? If an LSC was unaffiliated with a primary care physician, it may be difficult to transition an LSC patient into a more rigorous care facility if that became necessary.

In response to questions by Co-Chair Harris, Dr. Wright stated that the Kentucky Medical Association recommended two (2) to three (3) more stakeholder meetings before this administrative regulation moved further toward becoming effective. Ms. Mynear stated that the cabinet did not believe that further stakeholder meetings were necessary. This administrative regulation improved access while providing public protection. The cabinet declined to defer.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a citation; (2) to amend Sections 3 and 7 to comply with the drafting requirements of KRS Chapter 13A; (3) to amend Section 3: (a) to replace "physician specialist" with "specialist"; (b) for clarity and flow; (c) to delete the requirement for a chronically ill patient to provide written consent every thirty (30) days in order to continue treatment at the limited service clinic (LSC) and replace it with a requirement for the patient to provide written consent at each subsequent visit to the LSC; (d) to establish that the LSC shall cease treatment for the patient's chronic disease if the patient fails to provide written consent; (e) to authorize any individual to request modification of any part of this administrative regulation; (f) to require the cabinet to appoint and convene an advisory committee within sixty (60) days of the request to modify; (g) to add the Kentucky Academy of Family Physicians to the advisory committee; (h) to require that the committee review each request for modification within sixty (60) calendar days of receiving the request and make recommendations to the cabinet regarding approval or denial within forty-five (45) days after the committee convenes for review; and (i) to delete prior language about the committee procedure; and (4) to amend Section 4 to: (a) replace the term "medical director" with "clinical director"; (b) add an advanced practice registered nurse as a qualified candidate for the clinical director position; (c) replace the term "chart audit" with "chart review"; (d) allow for a Kentucky-licensed physician, in lieu of the clinical director, to conduct monthly chart reviews in conjunction with a practitioner from each clinic; (e) add clarifying language related to the required number of monthly chart reviews; and (f) insert clarifying language related to the clinical director's responsibilities in confirming that the clinic's practitioners remain in compliance with the requirements of their professional licenses. Without objection, and with agreement of the agency, the amendments were approved.

Food and Cosmetics

902 KAR 45:011. Repeal of 902 KAR 45:010, 45:030, 45:040, 45:050, 45:060, and 45:130. Laura Begin, regulation coordinator, and Kathy Fowler, division director, represented the cabinet.

902 KAR 45:110. Permits and fees for retail food establishments, food manufacturing plants, food storage warehouses, salvage processors and distributors, vending machine companies, and restricted food concessions. Laura Begin, regulation coordinator, and Kathy Fowler, division director, represented the cabinet. Scott Lockard, public health director, Clark County Health Department, and president, Kentucky Health Departments Association; and Matt Rhodes, deputy director, Louisville Metro Public Health and Wellness, appeared in support of this administrative regulation. Gay Dwyer, vice president of governmental affairs, Kentucky Retail Federation, appeared in opposition to this administrative regulation.

In response to a question by Senator Kerr, Ms. Begin stated that the fee increases were proportional to the complexity of the facility to be inspected. Fees had not been increased since 2001.

In response to a question by Co-Chair Harris, Ms. Begin stated that the inspection program costs the agency approximately \$11 million annually. Most of that funding came from local health tax money. More money could be retained by local health departments for other important programs if these fees were increased. Even with the fee increases, the program would not be fully self-funded. The fee increase was expected to bring in at least \$1 million annually.

Mr. Lockard stated that every citizen was affected by local health departments by using a grocery store or restaurant. The Clark County Health Department and the Kentucky Health Departments Association supported the fee increases. Programs and inspections were more complex and costly than in the past. For a small provider, the fee was seventy-five (75) dollars annually and included use of technical support. For large providers, the annual fee was \$300.

Mr. Rhodes stated that 4,114 facilities in Louisville alone were required to be inspected, and there were approximately 1,200 complaints to be investigated annually. Louisville's cost was over \$1 million annually.

Ms. Dwyer stated that the Kentucky Retail Federation appreciated the agency's financial needs, but the current proposed fee increases were three (3) times the existing fees in many cases. The concern was not the increase itself, but the level of the increase. Retailers had not tripled profits since 2001 to compensate for tripled fee increases.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Sections 1 and 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 45:160. Kentucky food processing, packaging, storage, and distribution operations.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph and Sections 1 through 3 to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 1, 16, and 17 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Medicaid Services: Division of Policy and Operations: Hospital Service Coverage and Reimbursement

907 KAR 10:830. Acute care inpatient hospital reimbursement. Stuart Owen, regulation coordinator, and Neville Wise, deputy commissioner, represented the cabinet.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to: (a) clarify the federal grouping software version that shall be used; (b) require the department to make interim payments for dates of service beginning October 1, 2015, if the Centers for Medicare and Medicaid Services releases version 33 on October 1, 2015; and (c) change references from “upon adoption of this administrative regulation” to “beginning October 1, 2015” for consistency throughout the administrative regulation; (2) to amend Section 8 to: (a) clarify the timing of the annual software update based on the timing of changes made at the federal level; and (b) specify that the department shall not update the Medicare grouper software more than once per federal fiscal year; and (3) to amend Sections 1, 2, 5, 6, 7, 10, 11, 13, 14, 17, 22, and 24 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the August 11, 2015, meeting of the Subcommittee:

GENERAL GOVERNMENT CABINET:
Board of Medical Imaging and Radiation Therapy: Board

201 KAR 46:070. Violations and enforcement.

JUSTICE AND PUBLIC SAFETY CABINET:
Parole Board: Board

501 KAR 1:080. Parole Board policies and procedures.

PUBLIC PROTECTION CABINET:
Department of Financial Institutions: Division of Non-Depository Institutions: Mortgage Loan Companies and Mortgage Loan Brokers

808 KAR 12:020. Claims of exemption.

808 KAR 12:021. Licensing and registration.

808 KAR 12:110. Report of condition.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Public Health Protection and Safety: Health Services and Facilities

902 KAR 20:091. Facilities specifications, operation and services; community mental health center.

902 KAR 20:180. Psychiatric hospitals; operation and services.

902 KAR 20:320. Level I and Level II

psychiatric residential treatment facility operation and services.

Department for Medicaid Services: Division of Community Alternatives: Medicaid Services

907 KAR 1:045 & E. Reimbursement provisions and requirements regarding community mental health center services.

Division of Policy and Operations: Medicaid Services

907 KAR 1:046. Community mental health center primary care services.

Division of Policy and Operations: Psychiatric Residential Treatment Facility Services and Reimbursement

907 KAR 9:010. Reimbursement for non-outpatient Level I and Level II psychiatric residential treatment facility services.

The Subcommittee adjourned at 3:25 p.m. until August 11, 2015, at 1 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

August 5, 2015

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, August 5, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Paul Hornback, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Ryan Quarles, and Jonathan Shell.

Guests: Mr. Roger Thomas, Mr. Joel Neaveill, Mr. Bill McCloskey, Ms. Angela Blank, Mr. Brian Murphy, and Dr. Luther Hughes, Governor's Office of Agricultural Policy; Ms. Terry Tolan, Governor's Office of Early Childhood.

LRC Staff: Kelly Ludwig, Stefan Kasacavage, and Kelly Blevins.

The July 1, 2015 minutes were approved by voice vote upon motion by Senator Embry and second by Representative McKee.

Governor's Office of Agricultural Policy

Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief of Staff, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy (GOAP), testified about project funding decisions made by the Agricultural Development Board (ADB) during its July meeting.

Mr. Neaveill discussed tobacco settlement funding allocations for the previous months under the County Agricultural Improvement (CAIP), Deceased Farm Animal, and Shared-use Equipment programs.

In answer to Co-Chair Stone, Mr. Neaveill explained he was uncertain as to why Hopkins County Farm Bureau of Hopkins County cost share request was 75 percent/25 percent, rather than the typical 50/50 match.

After an update on program amendments, the GOAP representatives turned to the projects approved for regional or statewide funding at the previous board meeting.

The first project funded by the board was that of the Breeding Area Volunteer Fire Department, Incorporated, approved for \$935 in county funds to purchase specialized rescue equipment for grain bin emergencies.

A number of committee members were complimentary of the board for funding this project and spoke on the impact that projects such as this have on keeping Kentucky's farming communities safe.

Other approved projects funded by the board was that of the Metcalfe County 4-H Council, Incorporated, approved for \$3,800 in county funds to purchase hams for 4-H/FFA members to participate in the Country Ham Project; Magoffin County 4-H, approved for \$1,987 in county funds to purchase a ham curing facility; Green River Area Beef Improvement Group, Inc., approved for \$20,000 in county funds for the Youth Cost-Share Program; Taylor County Cattlemen's Association, Inc., approved for \$10,000 in county funds to continue the heifer chain program for beef and dairy cattle; and Pulaski County Fiscal Court, approved for \$36,067 in county funds to purchase a new deceased farm animal disposal truck.

In response to Representative McKee, Mr. Thomas stated he would research the number of counties receiving funding for deceased farm animal programs.

Mr. Neaveill discussed one pending project, Daviess County Fiscal Court requesting \$55,000 in county funds for Phase II of a Storm Water Master Plan.

Early Childhood Development Initiative

Ms. Terry Tolan, Executive Director of the Governor's Office of Early Childhood, updated the committee on the Early Childhood Development Initiative and the Early Childhood Advisory Council.

In her report, Ms. Tolan detailed the importance of early childhood investments including: brain development, language acquisition, kindergarten readiness, third grade reading levels, high school graduation and college and career readiness. Ms. Tolan stated 80 percent of brain development occurs by the age of three. In 2000, Kentucky Invests in Developing Success (KIDS NOW) created The Early Childhood Development Authority. 25 percent of tobacco settlement funds were committed to early childhood. In 2014, Kentucky received a federal \$44.3 million Race to the Top-Early Learning Challenge grant in an effort to prepare Kentucky's children for kindergarten and academic success. In 2014, only 50 percent of Kentucky's children were prepared for kindergarten during the statewide kindergarten readiness screening. Ms. Tolan stated that more than 24,500 children were unprepared to enter kindergarten. The Race to the Top-Early Learning Challenge provides funding for the All-STARs program and will expand the current STARs for KIDS NOW rating system which is to be implemented in 2017.

In response to Senator Westerfield, Ms. Tolan stated there are plans in place to sustain the All-STARs program and steps to ensure the investments

are paying off. Ms. Tolan stated that having more qualified staff and better staff-to-student ratios does cost more and the state plans to craft a rewards system to alleviate some of those expenses. Funding for the rewards system is expected to come from Race to the Top funds. Ms. Tolan stated increased reimbursement for quality programs that serve low-income children, access to scholarships and discounts on classroom products are being considered as a part of the rewards system.

In response to Representative Denham, Ms. Tolan explained counties seeking to establish a born learning academy can go through an application process or raise program funding at the local level.

Document distributed during the meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

August 11, 2015

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, August 11, 2015, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Dennis Horlander, Co-Chair; Senators Julie Raque Adams, Julian M. Carroll, and Paul Hornback; Representatives Jim Gooch Jr., and Brad Montell.

Guests: Tim Hubbard, Edward Winner, Don Spear, Ryan Barrow, Jennifer Miracle, Larry Ferguson, Joseph Mattingly, Leah MacSwords, Charlie Harman, Dale Winkler, Kelly Foster, Stephanie Robey, and Ricky French.

LRC Staff: Kim Eisner, Daniel Carter, and Jarrod Schmidt

A motion was made by Representative Gooch to approve Minutes of the July 2015, meeting of the committee. Representative Montell seconded the motion, which passed without objection.

A motion was made by Representative Gooch to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Representative Montell seconded the motion, which passed without objection.

A motion was made by Representative Gooch to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Representative Montell seconded the motion, which passed without objection.

A motion was made by Representative Gooch to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Montell seconded the motion, which passed without objection.

A motion was made by Representative Gooch to consider as reviewed the Memoranda of Agreement

Amendment List, with exception of those items selected for further review by members of the committee. Representative Montell seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL, OFFICE OF THE:
Stauss Troy County, LPA, 1500002737; Weitz & Luxenberg, P.C., 1500002797.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Public Consulting Group, Inc., 1500002043.
DEPARTMENT FOR PUBLIC HEALTH:
Kentucky Rural Health Association, 1500001947.

DEPARTMENT OF REVENUE:
Donald L. Richardson, 1600000242.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Logan Development Group, 1600000231.
EDUCATION, DEPARTMENT OF:
Mary E. Martins, 1500002863; Scanlan Associates, LLC, 1500002864; Timothy K. Lucas, 1500002872.

EDUCATIONAL TELEVISION, KENTUCKY:
Carla Gover Barnett, 1600000173.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

CMTA, Inc., 1500002567; Architectural Investment, 1500002693; Stantec Consulting Services, Inc., 1500002859; THP Limited, Inc., 1500002870; Stantec Consulting Services, Inc., 1500002881; H.A. Spalding, Inc., 1500002882; CMTA, Inc., 1600000031; Paladin, Inc., 1600000033; Sustainable Streams, LLC, 1600000034; Paladin, Inc., 1600000070.

KENTUCKY LOTTERY CORPORATION:
Tescom (USA) Software Systems Testing, Inc., 16-15-028; Gaming Laboratories International, LLC, 16-15-028-2.

MURRAY STATE UNIVERSITY:
Wyatt, Tarrant, & Combs, LLP, 005-16.

OFFICE OF HOMELAND SECURITY:
Stantec Consulting Services, Inc., 1600000037.

STATE POLICE, DEPARTMENT OF:
Kentucky Auctioneers Associates, Inc., 1500002773.

TRANSPORTATION CABINET:
Parsons Transportation Group, Inc., 1600000181; URS Corporation, 1600000189; HMB Professional Engineers, Inc., 1600000193; Municipal Engineering County, 1600000205; J. M. Crawford and Associates, Inc., 1600000216; Lochner H. W., Inc., 1600000241.

UNIVERSITY OF KENTUCKY:
Artekena Design, A151260; Champlin Architecture, A151270; Staggs & Fisher Engineers, A161070; Equine Medical Associate, PSC, K16-125; Labyrinth Solutions, Inc., K16-126; iSolutions Services, LLC, K16-127; Software Information Systems, Inc., K16-128; Hammond Communications Group, Inc., K16-129; Commonwealth Anesthesia, PSC, K16-130; Tadarro L. Richardson, MD, K16-131; Hensley, Elam & Associates, K16-132; IBM, K16-133; Kaufman, Hall & Associates, LLC., K16-

134; NAMI Lexington (KY), Inc., K16-135; Marshall Medical Management, LLC, K16-136.

UNIVERSITY OF LOUISVILLE:
K. Norman Berry Associates Architects, 16-002; Seldge Holding d/b/a Wheless Partners, 16-006; Noel-Levitz, LLC d/b/a Scannell & Kurz, 16-007.

WESTERN KENTUCKY UNIVERSITY:
CMS Publishing, Inc. d/b/a R&R Newkirk, 151607; Sodexo, Inc. & Affiliates, 151609; Freedom Sports and Entertainment, LLC, 151610; Contemporary Services Corporation, 151612.

WORKER'S COMPENSATION FUNDING COMMISSION:

Blue & County, LLC, 1500002767.
WORKFORCE INVESTMENT, OFFICE OF:
Maher & Maher, 1500002540

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

The Thomas Firm, PLLC, 1500002331.
CABINET FOR HEALTH AND FAMILY SERVICES:

Jenny V. Jones, 1500000560.
DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Crown Services, Inc., 1400003774.
EDUCATION, DEPARTMENT OF:
Mike Wilson, 1400003741.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Amec E&I, Inc., 1000000872; Stantec Consulting Services, Inc., 1000001217; URS Corporation, 1100002668; Architectural Investment, 1400000003; EOP Architects, PSC, 1400000675; Staggs and Fisher Consulting Engineers, Inc., 1400003765; Godsey Associates Architects, Inc., 1500000966; Tate Hill Jacobs Architect, Inc., 1500001065; Patrick D. Murphy Company, Inc., 1500001237; Stantec Consulting Services, Inc., 1500002881.

MEDICAL LICENSURE, BOARD OF:
Multi, 1400002582.

TOURISM DEVELOPMENT CABINET:
Hunden Strategic Partners, 1400003460; Wyatt, Tarrant, and Combs, 1500001429.

TRANSPORTATION CABINET:
Palmer Engineering, 0700003324; HMB Professional Engineers, Inc., 0700004075; Johnson, Depp, and Quisenberry, PSC, 0700006377; HMB Professional Engineers, Inc., 0900012535; Palmer Engineering, 1000000423; S&ME, Inc., 1100000552; HMB Professional Engineers, Inc., 1100002335; Palmer Engineering, 1100003162; URS Corporation, 1200002258; QK4, Inc., 1200003576; HMB Professional Engineers, Inc., 1300000069; HMB Professional Engineers, Inc., 1300001320; T.H.E. Engineers, Inc., 1300001555; Palmer Engineering, 1300001944; American Engineers, Inc., 1300002467; T.H.E. Engineers, Inc., 1300002985; J.M. Crawford and Associates, Inc., 1300003159; HDR Engineering, Inc., 1400000217; HMB Professional Engineers, Inc., 1400000565; Palmer Engineering, 1400000572; QK4, Inc., 1400000709; Vaughn &

Melton Consulting Engineers, Inc., 1400000759; EA Partners, PLC, 1400001234; Palmer Engineering, C-00208210-4; Palmer Engineering, C-01209200-3; HMB Professional Engineers, Inc., C-99005159-3.

UNIVERSITY OF KENTUCKY:

CDM Smith, Inc., A151120; BKD, LLP, K15-101; Marts & Lundy, K15-124.

UNIVERSITY OF LOUISVILLE:

Multi, 15-007.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 1500002862; Kentucky Association of Food Banks, Inc., 1600000136.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Council on Postsecondary Education, 1500001998.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Boone County Conservation District, 1500002370.

DEPARTMENT FOR NATURAL RESOURCES:

Finance Real Property, 1500002858.

EDUCATION, DEPARTMENT OF:

Adair County Board of Education, 1500002048; Ballard County Board of Education, 1500002049; Barren County Board of Education, 1500002050; Berea Independent Board of Education, 1500002051; Bullitt County Board of Education, 1500002052; Campbell County Board of Education, 1500002053; Campbellsville Independent Board of Education, 1500002054; Carroll County Board of Education, 1500002055; Caverna Independent Board of Education, 1500002056; Clinton County Board of Education, 1500002057; Cloverport Independent Board of Education, 1500002058; Crittenden County Board of Education, 1500002061; Cumberland County Board of Education, 1500002062; Eminence Independent Board of Education, 1500002063; Fulton County Board of Education, 1500002065; Fulton Independent Board of Education, 1500002066; Garrard County Board of Education, 1500002067; Glasgow Independent Board of Education, 1500002068; Grayson County Board of Education, 1500002069; Hancock County Board of Education, 1500002071; Henderson County Board of Education, 1500002072; Jackson Independent Board of Education, 1500002073; Leslie County Board of Education, 1500002075; Lyon County Board of Education, 1500002080; Newport Independent Board of Education, 1500002084; Owensboro Independent Board of Education, 1500002085; Paducah Independent Board of Education, 1500002086; Russell County Board of Education, 1500002087; Somerset Independent Board of Education, 1500002088; Spencer County Board of Education, 1500002089; Todd County Board of Education, 1500002091; Wolfe County Board of Education, 1500002093; Woodford County Board of Education, 1500002094; Boys and Girls Club, Inc., 1500002097; Boys & Girls Club of Greater Cincinnati, 1500002098; Hazard Perry County Community Ministries Development Center, 1500002099; Lighthouse Promise, Inc.,

1500002100; Lotts Creek Community School, 1500002101; Campbell County Board of Education, 1500002396; Eminence Independent Board of Education, 1500002397; Erlanger Elsmere Board of Education, 1500002398; Greenup County Board of Education, 1500002400; Henderson County Board of Education, 1500002401; Jessamine County Board of Education, 1500002403; Whitley County Board of Education, 1500002409; Barren County Board of Education, 1500002774; Bluegrass Community and Technical College, 1500002780; Eastern Kentucky University, 1500002781; Kentucky Educational Development Corporation, 1500002782; Madisonville Community College, 1500002783; Green River Regional Education, 1500002790; Northern Kentucky Cooperative for Educational Services Inc., 1500002793; Fayette County Board of Education, 1500002832; Fleming County Board of Education, 1500002840; Simpson County Board of Education, 1500002843; Grant County Board of Education, 1500002844; Grayson County Board of Education, 1500002845; Henderson County Board of Education, 1500002846; Magoffin County Board of Education, 1500002848; Marshall County Board of Education, 1500002849; McCreary County Board of Education, 1500002850; Muhlenberg County Board of Education, 1500002851; Scott County Board of Education, 1500002854; Greenup County Board of Education, 1600000007; Bowling Green Independent Board of Education, 1600000009; Corbin Independent Board of Education, 1600000011; Fayette County Board of Education, 1600000012; Greenup County Board of Education, 1600000013; Newport Independent Board of Education, 1600000036; Lyon County Board of Education, 1600000038; Fayette County Board of Education, 1600000054; Hopkins County Board of Education, 1600000096; Northern Kentucky Cooperative for Educational Services, Inc., 1600000167; Breathitt County Board of Education, 1600000186; Kentucky Valley Education, 1600000211; Shelby County Board of Education, 1600000220; Wayne County Board of Education, 1600000265.

INFRASTRUCTURE AUTHORITY:

Perry County Fiscal Court, 1600000184.

JUVENILE JUSTICE, DEPARTMENT OF:

Kentucky Department of Education, 1500002243.

MILITARY AFFAIRS, DEPARTMENT OF:

University of Kentucky Research Foundation, 1500001393; Multi, 1600000208.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Perry County Fiscal Court, 1500002761; Perry County Fiscal Court, 1500002762; City of Catlettsburg, 1500002891; City of Dawson Springs, 1500002892; Daviess County Fiscal Court, 1500002893; City of Middletown, 1600000072; Martin County Fiscal Court, 1600000084; City of Richmond, 1600000099; City of Morganfield, 1600000142; City of Shelbyville, 1600000165; Mason County Fiscal Court, 1600000166; Floyd County Fiscal Court, 1600000206; City of Richmond, 1600000207.

PARKS, DEPARTMENT OF:

Breaks Interstate Parks Commission,

1500002680.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 1500001216; Multi, 1500001218; University of Kentucky Research Foundation, 1500001611; Murray State University, 1500001612; Murray State University, 1500001613.

CORRECTIONS, DEPARTMENT OF:

University of Kentucky Research, 1400001912.

DEPARTMENT FOR MEDICAID SERVICES:

Department of Insurance, 1400001012.

DEPARTMENT FOR PUBLIC HEALTH:

Four Rivers Behavioral Health, 1400001588; Adanta Group, 1400001590; Mountain Comp Care Center, 1400001599; Pennyroyal Mental Health, 1400001611; Lifeskills, 1400001616; Northern Kentucky MHMR Regional Board, Inc., 1400001633.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Department of Local Government, 1300001345.

EDUCATION, DEPARTMENT OF:

Kentucky Educational Development Corporation, 1500002359; Daviess County Board of Education, 1500002681; Shelby County Board of Education, 1500002682.

JUSTICE CABINET:

U of L Research Foundation, 1500001829.

KY RACING COMMISSION:

University of Kentucky Research Foundation, 1400000328.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Wheelwright, 1300001024; Harlan County Fiscal Court, 1300001702; City of Nortonville, 1400001093; Knott County Fiscal Court, 1400002724; Muhlenberg County Fiscal Court, 1500000586; City of Madisonville, 1500001226.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Madison Consulting Group, Inc., 1500002831. Tim Hubbard and Edward Winner discussed the contract with the committee. A motion was made by Representative Gooch to consider the contract as reviewed. Representative Montell seconded the motion, which passed with Senator Raque Adams voting no.

FINANCE AND ADMINISTRATION CABINET:

Pension Trustee Advisors, Inc., 1600000160. Don Spear and Ryan Barrow discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Gooch seconded the motion, which passed with Senator Raque Adams voting no.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

BDI Datalynk, LLC, 646. Jennifer Miracle, Larry Ferguson, and Joseph Mattingly discussed the contract with the committee. A motion was made by Representative Montell to consider the contract

as reviewed. Senator Carroll seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY:

Freedom Sports and Entertainment, LLC, 151610. A motion was made by Senator Hornback to defer the contract to the September meeting of the committee. Representative Montell seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR NATURAL RESOURCES:

UK Research Foundation, 1500002512. Leah MacSwords discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator Hornback seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Allen County Board of Education, 1500002801; Christian County Board of Education, 1500002808; Edmonson County Board of Education, 1500002809. Charlie Harman, Dale Winkler, and Kelly Foster discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Jefferson County Board of Education, 1500002894; Johnson County Board of Education, 16000000056. Charlie Harman, Dale Winkler, and Kelly Foster discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Senator Hornback seconded the motion, which passed with Senator Raque Adams voting no.

MILITARY AFFAIRS, DEPARTMENT OF:

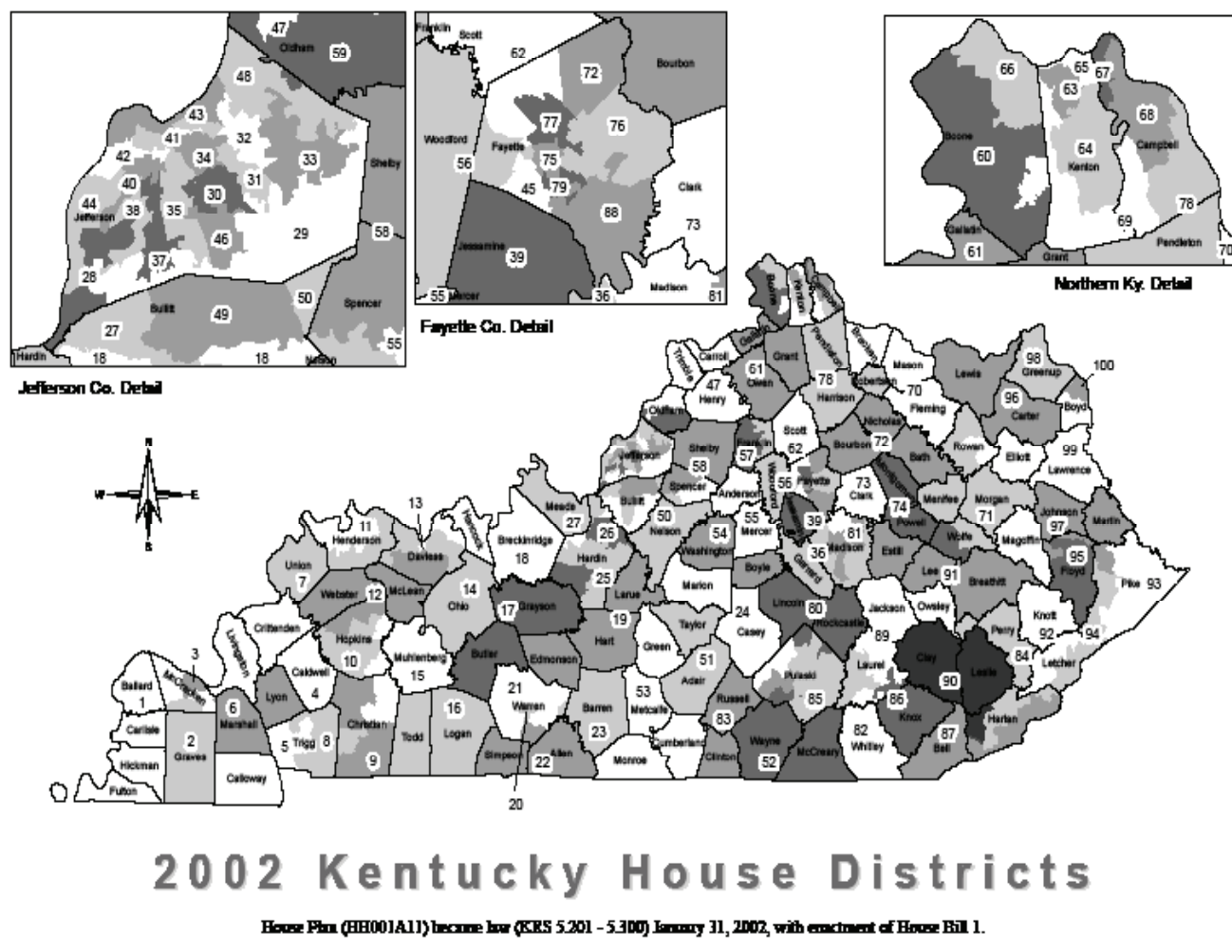
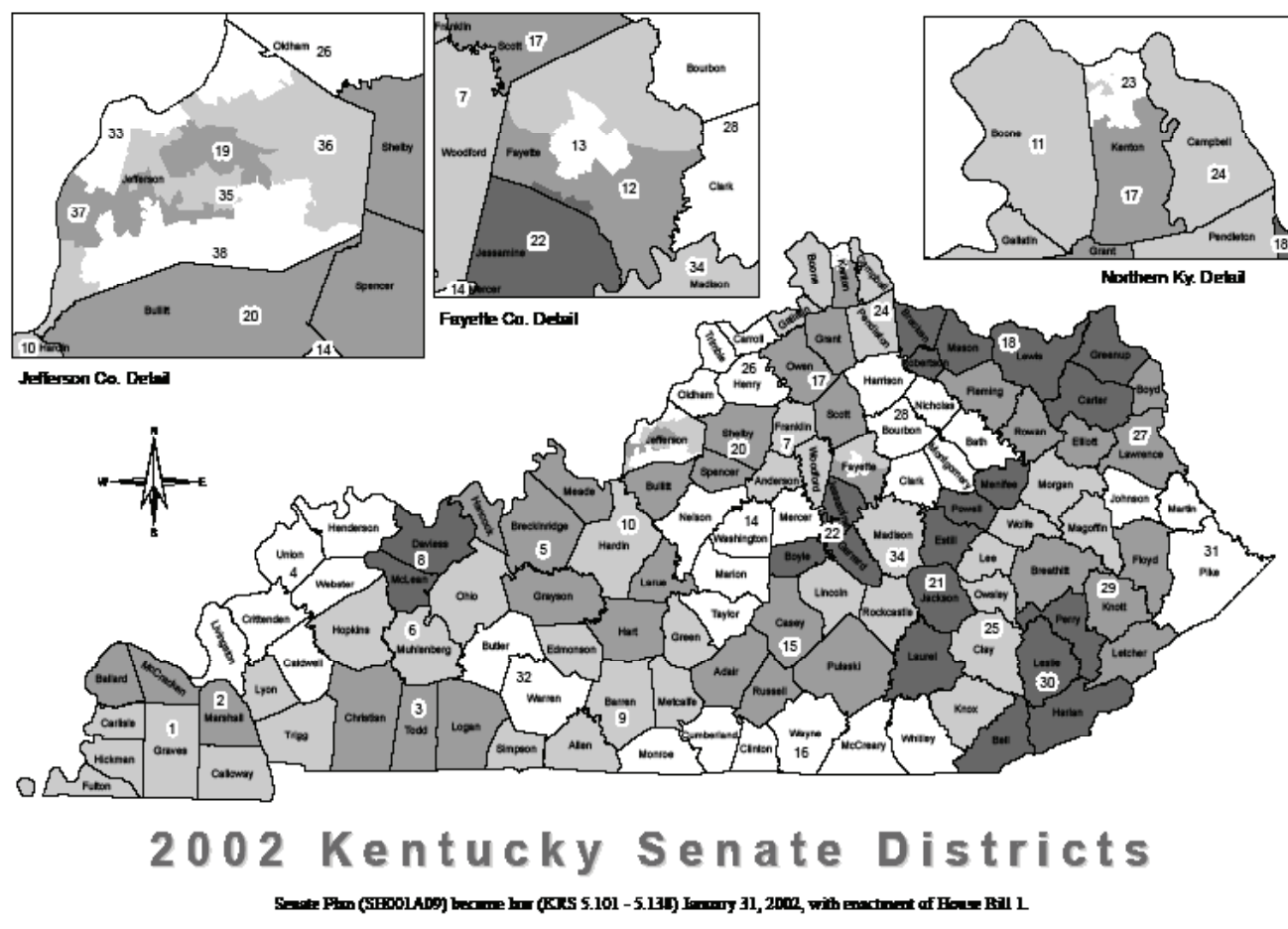
Pike County Fiscal Court, 1500001675; Lexington-Fayette Urban County Government, 1500002494. Stephanie Robey discussed the contracts with the committee. A motion was made by Senator Hornback to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

MILITARY AFFAIRS, DEPARTMENT OF:

Kentucky Transportation Cabinet, 1400003847. Ricky French discussed the contract with the committee. A motion was made by Representative Gooch to consider the contract as reviewed. Representative Horlander seconded the motion, which passed with Senator Hornback voting no, and Senator Raque Adams and Representative Montell electing to abstain (pass).

With no further business before the committee, the meeting adjourned at 11:08 a.m.



2015 Interim

LEGISLATIVE RECORD

Published monthly by the Legislative Research Commission, the *Interim RECORD* is designed to inform the citizens of Kentucky of the between-sessions work of the General Assembly.

Paper subscriptions are free upon request. Contact the LRC Public Information Office, Capitol Annex, Frankfort KY, 40601 at 502-564-8100, ext. 307 to subscribe.

The Interim RECORD can also be read on-line at www.lrc.ky.gov/legislation.htm. *If you have a paper subscription and would like to end your subscription and read the Interim RECORD on-line only, please contact the LRC Public Information Office at 502-564-8100, ext. 307.* Stories and photographs may be reprinted without permission, although credit is appreciated.

Printed with state funds

Vacant,
Director
Legislative Research
Commission

Robert Jenkins,
Deputy Director for
Committee and Staff
Coordination

Rob Weber,
Public Information Officer

Joe Cox,
Publications and Printing
Officer

Rebecca Mullins Hanchett,
Editor, Typography and
Design

Mike Sunseri,
Chief Photographer

Public Information Staff

Stephanie Newberg
Jeff Fossett
Steve Gatewood
Bruce Phillips
Bud Kraft
Keith Krey
Jeanie Mitchell
Jim Hannah



The Kentucky Legislative Research Commission is a 16-member committee of the majority and minority leadership of the Kentucky Senate and House of Representatives. Under Chapter 7 of the Kentucky Revised Statutes, the LRC constitutes the administrative office for the General Assembly. Its director serves as chief administrative officer of the Legislature when it isn't in session.

The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the Legislature, employing professional, clerical and other employees required when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual legislators in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, providing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting orientation programs for new legislators, and publishing a daily index and summary of legislative actions during sessions.

The LRC is also responsible for statute revision, publishing and distributing the Acts and Journals following sessions, and for maintaining furnishings, equipment and supplies for the Legislature. It also functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of the Council of State Governments as it relates to Kentucky.

Robert Stivers
SENATE PRESIDENT

David Givens
PRESIDENT PRO TEM
Damon Thayer
MAJORITY FLOOR LEADER

Ray Jones
MINORITY FLOOR LEADER

Dan Seum
MAJORITY CAUCUS CHAIRMAN

Gerald Neal
MINORITY CAUCUS CHAIRMAN

Jimmy Higdon
MAJORITY WHIP

Julian Carroll
MINORITY WHIP

Greg Stumbo
HOUSE SPEAKER

Jody Richards
SPEAKER PRO TEM
Rocky Adkins
MAJORITY FLOOR LEADER

Jeff Hoover
MINORITY FLOOR LEADER

Sannie Overly
MAJORITY CAUCUS CHAIRMAN

Stan Lee
MINORITY CAUCUS CHAIRMAN

Johnny Bell
MAJORITY WHIP

Jim DeCesare
MINORITY WHIP

2015 Interim

LEGISLATIVE RECORD

KENTUCKY GENERAL ASSEMBLY
700 Capitol Avenue
Frankfort, Kentucky 40601

Change Service Requested

Pre Sorted Standard
U.S. Postage
PAID
Frankfort, Kentucky
Permit Number 308