



INTERIM RECORD

A SUMMARY OF INTERIM ACTIVITIES

2021

August

Volume 34, No. 5

PUBLISHED BY
LEGISLATIVE RESEARCH COMMISSION
[LEGISLATURE.KY.GOV/LEGISLATION/PAGES/DEFAULT.ASPX](https://legislature.ky.gov/legislation/pages/default.aspx)

LRC offers latest guidance to citizens attending legislative meetings

Staff Report - *LRC Public Information*

FRANKFORT — Kentuckians may continue to attend legislative committee meetings in person and vaccinated guests are not required to wear a mask in committee rooms, according to the latest guidance from the Legislative Research Commission (LRC).

Visitors attending legislative committee meetings should enter the Capitol Annex through the visitor's entrance, located at the center doors on the front of the building.

Fully vaccinated guests are not required to wear a mask in committee rooms or other areas controlled by the LRC. However, they may still wear a mask at their discretion. Unvaccinated guests should wear a mask at all times. All guests should be prepared to wear a mask in areas controlled by the state executive branch.

The LRC will continue to spread out audience seats in committee rooms for social distancing purposes. If a meeting is expected to attract significant interest, an overflow room will be available so that anyone who cannot find a seat in the primary meeting room may still view the meeting in real time.

To view the weekly calendar of committee meetings, go online to <https://apps.legislature.ky.gov/legislativecalendar>.

CORONAVIRUS PROTECTION



All committee meetings are livestreamed so that people who cannot attend meetings may view them online. For more information, go to <https://legislature.ky.gov/Public%20Services/PIO/Pages/Live-Streams.aspx>.

The first floor and basement of the Capitol

Annex are open to visitors, but citizens must have a scheduled appointment to access the second, third and fourth floors of the Annex where lawmakers' offices are located. Individual legislators may require guests to wear a mask in their personal office, so please ask about that policy as part of the scheduling process.

State Commission on Race and Access begins work in Frankfort

by Jordan Hensley - *LRC Public Information*

FRANKFORT — Kentucky's new Commission on Race and Access to Opportunity kicked off its work in Frankfort in July with members seeking to have tough —but respectful—conversations on disparities across the state.

Lawmakers created the commission during the 2021 General Assembly with Senate Bill 10. The 13-member panel will conduct studies and research on issues such as educational equity, child welfare, health, economic opportunity, juvenile justice and criminal justice, among others. It will also issue an annual report on its findings.

The bi-partisan group includes two chairs – Senate President Pro-tem David P. Givens, R-Greensburg, and Rep. Samara Heavrin, R-Leitchfield – along with members from each legislative chamber and citizen members.

Lawmakers on the commission include Sen. Whitney Westerfield, R-Crofton; Rep. George Brown Jr., D-Lexington; Rep. Nima Kulkarni, D-Louisville; and Rep. Killian Timoney, R-Lexington; Sen. Karen Berg, D-Louisville; and Sen. Gerald A. Neal, D-Louisville.

Citizen members include Dr. OJ Oleka, president of the Association of Independent Kentucky Colleges and Universities and a co-founder of AntiRacismKY; Erwin Roberts, first assistant commonwealth's attorney in Jefferson County; and Dr. Ricky Jones, a professor and chair of the University of Louisville's Pan-African Studies department.

Jamir Davis and Hannah Drake were added as citizen members after the commission's inaugural meeting.

Givens was a primary sponsor of SB 10. During the group's first meeting on July 20, he shared two "lightbulb" moments for him. One dealt with policy; the other came last summer following the deaths of George Floyd and Louisville's Breonna Taylor.

"The lightbulb moment for me was policy impacts outcomes, which can impact our fellow Kentuckians," Givens said. "The second lightbulb moment for me was the summer of last year... We had fellow Kentuckians suffering and it frightened us to talk about it. And our legislative body is charged to do hard things, and so here we are."

Each member of the committee shared the unique perspectives they bring to the table. Berg shared she is a Jewish woman. Westerfield shared he is the father of two biracial children. Timoney is a former teacher and principal.



The two co-chairs of the newly-formed Commission on Race and Access to Opportunity, Senate President Pro-tem David P. Givens, R-Greensburg, and Rep. Samara Heavrin, R-Leitchfield, confer before the commission's inaugural meeting on July 20.

Brown Jr., who is a Black man, reminded the commission during his introduction that the U.S. has a 400-year history of disparity.

"It is very important for people who call themselves the majority to address their issues and their concerns and understand that where we are is a part of what has happened in our society and everybody has to look in the mirror and be serious about making substantial change..." Brown Jr. said.

As for Heavrin, who is the youngest woman elected to the Kentucky House of Representatives, she shared why she wanted to be part of the commission.

"I do this for the children of Kentucky..." Heavrin said. "I do it for everyone because it's important that we all understand, that we're all able to empathize and to stick our feet in someone else's shoes."

Givens and Heavrin hope the commission can have tough conversations surrounding race and inequity in a respectful way that inspires policy to improve the lives of all Kentuckians.

Proposed bill aims to slap down SLAPP lawsuits

by Jim Hannah - *LRC Public Information*

FRANKFORT — A legislative panel heard testimony on Aug. 5 about a proposed measure to discourage lawsuits aimed at chilling First Amendment rights.

The proposed bill would seek to protect people from so-called strategic lawsuits against public participation, known as SLAPP suits.

“It is also important to note that plaintiffs that bring SLAPP lawsuits do not intend to prevail in court,” said Rep. Nima Kulkarni, D-Louisville. “Often these lawsuits are intended simply to delay matters or discourage individuals from continuing in that speech.”

She testified in support of the proposed bill before the Interim Joint Committee on Judiciary along with Rep. Jason Nemes, R-Louisville. Nemes said a classic SLAPP scenario would be a publically-elected board suing a vocal critic in an attempt to saddle that person with prohibitively expensive, nerve-racking and time-consuming legal processes.

“These are civil lawsuits masquerading as normal tort lawsuits that are actually not intended to prevail on the merits and are instead intended to delay, chill, suppress or discourage free speech,” Kulkarni said. “SLAPP lawsuits essentially intend to take a matter of public concern or significance out of the public arena



Rep. Nima Kulkarni, D-Louisville, speaks in support of a proposed bill to discourage so-called strategic lawsuits against public participation, known as SLAPP suits, during the Aug. 5 meeting of the Interim Joint Committee on Judiciary.

and into the courtroom which shifts the attention from the speech or activity that is being engaged in and towards a legal defense.”

Sen. Phillip Wheeler, R-Pikeville, said he was opposed to an element of the proposed bill that would allow defendants to collect attorney’s fees from the filer of SLAPP suits.

“I can see some merit to what you are trying to achieve, but I also think it is a slippery slope,” he said. “There are a lot of different types of lawsuits out there that are very difficult to prove in court. That doesn’t mean they were meritless at the time they were filed.”

Wheeler added that there were already legal mechanisms to discourage frivolous lawsuits.

Kulkarni said the proposed bill took the best of the about 33 anti-SLAPP laws already enacted around the country.

The proposed bill was not prefled at the time of the meeting, but under model anti-SLAPP statutes, the person sued can make a motion to strike the case because it involves speech on a matter of public concern. The plaintiff then has the burden of showing a probability that they will prevail in the suit – meaning they must show that they have evidence that could result in a favorable verdict.

Proposed bill aims to match ex-felons with careers

by Jim Hannah - *LRC Public Information*

FRANKFORT — A legislative panel heard testimony on Aug. 12 about ways to encourage Kentuckians with criminal histories to pursue careers requiring occupational licenses.

“At the heart of what we are trying to do is make sure people have the opportunity to be gainfully

employed,” Sen. Whitney Westerfield, R-Crofton, said while testifying before the Interim Joint Committee on Licensing, Occupations and Administrative Regulations.

He explained that increasing access to good-paying jobs for Kentuckians with criminal

records saves taxpayer money through reduced recidivism and incarceration.

Martin Harris, a legal fellow at The Council of State Governments (CSG) Justice Center, testified that 19.4 percent of jobs in Kentucky

Continued on page 4

Legislative committee hears update on employment, inflation and labor force

by Jordan Hensley - LRC Public Information

FRANKFORT— The Interim Joint Committee on Appropriations and Revenue is keeping a close eye on Kentucky's economy as the state heals from the economic issues caused by the COVID-19 pandemic.

On Aug. 4, the legislative panel heard from Michael Clark, director of the Center for Business and Economic Research, on the current economy and inflation rate, for both Kentucky and the U.S. overall.

"Both the national and Kentucky economy has made marked improvements over the past year," Clark said. "Economic output has continued to improve. Employment has rebounded substantially, but still remains stubbornly below pre-pandemic levels."

Employers are hiring and wages are rising, Clark added, but labor force participation is low and inflation is rising.

According to Clark, low labor force participation can be attributed to health concerns, decreased access to childcare, increased retirements, enhanced unemployment benefits and more. However, Clark noted, it is not clear how much each of those factors contributes to low participation.

As for inflation, Clark's presentation noted that a greater demand for certain goods, such as lumber, is driving supply chain issues and resulting in higher costs. Clark also referenced a Wall Street Journal prediction that



Rep. Jason Nemes, R-Louisville, asks a question about the labor force during the Aug. 4 meeting of the Interim Joint Committee on Appropriations and Revenue.

prices for most goods will drop within the next year or two.

The hope is, Clark said, that as more people re-enter the labor force, supplies of high-demand goods will rise and prices will fall.

Rep. Jason Nemes, R-Louisville, asked Clark who makes up the labor force since Kentucky's employment rate is at roughly 53 percent.

Clark said the labor force includes people ages 16 and older who are not in the military or institutionalized. Even people who are in school full time and not working, or who are retired, are considered to be part of the labor force even if they are not employed.

During discussion, Sen. Danny Carroll, R-Benton, raised concerns over how federal COVID-19 stimulus dollars could be impacting the economy and creating a "false economy."

Clark explained that it is a difficult balance since the goal is to make sure consumer demand fuels the economy. Too much fiscal stimulus can hurt the economy, but not enough stimulus can also have a negative impact. That's because high unemployment rates mean consumers are spending less money. The goal of stimulus dollars was to help keep businesses open, he added.

"The issue is how do we transition as consumer demand comes back? How do we transition then to consumer demand driving those jobs opposed to the stimulus? And that's a tricky thing," Clark said.

Felon careers, from page 3

require an occupational license. He said the No. 1 step lawmakers could take to get ex-felons in careers requiring occupational licenses would be to mandate so-called pre-application determinations. That's when prospective applicants know whether their criminal record is disqualifying before investing in the training and education required for the license.

That's important, Harris said, because a cosmetology license in Kentucky requires 1,500 hours of training within five years of enrolling in school. He said the tuition for that training averages \$12,500.

"It really lessens the burden on the applicants," Harris said. "It lets them know well in advance, so they don't have to incur that cost."

He said 19 states already mandate pre-application determinations. That includes Tennessee, North Carolina and Arkansas, three states with decentralized licensing agencies similar to Kentucky.

Rep. Adam Koenig, R-Erlanger, asked

Continued on page 6

Legislative panel takes pulse of first responders

by Jim Hannah - *LRC Public Information*

FRANKFORT — Kentucky lawmakers heard testimony on July 21 on how first responders across the state have held up during COVID-19.

“Our EMS agencies have struggled with a multitude of challenges,” said Michael Poynter, executive director of the Kentucky Board of Emergency Medical Services. He was testifying before the Interim Joint Committee on Veterans, Military Affairs and Public Protection.

Poynter rattled off the challenges. They include employees unable to work due to quarantine, shortages of personal protective equipment and the additional costs of it all. Many of the challenges were echoed by representatives for firefighters, the Kentucky Fraternal Order of Police and Kentucky State Police – all of whom testified at the meeting.

Poynter said 1,714 EMS workers in Kentucky had to quarantine or isolate at some point during the pandemic. Financial challenges also plague EMS – particularly in rural areas, he said.

“The federal government should review the cost of the emergent, urgent and preventive care provided by EMS and include reimbursement for treatment in place, transport to alternate designations, telemedicine facilitation and community paramedicine,” he said.

John Beatsch, president of the Kentucky Firefighters Association, testified that COVID-19 caused more than financial difficulties for first responders. He said it caused an emotional hardship.

“Volunteers stop wanting to make runs,” he said. “They felt like it was too dangerous. Many volunteers left their fire departments because of the situation. They just didn’t want to have to deal with it. They didn’t want to take the possibility of being quarantined and having to lose work from their actual job.”

Sen. Stephen Meredith, R-Leitchfield, asked what lawmakers could do to assist in the recruitment and retention of firefighters. Beatsch said more money for recruitment would help.

Rep. Ashley Tackett Laferty, D-Martin, said she had previously filed bills that would have given a \$1,000 tax credit to volunteer firefighters who are state certified. Beatsch said that would be a big help in recruitment and retention.

“Currently, I don’t think there is very much of any reward for being a volunteer firefighter other than the personal reward of helping your community,” Beatsch said. He added the only recognition volunteers get now is a firefighter’s license plate that costs more money than a regular plate.

Sen. Robby Mills, R-Henderson, said he supports the tax credit.

Rep. Mark Hart, R-Falmouth, said he would like to see state funding for personal protective equipment. “Without that, firefighters can’t even do the job



Sen. Stephen Meredith, R-Leitchfield, asks about the health of Kentucky’s emergency medical services during the July 20 meeting of the Interim Joint Committee on Veterans, Military Affairs and Public Protection.

they are willing to volunteer to do,” said Hart, a former professional firefighter.

Rep. John Blanton, R-Salyersville, said he would like to change a state regulation that prohibits convicted felons from becoming members of volunteer fire departments. “I understand the reason behind that,” said Blanton, a retired state trooper. “But I’m also a believer of second chances. Every felony is different. Some people actually do reform.”

He said local volunteer fire departments should be allowed to make those decisions on an individual basis.

Kentucky State Police Commissioner Col. Phillip Burnett Jr. testified that recruiting and retention is also a problem for his agency. He said there were 1,009 troopers in 2006. Today, the number stands at about 740.

“The key to that is significant pay raises to be competitive with other agencies throughout Kentucky,” Burnett said in reference to increasing retention rates. “The thing that is really discouraging is that we are averaging about 5.8 resignations a month since Jan. 1 of this year.”

Ryan Straw, government affairs director of the Kentucky Fraternal Order of Police, testified that as of yesterday, 901 law enforcement personnel in Kentucky have been exposed to COVID-19. Six have died.

“Clearly, COVID has not spared law enforcement,” Straw said. “Given the new Delta variant, we know there is a good chance law enforcement officers will join the public in increased cases amongst our ranks.”

Lawmakers briefed on banking in the pandemic era

by Jim Hannah - LRC Public Information

FRANKFORT — Nearly \$8 million in federal Paycheck Protection Program (PPP) loans originated in Kentucky to help businesses across the state survive the pandemic, according to information provided to a legislative panel on Aug. 3.

“As you can see, the financial services industry was really integral in administering this program and getting this relief to companies,” said Charles Vice, commissioner of the state Department of Financial Institutions. He was testifying before the first meeting of the Interim Joint Committee on Banking and Insurance this year.

Vice said 50,655 PPP loans were issued during the first round of the program, ending in August of last year. The average loan that round was for \$104,278. Vice said another 31,647 loans were issued during the second round, ending on May 31. The average loan for the final round was for \$78,359.

Rep. Rachel Roberts, D-Newport, asked why the average amount of a loan in the second round was lower. Vice said the second round focused on small businesses.

“More loans were going out in smaller dollar amounts to smaller businesses,” he said. “That’s one of the big differences between the average loan size between the first draw and second draw.



Rep. Tom Smith, R-Corbin, asks about the digital currency Bitcoin during the Aug. 3 meeting of the Interim Joint Committee on Banking and Insurance.

There was a purposeful, concerted effort to try to engage smaller businesses with PPP loans.”

Christy Carpenter, president-elect of the Bluegrass Community Bankers Association, attributed the smaller amounts to the fact that the self-employed and farmers more easily qualified for the second round of PPP loans. “That’s what we saw at my community bank,” she told the committee.

In other pandemic-related questions, Rep. Shawn McPherson, R-Scottsville, asked if there had been an increase in Kentucky landlords

defaulting on mortgages because of eviction moratoriums.

“One of the things I have been very ... surprised with is that the past-due rates and the loss rates of our institutions have been relatively low to this point,” Vice said. “As of right now, we have not seen a significant increase in either past dues, foreclosures or defaults.” He added that could change as loan deferment programs implemented during the pandemic expire.

Vice said COVID-19 created other market concerns.

“Uncertainty in markets caused some to move to non-traditional investments with increased risk of fraud,” Vice said. He explained that social media posts were being used to promote agenda-based trading, possibly to manipulate markets and encourage pump-and-dump schemes.

Rep. Tom Smith, R-Corbin, asked about the possibility of regulating cryptocurrencies that have also seen an increase in popularity due to uncertainty in traditional markets.

“One of the challenges there is taking the right approach to this,” Vice said. “We are looking at it. We are engaging some companies with this. We are talking to other states about this. And we are taking a look at the best way for Kentucky to move forward.”

Proposed bill, from page 4

who would pay for the additional costs of administering pre-application determinations.

Joshua Gaines, a senior policy analyst with the CSG Justice Center, testified that many states charge a nominal fee to review the application ahead of time. He said such fees discourage people not interested in following through with the required training from seeking pre-

application determinations.

Other recommendations Harris and Gaines gave included considering pardons, expungements, rehabilitation, non-violent crimes and recent conduct when issuing licenses.

Any possible legislation would expand Senate Bill 120 from the 2017 Regular Session. That was an omnibus bill sponsored by Westerfield

that included, among other things, provisions that made it possible for ex-felons to obtain occupational licenses.

Harris said those types of provisions have been dubbed “second chance licensing laws” and copied around the country. He said it is now time for Kentucky to improve on what it had already pioneered.



2021 Kentucky General Assembly

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2021 Kentucky General Assembly

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2021 Kentucky General Assembly

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Index

A

Appropriations and Revenue 12, 14, 15, 16, 17, 18

C

Capital Planning Advisory Board, 50
Capital Projects and Bond Oversight, 51
Child Welfare Oversight and Advisory Committee, 21
County Clerk Office Modernization Task Force, 20

E

Economic Development and Workforce Investment, 23
Education, 24
Education Assessment and Accountability Review Subcommittee, 53

G

Government Contract Review Committee, 54, 59

H

Health, Welfare and Family Services, 28
Home & Community Based Service Waiver Redesign Task Force, 52

I

Interim Joint Committee on Banking & Insurance, 19

J

Judiciary, 30

L

Legislative Oversight & Investigations Committee, 63
Legislative Research Commission, 11
Licensing, Occupations, and Administrative Regulations, 31
Local Government, 32

M

Medicaid Oversight and Advisory Committee, 62

P

Pari-Mutuel Wagering Taxation Force, 34, 35

R

Race Access & Opportunity, 36

S

School Funding Task Force, 38, 41
Severe Mental Illness Task Force, 65, 67
State Government, 43

T

Tobacco Settlement Agreement Fund Oversight Committee, 68
Tourism, Small Business, and Information Technology, 46
Transportation, 47

U

Unemployment Insurance Reform Task Force, 37

V

Veterans, Military Affairs, and Public Protection, 49

Committee Meetings

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 569th Meeting

August 4, 2021

Call to Order and Roll Call

The 569th meeting of the Legislative Research Commission was held on Wednesday, August 4, 2021, at 12:30 PM, in Room 125 of the Capitol Annex. Senator Robert Stivers, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers, Co-Chair; Representative David W. Osborne, Co-Chair; Senators Julie Raque Adams, David P. Givens, Morgan McGarvey, Dennis Parrett, Damon Thayer, Reginald Thomas, and Mike Wilson; Representatives Derrick Graham, Angie Hatton, Joni L. Jenkins, Chad McCoy, David Meade, and Steven Rudy.

LRC Staff: Jay Hartz and Christy Glass.

President Stivers acknowledged the passing of Senator Tom Buford and Representative John “Bam” Carney, who were both past members of the Legislative Research Commission. After comments made by Representative Rudy, Senator Givens, and Senator Thayer, a moment of silence was observed.

There being a quorum present, Senator Stivers called for a motion to approve the minutes of the June 2, 2021, meeting; accept as indicated items A. through C. under Staff and Committee Reports; refer prefiled bills and administrative regulations as indicated and approve items C. through F. under New Business, including the memo on Budget Review Subcommittee Membership; and, accept and refer as indicated items 1. through 11. under Communications.

Representative Jenkins asked that it be noted that on page 21 of the agenda under the movement from the Cabinet for Health and Family Services, that when the Kentucky Health Benefit Exchange went back to a state based system, taxpayers were saved an estimated \$15-20 million dollars.

There being no further discussion, a motion having been made by Senator Raque Adams and seconded by Representative Osborne, a roll call vote was taken.

Senator McGarvey asked to explain his yes vote. He said that he was happy about some of the things happening, including the strengthening of the sexual harassment policy at the LRC, but he is troubled by the fact that the Executive Branch offices are being taken out of the Capitol Annex with today’s vote, and that it was done without consulting the Executive Branch.

Senator Thomas asked to explain his no vote. He said he voted no for the reasons articulated by Senator McGarvey, as well as agreeing with the strengthening of the sexual harassment policy, and as legislators and

leaders of the state, they need to make sure that there is no instance or action of sexual harassment that they will ever tolerate as a body.

Senator Thomas also stated that the Legislature should always work closely with the Governor, and to remove the Executive Budget Office from the Capitol Annex without any consultation or discussion with the Governor is wrong, and that concerns him.

Representative Graham explained his yes vote saying that he wished there had been more communication with the Administration. He said he does know that the legislative body is in a rut in terms of space.

Senator Stivers explained his yes vote in that the Office of Education Accountability is not currently on campus, for which the LRC pays rent to the Executive Branch, and that the Office of Education Accountability will be moving to the Capitol Annex. Senator Stivers further stated that the LRC is losing space on the fourth floor of the Capitol. He said that by statute, the Legislature, including former Representative Rocky Adkins who is now with the Governor’s office, voted that the LRC would be able to institute this process. The space is needed, and after communications with various parties, although not directly with the Governor, it is Senator Stivers’ understanding that the Executive Branch is preparing a stay-at-home work plan. He said that end of the Capitol Annex has rarely been used in the past year and a half, and that the Executive Branch has ample resources at the old and new Transportation buildings, including the building built during the last Administration replacing the old towers. The decision was made to inform the Administration with six (6) months’ notice, per statute that was passed in the early 2000s.

The following items were approved, accepted, or referred.

Minutes of the June 2, 2021, meeting.

STAFF AND COMMITTEE REPORTS

Committee Activity Reports since June 2021.
Report of the Administrative Regulations Review Subcommittee meetings on June 8 and July 8, 2021.
Committee review of administrative regulations by the Interim Joint Committee on Natural Resources and Energy during its meeting on June 3, 2021.
Committee review of administrative regulations by the Interim Joint Committee on Health, Welfare, and Family Services during its meetings on June 16 and July 21, 2021.
Committee review of administrative regulations by the Interim Joint Committee on Local Government during its meeting on June 15, 2021.
Committee review of administrative regulations by the Interim Joint Committee on Transportation during its meeting on July 6, 2021.

Committee review of the 2022 Low Income Home Energy Assistance Program Block Grant Application by the Interim Joint Committee on Natural Resources and Energy during its meeting on July 8, 2021.

NEW BUSINESS

Referral of prefiled bills to the following committees: BR 159 (An act relating to food products) to Agriculture; BR 142 (An act relating to the taxation of feminine hygiene products) and BR 208 (An act relating to the taxation of firearms and ammunitions) to Appropriations and Revenue; BR 106 (An act relating to immunization disclosure) and BR 172 (An act relating to biometric data collection practices) to Economic Development and Workforce Investment; BR 60 (An act relating to public education and declaring an emergency), BR 69 (An act relating to prohibited instruction and declaring an emergency), BR 119 (An act relating to health education), BR 154 (An act relating to athletics) and BR 226 (An act relating to school facilities) to Education; BR 49 (An act relating to youth mental health protection and declaring an emergency), BR 162 (A joint resolution directing the Cabinet for Health and Family Services to establish policies and reports related to children in out-of-home care during the COVID-19 pandemic), BR 238 (An act relating to Medicaid coverage for individuals with mental illness), BR 254 (An act relating to implicit bias in perinatal care), BR 255 (An act relating to pregnant inmates), BR 256 (An act relating to Medicaid coverage for doula services) and BR 257 (An act relating to Medicaid coverage for lactation support services and breastfeeding equipment) to Health, Welfare, and Family Services; BR 22 (An act relating to crimes and punishments), BR 45 (An act relating to civil rights), BR 97 (An act relating to civil rights), BR 140 (An act relating to torture of a dog or cat), BR 171 (An act relating to prohibiting the enforcement of a federal ban or regulation of firearms and declaring an emergency) and BR 201 (An act relating to discriminatory practices against a person) to Judiciary; BR 43 (An act relating to cremation), BR 134 (An act relating to CPA licensure) to Licensing, Occupations, and Administrative Regulations; BR 65 (An act relating to SARS-CoV-2 documentation), BR 133 (An act proposing an amendment to Section 32 of the Constitution of Kentucky relating to terms of members of the General Assembly) and BR 203 (An act relating to state holidays) to State Government; BR 135 (An act relating to boating safety) to Transportation; BR 98 (An act relating to Women Veterans' Day Appreciation) and BR 102 (An act relating to state benefits for veterans), Military Affairs, and Public Protection.

Referral of administrative regulations to the following committees for a secondary review pursuant to KRS 13A.290(6): 787 KAR 001:360E (Overpayment waivers), 803 KAR 002:181E (Recordkeeping and reporting occupational injuries and illnesses), 803 KAR 002:182E (Repeal of 803 KAR 002:180), and 803 KAR 025:015 (Issuance of citations and procedure in workers' compensation enforcement hearings) to Economic Development and Workforce Investment; 701 KAR 005:081 (Repeal of 701 KAR 5:080) and 702 KAR 003:060 (Procedure for payment of em-

ployees) to Education; 201 KAR 002:061 (Procedures followed by the Kentucky Board of Pharmacy in the investigation and hearing of complaints), 201 KAR 026:115 (Definition of psychological testing), 201 KAR 026:121 (Scope of practice and dual licensure), 201 KAR 026:125 (Health service provider designation), 201 KAR 026:130 (Grievances and administrative complaints), 201 KAR 026:155 (Licensed psychologist: application procedures and temporary license), 201 KAR 026:171 (Requirements for clinical supervision), 201 KAR 026:180 (Requirements for granting licensure as a psychologist by reciprocity), 201 KAR 026:185 (Requirements for granting licensure as a psychologist to an applicant licensed in another state), 201 KAR 026:190 (Requirements for supervised professional experience), 201 KAR 026:200 (Education requirements), 201 KAR 026:230 (Examination and applications), 201 KAR 026:250 (Employment of a psychological associate, a temporarily licensed psychological associate, or a temporarily licensed psychologist), 201 KAR 026:280 (Licensed psychological associate: application procedures and temporary license), 201 KAR 026:290 (Licensed psychological practitioner: application procedures), 201 KAR 026:310 (Telehealth and telepsychology), 201 KAR 032:030 (Fees), 201 KAR 032:035 (Supervision of marriage and family therapy associates), 201 KAR 032:060 (Continuing education requirements), 201 KAR 035:010 (Definitions for 201 KAR Chapter 035), 201 KAR 035:020 (Fees), 201 KAR 035:025 (Examinations), 201 KAR 035:040 (Continuing education requirements), 201 KAR 035:050 (Curriculum of study), 201 KAR 035:055 (Temporary registration or certification), 201 KAR 035:070 (Supervision experience), 201 KAR 035:075 (Substitution for work experience for an applicant for certification as an alcohol and drug counselor), 201 KAR 035:080 (Voluntary inactive and retired status), 907 KAR 001:038 (Hearing Program coverage provisions and requirements), 922 KAR 001:490 (Background checks for foster and adoptive parents and relative and fictive kin caregivers), 922 KAR 002:300 (Emergency child care approval), and 922 KAR 005:020 (Batterer intervention provider certification standards) to Health, Welfare, and Family Services; 810 KAR 002:001 (Definitions for 810 KAR Chapter 002), 810 KAR 003:001 (Definitions for 810 KAR Chapter 003), 810 KAR 004:001 (Definitions for 810 KAR Chapter 004), 810 KAR 005:001 (Definitions for 810 KAR Chapter 005), 810 KAR 006:001 (Definitions for 810 KAR Chapter 006), 810 KAR 006:010 (Exotic wagering), 810 KAR 006:020 (Calculation of payouts and distribution of pools), and 810 KAR 006:030 (Pari-Mutuel wagering) to Licensing, Occupations, and Administrative Regulations; 301 KAR 001:400 (Assessing fish kill damages) and 301 KAR 002:228 (Sandhill crane hunting requirements) to Natural Resources and Energy; and 605 KAR 001:215E (Licensing Fees) to Transportation.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum regarding additional office and meeting space in the New State Capitol Annex.

From Senator Paul Hornback and Representative Richard Heath, Co-chairs of the Interim Joint Committee on Agriculture, and Senator Brandon Smith

and Representative Jim Gooch, Co-chairs of the Interim Joint Committee on Natural Resources and Energy: Memorandum requesting approval to hold a joint meeting on their regular meeting day of September 9, at 1:00 p.m. There are no apparent conflicts.

From Director Jay D. Hartz: Memorandum recommending the appointment of Cyndi Galvin to Statute Reviser of the Legislative Research Commission.

From Senate President Robert Stivers and House Speaker David Osborne: Final Report of the LRC Subcommittee on 2022-2024 Budget Preparation and Submission.

COMMUNICATIONS

From the Finance and Administration Cabinet, Office of the Controller: Surtax Receipts Statements for the Law Enforcement and Professional Firefighters Foundation Fund Programs, which reflect activity for Accounting Periods 11, 12, and 13, and year-to-date activity for the period of July 1, 2020, through June 30, 2021.

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarter ending June 30, 2021.

From the Cabinet for Health and Family Services, Department for Community Based Services: 2020 Agency Response to Citizen Review Panel's Annual Report.

From the Cabinet for Health and Family Services: 2021 Kentucky Stroke Encounter Quality Improvement Project (SEQIP) Annual Report.

From the Finance and Administration Cabinet, Department of Revenue: Report of Real Property Assessment Equity and Quality in Kentucky for the 2018 Assessment Year.

From the Justice and Public Safety Cabinet: 2021 Annual Report on the Education Program on HIV/AIDS.

From the Education and Workforce Development Cabinet, Kentucky Commission on the Deaf and Hard of Hearing: FY 21 Telecommunications Access Program (TAP) Annual Report.

From the University of Kentucky, College of Social Work: FY 21 Citizen Review Panels Annual Report.

From the Legislative Ethics Commission: Recommended changes to the Code of Legislative Ethics.

From the Office of the Attorney General: 2021 Report on the status of administrative hearings in the Commonwealth of Kentucky.

From the Cabinet for Health and Family Services, Department for Community Based Services: FY 21 Fostering Success Report.

The motion was approved with Senator Thomas and Representative Hatton voting no, and Senator Parrett passing.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 3rd Meeting of the 2021 Interim

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, August 4, 2021, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Jason Petrie, Chair, called the meeting to order, and the secretary called the roll. Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Jason Petrie, Co-Chair; Senators Danny Carroll, David P. Givens, Alice Forgy Kerr, Morgan McGarvey, Stephen Meredith, Michael J. Nemes, Robin L. Webb, and Stephen West; Representatives Lynn Bechler, Danny Bentley, John Blanton, Randy Bridges, Myron Dossett, Joseph M. Fischer, Ken Fleming, Kelly Flood, Chris Fugate, Al Gentry, Robert Goforth, Mark Hart, Angie Hatton, Jason Nemes, Ruth Ann Palumbo, Melinda Gibbons Prunty, Brandon Reed, Steve Riley, Sal Santoro, James Tipton, and Lisa Willner.

Guests: Michael W. Clark, Director, Center for Business and Economic Research; John Hicks, State Budget Director, Office of State Budget Director; Sandy Williams, Deputy Executive Director, Kentucky Infrastructure Authority; and Jim Gray, Secretary, Kentucky Transportation Cabinet.

LRC Staff: Jennifer Hays, Grant Minix, Sarah Watts, and Chase O'Dell.

Approval of Minutes

A motion was made and seconded to approve the minutes of the July 7, 2021 meeting of the Interim Joint Committee on Appropriations and Revenue. The motion passed by voice vote.

Kentucky's Current Economy and Inflation Compared to the Nation

Michael W. Clark, Director, Center for Business and Economic Research, testified on Kentucky's current economy and inflation compared to the nation.

Mr. Clark testified that in the United States and in Kentucky, economic output has continued to improve over the past year. Employment has rebounded substantially but still remains below pre-pandemic levels. Economic recovery has been uneven across sectors. Labor force participation rates remain low. Inflation has also increased during this time.

Gross domestic product (GDP) declined 10 percent from the first quarter of 2020 to the second quarter of 2020. Kentucky's GDP declined at an annual rate of 35 percent during this time. Each quarter since then, economic output has increased substantially. For the first quarter of this year, Kentucky GDP grew at an annual rate of 6.4 percent. National GDP has reached pre-pandemic levels.

Initial claims for unemployment insurance have dropped substantially since the height of the pandemic, but they still remain high compared to pre-pandemic levels.

The labor force participation rate in the U.S. has recovered more than in Kentucky. Some factors affecting the labor force participation rate include health concerns for workers, limited access to childcare, an increase in the number of people who have retired,

skills and geographic mismatches, and enhanced unemployment benefits. It is unclear how much each individual factor is contributing to the overall lower labor force participation rate in the U.S. and Kentucky.

Of the jobs lost in Kentucky last year, roughly 69 percent have been recovered or replaced with other jobs. For several months in 2020, Kentucky was recovering lost jobs at a rate faster than the rest of the country, though the country has caught up in the last six months. As of June 2021, Kentucky employment was still down 4.6 percent relative to the level of employment in January 2020, which is very similar to the national situation. There were about 90,000 fewer jobs in Kentucky in June 2021 compared to January 2020.

While there has been a substantial increase in job openings, the labor force participation still remains low. With the high demand for workers, there are not enough workers to fill available positions. As a result, wages and salaries in the U.S. are continuing to increase.

Prices have significantly increased in the last three months. Inflation has jumped to levels not seen in a long time. There has been a substantial increase in the price of new cars. Used car prices accounted for a third of the increased inflation from May to June 2021. Much of the cause for inflation in certain categories of products has been due to supply chain issues and increased consumer demand. Most of these inflation pressures are likely to go away over time.

In response to a question from Senator Carroll, Mr. Clark testified that economists still see accurate data on employment, even with additional federal spending or reduced interest rates. Government agencies will have to figure out how to transition to consumer demand driving employment rather than stimulus. In response to another question, Mr. Clark stated that there is always a question of whether providing additional unemployment benefits provides a disincentive to work. In response to further questions, Mr. Clark testified that there are several contributing factors to why labor force participation rates remain lower than pre-pandemic levels, and that factors may vary between sectors, but that it is difficult to determine how much each factor contributes. It is likely that additional unemployment benefits and stimulus checks contribute to lower labor force participation, but it is difficult to determine how much they contribute.

In response to a question from Representative Petrie, Mr. Clark testified that there is always a concern that fiscal stimulus, in addition to higher consumer demand, may drive prices up. Economic output has recovered, but there is reason to believe that supply in the economy can be increased and thus mitigate the concern about inflation. In response to another question from Representative Petrie, Mr. Clark said that national studies show that retirements have increased during the pandemic. Most of these workers were going to retire in the next few years anyways, so eventually the labor force participation rate will catch back up.

In response to a question from Representative Fleming, Mr. Clark stated that he does not see a potential for a period of stagflation, because demand for goods and services remains high. In response to another question, Mr. Clark testified that compared to other

states, Kentucky receives a relatively large portion of its total personal income from transfer payments from the federal government. These payments tend to be stable and are not tied to economic performance.

In response to a question from Representative Bridges, Mr. Clark testified that to the extent that enhanced unemployment benefits are having an effect on labor force participation, it would be expected that more people would return to work once those enhanced benefits end. Once workers return to the labor force, Mr. Clark anticipates that wage pressure will ease, causing wage increases to slow, which will ease inflation pressures. In response to another question, Mr. Clark stated that demand for workers and skilled workers is high.

In response to a question from Representative Petrie, Mr. Clark testified that the committee should keep an eye on the economic data measures presented during the meeting, particularly the employment numbers which come from the business survey.

In response to a question from Senator Carroll, Mr. Clark stated that he did not know how Kentucky ranked among other states in regards to the percentage of the population not seeking employment. In response to further questions, Mr. Clark testified that an individual is classified as not participating in the labor force if they are not actively searching for a job. Generally, the processes used to determine unemployment and labor force participation rates are accurate. There are, however, limitations and challenges to collecting data. Mr. Clark testified that he did not recall specific reports which focus on why individuals are not participating in the labor force.

In response to a question from Senator Meredith, Mr. Clark stated that there are a number of different measures of unemployment which look at the various situations workers find themselves in. He continued to say he not only looks at the unemployment rate, but also at how many jobs are in the economy.

In response to a question from Representative Nemes, Mr. Clark testified that the labor force participation rate is calculated from the civilian non-institutional population, which excludes individuals institutionalized, in the military, or 15 years old or younger. The official labor force participation rate includes individuals 16 years old or older, so it includes senior citizens. Mr. Clark stated that he likes to look at the participation rate of prime-age workers, which includes individuals ranging from 25 to 55 years old.

Fiscal Year 2021 Year-End Closeout

John Hicks, State Budget Director, Office of State Budget Director, presented an overview of the fiscal year 2021 year-end closeout.

Mr. Hicks testified that fiscal year 2021 actual general fund receipts totaled \$12.8 billion. Actual receipts for the year were \$1.1 billion in surplus of the enacted estimate, more than triple the highest surplus ever recorded. Fiscal year 2021 receipts grew 10.9 percent from fiscal year 2020, representing the highest annual growth rate in 26 years. This growth in receipts was led by the sales and use taxes, the individual income tax, and the corporate income and Limited Liability Entity Tax (LLET) taxes. These taxes accounted for 87 percent of the revenue surplus.

Sales tax receipts grew 12 percent in fiscal year

2021, which was the highest growth since the sales tax rate was last increased in the 1990 regular session. Corporate income and LLET receipts grew 38.1 percent in fiscal year 2021, which was the highest growth since fiscal year 2006. Property tax receipts grew 9.2 percent in fiscal year 2021. Individual income withholding receipts grew by 5.9 percent in fiscal year 2021, the highest growth rate since fiscal year 2015.

The total general fund surplus for fiscal year 2021 totaled almost \$1.2 billion. Of this surplus, \$1.162 billion has been deposited into the budget reserve trust fund, which is the largest deposit ever. This brings the budget reserve trust fund balance up to \$1.9 billion, which is equivalent to 16 percent of fiscal year 2022 general fund appropriations.

Fiscal year 2021 road fund receipts totaled \$1.642 billion, with a surplus of \$64.6 million over the enacted estimate. The bulk of this surplus consisted of an increase in motor vehicle usage tax receipts, which grew 24 percent over the prior year. Overall, road fund revenues in fiscal year 2021 increased 10 percent over the prior year.

The 10.1 percent growth rate in road fund collections was the highest growth rate since fiscal year 2011. Revenues from fiscal year 2021 were the highest in road fund history. The total road fund surplus for fiscal year 2021 totaled \$97.3 million, with \$29.7 million coming from spending less than budgeted.

The general fund enacted revenue estimate for fiscal year 2022 projects revenues of \$11.850 billion, which is 7.6 percent less than actual revenues in fiscal year 2021. The Office of State Budget Director forecasts that general fund revenues will grow about 3.3 percent in the first three quarters of fiscal year 2022. The road fund is projected to grow by 4.6 percent in the same period.

In response to a question from Representative Prunty, Mr. Hicks testified that the economy adapted more quickly to the pandemic than anyone expected. The significant job loss which occurred at the beginning of the pandemic was highly concentrated among low wage workers, who do not pay a lot of income taxes. Middle income and high wage workers were able to maintain their income, thus income tax receipts grew. The sales tax receipts grew, largely because people spent more money on taxable tangible goods during the pandemic.

In response to a question from Senator McDaniel, Mr. Hicks stated that early in the pandemic, there were a substantial amount of income withholding receipts collected from individuals receiving unemployment insurance benefits who opted into withholding. In response to another question, Mr. Hicks confirmed that \$600 million in COVID-19 funds was utilized for fiscal year 2020 and 2021 which would have otherwise been general fund revenue, which helped contribute to the surplus. Senator McDaniel spoke to the upcoming budget obligations and challenges.

In response to a question from Representative Tipton, Mr. Hicks testified that he was unsure of the amount of matching dollars that Kentucky would be required to put up once the federal infrastructure bill passes.

In response to a question from Representative Fleming, Mr. Hicks stated that wages and salaries

have increased. The Office of State Budget Director projects that wages will continue to increase in the next three quarters.

Update on Broadband Initiative

John Hicks, State Budget Director, Office of State Budget Director; and Sandy Williams, Deputy Executive Director, Kentucky Infrastructure Authority, provided an update on the broadband initiative.

Mr. Hicks testified that the request for information for the broadband initiative was released in June, 2021. Twenty-six responses were received. Those responses were used to finalize the request for proposal (RFP) and application.

The RFP will be released in August. The map of unserved areas released with the RFP will be indicative of the information available. The RFP will be left open for 2.5 months. The challenge process will last for at least one month. The evaluation and award processes do not have a timeline yet.

In response to a question from Representative Petrie, Mr. Hicks stated that it is possible that the award process will be completed by the end of the calendar year, but that the process may go into the beginning of 2022.

Update on Water Projects

Jim Gray, Secretary, Kentucky Transportation Cabinet; and Sandy Williams, Deputy Executive Director, Kentucky Infrastructure Authority, presented an update on water projects.

The drinking water and wastewater grant program is responsible for water projects. The program is funded by the American Rescue Plan Act of 2021. These funds were appropriated by the General Assembly in Senate Bill 36 of the 2021 Regular Session. The program is part of the Better Kentucky Plan.

In the 2021 Regular Session, \$250 million was appropriated for water and wastewater projects. Out of that total, a \$150 million pool is allocated by county population. Another \$50 million pool is dedicated for unserved drinking water customers in rural areas and federal consent decree projects. Finally, a pool of \$49.9 million is dedicated to supplement a project grant where the cost is greater than the county's allocation, as well as for cost escalations and changed conditions.

The number of potential projects is greater than 350. There may be as many as 269 unserved drinking water projects. Four federal consent decree utilities will be eligible. Across the state, 713 utilities will be eligible for project funding. As of the end of July, 371 projects had been submitted for approval. These project submittals represent 91 counties and would total more than \$612 million. The call for projects opened June 1, 2021, and the application deadline is November 19, 2021.

The obligation of funds must occur by December 31, 2024. Funds must be spent by December 31, 2026. Grant awards will be distributed June 20 through December 31, 2021. Project types determine the timeline for conditions compliance. The grant assistance agreement will be issued after conditions are satisfied. With no further business before the committee, the meeting was adjourned at 2:59 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection

Minutes of the Second Meeting of the 2021 Interim

July 7, 2021

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, July 7, 2021, at 9:00 AM, in Room 154 of the Capitol Annex. Senator Matt Castlen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Matt Castlen, Co-Chair; Representative Lynn Bechler, Co-Chair; Senators Christian McDaniel, Morgan McGarvey, and Wil Schroder; Representatives Al Gentry, David Hale, Nima Kulkarni, Bart Rowland, and Russell Webber.

Guests: Phillip Pratt, Representative, District 62; Bob Babbage, Managing Partner, Babbage Cofounder; Lauren Hogan, Director of Advocacy and Media, Babbage Cofounder; Chris McDaniel, Senator, District 23; Russ Meyer, Commissioner, Kentucky Department of Parks; Will Adams, Deputy Commissioner, Kentucky Department of Parks.

LRC Staff: Sara Rome, Kevin Newton, Joseph Holt, and Amie Elam

The minutes from the June 2, 2021 meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection were unanimously approved.

Data Center Bill

Representative Phillip Pratt, Bob Babbage, and Lauren Hogan spoke to the subcommittee about data centers. In the 2021 Regular Session, HB 372 was vetoed by Governor Andy Beshear. Representative Pratt explained the past issues surrounding the bill. He expressed a renewed effort to address data centers in the upcoming 2022 Regular Session.

Remote Worker Bill

Senator McDaniel testified to the committee about the remote worker bill. The bill aims to attract potential employees and residents by providing a tax incentive for remote workers living in Kentucky. The remote worker bill will be revisited in the upcoming 2022 Regular Session.

In response to a question from Representative Hale, Senator McDaniel said that the Governor's reason for vetoing 2020 Regular Session HB 372 was in reference to the financial impact of the bill.

In response to a question from Representative Webber, Senator McDaniel said that there are at least a dozen incentives for remote workers in other states.

Tourism, Arts and Heritage Cabinet

Russ Meyer, Commissioner, and Will Adams, Deputy Commissioner, Department of Parks, spoke to the committee about the economic impact of the pandemic on Kentucky State Parks. They also spoke about the challenges and shared some positive news highlights.

In response to a question from Representative Webber, Mr. Adams said that as group sales increase, it is imperative to update lodges and facilities at the parks. Mr. Meyer said that park facilities are in dire need of investment. Mr. Adams agreed to provide the General Assembly a comprehensive list of capital needs prior to the 2022 Regular Session. Mr. Adams said there are major hurdles to privatization. He stated that many of Kentucky's state parks were established with funding from the Land and Water Conservation Fund, which permanently restricts the property for outdoor recreation. He said that for private investors that restriction is an area of concern. Mr. Adams stated that the Department of Parks would continue to look for ways to explore private partnerships.

In response to a question from Chair Castlen, Mr. Meyer agreed to provide a priority wish list to the General Assembly prior to the 2022 Regular Session.

In response to a question from Representative Hale, Mr. Meyer said that thirteen Kentucky State Parks have golf courses. Mr. Meyer said that all of the golf courses are revenue generators. He added that there are many unforeseen costs to maintain a golf course including, irrigation and the upkeep of sand traps.

In response to a question from Representative Bechler, Mr. Meyer said that the Department had nearly completed the upgrades to broadband. Mr. Meyer said that it is difficult to put a dollar figure on golf courses as an asset. He added that part of the mission of the golf courses is to drive tourism into communities. There being no further business to come before the subcommittee, the meeting adjourned at 10:17 A.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection

Minutes of the 3rd Meeting of the 2021 Interim

August 4, 2021

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, August 4, 2021, at 9:00 AM, in Room 154 of the Capitol Annex. Representative Lynn Bechler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Matt Castlen, Co-Chair; Representative Lynn Bechler, Co-Chair; Senators Christian McDaniel, Morgan McGarvey, Wil Schroder, and Brandon Smith; Representatives Al Gentry, Nima

Kulkarni, Savannah Maddox, Bart Rowland, and Russell Webber.

Guests: Rebecca Goodman, Cabinet Secretary, Energy and Environment Cabinet; Kenya Stump, Executive Director, Kentucky Office of Energy Policy; Elisa Hanley, Manager, Pupil Transportation Branch, Kentucky Department of Education; Chay Ritter, Director, Division of District Support, Kentucky Department of Education; Eric Perez, Office of Transportation Delivery, Kentucky Transportation Cabinet.

LRC Staff: Sara Rome, Kevin Newton, Joseph Holt, Amie Elam

Volkswagen Settlement Funding

Representatives from the Energy and Environment Cabinet, the Kentucky Department of Education, and the Kentucky Transportation Cabinet gave the committee an update regarding Volkswagen Settlement funds.

In response to a question from Senator McDaniel, Ms. Stump said that eligible entities would receive funds within 60 days of their request for reimbursement.

In response to a question from Chair Bechler, Ms. Stump said that all 93 school systems that applied for funding were approved. Secretary Goodman said that charging stations for electric vehicles use fairly standard technology across the board. Ms. Stump added that the Volkswagen Settlement requires that charging stations be universally accepted by all vehicle types and must comply with the Americans with Disabilities Act (ADA) accessibility requirements.

In response to a question from Chair Bechler, Mr. Perez stated that the grant amounts vary due to differing needs and levels of federal matching dollars. Mr. Perez said that proof that old buses have been rendered inoperable is required before reimbursement is made. He added that the money made from the recycling of buses goes back to the company's transit operations.

There being no further business before the subcommittee, the meeting adjourned at 9:35 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Education

Minutes of the Second Meeting of the 2021 Interim

July 7, 2021

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, July 7, 2021, at 11:00 AM, in Room 154 of the Capitol Annex. Representative Steve Riley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representatives James Tipton, Co-Chair, and Steve Riley, Co-Chair; Senator Dennis Parrett; Representatives Kim Banta, Tina Bojanowski, Randy Bridges, Ken Fleming, Kelly Flood, Regina Huff,

Bobby McCool, and Ruth Ann Palumbo.

Guests: Robin Kinney, Associate Commissioner, Office of Finance and Operations, Kentucky Department of Education; Carrie Ballinger, Superintendent, Rockcastle County Schools; Dr. Houston Barber, Superintendent, Frankfort Independent Schools, President, Kentucky Association of School Superintendents; Matt Robbins, Superintendent, Daviess County Schools, Board Member, Kentucky Association of School Superintendents; Amy Shutt, Assistant Superintendent, Daviess County Schools; Thom Cochran, Superintendent, Johnson County Schools, Vice President, Kentucky Association of School Superintendents.

LRC Staff: Liz Columbia, Jennifer Krieger, Nick Peak, and Amie Elam

Approval of Minutes

Representative Fleming made the motion to approve the minutes from the June 2, 2021 meeting. Representative Tipton seconded the motion, and the minutes were approved without objection.

Kentucky Department of Education

Robin Kinney, Associate Commissioner, Office of Finance and Operations, Kentucky Department of Education (KDE), spoke to the committee regarding federal pandemic relief funding and full-day kindergarten.

In response to a question from Representative Tipton, Ms. Kinney said that the federal government maintenance of effort provision requires that the state maintain appropriate levels of funding to ensure federal funds are not used to pay General Fund expenses. Ms. Kinney said that the Governor's Emergency Education Relief Funds (GEERs), which are used to supplement Family Resource and Youth Services Centers (FRYSCs), go directly to the Cabinet for Health and Family Services via the Governor's office.

In response to a question from Representative Bridges, Ms. Kinney said that bonuses and salary adjustments are permissible expenditures as long as they are forward looking. However, one-time non-recurring thank you bonuses for past performance are not allowed.

In response to a question from Representative Bojanowski, Ms. Kinney said that federal relief funds may be used for preschool and early childhood education efforts.

In response to a question from Representative Fleming, Ms. Kinney said that KDE is still learning what will be audited by the federal government. She added that there is already a process in place to look at the use of funds across the Department. Each district must submit an assurance document, a spending plan, and a quarterly expenditure report. She added that each district has an independent financial audit performed yearly. Ms. Kinney said that all expenditure monitoring is available through KDE's website and that she would be happy to share any use of funds information with the General Assembly.

In response to a question from Senator Parrett, Ms. Kinney said that KDE would provide the committee with the funding amounts going to the Kentucky School for the Deaf and the Kentucky School for the Blind.

Superintendents Dr. Houston Barber, Carrie Ballinger, Matt Robbins, Amy Shutt, and Thom Cochran presented to the committee. Presentations focused on summer programs, instructional technology, access to opportunity, mental health, and social-emotional learning.

In response to a question from Representative Fleming, Ms. Ballinger said that prior to the pandemic, school counselors were in each school building. She stated that the pandemic made it clear that there were insufficient mental health resources available to target the needs of students. Ms. Ballinger said that before Rockcastle County received any federal pandemic funds, the district had committed to hiring a mental health coordinator. She added that with the federal money, the district was able to hire two additional staff members to assist with the mental health needs of students.

In response to a question from Representative Bojanowski, Ms. Ballinger said that the pandemic forced schools to think differently and implement necessary programs that may not have been implemented otherwise.

In response to a question from Representative Tip-ton, Ms. Ballinger stated that to close learning and achievement gaps districts must focus on Tier I instruction. She added that Rockcastle County has an initiative that will have teachers revisiting standards and focusing on curriculum mapping.

In response to a question from Representative Fleming, Ms. Shutt said that all student assistance coordinators are trained in mental health testing and developing treatment plans. She added that the district has a team of psychologists to serve students and families.

There being no further business to come before the subcommittee, the meeting adjourned at 12:27 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement

Minutes of the 3rd Meeting of the 2021 Interim

August 4, 2021

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, August 4, 2021, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representatives John Blanton, Co-Chair, and Myron Dossett, Co-Chair; Senators Robby Mills, Adrienne Southworth, Reginald Thomas, and Stephen West; Representatives Kevin D. Bratcher, Jeffery Donohue, Robert Goforth, Jim Gooch Jr., Derrick Graham, Mark Hart, Adam Koenig, Michael Meredith, Su-

zanne Miles, Jerry T. Miller, Phillip Pratt, Nancy Tate, and Buddy Wheatley.

Guests: Jamie Link, Cabinet Secretary, Labor Cabinet; Buddy Hoskinson, Executive Director, Office of Unemployment Insurance, Labor Cabinet; Jon Pendergrass, Interim Director, Career Development Office, Labor Cabinet; Morgan Eaves, Legislative Liaison, Labor Cabinet; LaKisha Miller, Executive Director, KY Chamber Workforce Center; and, Charles Aull, Senior Policy Analyst, KY Chamber Workforce Center.

LRC Staff: Emma Mills, Savannah Wiley, and Spring Emerson.

Approval of Minutes

A motion to approve the minutes of the July 7, 2021 meeting was made by Representative Pratt. The motion was seconded by Representative Gooch, and the minutes were approved by voice vote.

Labor Cabinet

Secretary Link, Director Hoskinson, and Director Pendergrass provided information relating to Unemployment Insurance and the effects of COVID-19.

In response to a question from Representative Meredith regarding the backlog of unemployment claims, Mr. Hoskinson said it depends on the details of each claim. Processes are being worked through to determine how they may be improved.

In response to a question from Representative Meredith regarding the length of waiting time for in-person appointments, Mr. Pendergrass said those appointments open up at 9:00 AM each day, Monday through Friday, and move rather quickly. Mr. Hoskinson said there is a two-week window, so if an appointment is made today, it will take place in two weeks. He added that virtual appointments are also available.

In response to a question from Representative Meredith regarding return-to-work incentives and whether consideration was given to what the private sector is providing, Mr. Link said the Governor and his administration had spoken with several employers to work on the details of the program. He added that the return-to-work bonus of \$1,500 would not come from the Trust Fund. It totaled \$22.5 million, and would go to the first 15,000 valid applicants.

In response to a question from Representative Pratt regarding the number of applicants for the bonus, Mr. Link said the window closes on October 1, and when that data is received, it will be provided to the subcommittee.

In response to a question from Representative Pratt regarding the number of applicants to date, Mr. Hoskinson said that as of close of business yesterday, there had been 289 applications initiated.

In response to a question from Representative Pratt regarding work search requirements, Mr. Hoskinson said employers can provide a work refusal form if they have openings and potential employees refuse the job offer. This form would generate an investigation. Representative Pratt commented that an employer cannot report a dial tone when a potential applicant hangs up. Ms. Eaves added that applicants must include name of the employer, the name and title of the individual they communicated with there, the time and method of communication. If that information is not provided,

it is likely that it would not be considered a valid work search.

In response to a question from Representative Pratt regarding the exemption of trade unions, Mr. Hoskinson said it is by statute. He also mentioned that the Labor Cabinet is understaffed. Chair Nemes said some of the trade unions are not out of work and have a recall date, therefore they do not have to look for other work during temporary layoffs.

In response to a question from Representative Wheatley regarding mobile units, Mr. Pendergrass said there are currently thirteen full service centers open. The mobile units are primarily used for job fairs, and for those applicants who cannot come to the Career Centers. Chair Nemes commented that the Career Centers are there to help applicants find employment, not just to apply for unemployment insurance.

In response to a question from Representative Graham regarding which states have participated in the STC Program and how successful they have been, Mr. Hoskinson said that information will be provided at a later date.

In response to a question from Representative Graham regarding tracking data which includes difficulty resolving unemployment claim issues, Mr. Hoskinson said identity verification is a huge issue across the country. One of the products now in place is called ID Me, and it is being used by 25 or 26 states at this time. In the five or six weeks since the implementation of the product, 180,000 ID verification issues have been run through the program and 24,000 individuals have gone in to verify their data. Out of that number, a little over 2,100 are fraudulent and about 1,200 are suspected of being fraudulent. In addition to ID verification issues, there are also separation issues and non-separation issues.

Senator Thomas expressed his appreciation for Secretary Link and his appointment to the Labor Cabinet. Mr. Link said he is only a small part of a team, and it takes all of them to address the volume of issues.

In response to a question from Representative Donohue regarding staffing issues at the Career Centers, Mr. Link said it is multi-faceted, but one of the reasons is that the positions are federally funded and time-limited. Trying to recruit for these positions is difficult, in that the federal funds are not guaranteed, and will run out. Most applicants are looking for longer-term opportunities. Mr. Hoskinson said the same holds true in the Department for Unemployment Insurance (UI).

Representative Miles commented that it is very frustrating that incentives are being offered for people to go back to work after there are so many constituents that have worked the entire time during the pandemic. She asked when will there be a solution for these issues, and wondered why LRC staffers were turned away when assistance was offered. Mr. Link said the LRC offer of assistance took place before UI was moved to the Labor Cabinet. He said they need long-term employees and it takes about six months to train UI staff to perform their duties. LRC employees would not get the proper training and then would be expected to return to their regular jobs, which would not be feasible for short-time staff. He added that technological enhancements are being considered as well. In response to a question from Representative Miles

regarding where to send constituents to apply, Ms. Eaves said she can receive requests for those issues.

In response to a question from Representative Miller regarding the status of the Request for Proposal (RFP) for rewriting the Unemployment Insurance system, Mr. Link said off-the-shelf systems were explored, and all states are looking at solutions. His hope is that the RFP will be out by the end of August. A consortium with the US Department of Labor and five other states is considering development of a new UI system, which can be tailored to the requirements of each state.

In response to a question from Co-Chair Dossett regarding the number of applicants for positions within UI, Mr. Link said he would check with their human resources department and provide that information at a later date.

In response to a question from Co-Chair Dossett regarding the number of fraudulent claims since the beginning of the pandemic, Mr. Hoskinson said there had been hundreds of thousands. Co-Chair Dossett requested that information be provided later, along with the amount that had been paid out.

Kentucky Chamber of Commerce

Charles Aull and Director Miller provided information on workforce training needs.

Senator Thomas commented that since January 2020, there had been a five percent reduction in the workforce participation rate. The minimum wage should be increased, since it is so low there is no incentive for the unemployed to return to work. The refusal to hire ex-felons is another issue. And, finally, workforce education needs to be addressed, and schools should receive funding from pre-K through grade 14, creating pathways for the future workforce within the education system. Ms. Miller said hiring ex-felons is being addressed through the Second Chance hiring program, and schools are helping kids become more exposed to in-demand careers which increases the chances of getting the workforce ready for the future. Mr. Aull added that the trend from 2000 to the present of the steady decline in the participation rate of the labor force is troubling. Even when employers raise wages, they still experience significant difficulty hiring.

Representative Donohue commented that the pandemic was a perfect storm. All the issues that have been teetering for years and had not been addressed came to the surface.

Chair Nemes commented that Senator Thomas made some excellent points. We need to educate and train our people on what is needed. Students should be taught about the careers that are necessary for our future.

In response to a question from Co-Chair Dossett regarding federal unemployment insurance assistance and inflation, Mr. Aull said the federal funds could have a positive effect on the overall labor market. He added that it would be difficult to measure the impact of that program due to all the areas it affects. There is a direct relationship between the labor force shortage and the rapid increase in wages, which both contribute to inflation.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:35 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Human Resources

Minutes of the 2nd Meeting of the 2021 Interim

July 7, 2021

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, July 7, 2021, at 11:00 AM, in Room 129 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Danny Bentley, Co-Chair; Senators Ralph Alvarado, Karen Berg, and Danny Carroll; Representatives Adam Bowling, Deanna Frazier, Kimberly Poore Moser, Melinda Gibbons Prunty, Susan Westrom, and Lisa Willner.

Guests: Marta Miranda-Straub, Commissioner, Department for Community Based Services (DCBS), Cabinet for Health and Family Services (CHFS); Lesa Dennis, Deputy Commissioner, DCBS, CHFS; Laura Begin, Staff Assistant and Legislative Liaison, DCBS, CHFS; Christa Bell, Director, Division of Protection and Permanency, DCBS, CHFS; Victoria Elridge, Commissioner, Department for Aging and Independent Living (DAIL), CHFS; Jessica Wayne, Assistant Director, Division of Guardianship, DAIL, CHFS; Richard Bartlett, Trauma Coordinator, Kentucky Hospital Association; and Julia Costich, JD, PhD, Chair, Kentucky Trauma Advisory Committee.

LRC Staff: Miriam Fordham, Kevin Newton, and Benjamin Thompson

Chair Meredith requested a moment of silence in honor of the passing of Senator Tom Buford.

Approval of Minutes

Representative Gibbons Prunty moved to approve the minutes of the June 2, 2021, meeting of the subcommittee. Representative Bentley seconded the motion, and the minutes were approved without objection.

Update on Funding for Social Workers

Commissioner Miranda-Straub, Ms. Dennis, and Ms. Begin provided a presentation on the duties of the Department for Community Based Services (DCBS), particularly the social work portion of their responsibilities.

In response to questions from Chair Meredith, Ms. Dennis stated that the decrease in the number of children in state custody is due to an increase in prevention efforts and in-home services, though the

COVID-19 pandemic likely contributed to some of the decrease. Ms. Bell noted that DCBS measures success by looking at the decrease in the number of children in state custody and the effectiveness of in-home services. Ms. Bell stated that with an additional \$6 million investment in in-home prevention services for Fiscal Year 2020, the state saw a \$15 million reduction in out-of-home services.

In response to a question from Representative Westrom, Commissioner Miranda-Straub stated that she did not have data on hand regarding the average age of frontline social workers, but that roughly 40 percent had been in the job for less than a year. Ms. Bell said that families that participate in the Family First Prevention Services program had seen a 96 percent reduction in the need for out-of-home care.

In response to a question from Representative Moser, Commissioner Miranda-Straub noted that systemic family therapy uses a team of experts that have low caseloads and who live within the community to work with a family when needed, regardless of the day or time.

In response to a question from Senator Berg, Ms. Bell stated that DCBS does track outcomes for the youth who leave DCBS custody at or after the age of eighteen.

In response to a question from Representative Gibbons Prunty, Ms. Bell noted that DCBS does have some flexible funds available to assist families. Ms. Bell provided an example of DCBS providing funding to help pay for vehicle repairs so that parents are able to maintain employment.

Update on Guardianship Caseloads

Commissioner Elridge and Ms. Wayne provided an update on the guardianship program and the efforts the Department for Aging and Independent Living (DAIL) has taken to optimize finances and reduce caseloads in the guardianship program.

In response to questions from Chair Meredith, Commissioner Elridge stated that DAIL was requesting funding for 45 additional staff in order to reduce guardianship caseloads. Ms. Wayne noted that private guardians are court appointed and that, by statute, a guardian is entitled to a fee of six percent of an individual's assets.

Status Update on Funding for the Kentucky Trauma Care System

Mr. Bartlett provided a presentation on the Kentucky Trauma Care System and its budgetary needs.

In response to a question from Chair Meredith, Mr. Bartlett said that in a preliminary report, 13,650 trauma cases were entered into Kentucky trauma registries in 2020.

In response to a question from Senator Berg, Dr. Costich stated that the Kentucky Trauma Care System does not have a hard number on the cost of trauma in Kentucky.

There being no further business before the subcommittee, Representative Bentley moved to adjourn the meeting. Representative Westrom seconded the motion, and the meeting was adjourned at 12:41 PM with no objections.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Justice and Judiciary Minutes of the 3rd Meeting of the 2021 Interim August 4, 2021

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, August 4, 2021, at 9:00 AM, in Room 129 of the Capitol Annex. Representative Joseph M. Fischer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Joseph M. Fischer, Co-Chair; Senators John Schickel, Robin L. Webb, and Whitney Westerfield; Representatives McKenzie Cantrell, Jennifer Decker, Daniel Elliott, C. Ed Massey, and Jason Nemes.

Guests: Jenny Lafferty, Director, Office of Finance and Administration, Administrative Office of the Courts (AOC); Carole Henderson, Budget Director, AOC; Damon L. Preston, Public Advocate, Department of Public Advocacy (DPA); B. Scott West, Deputy Public Advocate, DPA; and Senator Johnnie Turner.

LRC Staff: Zachary Ireland and Benjamin Thompson

Approval of Minutes

Senator Carroll moved to approve the minutes from the July 7, 2021 meeting of the subcommittee. Senator Westerfield seconded the motion, and the minutes were approved without objection.

Update on Court Facilities

Ms. Lafferty and Ms. Henderson provided a presentation regarding the progress that had been made on courthouse construction and renovation projects that were previously approved. Ms. Lafferty also addressed projects that would likely be in the upcoming Judicial Branch budget request.

In response to questions from Chair Fischer, Ms. Henderson confirmed that the bonds used to fund construction projects have a twenty year payoff. Ms. Lafferty noted that the \$400 to \$550 per square foot cost of constructing these courthouses is average or possibly a little below average compared to the amount other states spend on similar projects. Ms. Henderson noted that the Judicial Branch enjoys an interest rate of around two percent on construction bonds. After the bond is paid off, a constructed courthouse is owned by the county in which it is built, rather than any state agency.

In response to questions from Senator Westerfield, Ms. Lafferty stated that there were thirty-seven counties where new courthouse construction or renovation to existing structures had not taken place. Twelve assessments have been done, with the remaining twenty-five to be completed by the end of May 2022.

In response to questions from Senator Carroll, Ms.

Henderson said that the Administrative Office of the Courts (AOC) pays a proportional share of maintenance costs in county courthouses. If the court of justice occupies the entirety of a judicial building, then the AOC would be responsible for the full cost of any repairs. Ms. Lafferty noted that there have been very few counties where mixed-use facility building projects were completed.

In response to questions from Representative Nemes, Ms. Henderson confirmed that the twenty year bond debts for many courthouses will be fully paid within the next few fiscal biennia.

In response to a question from Senator Turner, Ms. Lafferty noted that she would ask Danny Rhoades, Executive Officer, Department of Court Facilities, AOC, to contact him to discuss ideas regarding features to make new courthouses more accessible and convenient for the public as well as those who work on the premises.

Update on the Department of Public Advocacy

Mr. Preston and Mr. West presented an overview of the Department of Public Advocacy's (DPA) status and issues regarding staff turnover. Mr. Preston requested a funding increase of \$5,582,878 to provide an increased salary scale to DPA attorneys, noting that DPA had lost many attorneys to other executive branch agencies that were able to provide significantly higher salaries.

In response to a question from Representative Nemes, Mr. Preston agreed that there would need to be protections in place to prevent a conflict of interest and increase independence if DPA attorneys were moved into non-classified positions.

In response to questions from Senator Carroll, Mr. Preston stated that DPA has 320 attorney positions, though he was unsure of the number positions that were vacant. Mr. Preston confirmed that judges can impose fees on defendants that are declared indigent. Those fees total roughly \$1.5 million per year and the entirety goes to the DPA. Judges have a lot of discretion concerning indigent fees and there is no set scale. Mr. Preston noted that with the requested funding increase starting salaries would remain the same, but that an attorney that had been at DPA for ten years would be making a salary of roughly \$65,000.

There being no further business before the subcommittee, the meeting was adjourned at 10:40 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Transportation Minutes of the 3rd Meeting of the 2021 Interim August 4, 2021

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, August 4, 2021, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Sal Santoro,

Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Sal Santoro, Co-Chair; Senators Johnnie Turner and Robin L. Webb; Representatives Chris Fugate, Samara Heavrin, Thomas Huff, Shawn McPherson, Phillip Pratt, Rachel Roberts, Cherlynn Stevenson, and Ken Upchurch.

Guests: John Moore, Assistant State Highway Engineer, Department of Highways, Kentucky Transportation Cabinet (KYTC); and, Robin Brewer, Office of Budget and Fiscal Management, KYTC.

LRC Staff: Justin Perry, David Talley, and Spring Emerson.

Approval of Minutes

A motion was made by Representative Pratt to approve the minutes of the July 7, 2021 meeting. The motion was seconded by Senator Turner, and the minutes were approved without objection.

Report on SHIFT Schedule

Mr. Moore provided an update and report on the Strategic Highway Investment Formula for Tomorrow (SHIFT) schedule.

In response to a question from Senator Webb regarding Local Planning Organizations (LPOs), Mr. Moore said he would convey to the LPOs he works with that communication with legislators should be considered when scheduling meetings. Chair Santoro commented that interested legislators should make calls and get more involved in the process.

In response to a question from Representative Roberts regarding how SHIFT scoring may possibly disadvantage new safety-related projects, Mr. Moore said a new project has no crash history, therefore the impact must be derived from looking at the old route that traffic is diverted from to the new route. Crash history and other data from the old route are used to help inform the SHIFT score of the new route. Chair Santoro commented that safety should be number one. Senator Turner commented that several legislators in the southeast region of the state are supportive of the Mountain Parkway being extended through the mountain to Floyd County.

FY21 Road Fund Revenue

Director Brewer provided information on fiscal year 2021 Road Fund Revenue.

In response to a question from Representative Heavrin regarding the usage tax, Ms. Brewer said the motor fuels tax has been flat for several years, and it is increasingly more difficult to meet demands. Representative Heavrin commented that a serious conversation needs to take place.

Representative McPherson commented that the increase in the use of electric vehicles creates a need for a fee or tax on charging stations. Chair Santoro commented that any federal infrastructure funds may require a twenty percent match.

Adjournment

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

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 1st Meeting of the 2021 Interim

August 3, 2021

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, August 3, 2021, at 11:00 AM, in Room 154 of the Capitol Annex. Representative Bart Rowland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Bart Rowland, Co-Chair; Senators Ralph Alvarado, Rick Girdler, Jason Howell, Morgan McGarvey, Dennis Parrett, John Schickel, and Brandon Smith; Representatives Danny Bentley, Joseph M. Fischer, Patrick Flannery, Deanna Frazier, Jim Gooch Jr., Angie Hatton, Norma Kirk-McCormick, Adam Koenig, Nima Kulkarni, Derek Lewis, Matt Lockett, Shawn McPherson, Michael Meredith, Rachel Roberts, Sal Santoro, Tom Smith, and Cherlynn Stevenson.

Guests: Charles Vice, Commissioner, Department of Financial Institutions; Debbie Painter, President and CEO, Kentucky Credit Union League; Christy Carpenter, President-elect, Bluegrass Community Bankers Association; Ballard W. Cassady, Jr., President and CEO, Kentucky Bankers Association; Debra Stamper, Vice President and General Counsel, Kentucky Bankers Association; John Cooper, Government Affairs Consultant, Kentucky Bankers Association

LRC Staff: Jessica Sharpe, Breanna Patterson, and Elizabeth Hardy

Financial Institutions Update

Charles Vice, Commissioner of the Department of Financial Institutions (DFI), provided updates on DFI operations through the pandemic, on the depository, non-depository, and securities divisions of the department, and on the paycheck protection program (PPP).

During the pandemic, DFI issued four industry-specific guidance documents, which will end when the state of emergency ends. Overall, the guidance issued was intended for regulated entities to work with customers by providing safe access to services, loan modifications, payment extensions, and reduced fees. Some of the guidance also addressed healthy at home initiatives. The guidance documents were not mandates. Many industries did take initiative to help customers and come up with inventive ways to offer services during the pandemic. DFI continued to conduct examinations of financial institutions predominantly offsite but did have limited onsite activity when necessary. Future examinations will use a hybrid model.

Commissioner Vice provided an update on the depository division, which oversees state-chartered banks and credit unions. Most banks and credit unions have returned to their offices, and lobbies have reopened. Financial institutions are eager to provide loans to customers because of low rates and excess liquidity. Commissioner Vice used a chart to illustrate

the increase in deposits during the pandemic following the stimulus funds provided by the U.S. Congress. Between the end of 2019 and the end of the first quarter of 2021, the total assets of Kentucky banks increased from \$53 billion to \$64 billion and total bank loans grew from \$38 billion to \$41 billion. He also discussed statistics relating to net interest margins, returns on average assets, and capital ratios for both state-chartered banks and credit unions.

An update on the non-depository division was also provided, which oversees non-bank lenders, money transmitters, and check cashers. Throughout 2020 and up to June 25, 2021, the number of licensed mortgage companies, brokers, and loan originators increased. Due to supply and demand and a low rate environment, home prices have raised significantly. The average median home price in Kentucky increased 20 percent over the last year and half. This resulted in significant growth in non-depository mortgage dollars originated, number of loans, and the average loan amount. In contrast, payday loan volume decreased in 2020 and again in 2021, while money transmitter licensees and activity volume remained stable during this time period.

With regard to the securities division, which oversees broker-dealers, investment advisers, and issuers, the registrations have remained stable or increased and demand for securities services remains high. Registrants have closed some of their physical locations and transitioned to an electronic delivery format. Some clients that resisted online services have adapted to the electronic format simply because the ability to meet in-person is diminished. Uncertainty in the markets has caused some individuals to move to non-traditional investments, which comes with increased risks. These include agenda-based trading, cryptocurrencies, and precious metals.

Lastly, Commissioner Vice discussed the PPP in Kentucky. As of August 8, 2020, the number of loans originated was 50,655, the net dollars loaned was \$5.3 billion, and the average loan size was \$104,000. Congress extended the PPP and for that expansion, as of May 31, 2021, the number of loans originated was 80,225, the net dollars loaned was \$2.6 billion, and the average loan size was \$32,000. The outstanding PPP loans in Kentucky, as of March 31, 2021, is 32,000, the net dollars is \$2.5 billion, and the average loan size is \$78,000.

In response to Representative McPherson's question relating to loan defaults due to renter's reform, Commissioner Vice stated that so far, DFI has not seen a significant increase in past due foreclosures or defaults.

In response to Representative Smith's questions relating to cryptocurrency regulation and whether there will be future cryptocurrency guidance from DFI, Commissioner Vice stated that cryptocurrency is challenging, because it is an emerging industry that does not fit into current regulatory law. Some states are legislating in the area, and DFI is looking at the topic to determine the best for Kentucky to move forward. He also stated that bitcoin machines are not widely used in Kentucky yet, and these machines allow some type of payment in currency in exchange for bitcoin.

In response to Representative Flannery's question relating to the ending of the eviction moratorium,

Commissioner Vice stated that DFI has encouraged financial institutions to work with their borrowers, and he has strong faith that financial institutions will do the right thing.

In response to Representative Flannery's question regarding an increase in cold check fees, Commissioner Vice stated that he has not seen an increase in these fees and said some institutions have reduced or waived the fees.

In response to Representative Roberts' questions regarding PPP loans and the impact of the increase in mortgage loans, Commissioner Vice stated that PPP loans did disrupt operations. Many PPP loans will be forgiven which will remove these loans from the institutions' balance sheets, and many mortgage loans will be removed from balance sheets, because they are sold into the secondary market. Regarding why there was a decrease in the average loan size between the first and second rounds of PPP loan funding, this was because the second round was specifically geared toward making loans to small businesses.

Next, Debbie Painter, President and CEO of the Kentucky Credit Union League, discussed the structure and history of credit unions. Kentucky peaked at around 280 credit unions, but today, there are 59. Two credit unions have merged into other credit unions within the last year. All credit union deposits in Kentucky are federally insured up to \$250,000, but unlike the insurance fund for banks, the National Credit Union Share Insurance Fund is self-funded by credit unions.

Thirty-five out of the 59 credit unions are under \$60 million in assets. The smallest has less than a million dollars in total assets, while the largest has about \$1.8 billion in assets. Kentucky credit unions employ about 2,300 people and have about 915,000 members. State-chartered credit unions tend to be a little better capitalized than federally-chartered credit unions, and Kentucky credit unions tend to be better capitalized than other credit unions nationally. Despite decreasing credit union numbers, total assets in Kentucky are increasing and members are being served.

Ms. Painter discussed four issues facing Kentucky credit unions. The first two are issues relating to artificial growth because of stimulus payments being deposited instead of spent and customers not borrowing. Another issue is preventing fraud through cyber security. Lastly, talent recruitment and retention is a concern because of competitive pay and not knowing what new employees want.

Ms. Painter also discussed the focus credit unions have on the financial wellbeing of their members. They have created a website, www.movekyforward.com, that details what credit unions are doing in this area. She stated that the legislature passed an unfunded mandate relating to financial literacy for high school freshman and discussed how credit unions were assisting that initiative. Credit unions committed \$350,000 a year for three years to help fund the Kentucky Financial Empowerment Commission, a commission created by the legislature in 2019.

Senator Schickel relayed a story about depositing quarters in the school credit union from first grade until he had a book full of quarters in the eighth grade. Then, after he graduated high school, the same credit union gave him his first loan, allowing him to pur-

chase a car. He stated that he will do what he can to help credit unions in this committee. Ms. Painter stated that there are still credit unions in high schools today.

Christy Carpenter, President-elect of the Bluegrass Community Bankers Association, discussed her upbringing, her experience at her community bank, and her bank's experience with PPP loans. Her bank, which has about \$375M in assets, made about 550 PPP loans, which resulted in approximately \$1M in fee income. Ms. Carpenter also discussed the struggles community banks are facing today, including uncertainty due to material and worker shortages, competition with non-bank lenders, pressure to pay more interest on deposits, attracting and retaining millennials, keeping employees healthy and safe, cybersecurity, and the cost of technology and compliance. Lastly, she discussed the relevance of community banks and that she hopes they do not go away.

Representative Kirk-McCormick commented that the legislature needs to do what they can do to help community banks, because there is concern that globalized banking will become reality.

Ms. Carpenter responded to Representative Robert's previous question, stating that in the first round of PPP loans, small business owners did not have as much access to benefits because they were told to use net income, but many of them did not have net income because of expense deduction. The second round provided better access because small business owners were allowed to use their gross income.

Lastly, Ballard Cassady, President and CEO of the Kentucky Bankers Association (KBA), discussed the lack of filing technology in county clerk offices, a problem that appears to be caused by lack of funds. He thanked Representative Meredith for chairing the LRC's County Clerk Office Modernization Task Force, noting that the combined efforts of many stakeholders has resulted in some progress. This progress includes the Kentucky General Assembly passing a revised uniform law that allows electronic notarization of documents, giving clerks authority to voluntarily accept electronically recorded documents, and increasing county clerk fees. However, the fees were not enough to enable smaller county clerk offices to update their systems.

Mr. Cassady discussed the record high levels of refinancing coupled with limited access to county clerk services during the COVID-19 pandemic. This stress test for county clerk offices demonstrated two things: (1) electronic filing should be mandatory; and (2) county clerks need supplemental funding for necessary technology upgrades. Without technology upgrades, which are necessary for timely and efficient filing under our race notice statute, Kentucky citizens are at risk for fraud and expensive litigation to resolve competing claims. A few weeks ago, the operating system used for motor vehicle filing, AVIS, went down because of a system error relating to the new system, KAVIS. It is uncertain whether this disruption will create litigation for lenders. According to Mr. Cassady, both of these problems were reminders of our dependency on electronic technologies.

Mr. Cassady stated that three things are required to ensure that county clerks become a benchmark for other states. The first is the willingness and capability

to accept e-recorded documents. The second is a willingness and capability to provide electronic access to a reasonable history of filing documents for title searches. Lastly, the AVIS to KAVIS transition needs to be completed to allow electronic registration, renewal, and transfer of motor vehicles. He also proposed the following funding sources: (1) ensure that fees are not swept from clerks for other uses; (2) prioritize county clerks when making grants that are funded by a document fee collected by those clerks; and (3) allocate federal infrastructure funds for county clerk technology upgrades.

Representative Meredith commented that progress was being made on the clerk issue. In response to Representative Meredith's question regarding whether the influx of deposits was short-term artificial growth, which produces liquidity issues, or long-term monetary supply growth, which requires loan demand growth, Mr. Cassady referred to the Federal Reserve's view of inflation and the relative definition of transitory. He said that there will be a problem as long as the federal government keeps putting money into the economy. Also, now that loans have been made to all of the banks' business customers, who is left to lend money to? Finally, there is discussion as to whether the time has come to quit offering interest on deposits. Representative Meredith also responded to Representative Roberts' earlier question about PPP loans, stating that the second round of PPP funding had requirements about reductions in income, which resulted in some larger companies not being eligible for the second round. Mr. Cassady stated that the formula for the second round of PPP funding also required money to go to employees, but businesses couldn't get employees.

In response to Representative Smith's question regarding bank investment in cryptocurrency, Mr. Cassady stated that volatility is a problem with cryptocurrency, that access to the payment system is critical for cryptocurrency viability, and that according to federal government guidelines, you can't have that kind of volatility and be part of the payment system. While there is a ton of conversation about cryptocurrency, there is uncertainty as to its future, in part, because the Federal Reserve may come out with its own crypto-coin. Also, he was not aware of Kentucky bank investment in cryptocurrency. John Cooper, Government Affairs Consultant with the KBA, added that the federal government will have to lead on cryptocurrency regulations because states should not create a patchwork of laws relating to a payment system that is international. Debra Stamper, Executive Vice President and General Counsel to the KBA, stated that regulators would never accept investment in crypto-coin because of the volatility.

A RESOLUTION adjourning the Interim Joint Committee on Banking and Insurance in honor and loving memory of Senator Tom Buford

Co-chair Carpenter introduced the committee resolution, which was read in its entirety, in honor of Senator Buford's service, dedication, friendship, and legacy to both the committee and the General Assembly. Representative Lockett and Co-chair Rowland also made comments in honor of Sen. Buford. Senator Alvarado moved to adopt the resolution and Senator Meredith seconded the motion. Via voice vote, the

committee adopted the committee resolution.

There being no further business before the committee the meeting adjourned.

COUNTY CLERK OFFICE MODERNIZATION TASK FORCE

Minutes of the 2nd Meeting of the 2021 Interim

July 21, 2021

Call to Order and Roll Call

The 2nd meeting of the County Clerk Office Modernization Task Force was held on Wednesday, July 21, 2021, at 11:00 AM, in Room 149 of the Capitol Annex. Senator Jason Howell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jason Howell, Co-Chair; Representative Michael Meredith, Co-Chair; Senators Robby Mills, Robin L. Webb, and Phillip Wheeler; Representatives Randy Bridges, Patrick Flannery, and Ashley Tackett Laferty.

Guests: Terry L. Manuel, Heather M. Dearing, Mark Ladd, Joseph DeLuca, Stuart Baird, Roger Baird, Keith Doucette, Cornelius Spangler, Jeremy Dugar, Jeremy Cobb, Brandon Parker, and Chris Cockrell.

LRC Staff: Roberta Kiser, Randall Roof, and Yvonne Beghtol.

Approval of the June 16, 2021 Minutes

Senator Wheeler made a motion to approve the June 16, 2021 minutes, seconded by Chairman Meredith, passed by voice vote.

Kentucky Department of Library & Archives Local Records Program Grants

Terry L. Manuel, State Librarian and Commissioner, Kentucky Department for Libraries & Archives (KDLA), stated that the Local Records Program was formed by the passage of HB 26 in 1984, authorizing KDLA to accept and administer funds for records management programs in state and local agencies. The legal process tax on non-marriage recordings increased from \$1 to \$3, and \$950,000 was appropriated to KDLA each year from 1984-1986 to assist in developing a vital records management program and to provide grants to local governments. In 2006, an additional \$1 fee, collected by county clerks, was established by the legislature to fund the program. In 2018, funding dropped by \$200,000 per year, due to the termination of the General Fund appropriation. Currently, the only funding is the \$1 fee collected by clerks.

All local agencies, including any local government office interested in improving the management and preservation of its public records, are eligible to apply for grants. Originally, funding primarily went to county clerks, cities, and one Office of Historical Preservation. In 2016, KDLA reviewed and reaffirmed its commitment to provide equitable services to all eligible local agencies. Grant applications are reviewed by the Local Records Grant Review Committee, who then makes a funding recommendation to the State Li-

baries, Archives and Records Commission, who then makes their recommendations to the commissioner of the KDLA, who makes the final decision on grants awarded. The majority of grants awarded each year have gone to county clerks.

A primary mission of KDLA is to aid in the preservation of and access to public records. Permanent microfilm records are kept in a fireproof, secure, climate-controlled vault. KDLA currently holds 62,782 rolls of microfilm for county clerks and 5,634 other formats of county clerk materials. KDLA Archives Research Room currently holds 71,000 rolls of county clerk microfilm available for public access, and has 9,199,167 digital records from county clerk offices throughout the state. All storage costs are paid by the KDLA from non-grant related funds.

In response to Senator Wheeler, Mr. Manuel stated that the majority of records are available digitally and the accessibility is determined by the county clerks unless an individual wants to come into the office of KDLA. There are programs at KDLA that will facilitate access to searches, but the best access is still at the county clerk's office.

In response to Chairman Howell, Mr. Manuel stated that the majority of records held by KDLA are for security backup. One of the requirements for a grant application is that the applicant agrees to make the record available to the public at their facility.

In response to Chairman Meredith, Mr. Manuel confirmed that the Local Records Program no longer receives funding from the legal process tax approved by HB 26 in 1984, and would appreciate receiving additional funding from more agencies allowed to apply for grants.

In response to Chairman Howell, Mr. Manuel stated that resources to help applicants apply for grants are available on the KDLA website and through training with field representatives or the branch manager.

Electronic Recording & Storage Vendors

Mark Ladd, Vice President of Regulatory & Industry Affairs for ICE Mortgage Technology, stated that the costs associated with electronic recording is based on a delivery service model, the consumer pays the fee and there is no cost to the county for implementing electronic recording. However, there is development work and continuing support that the land record vendors are going to have to do to support electronic recording.

The Wisconsin funding mechanism for modernization is similar to that of KDLA, but there is more funding (\$15 from each recorded document) and a portion (\$8) is retained by the county clerk. The county clerk has discretion over the use of that money. The Wisconsin program funds are segregated and non-lapsing. Therefore, the clerk has the ability to build up funds for more expensive projects. The other \$7 goes into a grant fund, typically used to help fund smaller counties.

In response to Chairman Meredith, Mr. Ladd stated that ICE Mortgage Technology currently works with 30 counties in Kentucky. ICE works directly with the attorney or lender producing the document, then passes it to the county's land record vendor. Any fees are collected from the attorney and then paid to the clerks.

In response to Senator Webb, Mr. Ladd confirmed that the move to eRecording and modernization reduced the need to replace staff when someone would retire or leave. Being able to search records online reduced the need for interaction with the public. Offices are still open and available per statutory requirements. Online searches have also shown a reduction in cost of mailings, printing, labels, and more.

Stuart Baird, President, Software Management, stated that Software Management has worked with Kentucky county clerks for over 35 years, and currently supports 80 counties. Software Management offers free eRecording as a feature of their Land Records product. Software Management is partnered with Simplifile, CSC, and EPN as the three major electronic recording vendors that submit documents. ECCLIX is the online subscription service used for online searches.

In response to Chairman Meredith, Mr. Baird stated that the ECCLIX subscription fee is \$65 per month for each online county. The cost of the clerk's management software depends on how many staff are actively using the product. There is no current pricing structure to allow multiply county access. The fees are retained by Software Management and not kept by the clerk's offices. Each county determines the variety of records kept online and how far back they go.

In response to Representative Tackett Laferty, Mr. Baird stated that Software Management is currently in the process of developing a fraud program to alert people if a document is taken out in their name.

Keith Doucette, Account Executive, Cott Systems, Inc., stated that Cott Systems develops and patents index systems for land records management throughout the United States and works with four counties in Kentucky. Cott Systems created Online Index Books to provide historical and official records in an authentic format.

Cornelius Spangler, Business Solutions Manager, Cott Systems, Inc., added that Online Index Books is more than scanning documents, it digitizes the document and puts it in the system exactly as it is today.

In response to Chairman Meredith, Mr. Doucette confirmed that Cott Systems also offers a clerk facing software and has a subscription based service for the public.

Brandon Parker, Director of Sales and Marketing, Business Information Systems, stated that BIS serves 72 county clerks in Kentucky with payment solutions and nine with Records Management System (RMS). Mr. Parker reviewed the steps required for registry workflow and the security procedures they use. The cost of the registry application is generally between five and six figures to acquire the software, along with a maintenance fee. The eRecording has no fee. Contracts are made with either the office holder or the executive body at the county.

Chris Cockrell, Montgomery County Clerk, reviewed the recent crises that occurred when Automated Vehicle Information System (AVIS) was migrating to Kentucky AVIS (KAVIS). It has been repaired and is up and running, but funding is definitely desired.

In response to Senator Howell, Mr. Cockrell stated that any future changes may cause interruptions in the system, but they should be manageable. When the system went down several offices closed temporarily,

but all titles were processed.

There being no further business, the meeting adjourned at 12:46 PM.

CHILD WELFARE OVERSIGHT AND ADVISORY COMMITTEE

Minutes

July 15, 2021

Call to Order and Roll Call

The Child Welfare Oversight and Advisory Committee meeting was held on Thursday, July 15, 2021, at 1:00 PM, in Room 131 of the Capitol Annex. Representative David Meade, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative David Meade, Co-Chair; Senator Julie Raque Adams, Co-Chair; Senator Karen Berg, Denise Harper Angel, Brandon J. Storm, and Whitney Westerfield; Representatives Kim Banta, Josie Raymond, and Nancy Tate.

Guests: Amy Burke, Assistant Deputy Attorney General, Criminal Division, Office of the Attorney General; Heather Wagers, Executive Director, Office of Trafficking and Abuse Prevention and Prosecution, Office of the Attorney General; LeAnna Homandberg, Board Member, Child Sexual Abuse Prevention Board; Jacqueline Sugarman, M.D., F.A.A.P., Associate Professor of Pediatrics University of Kentucky, Medical Director, Children's Advocacy Center of the Bluegrass and Children's Advocacy Centers of Kentucky; Laura Kretzer, Director of Strategic Initiatives and Programming, Blair Lee

Finance Director, and Ellie Young, Program Compliance Specialist, Children's Advocacy Centers of Kentucky.

LRC Staff: Ben Payne, Lead Staff, Samir Nasir, Becky Lancaster, and Amanda DuFour.

Election of Senate Co-Chair

A motion was made by Senator Westerfield and seconded by Senator Storm to nominate Senator Julie Raque Adams as Senate Co-Chair. A motion was made by Senator Westerfield and seconded by Senator Storm that nominations cease and Senator Adams be elected Senate Co-Chair by acclamation. Senator Adams continued the meeting as the presiding chair person.

Approval of Minutes

A motion to approve the minutes of the November 16, 2020, meeting was made by Senator Westerfield, seconded by Representative Meade, and approved by voice vote.

Child Sexual Abuse and Exploitation Prevention Board – Mission, Challenges, and Opportunities

Heather Wagers, Executive Director, Office of Trafficking and Abuse Prevention and Prosecution, Office of the Attorney General, testified to the committee who were the members appointed to the Child Sexual Abuse and Exploitation Prevention (CSAEP) Board and the scheduled meeting dates for 2021. She listed measures taken by the CSAEP Board to improve operations and further the board's mission. She dis-

cussed the CSAEP Board's decision to explore funding opportunities to participate within the (Kentucky Employee Charitable Campaign (KECC). She reviewed how the CSAEP Board advertises upcoming activities, trainings, and grant solicitations on the I Care About Kids Website.

LeAnna Homandberg, Board Member, Child Sexual Abuse Prevention Board, listed the CSAEP Board's standing committees along with a brief description of each. She discussed the five goals within the strategic plan of the CSAEP Board: to increase public and professional awareness and understanding of the nature and scope of child abuse and exploitation; to increase public and professional awareness and understanding of the nature and scope of child abuse and exploitation; to have a greater influence on public policy relating to child sexual abuse and exploitation; to increase the effectiveness of the CSAEP Board; and to ensure continued growth and viability of the Child Victim's Trust Fund. She reviewed the "Are They Good for Your Kids" campaign related to online predators and other people influencing children. She went over a graph that detailed the number of child sexual medical exams that were funded by the CSAEP Board and performed in 2019 and 2020. She reported on the fiscal year (FY) 2021-2022 statewide and regional grant recipients. She discussed Child Advocacy Week and its policy initiatives along with the Child Advocacy Center (CAC) site visits and regional trainings.

Amy Burke, Assistant Deputy Attorney General, Criminal Division, Office of the Attorney General, discussed aspects of trauma informed sexual assault investigations such as: sexual assault report writing; survivor statement and community engagement; the Prosecutor's Roundtable; the Sexual Assault Nurse Examiners (SANEs) approach to sex trafficking; and the over overview of changes to human trafficking laws and signs of human trafficking. She mentioned that the CSAEP Board partnered with the Zero Abuse Project to bring training to the state on behalf of state and county prosecutors. She relayed that the trainings were tailored to the needs of the prosecutors and to Commonwealth attorneys in relation to dependency, abuse, and neglect court cases. She discussed the 2021 Stark Prosecutor Symposium that focused on the role of technology within dependency, abuse, and neglect crimes. She reviewed the topics of training and discussion at the national Crimes Against Children Conference. She talked about the Child Abuse Prosecution Toolkit available on the Kentucky Office of the Attorney General's website. The toolkit provides resources, trainings, and best practices as related to working in multidisciplinary teams.

Ms. Wagers reviewed the Child Victims' Trust Fund (CVTF) that is administered by the CSAEP Board. She discussed the CVTF donations and shared a graph with amounts donated each year. Kentucky license plate sales is typically the largest source of revenue for the CVTF. She reviewed a graph that displayed the historical data relating to the license plate sales, other revenue generated, and how much money has been spent by the CSAEP Board.

In response to the questions and comments from Senator Adams, Ms. Wagers stated that the CSAEP Board has operational money to cover site visits if

necessary. She stated that there are no general fund dollars given to the CSAEP Board. She stated that money from license plates sales is a rotating reoccurring fund however the CSAEP Board spends more than it receives to fund multiple programs. She stated that the Office of the Attorney General would welcome all support and resources needed to take on endeavor that would expand the scope of victims beyond sexual abuse victims to include other victims of abuse and neglect. She stated that CVTFs in other states focus on all forms of maltreatment whereas the Kentucky CVTF only focuses on sexual abuse and exploitation. She reviewed other ways that states fund raise money for its CVTF.

In response to the questions and comments from Senator Berg, Ms. Burke stated that the CSAEP Board did not hire private prosecutors for sexual abuse cases. She clarified that prosecutors could apply for a grant to pay for an expert to testify in a child sexual abuse case.

Children's Advocacy Centers of Kentucky – Mission, Challenges, and Opportunities

Laura Kretzer, Director of Strategic Initiatives and Programming, Children's Advocacy Centers of Kentucky (CACs of Kentucky), stated that CACs of Kentucky was established to promote, assist and support the development, growth and continuation of Children's Advocacy Centers in the Commonwealth of Kentucky. She explained that the response to child abuse is complex and requires multiple disciplines that can be found within the CACs of Kentucky model. She reviewed the definition of a CAC as defined by KRS 620.020(4). She followed with a list of key services provided by the CACs of Kentucky. She discussed a map detailing various CACs of Kentucky locations. She reviewed the yearly Victims of Crime Act Formula Program (VOCA) grant amounts awarded to the CACs of Kentucky and the projected amount for 2021. She reviewed the trends in the number of children served in Kentucky with a comparison of the first three quarters in FY 2020 to FY 2021.

Ms. Kretzer discussed how several factors that increased in 2020 correlate to an increase in child abuse such as: unemployment, increased stress, social isolation, substance misuse, and decreased access to childcare. She went over how the CACs of Kentucky adapted to the changes in 2020. She discussed the yearly comparison of the average number of victim advocacy and case management contacts per child, indicating a higher a level of need for the children served. The CACs of Kentucky expect the trend of increasing child abuse reports to continue in August of 2021 when children return to schools. The CACs of Kentucky is requesting \$2 million from the American Rescue Plan Act to replace previous losses in revenue. CACs of Kentucky is requesting \$900,000 to provide an additional mental health therapist at each of the CACs of Kentucky in anticipation of the increase in mental health needs.

Ms. Kretzer defined a multidisciplinary team and its objectives established in KRS 620.040 (7)(c). She provided a list of the type of members that make up a multidisciplinary team. She discussed that the CACs of Kentucky have prioritized the multidisciplinary

team model as part of a multidisciplinary enhancement project in three CACs of Kentucky. She explained the centralized intake initiative's process to begin a joint investigation process with law enforcement and the Department for Community Based Services (DCBS) with a flow chart. She shared four charts regarding the percentages of: reports receiving multidisciplinary team responses; children meeting criteria for a forensic interview who received a forensic interview; children meeting criteria for mental health services who received mental health services; and children meeting criteria for victim advocacy who received victim advocacy. The CACs of Kentucky involvement helped to achieve the true intent of a multidisciplinary team to help families heal from abuse. She stated that the CACs of Kentucky is requesting \$5 million in general operating funds each year to support the work and noted that details of the funding request is part of the meeting materials.

Jacqueline Sugarman, M.D., F.A.A.P., Associate Professor of Pediatrics University of Kentucky, Medical Director, Children's Advocacy Center of the Bluegrass and Children's Advocacy Centers of Kentucky, shared two brief stories of abused children that came to one of the CACs of Kentucky for evaluation and treatment, to illustrate why the CACs of Kentucky are so important. She showed pictures and discussed the differences between hospital emergency departments and the child-friendly CACs of Kentucky to aide in the process of disclosing and treating child abuse. The CACs of Kentucky have state of the art medical equipment such as Cortexflo for photo documentation of injuries. She explained that photo documentation allows for peer review of examination findings and can facilitate consultation with another specialist when needed while minimizing unnecessary repeat examinations for the child. She stated the goal of the CACs of Kentucky is to have experienced, qualified examiners provide comprehensive, child focused, developmentally appropriate, and trauma informed medical exams.

Dr. Sugarman reviewed the requirements of medical providers at the CACs of Kentucky such as: receiving special training; required to have ongoing continuing medical education; subject to peer review findings; and must keep up to date on child sexual abuse medical literature. She reviewed a list of purposes for a medical evaluation of a child and a list of reasons why medical examinations are sometimes necessary at a CAC of Kentucky after the child was seen by another healthcare provider. She discussed adverse childhood experiences (ACEs) and that if left unaddressed, sexual abuse can lead to chronic health problems later in life like heart disease, cancer, obesity, and mental health issues. She referenced a list of long term effects caused by sexual abuse. She discussed the estimated total lifetime economic burden of child sexual abuse in the United States. She reviewed what reports and assessments the CACs of Kentucky medical providers are responsible for after a child leaves the office.

Dr. Sugarman shared a graphic explaining the CACs of Kentucky model. She listed the advantages of the multidisciplinary team approach. She gave details regarding the role of the medical professional in the multidisciplinary team case review. She provided

a list of statistics regarding adolescent sexual abuse. She stated that research conducted by the Centers for Disease Control (CDC) estimates that approximately 1 in 13 boys and 1 in 4 girls experience some form of sexual abuse in childhood. She reviewed a list of perpetrator characteristics. She shared how COVID-19 has impacted children's environments and may contribute to a rise in child abuse. She presented a list of new initiatives by the CACs of Kentucky such as: the development of a statewide child sexual assault and abuse medical protocol; the development of sexual assault healthcare provider training recommendations and statewide education; the establishment of a network that can support new providers; and the establishment of networks for peer review of medical findings.

In response to questions and comments from Senator Westerfield, Ms. Kretzer stated that several CACs of Kentucky have affiliate agreements with the Community Mental Health Centers (CMHCs) for a subset of therapists who have specific trauma training. There are also affiliate agreements with additional mental health providers within a specific region. She stated that the funding request would allow for a mental health provider in each of the 15 CACs of Kentucky.

In response to questions and comments from Senator Berg, Dr. Sugarman agreed that requiring continued education training regarding child abuse trauma would be helpful for providers.

In response to questions and comments from Representative Banta, Ms. Kretzer stated that law enforcement is a key partner in the multidisciplinary team process. She stated there has been feedback from the pilot project regarding coordinating services and improving communication with law enforcement.

In response to questions and comments from Senator Adams, Ms. Kretzer stated that this presentation was the unveiling of the request for the \$2 million Health Advanced Research Projects Agency (HARPA) federal funds. She stated that the \$5 million funding request would be to expand the pilot multidisciplinary team project to allow for an increase in the number of services provided. She stated that there is a Kentucky Medicaid regulation specific to children's advocacy centers to have specialized children's medical clinics with a set reimburse rate. The reimbursement rate has been the same for 20 years. She stated that the regulation also limits reimbursement from Medicaid to the physician providing the exam whereas the standards regulation has allowed for advanced practice nurses to also provide exams. She stated there is a mismatch between what the standards regulation and the Medicaid regulations allow.

Adjournment

There being no further business, the meeting was adjourned at 2:37 PM.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 2nd Meeting of the 2021 Interim

July 27, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Tuesday, July 27, 2021, at 2:45 PM, in Room 154 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representative Russell Webber, Co-Chair; Senators Christian McDaniel, Robby Mills, Adrienne Southworth, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, Mike Wilson, and David Yates; Representatives Shane Baker, Kim Banta, Lynn Bechler, Tina Bojanowski, Josh Bray, George Brown Jr., Josh Calloway, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Al Gentry, Mark Hart, Thomas Huff, DJ Johnson, Kim King, Nima Kulkarni, Steve Sheldon, and Ashley Tackett Laferty.

Guests: Lee Lingo, Executive Director, Kentucky Association of Manufacturers; Melissa Aguilar-Southard, Member Relations Director, Kentucky Association of Manufacturers; and Ron Bunch, President and CEO, Bowling Green Area Chamber of Commerce.

LRC Staff: Andrew Manno, Audrey Ernstberger, Kirk Smith, Sasche Allen, and Helen McArthur.

Approval of Minutes

A motion to approve the minutes of the June 17, 2021 meeting was made by Senator Wil Schroder, seconded by Representative DJ Johnson, and approved by voice vote.

Manufacturing Update

Manufacturers in Kentucky account for 17.80 percent of the total output in the state, and employing 13.29 percent of the workforce. The total output from manufacturing was \$38.33 billion in 2019. There are an estimated 4,500 manufacturers across the state, and there were an estimated 244,000 manufacturing employees in 2020. State manufacturers also exported \$24.40 billion in manufactured goods in 2020. Since 1911, the Kentucky Association of Manufacturers (KAM) has been the leading advocate for manufacturing interests in the Commonwealth by creating, supporting, and protecting a manufacturing-friendly environment through advocacy; workforce development; education and training; and cost saving benefits for its members. KAM represents over 400 businesses across the state that are vital to the Commonwealth's economic success. KAM has members from all subsectors within the manufacturing industry and currently has three industry-focused pillars that include Kentucky Chemical Industry Council, KAM Automotive, and KAM Aerospace.

KAM is presently concentrating on several initiatives that focus on workforce and talent development. The organization is conducting its 2021 Kentucky Manufacturing Wage and Benefits Survey, which will also include questions about COVID-19 impacts and recovery. Another initiative involves business development and continuing education through collaboration with KAM and its partners, including Advantage Kentucky Alliance, Kentucky Community and Technical College System (KCTCS), and World Trade Center Kentucky. KAM is also building partnerships with the agriculture community and local economic development organizations and working with KCTCS to connect technical students with manufacturers across the state. In addition, KAM is partnering with the Associated General Contractors of Kentucky to develop Kentucky's Be Pro Be Proud Mobile Workshop.

Lee Lingo, Executive Director of the KAM, discussed issues that the manufacturing industry is currently facing. An outdated supply chain throughout the industry includes legacy technology, manual processes, and other inefficiencies that impact competitiveness in the new digital markets. Transportation issues have become the top concern for supply chain professionals which have potentially been caused by workforce participation, gas prices, equipment shortages, lead time from Asia, and failing domestic infrastructure. There is also a chip shortage which has led to some manufacturers not being able to meet the demand for new vehicles. The manufacturing industry is prioritizing reshoring in the aftermath of COVID-19 and the associated benefits of this shift for the U.S. economy. About 83 percent of North American manufacturers are likely or extremely likely to reshore.

Melissa Aguilar-Southard, Member Relations Director for KAM, detailed the current state of the manufacturing workforce. Although unemployment rates have decreased since the start of the COVID-19 pandemic, the manufacturing industry is still facing a difficulties with workforce participation. KAM has observed that some individuals have not returned to the workforce, because they may make more money staying at home, may have gotten acclimated to working from home, may only be able to find entry level positions, may have decided to continue their education, or may be having difficulty finding childcare. A basic needs budget for an individual living in Jefferson County indicates that a single parent with two young children and zero debt would need to have an hourly wage of \$24 in order to adequately provide for their family. KAM's legislative agenda was also discussed which includes policies allowing for advanced recycling; reexamining the state's current gasoline tax; modernizing the state tax structure; and policies promoting workplace safety, employee engagement, and second chances for those reentering the workforce.

Answering a question from Senator Phillip Wheeler, Lee Lingo explained that although there are chip manufacturers in the U.S., a vast majority of them are located in Asian countries. Replying to a follow up, Mr. Lingo said the manufacturing industry offers competitive wages, but there is a major issue with workforce participation along with other factors.

Responding to Representative Josh Bray, Mr. Lin-

go stated the effects in other states that have terminated the extended federal pandemic unemployment assistance benefits cannot yet be assessed. Answering a follow up, he said he has not seen a difference in workforce participation since the Governor offered an incentive for individuals returning to the workforce.

Addressing a question from Representative Tina Bojanowski, Melissa Aguilar-Southard stated that although employees with four year degrees are needed for certain positions in the manufacturing industry, employers expressed that they mostly need employees that have strong teamwork, problem solving, and critical thinking skills. For those entering the workforce for the first time, these skills can be gained through work based learning activities, apprenticeship programs, and co-op programs. Responding to a follow up, Ms. Aguilar-Southard said that due to low workforce participation rates, employers are offering more on the job training and incentives in order to fill positions.

Replying to Representative DJ Johnson, Mr. Lingo stated the gap between production and workforce participation is widening, and many factors affect the current state of the economy. Addressing a follow up question, Ms. Aguilar-Southard explained the correlation between workforce participation and unemployment rates.

Answering a question from Representative Kim King, Ms. Aguilar-Southard said a consortium of employers was formed in 2020 to study the issue of childcare within the workforce.

Responding to Representative George Brown, Ms. Aguilar-Southard stated career pathways should be addressed at an early age, and soft skills should be built into the K-12 curriculum. Answering a follow up, she said community based organizations can help those reentering the workforce.

Addressing Representative Ashley Tackett Laferty, Mr. Lingo explained that the skills needed by employers do not always match with the skills possessed by workers in a certain geographic location.

Replying to Representative Lynn Bechler, Ms. Aguilar-Southard said there was a shortage of certain skill sets needed by employers prior to the pandemic but now there are additional workforce shortages as a result of the pandemic. Those shortages include welders, control engineers, chemical engineers, and some entry level positions. Representative Lynn Bechler commented about elementary school age being too early for choosing career pathways.

Workforce as a Competitive Advantage - Building a Better System for Businesses and Kentuckians

Ron Bunch, President and CEO of the Bowling Green Area Chamber of Commerce, is one of a few certified economic developers in the state. He provided economic and workforce related recommendations. Mr. Bunch's first recommendation was to create an economic development program similar to one found in Louisiana, which was ranked the number one state for workforce development and talent attraction by the Business Facilities' 16th Annual Rankings: State Rankings Report. The program, which would be housed within the Cabinet for Economic Development, would be managed by economic development professionals that would target either new or existing

companies to offer the incentive of recruiting, screening, and training skilled employees. A program of this kind would provide workforce research and development that could be shared with the K-12 system as well as the Kentucky Community and Technical College System. In addition, the program would provide a single point of contact for state officials to communicate with regarding workforce shortages throughout the state. Mr. Bunch's second recommendation was to create a partnership between state government and its business community to build a dashboard of workforce data that would allow for the program suggested in the first recommendation to adequately meet the supply and demand throughout the state for employers and employees. These initiatives would help the state move from being ranked third in the country for the lowest workforce participation.

Answering questions from Senator Wil Schroder, Ron Bunch explained each state's workforce development program is structured differently, but there are many options for how a program in Kentucky could be organized.

Responding to Representative Kim King, Mr. Bunch stated the workforce development program he recommended would need to be located within the Cabinet for Economic Development, because the Cabinet would be responsible for the recruiting, screening, and training which is often bound by a non-disclosure agreement.

Addressing questions from Representative Tina Bojanowski, Mr. Bunch said that he would categorize the skills needed by employers into a pyramid that would include interpersonal communication as the base of necessary skills, with sector related skills building on those. Aligning soft skills and technical skills with the talent demands by region of the state is critical.

Replying to Representative Lynn Bechler, Mr. Bunch stated the fiscal impact and the return on investment have to be considered when considering funding for his recommended program. Funds should be allocated by the General Assembly some funds could be repurposed in the state's existing budget.

Responding to comments made by Representative Steve Sheldon, Mr. Bunch agreed it might be beneficial to form a task force to access the functionality and sustainability of a workforce development program in the Commonwealth.

Representative Russell Webber announced the next meeting of the Interim Joint Committee on Economic Development and Workforce Investment will be a joint meeting with the Interim Joint Committee on Tourism, Small Business, and Information Technology on August 26, 2021 at the Kentucky State Fair.

There being no further business before the committee, the meeting adjourned at 4:16 p.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 2nd Meeting of the 2021 Interim

July 6, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Education was held on Tuesday, July 6, 2021, at 11:00

a.m., in Room 149 of the Capitol Annex. Representative Regina Huff, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Regina Huff, Co-Chair; Senators Danny Carroll, David P. Givens, Denise Harper Angel, Jimmy Higdon, Alice Forgy Kerr, Stephen Meredith, Gerald A. Neal, Adrienne Southworth, Reginald Thomas, Stephen West, and Mike Wilson; Representatives Shane Baker, Kim Banta, Tina Bojanowski, Jennifer Decker, Jeffery Donohue, Myron Dossett, Scott Lewis, C. Ed Massey, Bobby McCool, Charles Miller, Melinda Gibbons Prunty, Felicia Rabourn, Steve Riley, Attica Scott, Killian Timoney, James Tipton, Russell Webber, Richard White, and Lisa Willner.

Guests: Representative Matt Lockett, District 39; Dr. Jason Glass, Commissioner of Education, Kentucky Department of Education; Dr. Marty Pollio, Superintendent, Jefferson County Public Schools; Kelland Garland, Principal, Hebron Middle School, Bullitt County, Kentucky Association of School Councils; Delvin Azofeifa, school teacher; Jack Brewer, Chairman, Center for Opportunity Now, America First Policy Institute; and James Sherk, Director, Center for American Freedom, America First Policy Institute.

LRC Staff: Jo Carole Ellis, Joshua Collins, and Maurya Allen.

Chair Huff and Representative Bojanowski welcomed special guests including educators from Jefferson County Public Schools (JCPS) and Dawne Perkins.

Approval of Minutes

Representative Riley made a motion, seconded by Senator Wilson, to approve the minutes of the June 1, 2021, meeting. The motion passed by voice vote.

Perspectives on Critical Race Theory

Dr. Jason Glass, Commissioner, Kentucky Department of Education (KDE), began his remarks on critical race theory (CRT) by stating that he is not an expert on CRT or a legal authority. His presentation would be more of a brief overview of the subject and its use in K-12 education, a discussion of racial equity in schools, and a look at the prefiled legislation seeking to prohibit instruction of CRT in both K-12 and postsecondary education.

Dr. Glass said critical race theory is a decades old legal and academic theory which seeks to explain why racism continues to exist. The theory provides a framework for the study of potential causes and effects for and of racism in society and how they might be mitigated. It is typically a graduate level academic concept taught in law school. Discussion of some topics related to CRT might appear in high school elective courses considering historical, political, and sociological aspects of racism, but it would not be developmentally appropriate in elementary or middle school classrooms. In Kentucky, curricular decisions are left to the local site-based decision making committees, according to statute. At this time, KDE is not aware of any schools or teachers specifically teaching CRT in Kentucky's public schools. It also does not appear in any of the state academic standards.

In regards to KDE's efforts toward improving equity, especially racial equity in schools, Dr. Glass clarified that these two subjects, equity and CRT, were not the same thing. Equity in education is fundamentally an effort to ensure that all students have what they need to be successful and meet their full potential as citizens and human beings. Examples of equity in school are provisions for special needs students to access the curriculum and the provision of free and reduced price meals for hungry students. KDE provides a toolkit to schools which includes an equity dashboard to analyze differences in outcomes for different demographics and an equity playbook with five strategies schools can adopt to improve equity. Those strategies include high-quality instruction and quality teachers for all students and equitable allocation of resources. As part of a larger effort to increase equity in public schools, KDE has actively worked to increase the number of teachers of color that are trained and certified in the state through the "Go Teach KY" program.

Dr. Glass said the prefiled bills prohibiting CRT instruction are essentially educator gag and student censorship bills that seek to define what can and cannot be taught or discussed either formally or informally in Kentucky schools on a number of concepts related to race and other controversial topics. Notably, these censorship bills circumvent the decisions of school based councils and replace local decision making with a mandate from the state legislature. Additionally, the mechanism included in the bills for prohibiting a topic is not based on fact but on feelings. If a student experiences discomfort, guilt, anguish, or other psychological distress on account of race, sex, or religion, the material is to be prohibited. This is a standard that is likely impossible to enforce and may create constitutional challenges the state will have to defend. Freedom of speech is protected by the constitution, regardless of what feelings of discomfort it produces for the listener, and it will be difficult for meaningful discussion of history if all concepts have to be vetted for uncomfortable feeling in an individual or group. Additionally, as Bill Request 69 extends this prohibition to postsecondary institutions, it may jeopardize the accreditation of Kentucky's public postsecondary institutions. Law students and other graduate students in fields such as sociology and social work would be unprepared when they encounter elements of CRT in their professional careers.

In conclusion, as is the case with many censored and banned topics, these ideas are already circulating on the internet and students will seek them out. As an alternative path forward to address the apparent urgency to take action on this issue, Dr. Glass recommended encouraging schools to set curriculum that fosters student dialogue and the critique of concepts such as CRT and opposing theories. Mandating an informed free-market of ideas would ensure the conversations are balanced and allows local decision making to continue to reflect Kentucky values.

In response to questions from Chair Huff, Dr. Glass said he was unfamiliar with any grant proposals tied to teaching of CRT. KDE would not be interested in grants which dictate curriculum, as that is not the purview of KDE, but they would accept grant funding toward furthering equity in schools as

discussed earlier.

Responding to questions from Representative Tipton, Dr. Glass reiterated that KDE sets state academic standards through a process laid out in statute, but local schools decide curriculum. School based councils, consisting of parents and teachers in the schools, make those decisions at regular meetings which are open to the public. Notes and minutes are kept and can be accessed by anyone who wants to ask for them at their schools.

Responding to questions from Representative Rabourn regarding Jefferson County Public Schools (JCPS) removing CRT and diversity equity from their guidance, Dr. Glass said he would defer to Dr. Pollio, superintendent of JCPS, who would be speaking later about the specifics of that school system. He reiterated that he was not aware of CRT being taught in any Kentucky schools, but there are significant efforts being taken to ensure diversity equity and inclusion as it is distinctly different. Regarding questions about alternative viewpoints to CRT, Dr. Glass said there are a number of expert criticisms of the theory available. Inclusion of critiques of the theory with the teaching of the theory itself would create the free market of ideas which allows students a fuller perspective and teaches them to synthesize their own interpretations of history and society.

In response to questions from Representative Decker, Dr. Glass explained equity operates in education as different supports for students with different abilities such as providing free and reduced meals to hungry students and different ways for English-language learners to access the curriculum. All students are given what they need to succeed. Equity is a tool to use on the way to reaching the ideal of equality. Regarding claims of CRT being taught in Kentucky schools and being used to make white kindergarteners identify as oppressors, Dr. Glass said those claims should absolutely be investigated and there is an opportunity for parents to file such a claim at a federal level if they feel their student has been mistreated on the basis of race.

Representative Timoney thanked the commissioner for his comments separating out equity and equality. He compared equality to everyone entering a hospital emergency room receiving a bandage, whether they had a bleeding wound or had suffered a heart attack. Equity is assessing what each patient needs and providing it. This structure works in many areas of our lives from policing to funding to education.

The discussion continued with a presentation from Dr. Marty Pollio, Superintendent, JCPS. Dr. Pollio stated he is not an expert on CRT and encouraged the committee to seek out those experts and more diversity for future discussions of this topic. One of the unfortunate side effects of recent focus on CRT has been the growth of its scope to include all topics associated with race, including racial equity and even sometimes trauma-informed care. Separating out CRT from racial equity is critical, and improving racial equity in JCPS is a real focus of the district at this time. Eliminating the achievement gap has been central to education in the United States for decades, and unfortunately there has been little movement forward. Achievement gaps exist between students of different learning abilities, socioeconomic statuses, and races.

These gaps are further compounded if a student is a member of more than one low-performing demographic.

Last September, Dr. Pollio said he testified that there will not be a single program or a single initiative that will close achievement gaps. It will take a comprehensive approach to everything schools do to ensure that black and white students receive the same opportunities. This comprehensive look at JCPS has encompassed hiring practices, facilities, access to magnet programs, access to gifted and talented programs, student supports, and an inclusive curriculum. In research, student sense of belonging has been demonstrated to be a key to student success. Students seeing themselves in the curriculum is a part of that sense of belonging. During the September meeting, Dr. Pollio also outlined the JCPS racial equity policy and plan. Inclusive curriculum was part of that plan, as was the need for more educators of color in a district with nearly 60 percent students of color and only 25 percent educators of color. There has been great success in the JCPS initiative to recruit more teachers of color with a record number of teachers of color employed in the district. Additionally, the first class of the Louisville teacher residency program, designed in partnership with the University of Louisville to provide a different path toward teacher certification, just graduated with 23 of the 30 graduates being teachers of color. He used these as illustrations of the intentional work toward racial equity being done at JCPS, and reiterated how problematic it was to subsume this work under the umbrella of CRT.

The focus in JCPS is on student achievement and improving the outcomes for all students. This does not mean to lift up one group by putting down another, but providing the appropriate support for each individual student. Dr. Pollio said he is very proud of the positive trends in hiring and in student engagement that have come from their focused effort on racial equity, even though there is still a long way to go. Since 2018, the district has increased the number of students of color identified as gifted and talented by over 1,600 students. Additionally, the overall number of students identified as gifted and talented has risen, so the intentional focus on equity for black students did not decrease the opportunities for white students. There has also been a significant increase in students of color enrolling in dual-credit courses and those receiving college credit for dual-credit courses has nearly doubled. These efforts can reduce the achievement gap as well as improve the career opportunities for students of color. Facilities improvements are also at the forefront of the equity plan, with construction of a new school building beginning soon to serve west Louisville.

Dr. Pollio closed his portion of the discussion by stating that adopting an inclusive curriculum is only one aspect of a broader equity plan that seeks to improve student belonging and close the achievement gaps. He wants to give students every opportunity to change the trajectory of their lives. Significant progress is being made at JCPS and this progress must be accelerated for those that are the furthest behind.

Responding to questions from Chair Huff, Dr. Pollio said the reference to CRT for the "Developing Black Historical Consciousness" elective was part of

a general guidance document the district provided to schools as an option to adopt and modify as they felt necessary. Some students are motivated and inspired to take this optional course, and it is not appropriate for or mandated to all students. The course was designed to allow students to take an in-depth look at racial inequities in the United States. Because the district did not want to take focus away from the racial equity initiative and because CRT has become a hot-button issue, the decision was made to remove it from the curriculum guidance document. If an individual school SBDM chooses to include it, it is questionable whether the JCPS school board has the authority to forbid them from doing so.

Responding to questions from Representative Rabbourn, Dr. Pollio said the racial equity policy was adopted by the Board and included developing an inclusive curriculum that reflected the fact that nearly 60 percent of the student population identify as students of color. Some high schools offered a black history course, but others did not. In order to encourage uniformity of content for the course, and encourage equitable access to the course across all the high schools, the Board developed the "Developing Black Historical Consciousness" course with an emphasis on black history in the United States. Unfortunately, all across the United States, social studies curriculum has not been inclusive of the black historical events that have shaped our society. Any student is welcome to take the course, and students of many ethnic backgrounds do choose to take it.

In response to a question from Senator Higdon, Dr. Pollio answered that the model of allowing site-based, local control of curriculum appears to be unique to Kentucky, but that he can only speak to that from anecdotal discussions with superintendents in other states. Representatives from KDE would be better able to speak to national trends in how curriculum decisions are made.

Responding to a question from Representative Decker, Dr. Pollio clarified that discussions of racial equity and discussion of CRT are two different things. The focus on JCPS is on closing achievement gaps for students and providing equitable supports for those that are furthest behind, which right now are students of color. JCPS is working toward that by adopting inclusive curriculum, which includes more black history in social studies; ensuring equity in terms of identification of gifted and talented students using methods other than tests; and taking a racial equity focused look at all areas of education as necessary.

Responding to a question from Senator Meredith, Dr. Pollio said before any interpretation of history can occur in the classroom, all the stories must be told. Let the students have an inquiry based pedagogy where they are able to make the determinations for themselves. He strongly supported the recommendation made earlier by Commissioner Glass to include critiques of CRT in any class that incorporates the theory.

Mr. Kelland Garland, Principal, Hebron Middle School, Bullitt County Schools, represented the Kentucky Association of School Councils discussing how curriculum is developed. Once curriculum is set by a school council, it is the principal at a school who ensures the policy is implemented. The framework of

all school curriculum in the state is the Kentucky academic standards. Regarding transparency, academic standards can be found on the KDE website as well as the essential questions that are used by teachers and parents in school council meetings to develop learning targets. These give teachers daily tasks regarding what students should learn every day. It is a lengthy process to develop and set standards, so they will not change very frequently. Local school boards are responsible for setting how the standards are assessed throughout the school year, and principals report progress toward mastery to the local school boards. He assured members that they would not see any mention of CRT in the Kentucky academic standards. Daily learning targets are written into student planners and parents can see what the daily class discussions will center around. All of this is to ensure students can answer the essential questions that will form the end of year assessments used to determine student mastery of the academic standards.

Any parent with concerns is welcome and encouraged to contact their child's principal to discuss the learning targets and curriculum implementation at their school. One question he gets frequently regarding the teaching of world history is why the school is trying to convert their children to Islam. They are simply exposed to the major world religions including Christianity, Buddhism, Islam, Hinduism, and Judaism. That is not to force the students to convert or make judgements about religions, it is simply to expand their world view as part of understanding world civilizations as laid out in the academic standards. The standards are broken down for teaching in the classroom, and in regards to social studies they always try to provide the facts so that students, especially those in middle and high school, can ask critical thinking questions.

2022 BR 69 – AN ACT relating to prohibited instruction and declaring an emergency.

Representative Matt Lockett, District 39, and Representative Jennifer Decker, District 58, were present to speak in favor of prefiled Bill Request 69 for the 2022 Regular Session. Also present were James Sherk, Director, Center for American Freedom, America First Policy Institute; Jack Brewer, Chair, Opportunity Now, America First Policy Institute; and Delvin Azofeifa, high school teacher, Fayette County Schools.

Representative Lockett said this was vital legislation to ban teaching and promotion of CRT in public K-12 and postsecondary education institutions. He said that CRT is rooted in Marxism and class conflict because Marx believed that industrialized societies had an imbalance of power between capitalists and workers. His solution was revolution, but all Marxist governments unravel. CRT is simply Marxism based on the color of one's skin. It divides the population into oppressed and oppressors. Representative Lockett said CRT teaches that the entire political and social system is based on race where white are oppressors and blacks are oppressed. Since prefiling the bill request, he has heard from many parents, teachers, and school board members in support of a ban on CRT in schools. He has not heard from anyone in support of teaching CRT.

Representative Lockett said CRT is being taught in Kentucky schools. He said it is a radical ideology used to foment revolution that maintains the United States is an irredeemably racist nation. Representative Lockett said the National Education Association recently voted to promote CRT and deemed it reasonable to teach in schools, but educator organizations at neither a national nor a state level should determine what is taught to our students. Only parents should be the ones making those decisions. He claimed the state cannot close achievement gaps by tearing one group down. He urged members to listen to parents, not teaching organizations or educational institutions, as to what should be taught. History should be taught in schools but not CRT because it teaches a different kind of racism.

Representative Decker said CRT holds that the only remedy to racist discrimination of the past is anti-racist discrimination in the present. It has been used for decades to indoctrinate students across the nation. The theory masquerades as a lens through which to view history, but it is not. It is subjective theory which promotes division and interracial hostility. She said while she has no knowledge of CRT being taught in her district, parents from across the state have informed her that it is being taught in their schools to children as young as kindergarten. Students are told they are either oppressed or oppressors and there is nothing they can do to change that. A review of official websites for the public colleges and universities also established that CRT is deeply embedded across their curriculums.

She said many Americans have been given the false notion that it is simply a full consideration of history including objective facts that have been avoided because they cause discomfort. Four leading CRT writers dispel this notion by stating CRT embraces subjective perspectives and is a political ideology. Public schools should not teach something which is subjective or political. Representative Decker said this bill request aims to stop the teaching of subjective, divisive, and dangerous concepts. She claimed that CRT supporters immediately began insulting the sponsors and calling them racist, a term which is anathema to America and the opposite of foundational ideas she holds as sacred truths. She said the fear of being called racist serves to mute others with valid objections and will allow the dismantling of American society to be built back on subjective notions of equity.

Since beginning work decades ago, critical race theorists have advocated for the dismantling of America's legal, educational, cultural, religious, and economic systems which they claim are the products of white supremacy. To disguise this radical ideology, activists have promoted it as culturally responsive teaching and something that promotes equity in education. But, Representative Decker insisted, using these euphemistic phrases only allows them to inspire students to reject their national heritage and yearn for a socialist utopia. She pledged to continue to fight to protect Kentucky students from being taught their country is irredeemably racist and that race is the lens through which they should analyze their world.

Mr. Azofeifa also presented his perspective on CRT and the need to ban it in public schools. He said it is detrimental to focus on equity versus equality. The

ideology perpetuated in CRT adjacent dogma, such as culturally responsive teaching, suggests that students of color should not be punished for misbehavior or disruptive behavior in classroom because of racism. He said this undermines classroom management. Equity allows a disruptive student to return to a classroom and continue to disrupt it for all the other students. He paraphrased author Douglas Murray in saying there are things we knew yesterday that today we pretend not to know. Only a small amount of history is captured and can be taught and digested by students. He believes that ideologues like to critique what is taught in social studies classes, specifically what is excluded, but there is a time limitation because classes are not taught thematically.

He suggests that teachers should teach that oppression can expand beyond blacks and whites, instead of just discussing the oppression of slaves before the American Civil War. He and other teachers, he has spoken with, teach subjects that are not mainstream, such as Native Americans owning slaves and later being side-by-side on the Trail of Tears. He incorporates black history throughout the year, not just in February, because they are American history. If a principal told him and his colleagues that they could not teach about the past injustices, he and the other social studies teacher would resign. He will not be a puppet of the state, regurgitating propaganda. In professional development training, he has been instructed to use evidence-based learning and he has an expectation of autonomy inside his classroom to design coursework. However, now dogma is replacing facts and reason in public schools. Almost 70 percent of students in the Commonwealth are not proficient in science, but it would not make sense to bring in an expert on flat earth conspiracy theories to enhance student's scientific understanding.

He also said CRT and CRT adjacent dogma are not harmless. No other causal factors are allowed to be considered. There is no denying that racism has played a major role in the history of America, but objectively, 2021 is not even close to the level of racism experienced in 1921. Since teachers are trained to use evidence-based approaches, he asked where the evidence was to show anyone is made less racist from anti-racism training. Dogma does not stand up to reason and logic, and those that attack him will attack his personality and not the actual ideas because they cannot. The republic is founded on discussion, and CRT adjacent dogma makes assumptions leading to negative unintended consequences. Historically, great societies fail when they adopt dogma, such as when China failed when it adopted Confucianism dogma and when the Middle Eastern societies fell when it adopted Islamic dogma. CRT suggests elevating lived experience over objectivity but that kind of racial supremacy has no place in American society. And black supremacy does exist, but you might not learn it reading about white fragility. He closed by paraphrasing Dr. Martin Luther King, Jr., saying that an injustice somewhere is an injustice everywhere. CRT adjacent dogma is also anti-capitalist. Capitalism is about the free exchange of goods and ideas, where CRT adjacent dogma is about the power differences between groups. If Kentucky allows the teaching of CRT in schools, it will lead to students being segregated by race.

Mr. Brewer said his family is descended from slaves in Kentucky and he would present three facts about CRT. First, many schools are teaching CRT. Second, CRT is racist at its core. And third, it indoctrinates students. While CRT began as a critical academic theory in law schools, it has spread rapidly through education. Two of the pioneers of the theory have said CRT is livelier in education now than it is in law. The largest teachers association in the country recently announced that promoting CRT is a top priority. One in eight parents in America recently reported that their students were being taught CRT. In Illinois, a school stated it was committed to focusing on race as one of the first visible indicators of identity. They informed parents that children as young as five were already biased. A public charter school in Nevada requires students to label and identify their gender and racial identity and determine which parts of their identity have privilege or oppression attached to them. Teachers pressured students to accept the label of oppressor or receive a failing grade.

America has a long history of racism, however, there has been great progress since the civil rights movement. CRT teaches children to categorize themselves and identify as racists. America was founded on unalienable rights, an experiment which has been widely successful and has inspired generations to liberty. We must teach the next generation to love America and its founding ideals.

In response to a question from Representative Bojanowski, Mr. Azofeifa said schools are full of unintended consequences and disparities in school happen because there is an unending grievance industry in education. Disadvantaged schools get funding from programs that only serve disadvantaged schools, and if they improve the school, the funding disappears. This creates an incentive for the grievance organizations to keep making black people believe they are victims. He said he did not want to hear about victimhood and he does not care if a child has an encyclopedic knowledge of Africa because it would not prevent them from being shot on the streets. He demanded that if Representative Bojanowski had the answers she should tell him. He wonders every time one of his students is shot why he receives more LGBTQ and culturally responsive training instead of ways to teach kids not to commit crimes and keep them from indulging in a hedonistic culture where prison is cool. He further demanded what curriculum Representative Bojanowski had that could solve those problems. Representative Bojanowski responded that she had researched the school-to-prison pipeline and there are intentional approaches that teachers and parents can do to keep children from dying on the streets or ending up in prison, but it starts with taking a look at certain injustices that happen in the system and the disproportionate identification of children for criminal actions in school. Mr. Azofeifa shared an anecdote regarding students returning to the classroom after committing crimes and asked why one student's right to an education trumps others right to safety. Or why violent students should be allowed to continue to be in a school when they assault teachers. He said that was not because of disproportionality or racism, but because the students did not experience any real consequences for their bad behavior. He shamed the com-

mittee for apparently believing that black students do not receive discipline at home.

Responding to questions from Representative Willner, Representative Lockett said there will be many revisions to the bill as it moves through the process, including those that will bring clarity. The eight elements listed in the bill are easy to understand and are the tenants of CRT or any similar theory. It does not specifically say critical race theory intentionally to address schools that claim not to teach the theory, but indeed are teaching its concepts. He wanted to be clear that it is not the term they are trying to eliminate, but rather they are trying to prevent students from being taught that they are less than someone else because of their skin color.

Responding to questions from Senator Southworth, Mr. Azofeifa said CRT and adjacent dogma come into the classroom through professional development and creative freedom offered to teachers. He was part of a professional development training where the instructor accused the white staff of being inherently racist. It is important to allow students to have equal opportunity, but when schools try to enforce equality of outcome, that is contrary to the American ideals of capitalism and individualism. For the most vulnerable students, Mr. Azofeifa said he saw teachers who do not care but as long as the students get passing grades, no one cares. There is a systematic failure because people at the top are not working with people on the bottom to find what students actually need. They instead are listening to what the politicians in Washington, D.C. believe Kentucky students need.

Senator Neal thanked the chair for allowing the conversation and the free exchange of ideas regarding CRT. This helps to better inform the members and is similar to how students can be prepared in the classroom through an educational process with trained professionals which is better than the internet, where students are already exposed to these ideas with no direction. Students need to be prepared for a world which is challenging and teachers should be trusted to guide students in that preparation. Responding to his questions regarding postsecondary accreditations, Representative Lockett said he was investigating that portion of the bill, and it is his understanding there are different procedures for postsecondary and K-12 education and what the state can mandate. At this time he could not say whether he would withdraw the bill if it jeopardized postsecondary accreditations.

Representative Rabourn thanked Representatives Lockett and Decker for bringing this bill request and said that she would work with them to make sure education remained free from political and social agendas.

Representative Donohue asked the panel to remain respectful and civil, as the presenters represent their districts like the members of the committee. He said the bill request as presented would jeopardize postsecondary accreditation because it unduly limits academic freedom and asked how the sponsor plans to remedy that. Representative Lockett answered he was still working on the bill and that is an issue they will address over time.

Responding to a question from Senator Harper Angel, Representative Lockett gave an example brought

to him from Kentucky parents of first grade students who were being divided by skin color and told they were either oppressed or oppressors based on the color of their skin. They were told there was nothing they could do to change that about themselves. Also, he related the anecdote of a 15-year-old coming home and telling her parents that a teacher made her feel bad for being white. He proposed this bill to stop that sort of nonsense.

Chair Huff announced that the final presentation from Dr. Pollio regarding updates on JCPS would have to be tabled until a later meeting due to lack of time. The next regularly scheduled meeting of the committee will be Tuesday, August 3, 2021, at 11:00 a.m. The meeting adjourned at 1:32 p.m.

INTERIM JOINT COMMITTEE ON HEALTH, WELFARE, AND FAMILY SERVICES

Minutes of the 2nd Meeting of the 2021 Interim

July 21, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Health, Welfare, and Family Services was held on Wednesday, July 21, 2021, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Kimberly Poore Moser, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senators Karen Berg, Danny Carroll, David P. Givens, Denise Harper Angel, Jason Howell, Stephen Meredith, Michael J. Nemes, and Max Wise; Representatives Danny Bentley, Adam Bowling, Josh Bray, Tom Burch, Ryan Dotson, Daniel Elliott, Ken Fleming, Deanna Frazier, Mary Lou Marzian, Melinda Gibbons Prunty, Josie Raymond, Steve Riley, Scott Sharp, Steve Sheldon, Nancy Tate, Russell Webber, Susan Westrom, and Lisa Willner.

Guests: Jenna Bannon, Program Director, Children and Families Program, National Conference of State Legislatures (NCSL); Christa Bell, Executive Advisor, Misty Sammons, Director, Dr. Sarah Vanover, Director, Laura Begin, Staff Assistant, Department for Community Based Services, Cabinet for Health and Family Services; Steve Veno, Commissioner, Lily Patteson, Division Director, Mary Sparrow, Procedures Development Specialist, Department for Income Support, Cabinet for Health and Family Services; Lydia Bell, Chief Strategy Officer, Paul Robinson, Chief Executive Officer, Home of the Innocents; Rick Wurth, Chief Executive Officer, Crystal Leugers, Chief Programming Officer, Children's Home of Northern Kentucky; Larry Hadley, Executive Director, Board of Pharmacy, Eden Davis, General Counsel, Kentucky Board of Pharmacy; Jeffrey Prather, General Counsel, Kentucky Board of Nursing; Kevin Winstead, Commissioner, Department of Professional Licensing, Public Protection Cabinet; Karyn Hascal; Edith Slone, Division Director, Melea Rivera, Assistant Director, Office of Health Data and Analytics, Cabinet for Health and Family Services; Carrie Bana-

han, Deputy Secretary, Office of the Secretary, Cabinet for Health and Family Services; and Julie Brooks, Policy Specialist, Department for Public Health.

LRC Staff: DeeAnn Wenk, CSA, Ben Payne, Samir Nasir, Becky Lancaster, and Amanda Dufour.

Approval of Minutes

A motion to approve the minutes of the June 16, 2021 meeting was made by Senator Nemes, seconded by Representative Gibbons Prunty, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration: 201 KAR 002:040 Proposed - Registration of pharmacist interns; 201 KAR 002:171 Proposed - Computerized recordkeeping; 201 KAR 002:205 Proposed - Pharmacist-in-charge; 201 KAR 002:390 Proposed - Requirements for third-party logistics provider; 201 KAR 020:506 Proposed - Nurse licensure compact; 201 KAR 035:010 Emergency - Definitions for 201 KAR Chapter 35; 201 KAR 035:020 Emergency - Fees; 201 KAR 035:025 Emergency - Examinations; 201 KAR 035:040 Emergency - Continuing education requirements; 201 KAR 035:050 Emergency - Curriculum of study; 201 KAR 035:055 Emergency - Temporary registration or certification; 201 KAR 035:070 Emergency - Supervision experience; 201 KAR 035:075 Emergency - Substitution for work experience for an applicant for certification as an alcohol and drug counselor; 201 KAR 035:080 Emergency - Voluntary inactive and retired status; 900 KAR 010:111 Proposed - Definitions for 900 KAR Chapter 10; 900 KAR 010:115 Proposed - Exchange participation requirements and certification of qualified health plans and qualified stand-alone dental plans; 900 KAR 010:120 Proposed - KHBE eligibility and enrollment in a qualified health plan, SHOP, and SHOP formal resolution process; 900 KAR 010:125 Proposed - KHBE Consumer Assistance Program, kynector certification, and individual agent participation with the KHBE; 900 KAR 010:130 Proposed - Appeals of eligibility for KHBE participation and insurance affordability programs; 902 KAR 004:150 Proposed - Enhanced HANDS services in response to declared national or state public health emergency; 921 KAR 003:035 Proposed - Certification process. The administrative regulations above have been reviewed by the committee.

Family First Prevention Services Act (FFPSA) Overview

Jenna Bannon, Program Director, Children and Families Program, National Conference of State Legislatures (NCSL), gave a brief history of NSCL and its purpose. She presented a graph that highlighted the numbers of maltreatment cases in the United States from 1990 to 2018 for youth younger than 18 years old. She gave specific information regarding the rates of sexual abuse, physical abuse, and neglect. She discussed the funding and structural changes the FFPSA will provide to prevent child maltreatment. She reviewed the terms of how states can receive federal funds for foster homes or Qualified Residential Treat-

ment Programs (QRTPs) from the FFPSA. She shared how many states have a five year prevention plan that has been submitted or approved. She discussed state activity related to legislation that has been introduced such as: appropriating funds, defining QRTP in statute, convening stakeholders, authorizing studies of available prevention services, and amending statutes to limit out-of-home placements.

Ms. Bannon discussed some of the FFPSA challenges such as program costs, identifying eligible prevention programs, and COVID-19. She listed solutions for states such as: using funds to create child and family team case reviews and trial home placements; utilizing multiple funding streams for programs; and using the FFPSA for assistance with administrative costs.

In response to questions and comments from Representative Fleming, Ms. Bannon stated that she has not but can review the national data regarding the number of sexual abuse cases since the onset of the pandemic.

Department for Community Based Services Funding

Laura Begin, Staff Assistant, Department for Community Based Services (DCBS), Cabinet for Health and Family Services (CHFS), gave an introduction the DCBS presentation. She stated there are more than 9,000 children in Kentucky in out-of-home care. She discussed how Kentucky started to implement the FFPSA in October 2019. She mentioned problems Kentucky families may face and programs that may be of assistance to them. Misty Sammons, Director, Department for Community Based Services, Cabinet for Health and Family Services, discussed several DCBS programs that were funded by the American Rescue Plan Act. The total amount awarded to DCBS programs was \$862.4 million.

Update on COVID-19 Impact on Childcare Providers

Dr. Sarah Vanover, Director, Department for Community Based Services, Cabinet for Health and Family Services, explained that within the total amount awarded to DCBS that \$763 million was specifically dedicated to child care. She discussed how \$470 million will be dispersed for sustainability payments to support child care programs that were open prior to March 11, 2021. She explained that \$293 million was designated through a one-time Child Care and Development Fund (CCDF) Block Grant. She discussed how it will be dispersed to child care programs by; increasing provider payments; improving payment policies; increasing wages for early childhood educators; and building the supply of child care for underserved populations.

Kentucky Implementation of the Family First Prevention Services Act

Christa Bell, Executive Advisor, Department for Community Based Services, Cabinet for Health and Family Services (CHFS), reviewed how Kentucky's implementation of the FFPSA impacted all areas of service such as; prevention, family preservation, kinship care, foster care, congregate care, and youth aging out of the foster care system. She gave a brief overview of the FFPSA approach to prevention. She

listed some of the evidence based practices (EBPs) that are included in Kentucky's five year prevention plan in areas of mental health, substance abuse, and in-home parenting skills. She testified that the department has submitted an amendment to the five year prevention plan to the federal level to add high fidelity wraparound services as an EBP.

Ms. Bell gave an overview of the Kentucky Strengthening Ties and Empowering Parents (KSTEP) program that served 202 families in state fiscal year (SFY) 2020. She reviewed the Family Preservation Program (FPP) that served 2,762 families in SFY 2020 with a planned 25 percent expansion planned for SFY 2021. She listed the total number of families and children served for all FFPSA services, including the Sobriety Treatment and Recovery Team (START) program in SFY2020. She presented a graph that measured the number of children in the custody of or committed to CHFS from June 2015 to June 2021. She shared information on a chart that displayed the differences in the amount of money spent towards prevention versus out-of-home care expenditures for SFY 2019 and SFY 2020. She discussed the implementation of the qualifying residential treatment program requirements and the significant reduction in the number of children in congregate care settings.

Ms. Bell explained the differences in the three types of prevention activities provided by CHFS; primary, secondary, and tertiary. She described how the additional \$20 million appropriated for SFY 2022 from the FFPSA will be used for FPP and KSTEP expansion, increased flex funds for families, Multisystemic Therapy pilot programs, and learning collaboratives to increase capacity to provide evidence based practices. She discussed that a small portion of the appropriation for prevention and supplemental Community Based Child Abuse Prevention federal funds will be used for: community response pilots, parent engagement meetings, increased in-home service provision under Community Collaborations for Children (CCC), client assistance funds for CCC families, and the creation of a prevention collaborative.

In response to questions and comments from Representative Moser, Ms. Bell stated that expenditures included in the prevention services are only services that fall under the FFPSA. Other expenditures are for the cost of out-of-home care and do not include for DCBS staffing. For comparison purposes, DCBS only included only the expenditures for the existing programs that would become a part of the FFPSA.

In response to questions and comments from Representative Moser, Ms. Bell stated that there is not a valid way to compare one state to another state in regards to the number of child abuse and neglect victims. She stated that the child maltreatment report that comes out on the federal level attempts to aggregate data and includes a rate of substantiation per capita. However, each state establishes its own statutory definitions of neglect criteria that results in a unique rate for each state. Kentucky has a broad definition of neglect that may allow for more investigations along with a higher number of substantiations per capita. The majority of the calls that meet acceptance criteria for a substantiation are in the neglect category.

In response to questions and comments from Rep-

resentative Moser, Ms. Bell stated that it was previously common for relatives to be given custody of children directly rather than entering into the child welfare system. She stated many relatives still choose direct custody but the difference after April 2021 may be that DCBS now provides a written array of options that relatives can choose from.

In response to questions and comments from Senator Meredith, Ms. Bell stated that a great use of the federal report on child maltreatment is to measure progress or decline from the previous years' performance. Ms. Sammons stated that some projects created with CCDF funds that will be sustainable after temporary funding ends.

In response to questions and comments from Senator Berg, Ms. Bell stated that she can provide data about the categories of neglect but DCBS does not routinely collect household income information on every family assessed. She stated that DCBS collects data on substance abuse and can provide that information to legislators.

In response to questions from Senator Alvarado, Ms. Bell stated that DCBS can look into the estimated cost per child for EBPs. She does not know the costs to support a long term kinship care program.

In response to questions and comments from Representative Fleming, Ms. Bell stated that the number of families served with FFPSA services is 3,367 with no duplication. She stated that she is not aware of significant differences in the numbers of neglect cases by regions, but DCBS can provide that information. The expansion of the programs are in high need target areas. Emotional injury is one category of abuse that can be substantiated and requires the statement of a qualified mental health professional.

In response to questions from Senator Howell, Ms. Bell stated that there were a number of factors that influenced the 2018 increase in the number of children in the custody of or committed to DCBS. She stated that in the past few years the opioid epidemic has been a contributing factor to the number of abuse and neglect substantiations.

In response to questions and comments from Representative Moser, Ms. Bell stated that under the FFPSA, DCBS is working with valued partners to provide families with services in their homes and to children in out-of-home care. She stated that many providers have been certified as qualified residential treatment programs.

Update on Child Support Changes: 2021 Regular Session House Bill 404

Steve Veno, Commissioner, Department for Income Support, Cabinet for Health and Family Services, testified that 2021 Regular Session House Bill 404 updated the child support guidelines. He reviewed statutory changes that were implemented and effective on June 29, 2021. Lily Patteson, Division Director, Department for Income Support, Cabinet for Health and Family Services, discussed the changes to 921 KAR 001:400 as a result of the amendments to KRS 403.212. She stated that the emergency regulation will have a public hearing, if requested on August 23, 2021 and written comments will be received through August 31, 2021. The ordinary regulation will have

a public hearing date, if requested on September 27, 2021, and written comments will be received through September 30, 2021.

Commissioner Veno testified that 2021 Regular Session House Bill 404 included a new section of KRS Chapter 403 to address the issue of a shared parenting credit, and the delayed start date of March 1, 2022 would allow for modifications regarding the method of applying credit due to parenting time. The Child Support Enforcement program is actively engaged with key stakeholders and Representative Massey, the sponsor of 2021 Regular Session House Bill 404.

In response to questions and comments from Senator Alvarado, Commissioner Veno stated that he will find out the total state dollar amount due for child support arrearages. He stated that the arrearages numbers captured by DIS is from when a case enters the DIS and continues after a child is emancipated.

Multisystemic Therapy (MST) Pilot Program

Paul Robinson, Chief Executive Officer, Home of the Innocents, testified that Home of the Innocents is a skilled nursing facility for medically complex children, is a certified Qualified Residential Treatment Program, and a provider of congregate residential treatment care. He discussed how Home of the Innocents is working to provide more preventative services and MST to families in Kentucky. He talked about receiving private grant funding to implement the MST pilot program.

Lydia Bell, Chief Strategy Officer, Home of the Innocents, discussed the how the MST model works to empower families and youth by working intensively to teach skills and change behaviors. She presented a graph with data that showed the outcomes and shared lessons learned from the first year of implementation of the MST pilot program. Mr. Robinson reviewed the counties that can be served by the MST pilot program and discussed the goal to expand services in new areas.

Crystal Leugers, Chief Programming Officer, Children's Home of Northern Kentucky, discussed their plan that has allowed for EBPs to serve families. They have submitted a request for a MST pilot program and started recruiting efforts. Rick Wurth, Chief Executive Officer, Children's Home of Northern Kentucky, discussed how out-patient services out-paced residential care and created a need for an expansion of out-patient services. He discussed how COVID-19 limited the abilities of school partners to refer children for services and how a large donation has allowed the program to update and expand computer software and platforms to provide new opportunities for out-patient services.

Adjournment

There being no further business, the meeting was adjourned at 3:10 PM.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 3rd Meeting of the 2021 Interim

August 5, 2021

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Judiciary was held on Thursday, August 5, 2021, at 11:00 AM, in Room 149 of the Capitol Annex. Representative C. Ed Massey, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative C. Ed Massey, Co-Chair; Senators Karen Berg, Danny Carroll, Alice Forgy Kerr, John Schickel, Wil Schroder, Johnnie Turner, Stephen West, and Phillip Wheeler; Representatives Kim Banta, John Blanton, Kevin D. Bratcher, McKenzie Cantrell, Daniel Elliott, Joseph M. Fischer, Samara Heavrin, Nima Kulkarni, Derek Lewis, Savannah Maddox, Patti Minter, Kimberly Poore Moser, Jason Nemes, Jason Petrie, Attica Scott, and Pamela Stevenson.

Guests: Representative Chris Fugate, Scott Blair, Representative Phillip Pratt, Sheriff Tony Hampton, Judge Jamie Jameson, Judge Karen Thomas, Judge Patricia Summe, and Laurie Dudgeon.

LRC Staff: Roberta Kiser, Cynthia LeFevre, Randall Roof, Michelle Spears, Matt Trebelhorn, Maria Macaluso, and Yvonne Beghtol

Approval of the July 08, 2021 Minutes

Representative Blanton made a motion to approve the July 08, 2021 minutes, seconded by Senator Schickel, and passed by voice vote.

Enhanced Penalties for Fentanyl Offenses

Scott Blair, Perry County Commonwealth Attorney, stated that there needs to be an increase of penalties for trafficking of fentanyl. In 2020, Kentucky experienced an increase of almost 50 percent in overdoses by having 2,000 cases, with 70 percent involving fentanyl.

Representative Chris Fugate, House District 84, stated that Hazard, Kentucky experienced ten overdoses at one time resulting in four deaths, four people having to receive 3 doses of Narcan, and the two responding police officers having to receive double Narcan due to exposure. Representative Fugate explained that fentanyl is not only hazardous to the person using it, but can also have effects on anyone in the surrounding area. The purpose of BR 278 is to enhance the penalty for fentanyl trafficking, or any derivative of fentanyl, by requiring the individual to serve 85 percent of their jail time without the possibility of parole.

In response to Senator Wheeler, Representative Fugate stated that monetary forfeiture penalties are already included in the laws but he is not aware of specific provisions that allow the money seized to go to victims. While tightening up borders could help reduce trafficking of fentanyl into the United States, Kentucky could set the bar for not allowing fentanyl traffickers to continue operating in this state.

In response to Representative Blanton, Representa-

tive Fugate stated that fentanyl trafficking is currently a Class C felony that requires serving 50 percent of the sentencing time, but the individual could be shock probated out.

In response to Representative Bratcher, Mr. Blair stated that fentanyl is a type of drug and not a pharmaceutical name, it is manufactured elsewhere and brought into the United States, and it is most dangerous for first time users. Representative Moser clarified that fentanyl is a synthetic opioid manufactured to be about ten times stronger than heroin.

Representative Lewis commented that the Drug Enforcement Administration (DEA) believes fentanyl mostly comes from China to Mexico, and then through the United States border.

Senator Turner commented that there should be a legislative mandate for some type of rehabilitation for anyone serving time for fentanyl trafficking.

In response to Representative Cantrell, Mr. Blair stated that proving an overdose or injury, caused by being near someone else using fentanyl, is very difficult and therefore they cannot be charged for the death or injuries.

Representative Nemes commented that because this bill is against traffickers and not addicts, criminal justice reformer supporters should be in favor of this bill, and he requested to be a co-sponsor.

Anti-SLAPP Legislation

Representative Kulkarni stated that SLAPP stands for Strategic Lawsuits Against Public Participation and refers to civil lawsuits against non-governmental individuals or groups because of their communications to a government body on an issue of public concern. SLAPP lawsuits change the balance of power between parties, because SLAPP lawsuits intend to take a matter of public concern out of the public arena and into the courtroom, shifting the attention from the speech or activity toward a legal defense. SLAPP lawsuits are intended to delay matters or discourage individuals from continuing in that speech so that the plaintiff can continue the unresolved activity. SLAPP lawsuits are civil lawsuits masquerading as potentially normal tort lawsuits filed not to prevail on the merits, but to delay, chill, suppress, or discourage free speech.

In response to Senator Wheeler, Representative Nemes agreed that he also trusts the justice system to come to the right resolution, but Anti-SLAPP legislation is intended to keep someone from filing and pursuing a frivolous lawsuit. The Anti-SLAPP bill allows an individual the opportunity to prove that the lawsuit is a misuse of the court system without being financially ruined. Representative Kulkarni added that a wide variety of Anti-SLAPP legislation has been enacted in 33 states. SLAPP suits are a meritless claim that somebody files without intent to win, but with the intention to delay. The individual being sued is essentially responsible for the economic burden of mounting a legal defense for the meritless lawsuit. Anti-SLAPP legislation provides a framework of identifying what actually constitutes a SLAPP suit and a way for the court to resolve the suit so that the underlying cause can move forward. The Uniform Law Commission (ULC) adopted a model Anti-SLAPP bill in July, 2020.

In response to Representative Bratcher, Representative Kulkarni stated that Anti-SLAPP legislation is needed to keep individuals from filing frivolous lawsuits just to take the focus off of the issue against them.

Anti-swatting Legislation

Representative Pratt explained that swatting calls are currently a misdemeanor and have no recourse for compensation to the victims. Representative Pratt showed a video of a swatting incident caught on camera at a home in Georgetown, Kentucky, where police officers arrived at a couple's house due to a 911 call from a young man stating that he shot his mother, and gave their address as his home. The couple had no idea as to what was happening or why the officers were surrounding their home. Representative Pratt told of a similar situation from Tennessee where the victim was so shocked and confused he died of a heart attack.

In response to Representative Banta, Sheriff Tony Hampton, Scott County Sheriff's Office, stated that there have been four incidents in Scott County since March, 2021.

In response to Senator Turner, Representative Pratt confirmed that the legislation would qualify the offense as a Class D felony with five to ten years penalty if there were any injuries. If there were any serious injuries it would qualify as Class B felony with 10 to 20 years penalty.

In response to Representative Bratcher, Sheriff Hampton stated that the caller for the March 2021 incident sounded like a teenage male, and was tracked to Texas. As a Class A misdemeanor, there would not be cause enough to extradite the individual. Any restitution would be determined by the courts.

In response to Chairman Westerfield, Sheriff Hampton stated that regardless of whether the call is known to come from a random phone number or from a dispatch system, the incident has to be treated as if it is factual. Chairman Westerfield complimented the Scott County Sheriff's Department for the way they handled the situation by calling the couple's home to announce the reason for their arrival.

Senator Carroll suggested checking with 911 and the new technologies available on how to trace where calls are coming from. Senator Carroll also stated that he is in support of the one to five year penalty for placing someone in this situation, regardless of any injuries or not.

Representative Blanton commented that the need to increase the penalty to a felony would be required to extradite an individual from another state.

In response to Senator Berg, Sheriff Hampton stated that if this were a felony charge, he believes they would have had enough reason to use sources to identify the perpetrator.

In response to Representative Cantrell, Representative Pratt and Sheriff Hampton were not aware of the charges against the perpetrator in the Tennessee incident or the specifics on the California swatting laws. Sheriff Hampton stated that the wanton endangerment laws have certain thresholds that have to be met, whereas creating an Anti-swatting statute would make it easier to pursue the perpetrator.

Chairman Massey stated that while officers are re-

sponding to a false claim, there may not be enough resources available to respond to a legitimate call elsewhere.

Virtual Judicial Proceedings

Judge Jamie Jameson, Marshall County Circuit Court Judge, advised that HB 551 was introduced during the 2021 Session to address virtual judicial proceedings and reviewed the concerns addressed such as requiring jails to cooperate with virtual court. The language in the amended bill did not require virtual hearings, but made them permissible. Judge Jameson stated that having the technology and training is necessary to make the adjustments. One of the major benefits to virtual proceedings is the cost savings and time in not having to transport inmates. The Administrative Office of the Courts (AOC) was allotted \$4,000,000 for conversion to virtual court.

Judge Karen Thomas, Campbell County District Judge, stated that while the COVID-19 pandemic caused a lot of issues, it also created a lot of opportunities to reexamine court proceedings. Judge Thomas stated that all of Campbell County civil cases are deemed virtual unless the individual requests to be in person, and all criminal cases are in person unless requested to be virtual.

Judge Patricia Summe, Kenton County Circuit Court, reviewed the concerns of not knowing when extradition of an inmate may or may not be best suited for a case, having separate options for virtual or in person arraignments, and communicating with other counties. Anything that affects the defendant's rights or credibility has to be a major consideration factor.

Laurie Dudgeon, Director of the Administrative Office of the Courts, thanked the legislators for passing HB 556, which appropriated \$11,000,000 to promote video arraignment systems, video conferencing systems, and to upgrade technology in all 463 courtrooms in the Commonwealth. Ms. Dudgeon recommends getting all of the stakeholders together to discuss concerns with virtual court proceedings and said that Chief Justice Minton suggests creating a Supreme Court Task Force Steering Committee for Remote Proceedings.

Chairman Massey stated that he is in favor of meeting with all agencies who are involved in the change to allowing virtual court proceedings and working through each of their concerns.

Chairman Westerfield commented that remote court should be available for any litigant who wants it, if the judge agrees to it. Virtual hearings improve attendance, are more cost efficient, limit the need for staff, and save time.

Senator Turner commented that his main concern is mandating that all cases be virtual.

Senator Wheeler commented that attending virtually or in-person should be an option for the litigant and judge.

Senator Berg commented that her initial response to allowing virtual medicine was not good, but now encourages it due to the cost savings, and believes it will be the same with virtual court proceedings.

Mr. Jerry Wagner, Executive Director of the Kentucky Sheriffs' Association, commented that he appreciates the conversation and input at today's meeting.

There being no further business the meeting ad-

joined at 1:00 PM.

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS

Minutes of the 2nd Meeting of the 2021 Interim

July 26, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Monday, July 26, 2021, at 11:00 AM, in Room 131 of the Capitol Annex. Representative Adam Koenig, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Julie Raque Adams, Jimmy Higdon, Christian McDaniel, Michael J. Nemes, Damon Thayer, and Reginald Thomas; Representatives Kim Banta, Kevin D. Bratcher, Tom Burch, Patrick Flannery, Al Gentry, Thomas Huff, Matthew Koch, C. Ed Massey, Chad McCoy, Michael Meredith, Jerry T. Miller, Ruth Ann Palumbo, Phillip Pratt, Sal Santoro, and Killian Timoney.

Guests: Joni Jenkins, State Representative; Mike Mulrooney, Shirley's Way; Ambrose Wilson IV, Commissioner, Doug Hardin, Staff Attorney, Department for Charitable Gaming; John Blanton, State Representative; Lora Parks, Chair, and Ann Simmons, Kentucky Board of Licensing and Certification for Dietitians and Nutritionists; and Anetha Sanford, CEO/EVP, Homebuilders Association of Kentucky.

LRC Staff: Tom Hewlett, Bryce Amburgey, Jasmine Williams, Melissa McQueen, and Lisa W. Moore

At the request of Senator Schickel, a resolution commemorating former Senator Tom Buford was read. Senator Thayer motioned to adopt the resolution, and Senator Thomas seconded the motion. Motion was adopted by voice vote. Chairman Koenig also recognized former State Representative John "Bam" Carney, who also recently passed away.

Overview of Residential Construction in Kentucky

Anetha Sanford, CEO/EVP, Homebuilders Association of Kentucky (HBAK), provided a brief overview on the status of residential construction in Kentucky. The HBAK is a statewide voluntary trade organization comprised of 4,700 member companies in the housing and construction industry representing over 40,000 employees from across the Commonwealth. One-third of the membership is builders and remodelers, and the remaining members are those that help serve the industry. They are also affiliated with the National Homebuilders Association and over 20 local associations across the state. HBAK strives to protect the American dream of housing opportunities for all, while working to achieve professional success for its members who build communities, create jobs and strengthen the economy.

Ms. Sanford said when 100 new homes are built, \$28.7 million in income is generated, including \$3.6 million in taxes and fees for local and state governments. Also, 394 local jobs are created. The one-year impact of \$1 million spent on residential remodeling is estimated to be \$841,000 in income, \$71,000 in taxes and fees for local and state governments, and 12 jobs are created. Industries that benefit from new home construction include: electricians; architects; mortgage companies; landscapers; banks; engineers; carpenters; lumber dealers; suppliers; painters; realtors; and plumbing/HVAC. In 2005 in Kentucky, close to 18,000 new homes were constructed compared to 12,000 in 2020. Total new home building permits in Kentucky in 2021 show a 25 percent increase, an increase of 1,300 more homes over this time last year. The lumber prices that spiked during the COVID-19 pandemic are beginning to trickle down. Workforce and labor shortages continue to be a problem for the industry. Privately-funded schools are assisting in addressing the workforce shortages by offering certifications in plumbing, electrical, carpentry, welding, and HVAC.

Responding to a question from Representative Bratcher regarding the percentage of new construction that is apartment buildings, Ms. Sanford said she will get the information.

Responding to a question from Representative Gentry regarding extreme shortages of affordable housing in Kentucky, Ms. Sanford said there is an interest in assembling an industry group of realtors, bankers, builders, and city officials that will look into this issue to find ideas to appeal to investors, while driving down overall costs to building a new home. She also mentioned tax credits as a solution.

Responding to Representative Miller regarding tax revenue generated for local and state governments, including school boards, Ms. Sanford is not sure if school roads were included, but will find out. Representative Miller discussed the importance of infrastructure and finding transportation dollars to maintain our roads and bridges to meet the need of supporting larger populations.

Charitable Gaming

State Representative Joni Jenkins, Minority Floor Leader, said charities and non-profit organizations have communicated that the charitable gaming law is in need of updating. Mr. Mike Mulrooney, Shirley's Way, runs a non-profit 501c3 whose mission is to help people fighting cancer with everyday bills such as food, medicine, rent, mortgage, etc. When someone is diagnosed with cancer they are often so sick that they cannot work and often have to take off work without pay, or they are let go from their job due to absence. Shirley's Way has given away \$1,127,000 to people in Kentucky. They have embraced charitable gaming and have taken it to the next level. Several websites were built to sell tickets online and online ticket sales have enabled them to sell tickets across the Commonwealth. These raffle websites are unique to Kentucky and cutting edge.

Mr. Mulrooney said there are several things that could help non-profits raise more money and make an even larger impact in the Kentucky community. Eliminating the 40 percent rule would help, as most

businesses do not turn a profit for at least two years. Allowing digital raffles online and picking the winners using an RNG would also help. The emergency COVID regulation needs to be made permanent. Allowing Shirley's Way to run raffles for other organizations for a donation from the money they make. Level the playing field and allow bigger and better gaming machines with full cabinets, displays, graphics, and sound. Allow pull tab vending machines in bars and allow the bar staff to give the payouts. Adjust gaming tax to money actually gamed, not money replayed. This was a \$43,000 difference and tax was paid on over \$7 million versus \$1.9 million.

Responding to a question from Representative Jenkins regarding providing exemptions for small charities that cannot reach 40 percent, Chairman Koenig said it is something that can be looked at and discussed.

Ambrose Wilson IV, Commissioner, and Doug Hardin, General Counsel, Department for Charitable Gaming, said all net receipts from charitable gaming must go toward the organization's charitable purpose. It does not mean that 40 percent of the money a charity makes off charitable gaming must go toward a charitable purpose. Instead, a charity cannot spend more than 60 percent of the money it has left over after paying out the gaming winners on the expenses of operating gaming (e.g., supplies, rent, utilities). Penalties for violations were explained, and benefits of the 40 percent requirement were discussed.

Common reasons charities do not meet the 40 percent retention rule include paying too much for expenses, such as bingo supplies or facility rent. Conducting gaming with variable profit margins such as bingo, high payout games with low attendance, and low bingo paper sales also result in lower adjusted gross receipts, making it harder to reach the 40 percent retention goal. Raffles purchasing expensive prizes and not selling enough tickets to cover the cost of the prize is a common problem. Pull tabs (paper or electronic) and "50/50" or "split the pot" raffles are the riskiest forms for charitable gaming for organizations to meet the 40 percent standard.

During the pandemic, several organizations continued to have on-going expenses related to charitable gaming, such as rent and utility payments, with limited ability to generate funds through charitable gaming. If not for the passage of 2021 RS HB 226, which gave charities a one year reprieve from the 40 percent rule, the number of charities that would have been placed on probation or suspended would have increased significantly. Eleven licensed charitable gaming organizations had a retention percentage less than 40 percent, and three had retention percentage under 25 percent, which would result in a one-year suspension. The combined retention percentage of all licensed charitable organizations was 73.69 percent, which is up from the previous three-year average of about 63.2 percent.

Representative Burch asked if the 40 percent requirement was averaged over the quarters of the year. Mr. Hardin said the 40 percent figure is based on the entire calendar year.

2021 RS HB 304 AN ACT relating to fees for dieticians and nutritionists

State Representative John Blanton said inflation has overcome the fees for dieticians and nutritionists in Kentucky. He said an increase in fees is needed. Lora Parks, Chair, and Ann Simmons, Secretary, Kentucky Board of Licensing and Certification for Dieticians and Nutritionists, explained that the Board is just breaking even each year, not including travel expenditures. Ms. Parks said that a modest fee increase from \$50 – \$75 would solve the problems. She said the board is very conservative, but a cushion is needed for some legal issues on the horizon, such as regulation changes. Ms. Simmons said the fees have not been increased in 33 years since 1988.

Representative Blanton said this bill provides latitude to make fee adjustments in the future. Chairman Koenig would like the Board to send him the budget and details for the last few years, and he also recommended putting fee increases in administrative regulations instead of statute. Senator Higdon said administrative regulation is the best avenue for fee increases.

Unregulated Med Spas

Julie Campbell, Administrator, Board of Cosmetology, and Leanne Diakov, General Counsel, Kentucky Board of Medical Licensure, joined the committee via Zoom link. Ms. Campbell testified that Kentucky has no oversight on dangerous procedures in the ever-changing world of cosmetic medicine. Currently, there is no regulatory framework for training for invasive laser work, Botox, fillers, and other injectables. This is extremely dangerous for safety and infection control. Medical training is needed for unregulated medical spas to provide protection and oversight for the public.

Ms. Diakov said she supports Ms. Campbell's testimony and restated the need for concise statutory language applicable to all medical spas in Kentucky. There are different requirements for the same medical procedures for doctors, nurses, and estheticians, which leads to more confusion.

Representative Miller cautioned that new language for med spas should not include tattoo parlors. Ms. Campbell said they are not interested in including tattoo parlors, and only interested in providing a framework for the medical procedures previously discussed.

Responding to a question from Senator Higdon regarding what other states have done, Ms. Campbell said Tennessee has worked on this. She said Kentucky will look to other states and what has they have done to help reduce barriers and make sure businesses are not impeded, but protected.

With no further business before the committee, the meeting adjourned at 12:10 p.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 2nd Meeting of the 2021 Interim

July 20, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee

on Local Government was held on Tuesday, July 20, 2021, at 10:00 AM, in Room 154 of the Capitol Annex. Senator Robby Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representative Michael Meredith, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Christian McDaniel, Morgan McGarvey, Michael J. Nemes, Adrienne Southworth, Damon Thayer, and Phillip Wheeler; Representatives Danny Bentley, Josh Bray, George Brown Jr., Jonathan Dixon, Jeffery Donohue, Ken Fleming, Deanna Frazier, Regina Huff, Mary Beth Imes, DJ Johnson, Adam Koenig, Matt Lockett, Mary Lou Marzian, Brandon Reed, Rachel Roberts, and Walker Thomas.

Guests: Heath Cox, Henderson Police Department; Shawn Butler and Robert Nader, Kentucky Association of Chiefs of Police; Nicolai Jelik, John Schwartz, and Joseph Wallace, Department of Criminal Justice Training.

LRC Staff: Mark Mitchell, Christopher Jacovitch, and Cheryl Walters.

Approval of Minutes

Upon the motion of Representative Fleming, seconded by Representative Johnson, the minutes from the June 15, 2021 meeting were approved.

Police Officer Recruiting and Retention

Chief Heath Cox, Henderson Police Department, told the Committee that his Department offers the following to promote recruitment and retention: offering differing pay for differing shifts; providing pay raises; providing additional rank promotions with commensurate pay increases; implementing a lateral program which compensates people for work experience when hiring; rehiring retired officers at particular pay points to bring their experience to new officers; offering load bearing vests to offset equipment weight and assist in officer health; providing take home vehicles for officers living in the county rather than only in the city or adjacent to the city; reviving an annual awards banquet; keeping the vehicle fleet replenished; providing an officer wellness program; and providing in-house supervisor training.

Henderson's Police Department currently has six recruits in training. The Department is moving to a 12-hour shift to maximize its current manpower. Most agencies in Kentucky are doing ten hour shifts or twelve hour shifts. The work schedule will change to provide work life balances. There will be efforts at seeking permission to expand the take-home vehicle program to include officers living in adjacent counties, rather than limiting it to only officers residing within the county.

The Henderson Police Department is looking for authorization to hire public safety officers. The public safety officer is a non-sworn position responsible for performing non-hazardous and non-emergency calls for service and assisting police officers with routine duties. They do not carry firearms. They have different uniforms and vehicles. The position also serves as a recruitment tool to determine if these individuals would have the desire and character to become a full officer. The types of call handled by a public safety

officer would include investigating accidents; parking problems and motorist assistance. The number of those types of calls will be over 3,000 in a year just in Henderson's department.

The problems that need to be solved, with help from the legislature, include: increasing the infrastructure to train new recruits; changing the way policing is viewed; building pipelines for future recruits, such as criminal justice programs in schools and colleges; and augmenting revenue opportunities through allowing all cities to have the same revenue options.

Chief Shawn Butler, Executive Director of the Kentucky Association of Chiefs of Police (KACP), told the committee that police recruitment is a major concern across the nation in both large departments and small departments. The reasons are many and include: the dangerous aspects of the job which seem to be growing worse; the misunderstanding by many members of the public on how police officers do their jobs; troubling rhetoric such as "defund the police"; a lack of adequate training and equipment at times; and the loss of respect for officers by many in society. The dwindling numbers of young men and women who want to make law enforcement a career is jarring.

Chief Robert Nader, third vice president of KACP and Chief of the Covington Police Department, told the committee that pensions for law enforcement officers has been a major issue for several years and has still not been fully addressed. KACP and law enforcement understands the difficult decisions that the legislature, as policymakers, must make to keep the pension solvent. But removing new hires from the Tier 1 to the Tier 3 system with a potentially unreliable 401-K hybrid system, coupled with what is widely seen as minimal health insurance, is dramatically effecting local law enforcement departments' ability to recruit and retain officers. The KACP implores the legislature to revisit some of the decisions that have been made to the state's retirement system regarding law enforcement. Failing to make changes means fewer applicants will be drawn to the profession; and that means fewer officers protecting the people, businesses, and communities in the legislative districts.

The KACP would also like to suggest changes to the law that is designed to make it financially difficult for officers to leave a community that paid for their training. Under existing law, an officer must remain with the city that sponsored and paid for their training for three years. If officers leave prior to three years of service, they must repay their training costs. That has helped in keeping young officers from having their training paid for and then quickly leaving for a higher paying job in another community or state—an issue that is acute in communities like Covington—that border another state. KACP suggests extending the time an officer has to remain with a city to four or five years, which will keep officers at their jobs for a longer period of time and allow cities to recoup its return on investment.

Chief Butler said that he and the Department for Criminal Justice Training are working on remote training opportunities to make it easier and less expensive to get training. He also mentioned a former federal program called the Police Corps that helped put police officers on the street several years ago. The Police Corps was started in 1994 to address violent crime

by increasing the number of patrol officers with advanced education and training. The program has been dormant for many years, but now may be the time to look at a similar program that could be adapted for use in Kentucky. Improvements in calculating reciprocity for other states' academies would be welcome without relaxing standards to include recalculating real world policing experience. Some police officers also retired in response to changing pension laws.

In response to a question from Representative Meredith, Chief Cox agreed that incentives at the beginning of a police officer's career would be more attractive than the pension at the end of a police officer's career.

In response to another question from Representative Meredith, Chief Butler said the data exists regarding how many police officers took advantage of early retirement and then took other, maybe different, jobs, but still in law enforcement, but that the KACP has not collected it yet. Representative Meredith requested that data be given to the Committee when it is collected.

Representative Donohue suggested that the KACP research some of the bigger police departments to see if there is drawback to the 12-hour work shift.

Senator Thayer commented that 2013 SB 2 did not include a 401K. The instrument is a portable, defined benefit plan that has some of the properties of a defined contribution plan. The 401K narrative will be a negative for new recruits. The portability is a plus. Regarding retirements for the changes in pension plans, if command staff left in 2020, it was not due to being in the hybrid cash balance plan. The officers were probably in Tier I or Tier II. The Tier III hybrid cash balance plan was not effective until 2014. Attributing those retirements to the hybrid cash balance plan is incorrect. There could have been issues with the actuarial analysis which is controlled by the County Employees Retirement System board.

In response to a question from Representative Thayer, Chief Butler said that the "defunding police" narrative is having a hugely negative effect on recruits. In any organization "bad apples" can exist. 2021 SB 80 gives police the tools to begin reform and remove people who should not be in policing.

Chief Butler clarified that he did not mean to insinuate that command staff was leaving because of the Tier III retirement changes. The actuarial analysis, that was appropriate to do, should have encompassed 50 years. When the contributions were calculated in response to the new analysis, they retired in response to the potential monthly reduction in income.

In response to a question for Representative Thomas, Chief Cox said he would have to research the Deferred Retirement Option Plan (DROP) program to see if that would be a viable retention tool. The program Henderson has in place employing retired officers would potentially hinder DROP. Chief Butler added that Ohio has that program.

In response to a question from Senator Alvarado, Chief Butler replied that it is difficult recruiting police officers from other states because sometimes they do not meet Kentucky's standards of training.

In response to another question from Senator Alvarado, Chief Cox replied that the public safety officers are required to have 120 hours of training as set

out in the statutes. However, the statutes do not specify the type of training. Standardization of the training would be beneficial.

In response to a question from Senator Southworth, Chief Cox stated that the starting salary for a public safety officer is \$17 per hour, and a regular police officer's starting salary is \$19.73 per hour.

Senator Southworth discussed the attributes young people may need to possess to be attracted to a career in law enforcement.

Peace Officer Professional Standards Training

Commissioner Nicolai Jelik, Department of Criminal Justice Training (DOCJT), told the Committee that Kentucky offers standardized training for peace officer recruits throughout the state, excluding Louisville, Lexington, and Bowling Green Police Departments, and the Kentucky State Police, each of which conducts their own training. DOCJT conducts basic training and annual in-service training. Before COVID, there was a 3 to 4 month backlog. At present the department is approaching a similar backlog making up for delays during COVID. Each class has 30 recruits. The department conducts about 10 basic training classes each year which equals around 300 recruits a year. The department will host 30 recruits also in each class of in-service training each year. There are around 200 separate classes scheduled each year for that. The department shut down for about 3 months with the onset of the pandemic to figure out how best to resume classes in the safest way.

Due to COVID restrictions, DOCJT's dorms have only been able to house one recruit in a room instead of two. The department sought to limit contact between students. Classes resumed in July 2020, with only 3 classes based on housing concerns. In-service training was not conducted, except for post critical incident seminar (PCIS) classes, which were conducted off campus. In January, 2021, a fourth class was added. In-service training was conducted off-campus, around the state. A reduction in officers per class was called for due to room space limitations. This year there were 250 classes of 20 to 25 officers per class.

Due to the dedicated and talented schedulers, in June of this year, the department added a 5th class, and likely one more additional class at the end of the year more closely approaching pre-COVID levels through contracting with Eastern Kentucky University. Low vaccination rates among recruits keep dorm occupancies at one per room.

In response to a question from Representative Meredith, Commissioner Jelik said DOCJT has not looked into why there is a reluctance for recruits to get a COVID vaccination but gave assurance that DOCJT would look into it.

In response to a question from Representative Koenig, Commissioner Jelik replied that the Louisville, Lexington, and Bowling Green Police Departments fund their own training in contrast to DOCJT's training which is funded by DOCJT from the insurance premium surcharge.

In response to another question from Representative Koenig, Deputy Commissioner John Schwartz of DOCJT, stated that the number of recruits not completing the training satisfactorily is very small.

In response to another question from Representa-

tive Koenig, Commissioner Jelik said the requirements for the recruitment process are set up by the Kentucky Law Enforcement Council, and include physical fitness, polygraph tests, minimum age requirements, criminal background checks, etc. Representative Koenig asked that the Commissioner send those requirements to the committee.

In response to a question from Representative Bentley, Commissioner Jelik stated that training for mental health includes PCIS for officers themselves, as well as resiliency, peer support, and suicide prevention classes. Deputy Schwartz added that there is also crisis intervention training (CIT), and training on how to deal with mentally ill people and special needs people that the officers come in contact with.

In response to a question from Representative Fleming, Commissioner Jelik said that DOCJT is in the process of compiling data for the annual comprehensive survey on the number of law enforcement officers currently serving, being trained, and those who are retired or retiring.

Senator Mills announced that the next meeting of the Committee would be August 26th at the State Fair.

There being no further business, the meeting was adjourned at 11:40 a.m.

PARI-MUTUEL WAGERING TAXATION TASK FORCE

Minutes of the 1st Meeting of the 2021 Interim

July 16, 2021

Call to Order and Roll Call

The 1st meeting of the Pari-Mutuel Wagering Taxation Task Force was held on Friday, July 16, 2021, at 10:00 AM, in Room 169 of the Capitol Annex. Representative Adam Koenig, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Julie Raque Adams, and Christian McDaniel; Representatives Jonathan Dixon, Al Gentry, Matthew Koch, and Jason Petrie.

Guests: Waqas Ahmed, Director, Pari-Mutuel Wagering and Compliance, Kentucky Horse Racing Commission; Jon Roenker, Chief Economist, Legislative Economic Analysis, Legislative Research Commission; and Jennifer Hays, Committee Staff Administrator, Appropriations and Revenue Committee, Legislative Research Commission.

LRC Staff: Tom Hewlett, Jennifer Hays, Kevin Branscum, and Chase O'Dell.

Senator Thayer remembered the late Senator Tom Buford.

Senator Thayer gave opening remarks on the pari-mutuel wagering structure. He stated that he was pleased with the current structure and that it appears to be working. Senator Thayer continued to say that the legislature should be careful not to make any tax changes that may hurt the horse industry.

Representative Koenig gave his remembering remarks for Senator Buford.

Overview of the Pari-Mutuel Tax

Waqas Ahmed, Director, Pari-Mutuel Wagering and Compliance, Kentucky Horse Racing Commission; Jon Roenker, Chief Economist, Legislative Economic Analysis, Legislative Research Commission; and Jennifer Hays, Committee Staff Administrator, Appropriations and Revenue Committee, Legislative Research Commission, presented an overview of the pari-mutuel tax.

Ms. Hays testified that the horse racing industry pays three additional taxes or fees in addition to paying income tax on net earned income, property tax on real or tangible property, and sales tax on the consumption of tangible personal property.

One fee paid by the horse racing industry is the license fee, which is paid to the general fund by any person engaged in the business of conducting a race meeting which has live horses run for stakes, purses, or prizes. The fee is based on the track's average daily mutuel handle for each day of racing. Receipts from this fee total roughly \$250,000 annually.

The second tax paid by the horse racing industry is the admissions tax. Each person entering a racetrack grounds where there is a live race meeting is required to pay a 15 cent tax for each day they attend. This tax is collected by the racetrack and remitted on the attendee's behalf. Receipts average \$200,000 annually. Kentucky statute makes clear that the tax is due on each admission whether admission is charged or free.

The third tax paid by the horse racing industry is the pari-mutuel tax. All tracks conducting pari-mutuel wagering are required to pay this tax. That wagering can be on live racing, historical horse races, intertrack and simulcast racing, or advance deposit account wagering. The rate of taxation varies between the types of wagering. The tax on live racing wagers can range from 3.5 to 1.5 percent. Historical horse race wagers are taxed at 1.5 percent. Intertrack and simulcast wagers are taxed at three percent. Advance deposit wagering is taxed at 0.5 percent. Pari-mutuel tax receipts for fiscal year 2021 through May totaled \$27.7 million.

In response to a question from Representative Koenig, Ms. Hays stated that there may be errors or interest in penalty in license fee receipts numbers. In response to another question, Ms. Hays testified that these receipts go to the general fund, not the horse racing commission.

In response to a question from Senator McDaniel, Ms. Hays testified that the daily mutuel handle is an average of the mutuel handle across race days for races that occur at a track.

Senator Thayer stated that statute should be changed so that if a track charges free admission, they will not have to pay the 15 cents admissions tax. The historical horse racing tax rate of 1.5 percent was set in the 2014 revenue bill. Senator Thayer continued to say that the 3.5 percent tax rate on pari-mutuel wagering for live racing should be removed from statute altogether, as no track actually reaches the threshold to pay that top rate.

There are five thoroughbred racetracks and three standardbred racetracks in Kentucky. Live racing, simulcast, and historic horse racing wagers can all be made at any of the tracks. These wagers can only be made at the licensed tracks.

Under Kentucky statute, the tax rate on live wa-

gers is 3.5 percent if the racetrack's daily average live handle totals \$1.2 million or more. A track has not reached this level since fiscal year 2008. A live wager is taxed at a rate of 1.5 percent of money wagered if the track falls below the \$1.2 million threshold.

For a thoroughbred track, 0.75 percent of the 1.5 percent tax paid on live wagers is distributed to the thoroughbred development fund. Of the 1.5 percent tax, 0.35 percent of the tax on money wagered is distributed to the general fund.

For standardbred tracks, one percent of the 1.5 percent rate is distributed to the standardbred development fund. The rest of receipts are distributed to the same funds at the same percentages as thoroughbred tracks. The net tax from standardbred tracks to the general fund is 0.10 percent.

For historic horse racing, the tax rate on wagers is 1.5 percent for thoroughbred and standardbred racetracks. The distribution from a thoroughbred track to the thoroughbred development fund is 0.75 percent. The distribution from a standardbred track to the standardbred development fund is one percent. Of the money wagered through historical horse racing, the percent which goes to the general fund ranges from 0.57 to 0.67 percent.

The money wagered in fiscal year 2021 through May totaled \$46.1 million for live racing and \$4.1 billion for historical horse racing.

In response to a question from Senator McDaniel, Ms. Hays testified that there is no statutory provisions regarding payouts. Mr. Ahmed stated that commissions are capped for the different types of wager. For historical horse racing, the commission rate has typically been nine percent. The excise tax is taken out of that nine percent.

In response to Representative Koenig, Mr. Ahmed testified that the cap for an exotic wager is the same as the cap on live or historical races. Payouts cannot exceed the cap in statute, but an operator can choose to have different caps. The cap for each wager is described in statute.

In response to a question from Senator Adams, Ms. Hays stated that there is no statutory language requiring revenue to go to problem gambling.

Senator Thayer stated that 80 to 90 percent of every dollar wagered goes back to pay winning bettors. He continued to say that the dollars wagered are not revenue. The money left after paying winning bettors goes towards taxes, purses, track operating costs, and profit.

Intertrack and simulcast wagers are taxed at a rate of three percent. There are statutory distributions from these receipts to the development fund, equine industry fund, higher education equine fund, and the equine drug testing fund. Simulcast wagers are accepted at all racetracks, but they are only taxed if the wager is placed at a thoroughbred track.

Advanced deposit account wagering is taxed at a rate of one half of one percent. Of the tax revenue on a wager, 85 percent is retained by the racetrack hosting the race, with the remaining 15 percent being deposited into the general fund.

In response to a question from Representative Koenig, Ms. Hays testified that wagers placed on a phone or on a computer are taxed the same as long as they are both placed through an advanced deposit account.

Ms. Hays testified that as of fiscal year 2019, historical horse racing made up 81.6 percent of pari-mutuel tax revenue. Simulcast was the second largest driver of pari-mutuel tax revenue with 9.5 percent of total receipts. A few years ago, the largest share of pari-mutuel tax revenue was live racing.

As of fiscal year 2019, the thoroughbred development fund received the largest allocation of pari-mutuel tax revenues, receiving 46.3 percent of all revenue. The general fund received 40.6 percent of all revenue.

On a two dollar wager made on a live race, \$1.61 would be returned to the public through winnings. Net commission would total 34 cents.

In response to a question from Senator McDaniel, Mr. Ahmed testified that the percent of a wager to be returned to the public through winnings is implied because Kentucky statute establishes a limit for net commission on wagers. In response to another question, Mr. Ahmed stated that in some instances, tracks may reduce the percentage of a wager which goes to net commission for the purpose of drawing more wagers.

Representative Koenig stated that on average, people will get more of their money back placing a pari-mutuel wager than playing the lottery. He continued to say that addressing breakage will be a way to take care of bettors.

Ms. Hays testified that of a two dollar wager placed on a historical horse race, \$1.83 will be returned to the public through winnings. Net commission on a two dollar wager would total 14 cents.

Ms. Hays stated that of a two dollar wager placed via simulcast at a thoroughbred track, \$1.58 is returned to the public through winnings. Net commission would total 34 cents.

Of a two dollar advance deposit account wager, \$1.56 is returned to the public through winnings. Net commission would total 39 cents.

Senator Thayer stated that tracks who do not charge admission still pay the 15 cents admissions tax based on an estimate of daily attendance. He continued to say that the Kentucky Thoroughbred Development Fund was developed as a way to encourage people to buy Kentucky-bred horses and race them at Kentucky racetracks. Base association purse money, which is negotiated between racetracks and the horsemen associations, comes out of the net commission on wagers. The 1.5 percent tax on live racing and historical horse racing wagers is a tax on the gross amount of a wager.

Representative Koch stated that the Kentucky Thoroughbred Development Fund is vital because other states and Canada have similar programs and promote them heavily.

Senator Thayer stated that the Kentucky Breeders Incentive Fund program rewards successful breeders of Kentucky-bred horses and incentivizes breeders to leave their mares in Kentucky year-round. Representative Koch stated that every five mares will create a job.

With no further business before the committee, the meeting was adjourned at 11:12 a.m.

PARI-MUTUEL WAGERING TAXATION TASK FORCE

Minutes of the 2nd Meeting of the 2021 Interim

August 9, 2021

Call to Order and Roll Call

The 2nd meeting of the Pari-Mutuel Wagering Taxation Task Force was held on Monday, August 9, 2021, at 3:00 PM, in Room 169 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Julie Raque Adams, Denise Harper Angel, Christian McDaniel, and Stephen West; Representatives Jonathan Dixon, Al Gentry, Matthew Koch, and Jason Petrie.

Guests: Elisabeth Jensen, Executive Vice President, Kentucky Equine Education Project; and Chauncey Morris, Executive Director, Kentucky Thoroughbred Association.

LRC Staff: Tom Hewlett, Jennifer Hays, Kevin Branscum, and Chase O'Dell.

Approval of Minutes

A motion was made by Representative Koch, seconded by Representative Koenig, to approve the minutes from the July 16, 2021, meeting. The motion passed by voice vote.

State of the Horse Industry in Kentucky

Elisabeth Jensen, Executive Vice President, Kentucky Equine Education Project, discussed the state of the horse industry in Kentucky.

Ms. Jensen testified that the General Assembly and Governor Andy Beshear should be commended for taking decisive action in reinvigorating Kentucky's signature horse industry and protecting historical horse racing. Senate Bill 120 of the 2021 Regular Session paved the way for continued significant investment in Kentucky's horse industry, which will lead to new jobs and economic growth throughout the Commonwealth.

The direct value of Kentucky's horse industry totals \$832 million. There are nearly 80,000 direct and indirect jobs provided by the industry and industry-related tourism. In Kentucky, 30.5 percent of households are home to a horse enthusiast. Equine-related tourism brings in \$233 million to the state. The horse competition sector provides an additional \$209 million in direct impact to the state. Overall, the horse industry's total economic impact in Kentucky totals \$6.5 billion in annual direct and indirect economic activity.

Because of its impact on purses at Kentucky racetracks, historical horse racing provides an incentive for equine businesses to relocate to Kentucky. Several industries benefit when equine businesses are created or relocate to Kentucky. Local communities benefit from the ripple effects of the horse industry.

Nearly one billion dollars of capital has been invested in the last decade. This has led to temporary construction jobs as well as new full-time jobs for expanded and renovated racetracks. Historical horse

racing is generating significant funds for the state and keeping community members employed.

One horse creates many jobs, a majority of which cannot be automated or moved overseas. Kentucky is home to two world-renowned equine veterinary facilities. These facilities and the smaller veterinary offices across the state have many high paying jobs.

Historical horse racing provides a steady stream of revenue to educational programs that provide collegiate training related to horse handling, veterinary medicine, industry business management, riding, and more. Without historical horse racing, the ability to offer these many programs would not exist.

Thanks to historical horse racing, standardbred racing has seen tremendous growth, with two new tracks being built and purses tripling. The Kentucky Sire Stakes program has seen nearly five times the growth in the number of eligible horses compared to the time before historical horse racing. The Kentucky Proud Series fair program went from being on the verge of failure to seeing growth in purses and field sizes. Standardbred breeding and sales in the state continues to grow, and before long Kentucky will be a national leader in the standardbred industry. This would not be possible without historical horse racing.

Kentucky's horse industry is on a positive trajectory. Despite recent setbacks from the Kentucky Supreme Court and the pandemic, the industry has continued to move forward investing and growing in communities across the state. Historical horse racing fuels the growth in the industry. Because of historical horse racing, more jobs and economic benefits will follow. Additionally, greater revenues will flow into the industry incentive programs, educational programs, and the state's general fund.

Representative Koch stated that almost 80 percent of graduates from Kentucky equine programs stay in the state.

Senator Thayer stated that the program whereby the General Assembly appropriates money to reserve veterinary school slots at Auburn University for Kentucky students would not be possible without racehorses of all breeds to be taken care of in Kentucky. He continued to say that only the University of Louisville, Morehead State University, Murray State University, and Western Kentucky University equine programs receive funds from the General Assembly.

In response to a question from Representative Koenig, Ms. Jensen stated that she would figure out how many students in Kentucky participated in the equine education programs and would share that information with staff.

Senator Thayer stated that because of Senate Bill 120, Kentucky Downs announced that it will increase purses by eight percent for its fall meet. He continued to say that the presence of racehorses in Kentucky is driven by purses.

Representative Gentry questioned whether the cap on allocations to the University of Louisville equine education program could be reviewed.

Senator Thayer stated that there are people who believe that the University of Kentucky and Bluegrass Community and Technical College equine programs should receive state funds from the General Assembly. He continued to say that the task force should hear from the University of Kentucky and Bluegrass Com-

munity and Technical College on why they deserve state funds before it looks at increasing the amount of funds that the University of Louisville receives.

State of the Thoroughbred Industry in Kentucky

Chauncey Morris, Executive Director, Kentucky Thoroughbred Association, discussed the state of the thoroughbred industry in Kentucky.

Mr. Morris discussed the challenges faced by the thoroughbred industry, ranging from the pandemic to challenges with controversy. Mr. Morris testified that thanks to Kentucky's competitive business environment, the thoroughbred industry has thrived through major reinvestment in infrastructure for horses and fans, safety and integrity initiatives, marketing, and hard work.

Kentucky is the largest producer of thoroughbred horses in the United States. Kentucky is a net exporter of horses to buyers around the world. Thanks to public-private coordination since COVID-19, Kentucky racing has eclipsed New York on purses for the first time. Kentucky has used historical horse racing revenue wisely by attracting better horses, making better fields, and increasing wagering on live racing products. Since 2012, Kentucky is the only state other than New York to increase its level of grade one and grade two graded races.

Prize money attracts horse fields. In Kentucky, field size and purses have grown as a result of historical horse racing and the live racing product. Field size is important because it increases the pot of money available for payouts in pari-mutuel wagering. Senator Thayer stated that the larger the field, the more money is wagered, which increases purses and revenues to the general fund.

The Kentucky Thoroughbred Association believes that Kentucky racing will remain competitive, based on current tax rates. Other states are attempting to cut into Kentucky's success and attract its inventory of race horses through profitable forms of gaming which return less proceeds to the patron.

In response to Senator Thayer, Mr. Morris testified that trainers are keeping satellite operations in Kentucky year-round. The number of horses of racing age in Kentucky is growing. Additionally, major owners and trainers are buying homes in Lexington or Louisville and are establishing training centers or buying farms. Several tracks in the state are making major reinvestments to principal places of operations or to satellite training centers in order to increase stall size. Everybody wants to be in Kentucky. In response to Senator Thayer, Mr. Morris stated that condition books provide extensive details on upcoming races. Senator Thayer pointed out that Kentucky has eclipsed the total purses offered in New York, California, and Florida, all of which have more population than Kentucky, and two of which, New York and Florida, have purses propped up by casino proceeds.

In response to a question from Representative Gentry, Mr. Morris testified that in 2020, the Commonwealth paid out \$17.5 million in Kentucky Thoroughbred Development Fund supplements. In 2012, the Commonwealth only paid out six million dollars. The Kentucky Thoroughbred Development Fund receives 0.75 percent of the pari-mutuel tax on all wager types except for advanced deposit account wagering. Sen-

ator Thayer added that in the past, Kentucky's thoroughbred industry was at a competitive disadvantage compared to other states, but that Kentucky now has an advantage, in part because of historical horse racing. Mr. Morris added that Kentucky's business environment is more user-friendly than other states, and that the state's racing and breeding industry is more competitive as a result of public policy achievements.

In response to Senator Thayer, Mr. Morris stated that Kentucky became attractive for breeding and training because it was cheaper to do so in Kentucky compared to other states. Additionally, many of the larger breeders in the United States are spending more time in Kentucky because the racing has improved in Kentucky.

With no further business before the committee, a motion was made by Representative Koch, seconded by Representative Gentry, to adjourn the meeting. The motion passed by voice vote.

COMMISSION ON RACE & ACCESS TO OPPORTUNITY

Minutes of the 1st Meeting of the 2021 Interim

July 20, 2021

Call to Order and Roll Call

The 1st meeting of the Commission on Race & Access to Opportunity was held on Tuesday, July 20, 2021, at 3:00 PM, in Room 169 of the Capitol Annex. Senator David P. Givens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David P. Givens, Co-Chair; Representative Samara Heavrin, Co-Chair; Senators Karen Burg and Whitney Westerfield; Representatives George Brown Jr., Nima Kulkarni, and Killian Timoney; OJ Oleka, and Erwin Roberts.

Guests:

LRC Staff: Alisha Miller and Elishea Schweickart

Overview

Co-Chair Givens began the meeting by explaining that he and Co-Chair Heavrin will be chairing each meeting together rather than chairing meetings in rotation. He also stated the meetings may be informal, will cover a lot of different processes, be productive, and also efficient.

Co-Chair Heavrin explained how she hopes Senate Bill 10 and the bipartisan nature of the commission will greatly benefit all of Kentucky. Senate Bill 10 establishes the Commission on Race and Access to Opportunity, which is created as part of the Legislative Department of State Government to research issues where disparities may exist. These issues include educational inequity, child welfare, economic opportunity, health, criminal justice, juvenile justice, and any other sectors found relevant in an effort to improve opportunities and services for minority communities. The commission is made up of members of the House and Senate, along with members from the private and non-profit sectors. Senate Bill 10 allows the commission to hold monthly meetings, seek testimony, and propose policy changes when areas of improvement

are identified.

Introductions

Senator Westerfield expressed his appreciation for being a member of the commission. He stated that while he expects to find the government can remedy many of these disparities, there may be disparities that the government cannot fix but they deserve attention nonetheless. His hope is that the commission can come up with specific legislative objectives, like every other legislative committee. Responding to a question from Senator Givens, Senator Westerfield explained that his children are both biracial, and he wants to be sure these disparities are addressed so that his children, and children who look like them, do not have to suffer because of their race.

Representative Brown expressed his joy about being a member of the commission. He spoke about how important the work if this commission is considering the 400 years of disparity for people of color, and that legislative members have a charge to deal with racial disparities that exist within society. He spoke of the importance of people who consider themselves in the majority to address their issues and understand that America is where it is because of things that have happened in our society.

Representative Kulkarni expressed her appreciation for being a member of this bipartisan commission. She stated that she is looking forward to discussing and debating many issues that, while they may be painful and difficult, need to be addressed and changed. She is hopeful the commission can come up with solutions that will address the systemic issues that have affected many minorities in Kentucky for generations.

Representative Timoney expressed his appreciation for being a member on the commission. He hopes the commission comes up with actionable objectives and looks forward to celebrating success when the commission reaches those objectives. He does not believe there is a topic in America right now that is more deeply felt or even feared than the topic of race, and that is why he appreciates the energy going into addressing the issues. In response to a question from Representative Heavrin, Representative Timoney explained that any steps taken to move forward is progress, and all students in Kentucky deserve the same chance. The committee has to take action and not just talk about the issues.

Dr. OJ Oleka expressed his appreciation for being on the commission and explained his background. Dr. Oleka is the president of the association of independent colleges and universities, a qualitative researcher, and someone who is the child of Nigerian immigrants. He believes the commission is one of the most important works that could be done in Kentucky, and that every Kentuckian deserves equal opportunity at a quality education and a good job. The American Enterprise institute put out a report on race and poverty that stated the one in one hundred white families can have a third generation of poverty, but for black families it is one in five families. He hopes the commission can find tangible solutions to move Kentuckians forward.

Erwin Roberts expressed his appreciation for being on the commission. He stated that he is looking forward to working in the criminal justice areas, along

with education and healthcare. On a personal level, Mr. Roberts has had many opportunities as an African American citizen of Kentucky but has also experienced many inequities. He hopes his children, and all children, get to experience the opportunities that he has had. He stated the commission has quite the undertaking, but there is no better time to start than the present and he is looking forward to working with everyone.

Senator Berg expressed her appreciation for being on the commission. She stated that access to opportunity is one of the most important goals of government, and that everyone should have a chance to succeed and grow. Senator Berg, who is the only Jewish member of the General Assembly, shared a quote from a holocaust survivor. She believes everyone has an obligation to know our country's history but must work together to improve the future.

Co-Chair Givens expressed that it was an honor to be on the commission, to sponsor Senate Bill 10, and to work with members in both legislative chambers. He stated his children have given him perspective around conversations like the commission will be having. There is a generational change, a way younger people view issues surrounding race, and that perspective has allowed him to have conversations that he would not have had previously. He also shared that one of his guiding principles will be around policy. While the commission will spend a fair amount of time talking about issues, he hopes the commission has an impact on policy that drives outcomes.

Co-Chair Heavrin expressed her appreciation for being on the commission. Co-Chair Heavrin stated that as one of the younger members of the General Assembly, she looks at things differently, and race is an issue that needs to have conversations. She spoke of her friendship with Dr. Oleka, about the many conversations they have had, and how he has touched her life. She finished by pointing out that she is on this commission, despite how uncomfortable and emotional conversations may be at times, because everyone in Kentucky deserves to be understood and treated equally.

Closing Remarks

Co-Chair Givens spoke briefly about the commission, stating that it will run just as a regular committee. This means if a member of the commission wishes to be recognized, they will need to alert staff or one of the Co-Chairs. Members will also be expected to be respectful, even when the topics being discussed are emotional, and if a member needs to take a pause they just need to let the chairs know. The first couple of commission meetings will include presenters chosen by the chairs, and will include topics they want to share with the commission. He also stated that the chairs plan to reach out to someone who has a national policy perspective to invite them to come speak about their experience with other states, reaching the goal of forward-thinking policy changes.

Representative Timoney quickly commented that he hopes for a better world for his children and all children, so he appreciates the goal of forward-thinking policy changes.

Co-Chair Heavrin briefly spoke about her plan to invite several groups to speak to the commission, in-

cluding an academy in Owensboro who focuses on young black men. She also stated that she believes it is important that the commission stays focused on the duties they have been assigned by Senate Bill 10. She invited the members to let them know if they have speakers they would like to have testify before the commission.

Co-Chair Givens pointed out that there are still three member appointments that need to be filled before the next meeting. He also spoke of action items to be completed before the next commission meeting, including; member requests for presenters and/or topics, adding the August 18, 2021 meeting to calendars, and for staff to send out member contact information to all the commission members.

Responding to a question from Representative Brown, Co-Chair Givens stated that commission members can request topic discussions, and those topics may be approved by the chairs and added to a future agenda.

Responding to a question from Senator Westerfield, Co-Chair Givens stated that the August 18, 2021 will take place at 3:00 PM.

With there being no further business, the meeting was adjourned at 3:52 PM.

UNEMPLOYMENT INSURANCE REFORM TASK FORCE

Minutes of the 2nd Meeting of the 2021 Interim

July 27, 2021

Call to Order and Roll Call

The 2nd meeting of the Unemployment Insurance Reform Task Force was held on Tuesday, July 27, 2021, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representative Russell Webber, Co-Chair; Senators Ralph Alvarado, and David Yates; Representatives Josh Branscum, McKenzie Cantrell, Phillip Pratt, and Scott Sharp.

Guests: Jamie Link, Secretary, Labor Cabinet; Buddy Hoskinson, Executive Director, Office of Unemployment Insurance, Labor Cabinet; and Morgan Eaves, Director of Legislative Affairs, Labor Cabinet.

LRC Staff: Andrew Manno, Audrey Ernstberger, Kirk Smith, Sasche Allen, and Helen McArthur.

Approval of Minutes

A motion to approve the minutes of the June 17, 2021 meeting was made by Senator Ralph Alvarado, seconded by Representative Josh Branscum, and approved by voice vote.

Unemployment Insurance Systems and Processes

The Labor Cabinet restored unemployment insurance in-person services at 13 Kentucky Career Centers and opened a call center to assist unemployment insurance claimants in April 2021. From April 15, 2021 to July 15, 2021, the Career Development Office

(CDO) and Office of Unemployment Insurance (OUI) staff have assisted with more than 40,000 in-person appointments and OUI staff have taken more than 70,000 calls through the unemployment insurance hotline. Staffing for the OUI is regulated by the federal government and guidelines are outlined in an unemployment insurance program letters. Flexible staffing was approved for the OUI in April 2021, which allowed employees from other state agencies and cabinets to assist with unemployment insurance claims, but the approval will expire September 6, 2021, unless the federal government extends the flexible staffing plan. On March 4, 2021, former Labor Secretary Larry Roberts issued a written budget request to legislative leadership which included \$1.1 million of general fund dollars for fiscal year 2021 and \$8.4 million in fiscal year 2022 to provide funding to restore 90 OUI staff positions. The General Assembly allocated one-time federal funds for these positions instead. According to the current Labor Cabinet Secretary, Jamie Link, a one-time allocation of funds makes it difficult to attract skilled employees since there is no guarantee of permanent employment.

Responding to a question from Representative Russell Webber, Executive Director Buddy Hoskinson explained that the 90 positions currently needed would be federally funded time limited (FFTL) positions that would be eliminated after one year when the federal funding will no longer be available. Secretary Link added that current state employees are reluctant to fill these positions, because they would be leaving a state merit position for a FFTL position.

Modernization is imperative, because the current unemployment insurance operating system was coded in the 1970's. An RFP for a new system was published in January 2020 with the project estimated to cost \$40 million. National fraud cyber-attacks hit the unemployment insurance system which meant additional elements needed to be added to ensure claimants' personal and financial information was secure. Resulting changes were made to the RFP causing the vendor to withdraw. With recension of the RFP, Labor Cabinet leadership immediately formed a steering committee to review all aspects of the RFP process. The Cabinet will continue to update software to make the system better while awaiting the anticipated overhaul. The Labor Cabinet has also submitted an application to be part of a national modernization process with the U.S. Department of Labor, wherein some modernization and system rebuild costs could be covered by the federal government. Approval of this application is pending. After the RFP was initially bid, the Governor appropriated \$4.8 million of CARES Act funding for four projects that were included in the original RFP. Almost \$3.7 million of those funds have been spent on upgrades to make the system more user friendly and secure.

Executive Director Hoskinson discussed key qualifiers for traditional unemployment insurance benefits. Unemployment insurance benefits are for individuals who are totally unemployed or who are working less than full time while seeking full time work. To claim benefits in the state, you must have earned wages in Kentucky during your base period. Benefits are paid to workers who lose their job through no fault of their own while they are attempting to return to the work-

force. A claimant must be able to work and be available for work each week in order to qualify to receive benefits. The claimant has to also be making a reasonable effort to find new full time work and provide details about their job search. There were different qualifiers for pandemic unemployment insurance benefits. It is important for claimants to file their initial claim for benefits as soon as possible after becoming either unemployed or experiencing a reduction in hours. Claimants should also keep their mailing address, phone number, and email address updated through the online claim portal. Executive Director Hoskinson pointed out that claimants are also responsible for timely requesting benefits. Benefits are claimed every two weeks and benefits have to be requested weekly with e-claims. The first benefit request will be 13 days after the date the claim was filed which provides the employer with a protest period.

Answering questions from Representative Russell Webber, Secretary Jamie Link stated the Labor Cabinet will adhere to the original time line as closely as possible for the planned system upgrades despite the recension of the RFP. The estimated \$40 million is still the target cost for the system upgrades. The original RFP did not address the full scope of work necessary to adequately upgrade the system, but the new RFP will include those necessary upgrades and the Labor Cabinet will continue to do its own upgrades until the new RFP is awarded.

Replying to Senator Mike Nemes, Secretary Link confirmed the original RFP was in the later stages but was not awarded.

Addressing Representative Russell Webber, Secretary Link said he was not aware of the original number of vendor respondents but would provide that information to the committee.

Responding to questions from Representative McKenzie Cantrell, Secretary Link explained that general fund support would allow the Labor Cabinet to hire state merit system employees but any help the General Assembly is willing to offer is welcomed. Morgan Eaves, Director of Legislative Affairs for the Labor Cabinet, added that the additional employees would be cross trained to provide assistance with unemployment insurance and career development services. Addressing a follow up, Executive Director Hoskinson said that he is in regular communication with other states regarding unemployment insurance in an effort to learn from other states' mistakes and to collaborate on solutions moving forward.

Answering questions from Representative Josh Branscum, Secretary Link explained that in forming the new RFP and planning for the system upgrades the Cabinet has looked to other states that have modernized their systems, communicated with individuals who have extensive experience with unemployment insurance, and worked with the Commonwealth Office of Technology. Executive Director Hoskinson added that the Cabinet is also utilizing a technical advisor from the OUI's national organization for guidance on the new RFP. Responding to a follow up, Executive Director Hoskinson said that the OUI's debit card provider is now US Bank. Although some businesses has recently been receiving benefit cards which could be a signifier of a false claim being filed, these cards do not have any funds loaded onto them.

Replying to questions from Senator Ralph Alvarado, Secretary Link stated that there is a working group that is drafting the RFP but there are certain details that cannot be discussed during the current stage of the RFP process. Executive Director Hoskinson commented that using multiple RFP's is also being considered which would allow more flexibility with the scope of work. In the event that more funding is needed, the scope of work would have to be amended, additional funding would be requested, or the assistance through the U.S. Department of Labor initiative may be used. Answering a follow up question, Executive Director Hoskinson said about 219 state employees from various agencies have been used to assist with unemployment insurance claims, and the federal unemployment insurance program letter details the parameters of staffing for the OUI.

Addressing questions from Representative Phillip Pratt, Executive Director Hoskinson confirmed violations were handled through the Personnel Cabinet for those OUI employees that had filed unemployment insurance claims. Director Eaves said a separate investigation was performed by the Office of the Inspector General. Replying to a follow up question, Executive Director Hoskinson said that the reported archived 400,000 emails were not all from unique claimants. About 120,000 of those emails were unique individuals and over 67,000 of those emails were those of claimants that had already been issued benefits. Answering another follow up, Executive Director Hoskinson said work search requirements went back into effect on May 9, 2021, and it is the individual's responsibility to report, but employers can report a work refusal on the employer portal.

Senator Mike Nemes reiterated the purpose of the task force and said he is looking for solutions and ways to move forward.

Responding to Representative Scott Sharp, Director Eaves explained that the OUI is in the process of adding a feature to the online unemployment insurance appointment website that would allow claimants to receive a phone call about their claim instead of traveling to a location for an in person appointment that may not be convenient.

Answering questions from Senator Mike Nemes, Executive Director Hoskinson stated the federal government will base future funding on the OUI's current workload. Responding to follow up questions, Secretary Link confirmed that the extended federal pandemic unemployment insurance benefits will end September 6, 2021. Executive Director Hoskinson added that some other states have faced legal issues after terminating the extended federal pandemic unemployment insurance benefits and have had to restore those benefits. Responding to a follow up, Secretary Link said the application to be part of the national modernization process with the U.S. Department of Labor has been submitted but the time frame for the application to be approved is unknown. Addressing another follow up, Executive Director Hoskinson stated there were 14,300 notices of overpayment were sent out to claimants. As of July 23, 2021, 2300 were submitted electronically, which totaled \$3 million, and 2600 were submitted by mail that totaled about \$3 million.

Senator Mike Nemes announced the next meeting of the Unemployment Insurance Reform Task Force

will be August 30, 2021.

There being no further business before the committee, the meeting adjourned at 11:11 a.m.

SCHOOL FUNDING TASK FORCE

Minutes of the 2nd Meeting of the 2021 Interim

July 19, 2021

Call to Order and Roll Call

The 2nd meeting of the School Funding Task Force was held on Monday, July 19, 2021, at 10:00 AM, in Room 149 of the Capitol Annex. Representative James Tipton, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative James Tipton, Co-Chair; Senators David P. Givens, Reginald Thomas, and Mike Wilson; Representatives Kim Banta, Tina Bojanowski, and DJ Johnson.

LRC Staff: Joshua Collins, Cynthia Brown, Lauren Busch, and Christal White.

On a motion by Senator Wise and a second by Representative Johnson, the minutes of the June 14, 2021 meeting were adopted by voice vote.

Non-SEEK School Funding

Kentucky Department of Education (KDE) Associate Commissioner Robin Kenney and Karen Wirth, Budget Director, gave a presentation on non-SEEK state-funded items.

KDE distributes funding to local school districts through three different budget units: SEEK, Bureau of Support and Services (BOSS), and Learning and Results Services (LARS). The methods of distribution include formula or allocation, competitive processes, line items, "on behalf" payments for local districts, and other funding mechanisms outside of these categories.

Non-SEEK budget items include extended school services at \$23.9 million; gifted and talented at \$13 million; school safety at \$6.2 million; preschool at \$84 million; and Kentucky Education Technology System (KETS) at \$15.4 million. Statutes and regulations designate a formula for flexibility in using grant funds. School safety and KETS funds are distributed based on an average annual daily attendance and preschool is based on a December 1 count.

As determined by the Kentucky Center for School Safety and in partnership with the State School Marshal, \$7.4 Million is distributed for mental health support. Districts receive equal distribution regardless of population. The national board-certified teacher stipend budget of \$2.75 million is distributed to districts and divided among qualified teachers for a supplement of \$2,000.

Vocational transportation is a non-SEEK item but is included in the SEEK appropriation unit and is distributed based on the number of students, driver time and cost, and other factors such as how many miles a student rides and if bus services are utilized once or twice per day. The blind and deaf travel budget of \$492,300 is allocated by the number of students transported and miles travelled to those facilities.

Distributions for available federal and state grants include: \$5 million for math achievement; Read to Achieve at \$25.7 million; and community education at \$1.85 million.

Family Resource Youth Services Centers (FRYSCs) are a \$48.9 million budgeted line item. The money is distributed by KDE to the Cabinet for Health and Family Services (CHFS), which in turn allocates the funds to school districts based on free and reduced price lunch (FRPL) numbers.

Additional grant funding goes to the Kentucky Facilities Inventory and Classification System (KFICS) as part of the BOSS appropriation. KFICS is the mechanism that school districts use to rank facility needs. The KFICS budget appropriation is \$600,000.

KDE budgets \$12 million for assessment and accountability. KDE receives \$3.6 million for Advanced Placement and International Baccalaureate testing. One million dollars is reserved for testing for FRPL students. The remaining \$2.6 million is distributed on a first come-first serves basis. The Kentucky Educational Network receives \$17.2 million for network and internet connectivity, paid directly to the provider for district services.

The LARS appropriation includes \$754 million for district employer-paid health and life insurance costs. In the SEEK appropriation, KDE also pays \$435 million to the Teacher Retirement System (TRS) for the employer match for employees participating in TRS.

In response to a question from Representative Bojanowski, Ms. Wirth said TRS is in the SEEK appropriation but is part of a non-SEEK second-line item. In a follow-up explanation, Representative Tipton said local school districts pay for the employer portion of the pension fund but KDE pays directly to TRS on behalf of the local school districts from the general fund.

Responding to a question from Representative Tipton, Mr. Truesdell said LARS funds cover current employee health and life insurance and 39 percent of SEEK goes to both pension and medical. In a follow-up question, Ms. Wirth said that applies to both certified and classified employees. Representative Tipton clarified that the classified portion of the retirement contribution is solely on the local district. Ms. Wirth said KDE does not receive any appropriation to pay toward the County Employee Retirement System.

Less than 1 percent, or \$33.2 million, of KDE general funds are appropriated for KDE personnel and operating costs. As of 2021, KDE has 1085 permanent full-time employees: 386 Frankfort-based employees; 65 employees at the Kentucky School for the Blind (KSB); 101 employees at Kentucky School for the Deaf (KSD); and 533 personnel at the Area Technology Centers (ATCs).

KSB and KSD receive a separate appropriation within the LARS lines that covers personnel and operating costs. KSB is allocated \$7,853,100 and KSD receives \$10,580,600. 2021 House Bill 192 budgets additional funds for these two state-operated facilities. Appropriations for Local Area Vocational Education Centers (LAVECs) are \$12 million and \$1.9 million for Estill County's operating and industry certification program.

Responding to a question to Representative Johnson, Ms. Kinney said mental health provider grant

program funds were appropriated as a result of 2019 Senate Bill 1. The General Assembly made funding available for other safety issues before COVID-19. Each district was appropriated funding to support additional mental health professionals and mental health professionals were hired to support schools throughout the district. Senator Wise said with telehealth and telecounseling, districts can work with off-site psychologists or social workers. Responding to a follow-up question, Ms. Kinney said Medicaid billing comes through KDE's Budget Office which in turn works with the CHFS Medicaid office to ensure professionals are identified, qualified, and have the required certifications for billing purposes. In response to another follow-up question, Ms. Kinney confirmed that reimbursed Medicaid funds are in addition to the appropriated \$7.4 million.

In response to a question by Representative Bojanowski, Ms. Kinney said ATCs are state-operated and managed by KDE. LAVECs are managed by local school districts. Ms. Kinney said the 2019 CTE Task Force previously studied that funding.

Responding to a question from Senator Wilson, Ms. Wirth said 533 of KDE's staff work at the 51 ATCs and the \$33.2 million budget supports all employees for the centers including teachers, principals, secretarial support, and janitorial staff. Senator Wilson said ACTs have significantly more funding than LAVECs and said manufacturing facilities are requesting more Career and Technology Centers to address needs.

In response to a question from Representative Banta regarding the difference between testimony of \$21 million in assessment and accountability funding in a previous presentation, Ms. Wirth said \$12 million in general funds are budgeted for personal service contracts and \$3 million for staffing needs. She explained the \$6 million difference is received in federal funding.

Responding to a question from Representative Tipton, Ms. Wirth said KDE attempted to capture items not addressed during the SEEK-based presentation. Relating to a follow-up question, the National Board Certified Teachers (NBCT) stipend in statute is \$2,000. The state budget provides \$1,200 and \$800 comes from local districts. Ms. Kinney said although recent legislation does not require districts to make up the difference, most schools provide the additional \$800. Responding to follow-up question, Ms. Wirth said teachers transferring to a non-teaching or administrative position are ineligible to receive the stipend. Ms. Wirth said she will provide the committee with NBCT growth numbers.

Continuing with a follow-up question from Representative Tipton, Ms. Wirth said the preschool budget of \$84.5 million is for children under 160 percent of poverty level.

Responding to a question from Senator Thomas, Ms. Wirth said she would review enrollment numbers and other factors to provide possible costs of universal Pre-K for all 3 and 4 year olds.

Responding to a question from Representative Tipton, Ms. Wirth said \$800,000 was appropriated for the Dolly Parton Imagination Library. The Office of Special Education and Early Learning is working on a contract for disbursement of books across the state.

Representative Tipton said he received a response

from State Budget Director Hicks on the FRYSC question asked during the last meeting. The \$43 million allocation to KDE is about half of the FRYSC budget and has been included in the budget since the passage of KERA. He said the total for FRYSCs is about \$91 million. Ms. Wirth said another appropriation recently granted COVID relief funding.

In a follow-up comment, Ms. Wirth said KFICS identifies buildings in need and helps in developing the list. Ms. Wirth said an outside vendor partners with KDE. KDE encourages local school districts to perform inventories and enter their information into the system. Sixty percent of schools are included on the inventory list.

Presentation of School Facilities Construction Commission Funding and Operations

Presenting for the School Facilities Construction Commission (SFCC) were Chelsey Bizzle Couch, Executive Director, and Kristi Russell, Senior Financial Analyst.

The SFCC provides Kentucky's 171 school districts with an equitable distribution of funds for capital construction and renovation projects based upon unmet facility needs and for the purchase of new technology under the KETS program.

Eligibility for SFCC support includes a KBE approved facility plan on file with KDE; a commitment of an equivalent tax rate of \$0.05 or more dedicated to facilities; and, in July of odd-numbered years, the restricting of all available local revenue to be used in accordance with the district's approved facility plan.

In FY 2020, Ms. Couch said SFCC issued \$473 million in bonds, amounting to \$90 million of the state's debt portion. The SFCC participated in nearly 2,500 school bond issues totaling \$12 billion. Of the total amount, \$3.8 billion was supported by SFCC debt service payments and \$8.2 billion was supported by resources of local school districts.

Additional funding was provided in 2021 House Bill 405 through the State of Emergency Assistance Fund with \$10 million; in 2021 House Bill 556 with \$127 million in the Coronavirus Capital Projects Fund; and \$75 million in the Local Area Vocational Education Center Fund.

Responding to a question by Representative Johnson, Ms. Couch said SFCC offers of assistance may be held for eight years, letting smaller districts accumulate enough money to pay for debt service. She explained bonding is similar to a home mortgage. SFCC pays a piece of the bond every six months. On average, SFCC supports between 25 and 30 percent of all debt service on all bonds for state schools.

On a follow-up question, the limit of the bonding amount is based on the total budget. Currently, SFCC is paying on an outstanding debt of \$1.3 billion in debt issued and paid over a 20-year term. The budget covers not only that portion of the debt but allows payment of a new portion of debt. Ms. Russell said funding pools will pay for some projects in cash. Renovation projects are typically bonded due to cost.

Responding to a question from Senator Wise, Ms. Russell recognized that superintendents inquire about the legislative control over the list for new facilities and often question the exclusion of funding new athletic facilities. Ms. Russell said if a new school is built,

SFCC allows state dollars to be applied for connected athletic facilities and the bond is rolled into one bond issues. She said regulation prohibits state funding for an athletic facility on an existing site. Ms. Russell is unaware if funds could be made available for a greenhouse or agro-tech operation but will investigate and advise the committee. On a follow-up question from Senator Wise, a school's status on the list may or may not be in the same position when school begins. Ms. Russell said the KFICS report, which establishes the list, is a product of KDE.

Referring to a question from Ms. Page, Ms. Couch said the district facility needs on file with KDE are subtracted from incoming local revenues to calculate unmet need. The base revenue multiplied by the district percentage calculates the total bonding, the amount paid over 20 years and that amount is broken down into payments for the district's offer.

Representative Tipton said counties losing or gaining in population or assessment affects the tax base. On a follow-up comment, Ms. Couch said she will study state regulations and federal guidelines and report back to the committee. Bonding capacity is essentially restricted funds minus all current debt-service payments and the bond eligibility if funds are not available.

On a motion by Representative Johnson and a second by Senator Wise, the task force agreed by voice vote to recess until the hour of 1 PM.

Discussion of Add-on Weight Funding in SEEK

At 1 PM, the Chair called the meeting back to order.

A group of Superintendents from across the state shared their perspectives on the cost of educating different student groups and the weights they receive in the funding model. In addition to invitees Superintendents Fletcher, Borchers, and Mullins, the task force was joined by Superintendents David Gilliam, Madison County Schools; Kyle Lively, Somerset Independent Schools; and Nick Carter, Breckinridge County Schools.

Representative Tipton said at the first meeting members discussed weighted add-ons to the SEEK funding model, how long the base and weights have been in place without review, and the perspectives of stakeholders in Kentucky.

Mr. Gilliam said SEEK add-ons began in 1990 with the enactment of KERA. Other than Title 1 funding, the addition of Limited English Proficiency (LEP) is the only weight that has been adopted or changed in recent years.

Mr. Gilliam reviewed the current state add-ons for students and their weights. He said several regulations require additional staffing for these groups at a 10:1 student-teacher ratio whereas regular classrooms have a 30:1 ratio. A \$100 deduction is made from the base rate for home hospital student rates, because they are not present in person. But this also impacts the daily capital outlay each school receives for every person in attendance. Transportation is a unique formula based on population density and size of county to get a factor and multiply the number of students times that factor to get expected cost to transport. That amount for the past few years has been funded by the state at 55 percent.

Mr. Gilliam said the SEEK formula has a built-in

inflationary component for local funds whereas state funds requires legislative action to address inflation. The base SEEK amount assigned in 1990 would total around \$4,750 with inflation. The current formulas appear to be in line with a base increase, with the exception of the LEP formula.

Mr. Lively said although there was a decrease in transportation miles in 2020 due to COVID, state funding was lower than 2019, because the base rate was lowered by higher assessments in property values.

In response to a question from Representative Tipton, Mr. Lively and Mr. Gilliam said when students receive an IEP after the federal timeline of December 1, a mechanism to pro-rate state funding for the remainder of the school year is needed. Ms. Page suggested Infinite Campus is a good way for districts to track the students to determine the pro-rated amount.

In response to a question from Representative Johnson, Mr. Lively said add-on fluctuations impact other items in the KDE or SEEK budgets as funds are shifted.

In response to a question from Senator Thomas regarding the impacts of transportation in the SEEK funding, Mr. Gilliam gave a brief explanation of transportation funding. Mr. Fletcher suggested KDE staff could give a more precise answer. Representative Tipton said transportation funding could be a potential topic for a future meeting.

Responding to a question from Senator Wise, Mr. Lively said Somerset has seen a lot of growth in property assessment increases last year that caused a \$10 million dollars loss in state funds. Revenue increases can create a decrease in state funds. Mr. Gilliam said as Richmond property values increased and local tax rates are unchanged, the offset in SEEK provided less state revenue. After add-ons, higher property assessments with fewer students receive less than lower property assessments with more students.

Mr. Truesdell, responding in part to Representative Johnson's previous question, said because the SEEK budget is based on a forecast of historical data, methods are continually being refined. In response to a question from Mr. Truesdell, superintendents said cohorts worth considering as add-ons in the future are students with unique circumstances and needs such as foster care, homeless, and transient students, gifted and talented, and reduced price lunch students. Suggestions were made to include a formulary piece to track the transient students.

Mr. Carter said transportation is a key issue of great concern in his district. Property assessments continue to increase by two to three percent and SEEK dollars decrease. Funding is affected when lower student population decreased and assessment grows at the same time. The opportunities for gifted and talented are incredible and much needed in rural areas.

Mr. Mullins said the importance of full funding of kindergarten and transportation are key issues in his area, in addition to those mentioned by Mr. Carter.

Mr. Borchers said additions to the SEEK formula could include new students on-boarding and assessments. Other items mentioned were the formula should be based on enrollment instead of attendance and transient population. Line item budgets for construction resources as add-ons based on pupils should

be taken out of the construction formula to make budgeting easier.

Mr. Fletcher said changes to the SEEK distribution formula may create unintended consequences. The SEEK formula has not kept up with inflation and more funding is crucial to provide a world-class education for Kentucky's students.

In response to a question by Senator Wise regarding attendance and virtual learning academies, Madison County had 800 students who preferred virtual learning last year and 80 students have requested virtual learning this year. Somerset is not offering virtual learning due to lack of participation last year. Breckinridge County will offer an on-line academy with less than 100 students. Many previously homeschooled students will be returning to public schools in these programs. Lawrence County will offer virtual academy for grades 6-12. K-5 will be offered virtually and separate educators will be hired to deliver on-line instruction. The Logan County program mirrors both Breckinridge and Lawrence Counties and includes grades K-12.

Representative Bojanowski said students struggling with attendance are also typically students with significant educational needs. Because student attendance affects add-ons, the use of attendance for funding can be counter-intuitive. Absent students require more attention with remedial services and the opportunity to identify the student as special needs is delayed. Additionally, other fixed, recurring expenses such as payroll, teacher contracts, and other expenditures are there regardless of attendance.

Representative Tipton raised the issue of a 3 percent enrollment decrease in public schools and a decreasing birthrate affecting student enrollment and projection. Mr. Gilliam said growth has slowed in Madison County in the last two to three years but has experienced an increase in migration population. Mr. Carter said Breckinridge has been flat or decreasing in population. In Lawrence County, Mr. Fletcher said his district is one of the few districts that grew in 2014-2017 but has experienced a recent mass exodus. Mr. Mullins said his district's numbers are flat with a slight decrease trend in projections over the next 4 years. Mr. Borchers's district experienced a drop in student attendance as the housing market shifted from apartments back to single-family homes. He reported the market is stable and the district is beginning to see uptick in growth with the completion of a subdivision in a year and a half.

In response to a question from Representative Tipton, Mr. Gilliam said local effort has outpaced inflation, and the solution is problematic. The planning and building of a school from start to finish takes five years. Counties have declining numbers of students but have continued fixed costs.

Mr. Fletcher said the nickel tax is a requirement to receive matching funds but bonding capacity is not available. Mr. Borchers recommended an equitable tax rate with a ceiling and that research on giving districts more flexibility could help with budgeting on the state level. Mr. Carter agreed that a study is needed to develop a plan. He said the last study was completed by the Council for Better Education in 2014.

Representative Tipton said superintendents have

expressed concern with specific intent line item budgeting and would prefer more local control. Mr. Liveley said having the ability and flexibility to spend funds on district and student needs would be advantageous. Mr. Gilliam said specific line item budgets may represent a lack of trust in local districts. Construction funding and designation of taxes creates a huge discrepancy among districts that has not created a fair and equitable system. Mr. Borchers said SEEK funding based on population can make planning difficult versus a line item that may be funded for a couple of years and then removed. Representative Tipton suggested accountability may be a more appropriate term than the lack of trust but agrees a good balance is needed.

Presentation by Southern Regional Education Board

Southern Regional Education Board (SREB) President Dr. Stephen Pruitt provided an overview of funding formulas in other SREB states. The funding formulas are the sum of many factors, including each state's unique priorities and are designed to serve the specific needs of each state to create a more viable education system. Changing formulas requires consideration of educational goals, workforce availability, winners and losers in funding changes, unintended consequences, and a smooth transition over time.

Dr. Pruitt discussed resource-based formulas and compared them with student-based formulas. He identified hybrid formulas that combine aspects of both.

Selected formula weighting factors for low-income students typically includes students who qualify for free and reduced price lunches. A few states use district poverty as a formula weighting factor. Some states use students with disabilities as a weight formula factor. Others use district tax effort as a factor.

Recent legislative action within the region includes Texas 2019 House Bill 3 which established a Commission on Public School Finance. HB 3 focused on the purpose of the financing system; the relationship between state and local funding; appropriate levels of local effort that comply with the state's constitution; and policy changes adjusting to student demographic and geographic diversity. Changes affected by HB 3 were the reduction of property taxes to the foundation fund; limiting local property tax increases; eliminating the Cost of Education Index; increasing state funds to economically disadvantaged schools; creating new allotments for fast-growing districts; increasing allotments for transportation, dual credit, and work-based learning; and requiring statewide full day pre-kindergarten. HB 3 also included an increased statewide teacher salary schedule; a minimum percentage of year-over-year per student allotment for teacher salary increases; creating a teacher incentive allotment for teachers to earn six-figure salaries; and establishing a statewide teacher mentoring program with dedicated funding allotment.

In Maryland, the Kirwan Commission reviewed and recommended needed changes to update the education funding formula and to make policy recommendations. The state focused on early support and interventions for young children and their families. This included full-day pre-kindergarten for low income three to four year olds and services and supports for

birth to two years old. Also, the changes focused on promoting high-quality educators through compensation, career ladders, rigorous preparation and certification standards. Funding also targeted supporting college and career readiness; students in schools with a high concentration of poverty; and a strong accountability system. Dr. Pruitt said Maryland's blueprint is similar to KERA.

Some other states have taken smaller steps in reviewing education funding.

Representative Johnson said moving forward with caution is critical to ensure the issues at hand are improved and not made worse.

Responding to a question from Ms. Page, Dr. Pruitt said some states have built-in review structures and mechanisms for add-ons to keep up with inflation and achieve the set priorities.

In response to a question by Representative Bojanowski, Dr. Pruitt said he did not know the origin of Kentucky's base funding amount. The base used by the state is an attempt to assign the value in a current budget structure.

Responding to a question by Mr. Truesdell, Dr. Pruitt said Texas and Maryland did the best job identifying priorities but did not take the future workforce into consideration. He said states should observe needed skills and civic objectives and then back map to arrive at the needs of the state. In response to a question by Mr. Truesdell, Dr. Pruitt stressed the importance of comparing funding models from other states and developing a methodology to measure expectations.

The next meeting of the task force will be Monday, August 9, 2021 at 10 AM.

With no further business before the task force, the meeting adjourned at 3:30 PM.

SCHOOL FUNDING TASK FORCE

Minutes of the 3rd Meeting of the 2021 Interim

August 9, 2021

Call to Order and Roll Call

The 3rd meeting of the School Funding Task Force was held on Monday, August 9, 2021, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative James Tipton, Co-Chair; Senators Reginald Thomas and Mike Wilson; Representatives Kim Banta, Tina Bojanowski, and DJ Johnson.

LRC Staff: Joshua Collins, Cynthia Brown, Yvette Perry, and Christal White.

Guests: Robin Kinney, Chay Ritter, and Chuck Truesdell, KDE; Mike Borchers, Ludlow; Robbie Fletcher, Lawrence County; Brenda Jackson, Shelby County; Davonna Page, Russellville; Eric Kennedy, KSBA; and Jim Flynn, KASS.

On a motion by Representative Thomas and a second by Representative Banta, the minutes of the July 19, 2021 meeting were approved by voice vote.

Overview of School Transportation Funding & Non-Resident Student Funding

Associate Commissioner Robin Kenney, and the Director of Division District Support, Chay Ritter, from the Kentucky Department of Education (KDE) Office of Finance and Operations discussed the distribution of district transportation funding.

Kentucky school buses are driven over 90 million miles annually, transporting more than 362,000 students. Mr. Ritter said schools have more than 8,000 buses; 8,000 bus drivers; 7,000 routes; and 500 inspectors.

Transportation funds are divided into groups based on student population density. The costs are calculated by the average daily attendance of students transported divided by the square miles served. County and independent school districts are determined separately and no independent school district receives an average cost per pupil per day in excess of the minimum received by any county district.

Mr. Ritter explained that in order to calculate the number of students transported, students are divided into transportation codes depending on the frequency of utilizing bus services. To calculate the area of the district, the formula takes the square miles of the district and subtracts any unserved areas, such as those served by other districts or bodies of water. The transportation calculation also takes growth into account, with a comparison of current year versus the prior year in the first two months. Negative growth does not impact funding.

The gross amount spent transporting students to and from school includes transportation-related costs such as supervision, training, operations, bus monitors, and bus maintenance. Other variables are used to determine final calculations regarding transportation funding. Total costs are around \$382 million.

District options to purchase buses include cash, Kentucky Interlocal School Transportation Association (KISTA) bonds, or capital funds requests. Kentucky has 9,137 diesel buses and 106 each of propane and hybrid buses. Bus depreciation is spread over a 14-year period, beginning with a 12 percent depreciation in the first and second years, and a sliding scale ending with 6 percent depreciation in years 11 through 14.

Bus transportation was fully funded before 2004 and funding gradually decreased over the next 10 years. A slight increase was budgeted each year from 2015 through 2019. Current state funding for transportation covers 55 percent of the cost with districts covering nearly \$175 million in school year 2021-22.

The separate vocational transportation budget of \$2,416,900 is based on a cost-per-mile calculation and trip submissions from school districts including trips to vocational schools, work sites, or hospitals.

Districts with residential students attending the Kentucky School for the Deaf (KSD) and Kentucky School for the Blind (KSB) can apply for transportation reimbursement through a legislative appropriation of \$492,300. Districts and cooperatives may work out arrangements involving more than one district and each will receive reimbursement based on their respective mileage. Mr. Ritter said policymakers and all Kentuckians must take this into consideration when public school per-pupil expenditures are com-

pared to non-public school expenditures.

In response to a question by Senator Wise, Mr. Ritter said the bus transportation growth trend over the past two years has remained consistent at 350-360 students per year.

Responding to a question from Representative Johnson, Mr. Ritter said KISTA, which is managed by Rose, Sinclair, & Associates, LLC, is a private entity that issues bonds similar to facility bonds backed by the school districts.

In response to a question by Representative Bojanowski, Mr. Ritter agreed the cost of bus transportation has increased but without additional funding. He said rising cost factors include insurance, bus driver shortage and retention, increased cost of parts, and maintenance labor. Although the bus routing software is expensive for smaller districts, Mr. Ritter said efficiency and effectiveness have greatly reduced costs.

Responding to a question by Representative Tipton, Mr. Ritter will provide the committee with vocational transportation rates. In a follow-up question regarding bus routes with very few students, Mr. Ritter said districts are restricted from purchasing smaller capacity and more efficient vehicles due to safety concerns. Mr. Ritter will inquire if 15-passenger vans are a viable option. In response to a follow-up question, the Volkswagen settlement provided 169 buses to 93 school districts. Currently, there are 350-400 buses in inventory that are 2001 models or older. In another follow-up question, Mr. Ritter said projected transportation costs for 2022 will be reviewed this week after annual financial information is received from the districts, but he does not foresee a drastic increase in transportation costs.

In response to a question by Senator Wilson, Mr. Ritter said sporting activities and field trips are funded through district budgets with schools paying the cost. Subsidizing at the local level is approved by school boards. In a follow-up question, Mr. Ritter will research if the cost of gasoline has an exemption on state or federal fuel taxes.

Superintendent Fletcher said although student density is decreasing in some districts, buses travel the same number of miles. Sports programs raise money for travel expenses in some districts but the policies differ among districts. The Lawrence County Board of Education pays for all extracurricular activities from the general fund. He said the geography of a district can cause a great difference in the amount of extra-curricular miles traveled. In an attempt to clarify how low density population contributes to a low efficiency rating, Mr. Ritter said similar counties are grouped and compete for the same funds. When districts are placed in groups, they then compete within that group where the most efficient benefits. When student populations decrease, the graph-adjusted efficiency formula finds per student costs increasing which negatively impacts the efficiency rating of the school, thereby receiving less funding. Superintendent Fletcher agreed that the geography impacts the costs of operating buses.

Responding to a question from Ms. Page, Mr. Ritter explained the tentative calculation graph in more detail as to how independent districts do not receive an average cost per pupil day in excess of the minimum received by any county district. Jefferson County has

the lowest amount of graph adjustment for any county district. That amount is applied to many independent districts, because it serves as a cap for independent districts. Mr. Ritter offered to provide a sorted copy of the chart for further review.

Non-Resident Student Funding

KRS 157.350 currently only permits districts to include non-resident students in average daily attendance (ADA) totals if the students subject to a written agreement between the nonresident and resident districts. With the passage of 2021 HB 563, all non-resident students may be included in ADA if they are enrolled pursuant to a district policy. ADA determines funding for SEEK and state formula grants, including allowed non-resident students. In many cases, federal funds rely on census data rather than ADA data.

Ms. Kinney said by July 1, 2022, school districts must adopt policies governing the terms under which the districts shall allow enrollment of nonresident pupils by following three guidelines: the policy shall allow nonresident students to be eligible to enroll in any public school located within the district; the policy shall not discriminate between nonresident pupils but allows enrollment capacity to be recognized as determined by the local school district; and the policy shall be filed with the KDE no later than 30 days following its adoption. Beginning on July 1, districts may include nonresident pupils in ADA for SEEK funding purposes pursuant to the above described policies.

By November 1, 2021, KDE shall submit a report to the Legislative Research Commission and the Interim Joint Committee on Education with options on how to ensure the equitable transfer of education funds to allow the funds to follow a nonresident student to a school district of enrollment. The report shall include recommendations on how the amount should be calculated and what mechanisms should be used to conduct the transfer. Ms. Kinney said KDE is working on the logistics.

Several issues are implicated in the change. In determining SEEK funding, the statewide guarantee base funding level shall be computed by dividing the total amount appropriated by the prior year statewide ADA. There can be a one-year lag in ADA funding for non-resident students or new district students which can impact fall growth numbers and transportation. Districts will also need to consider staff contracts and facilities bonding as districts determine how the new non-resident component will look.

The Kentucky Association of School Administrators (KASA) is conducting discussions to provide clarity and suggest refinement in the language of the bill. The discussions include the definition of the capacity of facilities, determinations for the timeline for open enrollment choices to allow for planning and budgeting, how enrollment is handled without discrimination, if tuition is permissible, if student transportation is required, and constitutional issues regarding local revenue.

In response to a question by Representative Tipton, Superintendent Fletcher said Lawrence County has non-resident agreement contracts as a current practice with surrounding counties with a one-for-one trade. The current transfer waiting list is small but is expected to grow as HB 563 is implemented.

Senator Wilson said the enrollment in rural areas in eastern and western Kentucky has declined while other areas had an influx of people. He said the definition of capacity could be different in areas due to population growth and loss.

Senator Wise emphasized non-resident enrollment without discrimination is extremely important as HB 563 is enacted.

In response to a question by Representative Tipton, Mr. Ritter said SEEK is now a separate appropriation for Eastern Kentucky University's Model Lab students. Before HB 366, those students were included in Madison County's ADA and Madison would pay Model Lab for the students. Because Gatton and Craft Academies do not participate in SEEK, the ADA stays with the home district. Mr. Ritter is unaware of any agreements between the academies and home districts. Superintendent Fletcher said Lawrence County retains all ADA but pays fees and textbooks for students attending the academies. Representative Tipton said some districts do not support students at the academies in that manner. Superintendent Borchers inquired about the possibility of districts charging tuition to offset costs that may be less than the base amount but warned of unintended consequences.

Unfunded Mandates for Schools

Kentucky School Boards Association (KSBA) Director of Advocacy Eric Kennedy and Kentucky Association of School Superintendents (KASS) Executive Director Jim Flynn discussed unfunded mandates for schools.

Mr. Kennedy defined an unfunded mandate as a legal requirement of the state or federal government to which local schools and districts must adhere without state or federal government funding of the action. The requirement may arise in statute, regulation, or agency actions and may be explicitly stated or the result of less explicit programming functions or interpretations. Mr. Kennedy said that key terms to look for are "shall" and "must" and "is required to."

Mr. Kennedy said calculating the cost of state and federal mandates is a challenge. Examples of explicit unfunded mandates are National Board Certified Teachers (NBCT) salary supplements; required professional development for staff; requirements for every school to employ a librarian; a multitude of district reports to KDE imbedded through statute; and a requirement for boards to participate in Classified Employee Retirement System (CERS). Mr. Kennedy said that less obvious examples include building code requirements or updates, the facility construction approval process, training and cost of the MUNIS financial accounting system, and the use of schools as polling places.

Mr. Kennedy said the most notable federal unfunded mandates are embedded throughout the Individuals with Disabilities Education Act (IDEA) and associated regulations. Many groups have lobbied Congress to increase funding to pay for the mandates in that program.

Mr. Kennedy said that other unfunded mandates include the McKinney-Vento Homeless Assistance Act; the Every Student Succeeds Act (ESSA) mandates associated with assessment and accountability; students in foster care, and providing transportation

for transient students.

Mr. Kennedy said that quantifying the entire amount of unfunded mandates is similar to the challenging issue faced by the Task Force on Tax Expenditures. One simple amount is the \$1.6 million of unfunded costs for the National Board Certified Teacher stipend, or 37 percent of the total cost in school year 20-21. A difficult amount to quantify would be the cost of requiring the use of MUNIS. Mr. Kennedy suggested smaller schools may benefit from using a less expensive and intensive accounting program but it is difficult to quantify. He said the intangible cost of complexity is a growing issue.

Mr. Kennedy said a key point to remember is despite not being able to calculate an exact dollar figure for all state and federal unfunded mandates, the cost is paid largely by local tax revenue.

Responding to a question from Representative Banta, Mr. Kennedy said districts would benefit from reviewing professional development requirements in state law. Structuring hours and finding another approach may be more feasible.

Responding to a question by Mr. Truesdell, Mr. Kennedy said state and federal unfunded or underfund mandates create a disadvantage for small districts.

Responding to a question from Representative Tipton, Mr. Kennedy said statute already allows for two schools to share a librarian. But there could be more different approaches to address the issue that would not be an unfunded mandate.

Representative Bojanowski noted that one training, the Active Shooter Training, is only required of public schools and that the protection of all students is important and perhaps the mandate should also apply to private schools.

Representative Johnson suggested working identifying and reducing the unfunded mandates and the number of unneeded reports.

Mr. Flynn suggested unfunded mandates should be reviewed and eliminated as a legislative priority. He said the average district has gone from 40 percent of SEEK funding coming from local sources to 52 percent. He encouraged a strong commitment to increase the SEEK base amount to address underfunded or unfunded mandates, making a commitment to fund every mandate for the life of the mandate, and instituting a school impact statement for mandates and fiscal impacts.

Responding to a question from Senator Wise, Mr. Flynn said fully funded education should include increasing SEEK to keep up with inflation, fully funding transportation and textbooks, investing in early childhood education and wellness, requiring universal preschool, preparing students for a career, and improving school facilities.

Representative Tipton said tax modernization is needed at every level, from the state to county and school board levels. He said the task force is working to identify needs and concerns, make informed decisions, and review the local impacts.

Senator Thomas requested a detailed analysis of transportation in comparison to other states, how additions differ from state to state, and provide adequate and appropriate funding for the SEEK formula.

Senator Wise reminded the committee that the OEA report will be available in a few months for the

insight and analysis that interests Senator Thomas.

The next meeting of the School Safety Task Force will be September 13 at 10:00 AM.

With no further business before the committee, the meeting adjourned at 12:15 PM.

JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 2nd Meeting of the 2021 Interim

July 20, 2021

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on State Government was held on Tuesday, July 20, 2021, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representatives Jerry T. Miller, Co-Chair, and Kevin D. Bratcher, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Christian McDaniel, Morgan McGarvey, Michael J. Nemes, Adrienne Southworth, Brandon J. Storm, Damon Thayer, and Phillip Wheeler; Representatives John Blanton, Adam Bowling, McKenzie Cantrell, Jim DuPlessis, Joseph M. Fischer, Kelly Flood, Jim Gooch Jr., Derrick Graham, Richard Heath, Samara Heavrin, Mary Beth Imes, DJ Johnson, Matthew Koch, Derek Lewis, Scott Lewis, Savannah Maddox, Patti Minter, Kimberly Poore Moser, Jason Nemes, Attica Scott, Tom Smith, Nancy Tate, James Tipton, Ken Upchurch, Russell Webber, and Buddy Wheatley.

Guests: Gary Harbin and Beau Barnes, Teachers' Retirement System; John D. Minton, Jr., and Laurie Dudgeon, Kentucky Supreme Court; Ed Koebel, Cavanaugh Macdonald Consulting LLC; and Dee Pregliasco and Cindy Heine, League of Women Voters of Kentucky.

LRC Staff: Alisha Miller, Karen Powell, Daniel Carter, Brad Gross, Jennifer Hans, and Peggy Sciantarelli

Approval of Minutes

A motion to approve the minutes of the June 15 meeting was seconded and passed without objection by voice vote.

TRS Experience Study Results

Guest speakers were Gary Harbin, Executive Secretary, Teachers' Retirement System (TRS); Beau Barnes, TRS Deputy Executive Secretary of Operations and General Counsel; and Ed Koebel, Chief Executive Officer, Cavanaugh Macdonald Consulting LLC. Mr. Barnes' testimony included a PowerPoint presentation. In an opening statement, Mr. Harbin said that TRS asset growth this year has far outstripped by \$2 billion the growth in liabilities resulting from TRS' five-year experience study.

Mr. Barnes stressed the importance of looking at investment return in the long term. He said that TRS is a top-tier investment performer compared to other pension plans in the nation. Compared with other

large public pension plans, TRS gross return for the quarter ending March 31, 2021, was 3.44 percent, which ranked in the top 49 percent (per AON ranking). One-year return was 40.86 percent, ranking in the top 3 percent nationwide. TRS 3-year, 5-year and 10-year return was 11.81 percent, 12.3 percent, and 9.86 percent, respectively—which ranked in the top 2-4 percent nationally. Compounded 30-year return was 8.45 percent. A past study by the LRC Program Review and Investigations Committee revealed that TRS investment fees are among the lowest in the nation. From 2008 to March 2021, TRS investment return totaled a net \$19.3 billion, compared to \$14 billion for an average pension plan—an outperformance of \$5.3 billion.

Mr. Barnes said that an experience study is a standard practice that is conducted by actuaries across the nation to review assumptions that they project for retirement plans. These periodic reviews are a prudent and necessary exercise by all actuaries. The assumptions help determine funding needs and sources. Most public pension plans do experience studies every five years, but actuaries look at assumptions every year for purposes of an annual valuation of gains and losses. The TRS experience study covered the five years ended June 30, 2020.

The biggest issue TRS has is its legacy unfunded liability, and TRS is grateful to the General Assembly for providing funding to pay it off. The original 30-year funding plan to pay off the legacy unfunded liability is now down to 24 years. The experience study is “forward looking,” reviewing a wealth of sources and data for both the public and private sectors. TRS' 2021 experience study is different from past studies in its timing. This year there is understandably interest in the assumptions—how are they going to change and how much—and the actuary was able to expedite release of the study. The current fiscal year is underway, and preliminary numbers are available. TRS will be refining the preliminary numbers over the coming weeks and months to determine a final fiscal year valuation, which will hugely impact TRS' budget request that must be presented by November 15. It is not known yet how the assumptions will potentially impact the first year of the next biennial budget to which the assumptions will apply.

The experience study does not fully consider the potential impact of the pandemic on mortality or the fact that investment returns as of last March 31 were really good. A couple of months ago, TRS reported to the Public Pension Oversight Board (PPOB) that investment return for the first nine months was 22 percent, but it is now closer to 30 percent. Gains of \$4 billion that were reported to PPOB a few months ago will actually be a little over \$5 billion. These exceptional investment returns will have a big impact on the future budget request.

Mr. Barnes said that the study does not incorporate a trend among states—North Carolina, Georgia, Mississippi, and others—to phase in changes as a result of changes in assumptions. TRS will continue discussions about this with the actuary and will likely discuss this in a future meeting with the board of trustees. The experience study, which was presented to the board at its June meeting, does not consider the impact of significant pension legislation that was enacted during

the 2021 RS—HB 258. Due to that enactment, as of January 1, 2022, the Commonwealth will have no responsibility for any developing unfunded liability for new tier teachers entering the system as of January 1. In about 10 years, half of TRS active members may be in this new tier.

Changes resulting from the experience study include lowering the investment return assumption for all plans from 7.5 percent to 7.1 percent and lowering the payroll growth assumption from 3.5 percent to 2.75 percent. The payroll growth assumption is a 30-year long-term assumption that can grow as the number of teachers' increases. Mr. Barnes later said that, given TRS' investment performance, lowering the investment return assumption to 7.1 percent was a very conservative assumption.

Representative Tipton asked whether TRS anticipates a trend for costs to grow and the need for future budget requests to increase by \$40-\$50 million each biennium. Mr. Barnes said there have been modest increases in recent years, and they anticipate that there will be some increases in future years. Regarding TRS' FY 2024 budget request, Representative Tipton asked how much the changes brought about by the experience study added to the annual cost, assuming investment returns stay the same—and whether it would be reasonable to assume there will be additional annual cost to fund the \$2.95 billion increase in the pension unfunded liability. Mr. Barnes said yes, if based on the 2020 valuation, but, based on the actual numbers, they will have to “wait and see.” He is anticipating the 2021 valuation will be different because it was an exceptional year in the market and a particularly exceptional year for TRS.

Mr. Barnes discussed the new teacher-specific mortality tables, which will impact the budget request. Teachers live longer than the general population. A multi-year project by the society of actuaries to collect teacher specific mortality data has resulted in new teacher-specific mortality tables.

Representative Miller asked Mr. Koebel to comment regarding doing financial assumptions every two years rather than five years, since the assumptions would then likely be much simpler and less costly to adjust. Mr. Koebel said there has been an upward trend to examine the economic side of the equation a little more frequently but that demographic data should definitely be based on five years. Gathering just two years of demographic data is not credible enough. On the economic side, unless there are a lot of shifts in asset allocation, it is okay to look at the financial assumptions every five years. Representative Miller said he agrees with Mr. Koebel regarding the demographic data but thinks that the financial assumptions should perhaps be examined more frequently.

Mr. Barnes discussed the experience study's impact on total liabilities. As a result of the assumption changes, total liability in the Retirement Annuity Trust as of June 30, 2020, increased by \$2.95 billion. The biggest drivers for the increase were a \$1.49 billion increase in liability due to the new teacher-specific mortality tables and a \$1.65 billion increase from lowering the discount rate—or investment rate of return—to 7.1 percent. He said that if TRS continues to meet 7.5 percent or better investment return, as it is now in all measured time periods, the \$1.65 billion “goes away

immediately.” He noted that lowering the total payroll growth for teachers in the Commonwealth decreased liabilities by \$400 million due to salary assumption changes. Liabilities in the Health Insurance Trust increased by \$350 million as of June 30, 2020. The main drivers were the lowering of the investment rate of return and the new mortality tables.

Mr. Barnes said that for the first year of the next two-year budget, TRS will request additional funding of \$629.4 million. That amount has already been determined because it was based on the 2020 annual valuation. The amount that is requested for the fiscal year ended June 30, 2024, will hinge on the 2021 valuation, which must be completed by November 15. When that valuation is available, TRS will have final numbers for the second year of the budget and will submit an updated budget request.

Senator Thayer said that recently the Jefferson County public school system announced a \$5,000 raise for teachers. He asked how that will affect the TRS budget request. Mr. Barnes noted that this topic is on the agenda of today's meeting of the Public Pension Oversight Board meeting. He explained that federal funds became available, which has resulted in school districts across the state giving bonuses to teachers. The bonuses range from \$300 to \$5,000 in Jefferson County, with the next largest being \$1,500. TRS is receiving contributions from those bonuses, with members paying 12.855 percent and the state paying 13.105 percent to TRS. This infusion of additional contributions was not previously anticipated by the actuary. Most of the bonuses will not be used for retirement calculation purposes because they are going to teachers who are not nearing retirement. For teachers who are close to retirement, TRS' anti-spiking statute will exclude or significantly reduce a lot of the bonus money for retirement calculation purposes. The bonuses are not expected to have significant actuarial impact. Senator Thayer said that the bonuses will increase the budget request, since the state will be required to pay 13.105 percent. The unilateral decision of the JCPS superintendent to give the bonuses means that the General Assembly will have to appropriate more money in order to make the match for a locally made decision. Mr. Barnes said that is correct. He said that when the bonuses are not used for retirement calculation purposes, those contributions are refunded both to the member and to the state. Also, the state is not responsible for federally-funded positions—approximately 10 percent of positions in the district. TRS will have to request additional dollars in the budget for the bonuses, but there will not be a significant impact on TRS liabilities.

Mr. Barnes agreed with Senator Thayer when he asked whether the additional funding from the General Assembly over the last six years allowed TRS to make more long-term investments on behalf of its members. He explained how the additional funding has positively impacted TRS' investment return. Senator Thayer emphasized that because of the decisions made by the General Assembly over the last six years, TRS has had more money to spend on longer-term investments, providing higher yields.

When Senator Thayer asked about TRS' cash flow situation as of the end of the fiscal year, Mr. Barnes responded that there had been concern about TRS'

negative cash flow prior to receiving the additional funding. It would be over \$1 billion per year without the additional funding; now it is about \$350-\$400 million per year, which is in a normal range. It is normal for a mature plan to have negative cash flow, so long as it is not too high. TRS is in great shape now—getting the cash flow it needs to invest and earn money for teachers in the Commonwealth.

In response to Representative DuPlessis, Mr. Koebel confirmed that \$350 million is an acceptable amount of negative cash flow. Mr. Koebel said that for a mature system like TRS that has been saving money in a trust fund for many years, it is perfectly normal to have negative cash flow, meaning that the contributions coming in are less than the benefit payments going out. The TRS investment committee and the board of trustees are responsible for making sure that the investment earnings in the trust fund are sufficient. Actuaries look very carefully at negative cash flow, as a percentage of assets, to make sure it does not get out of hand.

Responding to a question from Representative DuPlessis regarding the need for the state to infuse \$600+ million into the system, Mr. Koebel said that TRS, like most pension systems, has an unfunded accrued liability that is paid over an amortization period—similar to a mortgage. The plan for TRS that was set by its board of trustees is to pay that over a closed 30-year period. He went on to discuss how the state's statutory contribution requirement and TRS' additional funding requests are applied.

Representative DuPlessis said that TRS continues to be one of the top performing pension plans in the country in investment return, yet still has negative cash flow without the infusion of cash from the state. He questioned whether TRS is more expensive—that is, has higher benefit payouts—compared to other pension systems. Mr. Barnes said no—it is not a function of benefits that are paid out. In regard to the benefit structure, the actuaries are recommending and asking for the normal, or actuarial, cost, plus the additional money needed to pay the pension unfunded liability. Mr. Harbin said that being 50 percent funded and not having the dollars to invest is the biggest issue. TRS is earning great investment return on 50 percent of the assets that the system needs. As the funded level grows closer to 70, 80, or 90 percent—the level of most pension plans—the easier it will be to step out of that unfunded situation. TRS will need to get more assets in the system in order to “invest its way out,” and additional contributions will be needed to do that.

Representative Nemes said that prior to the Republican administration assuming office in 2017, the General Assembly historically had not satisfied TRS' funding requests, but since 2017, the General Assembly has granted TRS 100 percent of its funding requests. Mr. Harbin said that is correct, except that it was slightly below 100 percent during the first two years. He confirmed that TRS' funding level would be much higher than 50 percent today if its funding requests had been met prior to 2017.

When Representative Miller asked about TRS' preferred way to increase assets, Mr. Harbin said they would prefer to have an additional \$100, \$200, or \$300 million coming in now. However, when the County Employees Retirement System (CERS) in the

past had lowered its 7.75 percent rate of return to 6.25 percent, the city and county government budgets were not able to handle that shift immediately. The legislature then phased that in for city and county governments. TRS is looking at that same methodology.

Representative Bratcher asked how TRS benefits compare with other state pension systems. Mr. Harbin said that the retirement benefit is comparable to other states in which teachers are not subject to social security. The TRS medical benefit ranks in the top tier and has been on a prefunded basis since 2010.

Senator Alvarado asked about the funding level for the medical insurance benefit. Mr. Harbin said the health insurance trust fund now has about \$2.2 billion in assets, as of June 30, 2021, with liabilities around \$3.5 billion. It will be fully funded ahead of the 30-year schedule established in 2010, partly because significant federal dollars are being reimbursed into the plan. TRS has received over \$300 million in federal funds that were not anticipated at the time the shared responsibility program was enacted by the General Assembly in 2010. Mr. Harbin said he fears that the federal government will change that program, and TRS is constantly in contact with members of Congress about keeping the program in place. The federal dollars are an important component in funding the medical benefit. He said that costs also have been lower than projected. In 2010, medical cost per month for retirees age 65 and over was around \$300 per member; today it is \$178 per member. The success of the program is due in part because of the great job being done by TRS insurance staff to keep costs down. Through the Know Your Rx Coalition with the University of Kentucky and the University of Louisville, TRS has been able to cut drug purchasing costs by about \$13 million per year.

Mr. Barnes said the annual valuation for the year that just ended June 30 will be ready by November 15. That valuation will include fiscal year return for 2021, which was an exceptional year. FY 2021 return, preliminarily, will be 20 percent, but it could be closer to 30 percent. Return for FY 2016 will drop off; 2016 was a bad year in the market for TRS, with market value being a negative one percent.

Through the third quarter of FY 2021, the trusts collectively gained more than \$4.5 billion in assets. Net asset gains in the Retirement Annuity Trust were above \$4 billion, and Health Insurance Trust asset gains were \$509,300,000. Since then, another \$1+ billion has been added to assets in the Retirement Annuity Trust.

The pension trust funds in July 1, 1985, had assets of \$1.8 billion and, as of June 30, 2020, had grown to \$20.7 billion. During that period, member/other contributions were \$7.9 billion, and employer contributions were \$15.7 billion. Investment income was \$28.7 billion, more than member and employer contributions combined, even though during that time period TRS was closer to 50 percent than 100 percent funded. After benefit payments and refunds of \$33.2 billion and \$.2 billion for administrative expenses, the ending asset balance after those 35 years was \$20.7 billion.

When asked by Senator Thayer, Mr. Barnes confirmed that the total TRS budget request is a little over

\$1 billion per year—additional funding of \$629.4 million plus about \$450 million for percentage of payroll (13.105 percent). Senator Thayer stated, therefore, that \$1 billion a year of an \$11 billion executive branch budget would be going to support teacher pensions.

Mr. Koebel responded to Representative DuPlessis when asked when negative cash flow should be considered a cause for alarm stating that the real return assumption should be enough to cover the negative cash flow. Actuaries become alarmed when plans have a negative cash flow greater than -5 percent. Under the new projection, negative cash flow for TRS is in the range of -3 percent, which is fine. There will be enough investment earnings to cover the difference.

Representative Miller asked whether Cavanaugh Macdonald (CM) is recommending a phase-in of the valuation changes. Mr. Koebel said that CM recommended to the TRS board a 7.1 percent return assumption. He acknowledged that there is a lot of phasing-in by pension plans across the country but said CM is recommending the one single rate, in accord with its actuarial standards of practice.

Discussion concluded, and Representative Miller thanked the speakers.

Judicial Redistricting

John D. Minton, Jr., Chief Justice of the Kentucky Supreme Court, appeared before the committee accompanied by Laurie Dudgeon, Director, Administrative Office of the Courts (AOC). His testimony included a PowerPoint presentation.

Chief Justice Minton said that redistricting of appellate courts—Supreme Court and Court of Appeals—are governed by Kentucky Constitution Sec. 110(4). Redistricting of trial courts—circuit and district courts—are governed by Kentucky Constitution Sec. 112(2) & (3) and Sec. 113(2) & (3). Section 110, which was adopted in 1976, states that the Court of Appeals districts existing on that date “shall constitute the initial Supreme Court districts. The General Assembly thereafter may redistrict the Commonwealth, by counties, into seven Supreme Court districts as nearly equal in population and as compact in form as possible.”

During the 2012 Regular Session, appellate redistricting was included in HB 1, which was challenged by several legislators in Legislative Research Commission v. Fischer, et al and later struck down by the Supreme Court. During the 2013 Special Session, the General Assembly passed HB 2, the legislative redistricting plan, but it did not include appellate redistricting. During the 2019 Regular Session, HB 496, filed by Representative Jason Nemes, presented an appellate redistricting plan. The bill was heard in committee for informational purposes only.

Chief Justice Minton said that population shifts have resulted in disparate population distribution among the current seven appellate districts. Because counties cannot be split, Jefferson County alone constitutes Supreme Court and Court of Appeals District 4. By subtracting the Jefferson County population from the estimated state population, the ideal population of the remaining six appellate districts was determined to be 616,819.

Kentucky Constitution Sections 112 and 113, ad-

opted in January 1976, governing circuit courts and district courts, require the Supreme Court to certify the necessity to “reduce, increase, or rearrange the judicial districts” before the General Assembly can act. Districts composed of more than one county must be as compact in form as possible; counties must be contiguous; and no county can be divided. The number of circuit or district judges in each district shall be determined by the General Assembly, upon certification of necessity by the Supreme Court. There are currently 57 judicial circuits and 60 judicial districts.

Chief Justice Minton explained that the “one man, one vote” principle does not apply to the judiciary. Unlike the legislature, the state judiciary is not the body responsible for achieving representative government. Judges serve people but do not represent people. Judges must be conveniently located to the people they serve but do not have to be distributed on a per capita basis. These principles were adopted in 1972 in Kentucky State Bar Ass’n. v. Taylor. That opinion has not been judicially tested in Kentucky.

Chief Justice Minton said he hopes that the time has arrived to consider statewide judicial redistricting, which was last done in 1893. There have been change to the circuits and districts since then, but they have not occurred on a statewide basis. Kentucky’s judicial circuits and districts have remained largely untouched since the passage of the Judicial Article in 1976. The Judicial Article put the burden of initiating judicial redistricting and changes in the number of judges on the Supreme Court.

Chief Justice Minton said that HB 238 (2014 RS) included language in the judicial branch budget relating to realignment of circuit and district judicial boundaries. It directed the Administrative Office of the Courts (AOC) to develop and implement a weighted caseload system to precisely measure and compare judicial caseloads throughout the Commonwealth on the circuit, family, and district court levels for the purpose of recommending a plan for realigning circuit and district judicial boundaries. HB 238 stated that “this plan shall be submitted to the House and Senate Judiciary Committees by January 15, 2016.” Pursuant to that language, AOC engaged the services of the National Center for State Courts for the weighted caseload study. For redistricting of circuits and districts, the type of caseload determines workload and the distribution of judicial resources. A comprehensive, statewide judicial redistricting plan was submitted to the General Assembly in December 2016, and the Supreme Court entered a certification of necessity endorsing the changes in the plan. During the 2017 Regular Session, Senator John Schickel filed SB 9, which incorporated all the recommended changes. Representative David Meade filed HB 515, which added a family court to the 28th circuit (Lincoln, Pulaski, and Rockcastle counties) and the 54th circuit (Boone and Gallatin counties). SB 9 was not heard in committee, and HB 515 passed the House but was not heard in committee in the Senate. The 2017 session ended with no progress on judicial redistricting.

In 2018, the Supreme Court submitted to the legislature a scaled-down redistricting plan that impacted the 10 jurisdictions with the greatest need. HB 348, filed by Representative Jeff Hoover, was enacted during the 2018 Regular Session. As a result, new

family judges were elected in the 28th, 54th, and 55th judicial circuits and took office January 7, 2019. Abolishment of divisions in the 31st judicial circuit and the combined 1st and 59th judicial circuits will occur in January 2023, at the end of the current term.

HB 348 required AOC to perform a weighted caseload study in 2020 and every eight years thereafter. It also required the Supreme Court to submit to the General Assembly any changes indicated by the weighted caseload analysis. AOC conducted the study, which was thoroughly examined by the Judicial Workload Assessment Committee, as well as smaller groups of district, circuit and family court judges and legislators. The Supreme Court certified the need for five changes—in the circuits with the greatest need. Legislation to implement the plan did not pass during the 2021 Regular Session. Chief Justice Minton said that appellate redistricting needs to happen. It has not happened for a long time, and there have been changes in population distribution in the Commonwealth.

Representative Nemes said that Kentucky has one of the best court systems in the country and thanked the Chief Justice for his work relating to redistricting. From Rep. Nemes' perspective, he does not think that legislators in the House favor a piecemeal approach to adding new judges. He feels that a more comprehensive look at trial court redistricting is promising and merits support. Chief Justice Minton agreed that the approach should be comprehensive. Forty-seven counties do not have a family court, which means they are underserved. A comprehensive plan would also involve commonwealth's attorneys. A comprehensive statewide plan is going to require a lot of courage and statesmanship on behalf of members of the court and the General Assembly. Chief Justice Minton suggested that 2030 would be an important year relative to judicial redistricting, since that is when district judges, circuit judges, most of the Supreme Court justices, and the commonwealth's attorneys will be elected.

Representative Nemes said that he represents Jefferson and Oldham counties and that both are woefully underrepresented in the appellate courts. Kentucky Constitution Sec. 110(4) says that counties should be as nearly equal in population as possible. Jefferson County has over 750,000 people—almost 19 percent of Kentucky's population. Without splitting Jefferson County, there still are two districts—one centered in Lexington and one centered in northern Kentucky—with a population nearing 700,000. It seems to him that there are unconstitutional districts in the appellate courts. Chief Justice Minton replied to Rep. Nemes that his only guidance to legislators on redistricting would be that the Kentucky Constitution states that redistricting must be done "by county," which would mean not dividing counties.

Representative Wheatley asked questions about the "one person, one vote" principle in relation to judicial redistricting in other states and in the Commonwealth. He commented that for legislative redistricting, the "one person, one vote" principle has set the standing for voters in Kentucky. He also stated that he agrees with a comprehensive approach for judicial redistricting. Chief Justice Minton said that the concept of "one person, one vote" in judicial redistricting has not been applied in states that have elected judges, except in

the state of Louisiana, where there was a case in federal court. In general, historically the "one person, one vote" concept has not applied in judicial elections. It is the duty of the Supreme Court to assure that people's access to justice—access to the courts—is as nearly equal as possible. This would require the right number of judges in the right places so that people can be served in an efficient and effective manner and so that no one is deprived of access to courts. Some judges are overworked, some are underworked, and changes are needed.

Responding to questions from Senator Southworth, Chief Justice Minton discussed the Supreme Court's role in judicial redistricting, as required by the Kentucky Constitution. There were no additional questions, and Representative Miller thanked Chief Justice Minton for his testimony. He said that any members who have follow-up questions may submit them to LRC staff.

League of Women Voters of Kentucky – Redistricting Initiative

The guest speaker was Dee Pregliasco, Vice-President and Redistricting Chair, League of Women Voters of Kentucky. She was accompanied by Cindy Heine, Legislative Liaison for the League in Kentucky. A proposed possible map entitled "Kentucky Estimated Population Changes from 2010 to 2018" was projected on the meeting room screens. The map and a letter from the League to the Interim Joint Committee on State Government that were previously submitted by the League can be accessed on the LRC website.

Ms. Pregliasco said that the League does not support parties or candidates. It is a nonpartisan civic participation organization that takes positions on important public issues that affect democracy, and redistricting is one of those important issues. During the 2020 and 2021 legislative sessions, the League supported legislation that would have created a citizens' advisory redistricting commission and that would have required statewide public hearings to enlist citizen participation in the redistricting process. The League advocates an open and transparent process with public input and has labelled its current redistricting initiative as "Fair Maps."

Ms. Pregliasco said that gerrymandering undermines democracy, and in Kentucky both parties have engaged in gerrymandering to suit their needs. An open transparent process with public input is absolutely the better practice. Shifts in the state population have and will affect people. This is another reason to have public input into the redistricting process. She said that in December 2020, legislators were sent possible maps drawn by the League, using the 2010 census data. After the new census data is released—probably around August 16—the League will draw new maps. People all over the state may also draw possible maps.

When drawing maps, the League follows the legal rules—one person, one vote; provide racial districts of opportunity; and divide counties only when needed to meet population requirements. The League also bases its maps on simple, more compact boundaries; maintaining the integrity of county seats; and the League's long-standing policy of indifference to incumbents.

Ms. Pregliasco said that people in the Common-

wealth care about redistricting. When giving redistricting educational programs throughout the state, the League has been struck by citizens' interest and how they have felt left out of a process that affects them daily. With citizen involvement, there is less chance of anger being directed toward elected officials and the possibility of expensive litigation. In closing, she emphasized that the League supports citizens having a role in an open and transparent process, for the good of the Commonwealth.

Representative Miller expressed appreciation for the maps that were provided by the League in December. He said they provoked a lot of discussion, and he looks forward to receiving the League's maps that are drawn based on the new data. There was no further business, and the meeting was adjourned at 3:00 p.m.

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

Minutes of the 2nd Meeting of the 2021 Interim

July 27, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Tuesday, July 27, 2021, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Kim King, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representatives Kim King, Co-Chair, and Phillip Pratt, Co-Chair; Senators Rick Girdler, Alice Forgy Kerr, Robby Mills, Adrienne Southworth, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, and David Yates; Representatives Shane Baker, Lynn Bechler, Tina Bojanowski, Josh Branscum, George Brown Jr., Josh Calloway, Jeffery Donohue, Ryan Dotson, Daniel Fister, Deanna Frazier, Chris Freeland, Chris Fugate, Jim Gooch Jr., Richard Heath, Thomas Huff, Norma Kirk-McCormick, Adam Koenig, William Lawrence, Charles Miller, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Rachel Roberts, Bart Rowland, Steve Sheldon, Cherlynn Stevenson, Ashley Tackett Lafferty, Nancy Tate, Killian Timoney, Bill Wesley, and Richard White.

Guests: Rick Storm, Commissioner, Department of Fish and Wildlife; Gabe Jenkins, Acting Director, Information and Education Division, Department of Fish and Wildlife; Scott Alvey, Executive Director, Kentucky Historical Society; Kurt Krouse, Chair, St. Paul Parish Historical Preservation Ministry; and Foster Ockerman Jr., President and Chief Historian, Lexington History Museum.

LRC Staff: Andrew Manno, Audrey Ernstberger, Kirk Smith, Sasche Allen, and Helen McArthur.

Approval of Minutes

A motion to approve the minutes of the June 17, 2021 meeting was made by Representative Lynn Bechler, seconded by Representative Jim Gooch Jr., and

approved by voice vote.

Department of Fish and Wildlife Resources Update

The mission of the Department of Fish and Wildlife Resources is to conserve, protect, and enhance Kentucky's fish and wildlife resources and provide outstanding opportunities for fishing, hunting, trapping, boating, shooting sports, wildlife viewing, and related activities. The Department is an agency of the Tourism, Arts, and Heritage Cabinet with a volunteer nine member commission board. Fishing, hunting, wildlife watching, and boating total approximately \$344 million yearly in local and state tax revenue. Within the tourism industry, fish and wildlife recreation has an economic impact of \$5.9 billion and supports 70,000 jobs. The Department is primarily funded through hunting and fishing license sales and federal grants such as wildlife restoration grants and sport fish restoration grants. Divisions of the Department of Fish and Wildlife Resources include Fisheries; Wildlife; Administrative Services; Engineering, Infrastructure, and Technology; Information and Education; Law Enforcement; and Marketing.

The Commissioner discussed various programs, partnerships, and initiatives of the Department. There are two state fish hatcheries located in Rowan County and Franklin County and one federal hatchery in Russell County. The two state hatcheries produce 4.5 million fish per year and the federal hatchery produces 700,000 trout per year. The Fish Habitat Improvement Program includes large scale multiyear projects on large reservoirs and smaller projects on many lakes statewide each year. A partnership highlighted was Fishing in Neighborhoods (FINs), which is a collaboration between the Department and local governments across the state that provides easy access to lakes that are stocked throughout the year with harvestable fish. Other topics covered included the Kentucky Wetland and Stream Mitigation Fund; Kentucky Wild; Black Bears throughout the state; statewide boat ramps and access sites; improved access for paddle crafts; communication efforts during the COVID-19 pandemic; Kentucky Afield; conservation camps; hunter education; and life jacket loaner stations. Commissioner Storm also discussed employer pension contribution rates.

Answering a question from Representative Jim Gooch Jr., Gabe Jenkins, the Acting Director of the Information and Education Division at the Department, stated he was unaware of the legality of caracal cats in the state. Representative Gooch requested for additional information on the subject.

Replying to Representative Lynn Bechler, Commissioner Storm said 15 citations had been written for Asian Carp bow hunting. Answering a follow up, he stated the Department's average receipt for a fine is \$10 but violations are often dismissed but the matters are frequently handled by each county's court system. Replying to another follow up, the Commissioner stated that several factors play a role in why residence license sales decreased from 2015 to 2019 which may include a changes in lifestyles for some Kentuckians.

Addressing a question from Representative Ryan Dotson, Commissioner Storm elaborated on employer pension contribution rate. The Department has an 88 percent employer contribution rate for non-hazard-

ous employees, which is drastically higher than other states such as Illinois, Tennessee, and Ohio. He explained that employee salary increases would be difficult to achieve, because the employer pension contribution would increase as well. Answering a follow up question, the Commissioner explained that prior to the COVID-19 pandemic non-residence fishing and hunting license sales were on the rise, but residence license sales were declining.

Responding to Representative Cherlynn Stevenson, Commissioner Storm commented about the Department tries to remain transparent by communicating and connecting with the public through email blasts, surveys, and social media. It is the Commissioner's goal to move the Department forward and avoid past mistakes of the agency.

Answering a question from Representative Ashley Tackett Laferty, the Commissioner said local governments could reach out to the Department to express interest in developing conservation day camp programs.

Senator Wil Schroder made comments about pension contribution rates and pointed out that HB 8 from the 2021 Regular Session decreased the employer pension contribution rate for non-hazardous employees from 88 percent to 83.97 percent.

Kentucky Historic Site Markers

In 1935, a group of Lexington businessmen and historians formed an organization called the Historical Markers Society whose goal was to develop commercial advantages by marketing the Commonwealth by placing historical markers throughout the state. Ultimately, only 21 markers were placed and the organization's supplier later lost the master mold in bankruptcy. However, the Historical Markers Society helped to locate, mark, and memorialize historic sites and was the first effort of its kind organized in the state. Only 10 of the original markers remain, with most being in need of repair or replacement. In 1949 the Kentucky Historical Highway Markers Committee was organized, and the Committee worked with the Department of Transportation to set roughly 150 markers across the state. The Committee disbanded in 1962 and the Kentucky Historical Society took over the Historical Marker Program. Presently, the program is community driven and program costs are the responsibility of the marker sponsor or applicant. There is an average of 40 marker applications each year. As of 2019, refurbishment needs for markers totaled \$11,000; refurbishments with the addition of a new post totaled \$57,000; and the cost for complete replacements needed totaled \$242,360. During the last 12 months, 82 markers were serviced; 58 were replaced; and 24 were refurbished. Scott Alvey, the Executive Director of the Kentucky Historical Society, explained that a maintenance fund for repair or replacement of damaged markers is needed for sustainability of the Historical Marker Program.

Representative Cherlynn Stevenson made comments about the importance of the Historical Marker Program to the tourism industry.

Representative Kim King announced the next meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology will be a joint

meeting with the Interim Joint Committee on Economic Development and Workforce Investment on August 26, 2021 at the Kentucky State Fair.

There being no further business before the committee, the meeting adjourned at 2:32 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2021 Interim

August 3, 2021

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Transportation was held on Tuesday, August 3, 2021, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll. The minutes from the July 6, 2021 meeting were approved.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Ken Upchurch, Co-Chair; Senators Karen Berg, C.B. Embry Jr., Johnnie Turner, Phillip Wheeler, Mike Wilson, Max Wise, and David Yates; Representatives Tina Bojanowski, Josh Branscum, Kevin D. Bratcher, Randy Bridges, Jonathan Dixon, Ken Fleming, Robert Goforth, David Hale, Samara Heavrin, Regina Huff, Thomas Huff, Derek Lewis, Savannah Maddox, Bobby McCool, Shawn McPherson, Charles Miller, Sal Santoro, Tom Smith, Cherlynn Stevenson, Ashley Tackett Laferty, Walker Thomas, and Buddy Wheatley.

Guests: Heather Stout, Executive Director, Kentucky Transportation Cabinet (KYTC); John Eiler, Project Manager, Office of Information Technology, KYTC; Robin Brewer, Executive Director, Office of Budget and Fiscal Management, KYTC; Jon Johnson, Assistant General Counsel, KYTC

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

Update on the Implementation of the New Motor Vehicle Information System (KAVIS)

Heather Stout, Executive Director, KYTC, and John Eiler, Project Manager, Office of Information Technology, KYTC, updated the committee on the KAVIS Program. The KAVIS project will provide the Commonwealth with a statewide, automated system for vehicle and boat titling, registration, taxation, and related functions. This comprehensive solution will replace the legacy Automated Vehicle Information System (AVIS) and the Boat Title Registration (BTR) systems, other small subsystems, and provide a consistent and updated platform for the Commonwealth to perform vehicle licensing business.

The KAVIS system will streamline and improve efficiencies within the Department of Vehicle Regulation, the Division of Motor Vehicle Licensing, and county clerks' offices throughout the state. It will also allow the KYTC, Department of Revenue (DOR), County Clerks, Property Valuation Administrators (PVAs), and other agencies to better serve the citizens of the Commonwealth.

The KAVIS system has been designed using a customer-centric paradigm, moving from the current ve-

hicle centric model that exists in the AVIS and BTR systems. Establishing a customer-centric system and business model will support moving from the current plate-to-vehicle model to a plate-to-customer model. The current AVIS and BTR systems cannot support this concept.

Mr. Eiler highlighted the important achievements of the new system that are already operational. The print-on-demand decal portion and real time scanning was completed in May 2015. This allowed for immediate access to documents by multiple agencies, decreased time in offices for customers, eliminated double entry of data for clerks, reduced paper handling and archiving, decreased maintenance of aging printers, reduced postage for clerks and motor vehicle licensing, reduced annual audit times, and greatly improved access to vehicle documents.

The web renewal enhancement phases took place in 2015 and 2016 which allowed for a new web renewal site that was deployed in the summer of 2015. It allowed for enhanced usability through design improvements, for clerks to be able to receive money collected immediately for all eligible plates to be renewable online, and for a streamlined process for clerks to approve renewals.

In January 2016 the disabled placard portion of the project was completed which allowed for a transition to a web-based application solution, a shift from a vehicle-centric model to a customer centric-model. It allowed for hardware and software implementations to drive accuracy and precision of data, and for a driver license verification with an integration between the driver licensing database and the motor vehicle database.

The state-wide point of sale solution was completed in March 2018. This included the completion of a stable, reliable, and consistent environment. The support revolves around bookkeeping, reports, and normal operations with AVIS processes and procedures. It also enabled the use of automated cash drawers, and a print-on-demand boat decal.

The vehicle foundation for the boats portion of KAVIS was completed in July of 2019, which included the framework application and functionality for title, registration, ad valorem taxes, liens, and other processes important for motor vehicles, and increased end user audit functionalities for clerks, motor vehicle licensing, Kentucky State Police, Fish and Wildlife, DOR, and PVAs.

The decommission and implementation of the inventory solution, as well as the implementation of the flat plate solution, was completed in July 2021. The target date for all vehicle models to be completed is December 2022. This includes the decommission of the AVIS legacy mainframe, and transitioning all remaining vehicle types (data and business processes and functionality) to KAVIS.

The KAVIS system, which automatically records all AVIS transactions into it will improve standardization and data integrity. Processes are standardized across all counties, but include configurations to facilitate business processes for efficiency. There are also improved processes for reconciliation, mid-day sweeps, and bad check management. The KAVIS system includes an ability to scan driver's licenses to ensure data validity and accuracy, access to five years'

worth of data instead of one, a reduction in fraud as KAVIS requires correct customer and vehicle data, as well as point out bad data to clerks so they can fix the issues. Customer accounts are linked and merged with all vehicle types allowing for a single view of all data on a customer account regardless of vehicle type.

The efficiency and effectiveness of KAVIS has been proven by the reduction in time from title application to title receipt by citizen, the decreased clerk on-boarding time from three to six months to less than one day, performing validations early which allows for changes before committing to the transaction, an increased opportunity to identify and collect unpaid or unassessed taxes, the ability to e-mail receipts, the enabled use of automated cash drawers, the auto assigning of tax districts for customers who currently have other vehicles assigned to a tax district, and the increased visibility across organizations such as Motor Vehicle Licensing, Clerks, DOR, and PVA.

The original KAVIS budget which involved the use of a third party contractor (3M) was \$25 million. The contractor pulled out of that project after just over \$9 million was spent. Of the revised budget allocation of just under \$20 million, almost \$16 million has been expended.

There is less than 28 percent development time remaining on KAVIS, which will take approximately 17 months to complete. The target goal for completion is December 2022. The KAVIS program is on target with the estimated remaining work and remaining budget.

In response to a question asked by Chairman Ken Upchurch, Ms. Stout stated she is unsure if leased vehicles can be renewed online, but she has also not heard if that is a restriction. She will check on that issue and communicate with the committee at a later date.

Also in response to a question asked by Chairman Upchurch, Ms. Stout stated that online paperless titles is an issue that will be addressed after the KAVIS completion in 2022. The new system allows for this process, as well as improvements in titling and other functions.

In response to a question asked by Co-Chair Jimmy Higdon concerning residents of Kentucky titling their vehicles in other states, Mr. Eiler stated KAVIS will have interfaces with the American Association of Motor Vehicle Administrators (AAMVA), National Vehicle Information Data System (NVIDS), and VINtelligence, which will allow for the sharing of information with other states and enable KYTC to see if a Kentucky resident's vehicle is registered in another state, so long as that state shares information with Kentucky. Ms. Stout added that the data that will be able to be pulled from the KAVIS system will enable for more analytics to be performed.

In response to a question asked by Representative Randy Bridges, Mr. Eiler stated a cost benefit analysis has not yet been completed on switching to paperless titles and liens. He reiterated paperless titles and liens is on the list of the items to be addressed after the full KAVIS transition has occurred in December 2022.

In response to a question asked by Representative Bridges, Ms. Stout stated there has been much discussion on allowing a person in one county to title and register their vehicle in another county and how

to still be able to have the fees distributed properly. She believes statutes will need to be evaluated before any change in this area can occur. She added that the KAVIS system would be able to accomplish the fee distribution as needed.

In response to a question asked by Representative Derek Lewis, Mr. Eiler stated the legacy system did recently go through a shut-down to address issues due to changes being made to the very complex older system. This shut down ultimately resulted in some offices closing for the better portion of a week.

In response to a question asked by Representative Ken Fleming, Ms. Stout stated the rebuilt title process does take extra time because they have to review pictures of all of the work that is performed and verify that it meets safety standards. She stated there may be an improvement in speed in the new system due to being able to get the information to the staff quicker, however, she is not sure how long that process takes after the information is received.

Final Report of Road Fund Revenues- FY 2021

Robin Brewer, Executive Director, Office of Budget and Fiscal Management, KYTC updated the committee on the final report of Road Fund revenues for FY 2021. The official revenue estimate for the motor fuels tax was \$756.2 million. The actual realized revenue of the Motor Fuels Tax was \$748.4 million, a deficit of \$7.8 million. The official revenue estimate for the motor vehicle usage tax was \$568.6 million. The actual realized revenue for the motor vehicle usage tax was \$620.9 million, a surplus of \$52.3 million. The revenue estimates for the other revenue category was \$252.9 million. Actual realized revenues for this category were \$273.2 million, a surplus of \$20.3 million. In total in FY 2021, the official revenue estimates were \$1.577 billion. The actual revenue received was \$1.642 billion, a surplus of \$64.6 billion.

In the first quarter of FY 2021, Road Fund revenues grew by 1.9 percent over the previous fiscal year. The second quarter they grew by 0.7 percent. In the third quarter of FY 2021 Road Fund revenues decreased by 0.4 percent, and in the fourth quarter Road Fund Revenues increased by 43.8 percent. The large increase for quarter four was due to the shutdowns associated with the onset of the COVID-19 pandemic in March of 2020.

The actual motor fuels revenue received in FY 2021 was \$748.4 million, compared to \$741.6 million in FY 2020, an increase of \$6.8 million, or 0.9 percent. The actual motor vehicle usage tax received in FY 2021 was \$620.9 million, compared to \$499.3 million in FY 2020, a difference of \$121.6 million, or 24.4 percent. The other revenues received in FY 2021 were \$273.2 million, compared to \$250.6 million in FY 2020, a difference of \$22.5 million, or 9.0 percent. The total revenues received in FY 2021 was \$1.642 billion, compared to \$1.491 billion in FY 2020, a difference of \$150.8 million or 10.1 percent.

The official enacted Road Fund revenue estimates for FY 2022 include \$769.2 million in motor fuels tax, \$581.4 million in motor vehicle usage tax, \$119.6 million in motor vehicle license fees, \$81.2 million in weight distance tax, \$39.8 in other areas, \$17.6 million in motor vehicle operator's fees and \$0.4 million in investments. This leaves a total official enact-

ed Road Fund Revenue estimate for FY 2022 to be \$1.609.2 billion.

A chart was presented that illustrated the total Road Fund Revenues from FY 2011 to FY 2021. The FY 2021 Road Fund revenue of \$1.64 billion was the last total on record. Most years the Road Fund revenues fluctuated between \$1.5 billion and \$1.6 billion.

In response to a question asked by Representative Fleming concerning a pessimistic or optimistic approach to the FY 2022 budget, Ms. Brewer stated the Governor's Office of Economic Analysis would best be able to address that question.

In response to a question asked by Representative Fleming, Ms. Brewer stated she is not sure if data is available that shows the motor vehicle usage tax being broken down by new vehicles versus used vehicles. She stated she would check with the Department of Revenue to see if that information was available and report back to committee staff.

In response to a question asked by Representative Tom O'Dell Smith, Ms. Brewer stated there is not a formula that is being used to calculate what portion of the motor fuel tax is from out-of-state vehicles passing through Kentucky. She added that is tracked for motor carriers through the International Fuel Tax Agreement (IFTA) which distributes fuel taxes paid by motor carriers based on miles traveled in each state.

Correspondence was distributed to the committee from KYTC and Kentucky State Police (KSP) regarding updates to KYTC driver licensing issuance and KSP driver testing.

Administrative Regulation 601 KAR 001:005 which updates the motor carrier safety regulations by adopting federal regulations for transportation of hazardous materials and other safety issues was reviewed by the committee. The regulation was not found to be deficient or deferred. No objections were raised.

Senator Johnnie Turner stated he has spoken with Senator Brandon Smith, Senator Phillip Wheeler, Representative Ashley Tackett Laferty, Representative Angie Hatton, Representative John Blanton, and Representative Bobby McCool and they are all in agreement with him in requesting KYTC to extend the Bert T. Combs Mountain Parkway through the mountains at the Johnson County line and on to Floyd County.

With no further business to come before the committee the meeting was adjourned at 2:07 P.M.

INTERIM JOINT COMMITTEE ON VETERANS, MILITARY AFFAIRS, AND PUBLIC PRO- TECTION

Minutes of the 2nd Meeting of the 2021 Interim

July 21, 2021

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Wednesday, July 21, 2021, at 10:00 AM, in Room 154 of the Capitol Annex. Senator C.B. Embry Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were: Senator C.B. Embry Jr., Co-Chair; Representative Walker Thomas, Co-Chair; Senators Jimmy Higdon, Alice Forgy Kerr, Stephen Meredith, Robby Mills, Dennis Parrett, Brandon Smith, Whitney Westerfield, Mike Wilson, and David Yates; Representatives John Blanton, Kevin D. Bratcher, Myron Dossett, Jim DuPlessis, Chris Fugate, Al Gentry, Robert Goforth, Jim Gooch Jr., Mark Hart, Matthew Koch, Scott Lewis, Savannah Maddox, Bobby McCool, Patti Minter, Scott Sharp, Pamela Stevenson, Ashley Tackett Laferty, Bill Wesley, and Buddy Wheatley.

Members: Senator C.B. Embry Jr., Co-Chair; Representative Walker Thomas, Co-Chair; Senators Jimmy Higdon, Alice Forgy Kerr, Stephen Meredith, Robby Mills, Dennis Parrett, Wil Schroder, Brandon Smith, Whitney Westerfield, Mike Wilson, and David Yates; Representatives John Blanton, Kevin D. Bratcher, Myron Dossett, Jim DuPlessis, Chris Freeland, Chris Fugate, Al Gentry, Robert Goforth, Jim Gooch Jr., Mark Hart, Matthew Koch, Scott Lewis, Savannah Maddox, Bobby McCool, Patti Minter, Scott Sharp, Pamela Stevenson, Ashley Tackett Laferty, Bill Wesley, and Buddy Wheatley.

Guests: Kambri Bivins

LRC Staff: Jessica Zeh, Andrew Salman, and Maurya Allen

Representative Prunty and Kambri Bivins

Representative Prunty introduced her guest, Kambri Bivins. Ms. Bivins came to talk about losing her father, Army Specialist Eric Bivins, to post-traumatic stress disorder. She advocated that Kentucky adopt the Honor and Remember Flag.

Kentucky Board of Emergency Medical Services

Michael Poynter, Executive Director of the Kentucky Board of Emergency Medical Services, testified about the struggles that EMS providers faced during the COVID-19 pandemic. He cited labor shortages from sick and quarantined employees, lowered call volume leading to loss of revenue, increased costs of personal protective equipment, and inadequate reimbursement from insurance companies.

In April 2020, Governor Beshear gave the Board emergency authority to reinstate any EMS provider that had ever been licensed in Kentucky at no cost. As a result, the Board reinstated 1,012 providers. At the beginning of the pandemic, statewide EMS call volume decreased by about 3,000 calls per month. In 2021, these numbers have started to return to their pre-pandemic volume. Less than half of EMS agencies in the state are receiving federal government support—either from CARES money or elsewhere—despite over half applying. Finally, high levels of stress and burnout are increasing turnover.

Engagement is up as a result of the pandemic. EMS agencies have started reaching out more to local health departments and public health organizations to organize efforts and to provide mutual support.

Mr. Poynter stated that to improve EMS providers' financial situations, the federal government should provide reimbursements for treatment-in-place, transportation to alternate locations, facilitation of telemedicine, and community paramedicine.

In response to a question from Senator Meredith,

Mr. Poynter testified that EMS providers are being trained in more preventative care and community medicine, and that pilot programs for these services are achieving promising results.

Kentucky Firefighter Association

John Beatsch, President of the Kentucky Firefighter Association, testified that due to the pandemic, every fire call became potentially life-threatening. This increased the strain on the Commonwealth's fire services, as many volunteer firefighters left their departments over fear of being exposed to COVID-19 and having to take leave from their regular jobs. Increased stress also led to PTSD and suicide in some fire fighters. Fire departments also faced significant financial hurdles over the pandemic. Training and custom equipment are most fire departments' largest expenses, so increased turnover also increased costs. At the same time, most volunteer fire departments raise money through community fundraisers, which could not be held out of public safety concerns. CARES money was rarely allocated to fire departments.

Eric Philpot, Vice President of the Kentucky Firefighter Association, stated that all of Mr. Beatsch's testimony regarding volunteer fire departments also applied to professional fire departments. Mr. Philpot added that fire departments had to stop most of their public education and fire prevention programs, such as checking community members' smoke detectors.

In response to a question from Representative Wesley, Mr. Beatsch testified that Kentucky has about 800 fire departments, of which 20% are professional and 80% are volunteer.

In response to a question from Senator Westerfield, Mr. Beatsch testified that calls for service were down between 10-20% in 2020, and are up about 15% in 2021.

In response to a question from Senator Meredith, Mr. Beatsch testified that in order to improve volunteer firefighter retention, the training and continuing education requirements need to be reduced and budgets for recruitment need to be increased.

In response to a question from Representative Tackett-Laferty, Mr. Beatsch testified that there is no current financial benefit to being a volunteer fire fighter, and that solutions like tax credits would be appreciated.

In response to a question from Representative Blanton, Mr. Beatsch stated that while he did not believe most fire departments would be opposed to hiring felons, state regulations currently prohibit fire departments from employing felons or accepting them as volunteer fire fighters.

Kentucky State Police

Colonel Phillip Burnett, Jr., Commissioner of the Kentucky State Police, testified that the work of police and support staff could not be done remotely, and so almost every KSP employee had to work in person during the pandemic. In-person work created anxiety for KSP employees that they would get sick, or transmit the virus to their families or coworkers.

During the pandemic, KSP provided additional security presence at regional hospitals, traffic control at testing sites, surveillance for closed businesses, and security for vaccine transportation.

KSP is facing historic lows in state trooper enrollment. During the pandemic, the Trooper Academy was able to graduate 45 troopers while in compliance with CDC guidelines.

Col. Burnett testified that significant pay raises are needed to make KSP salary competitive with local police departments. Fixing KSP's retention issues is one of Col. Burnett's priorities currently.

In response to a question from Chairman Embry, Col. Burnett testified that KSP had 1,009 troopers in 2006 and only 740 currently. KSP averages 5.8 resignations per month since January 2021.

In response to a question from Representative Blanton, Col. Burnett testified that there has been an increase in reports of all types of violence except for arson.

In response to a question from Representative Sharp, Col. Burnett testified that KSP's current authorized strength is 1,070, they currently have a strength of 740, and of those 740, 150 are eligible to retire as of the next cycle. The next class at the KSP Trooper Academy will have about 90 cadets, hopefully between 60-70 will graduate, but even then those graduates will not be eligible for duty until June 2022.

Kentucky Association of Chiefs of Police

Todd Kelley an Executive Board Member of the Kentucky Association of Chiefs of Police (KACP), testified that police had to overcome significant hurdles to serve the public. He implored the Assembly to adequately equip police officers, as they had to make their own hand sanitizer and masks during the pandemic, and the equipment that police received from state stockpiles was often subpar.

The murder of George Floyd increased scrutiny on police. Social justice is a national debate that is being used to camouflage an attack on police. KACP is working to weed out bad police officers and to reinvent itself in the face of negative perceptions. KACP supported 21RS SB 80, the "decertification" bill, which would prevent terminated police from easily getting hired elsewhere. SB 80 also expands the list of acts constituting professional wrongdoing and creates an automatic decertification process.

Police are ill-equipped to handle homeless people and mentally ill people. Despite this, police spend a disproportionate amount of time responding to calls regarding these people. The solution is to increase funding for programs which facilitate treatment and counseling.

Most routine police interactions are recorded on video currently, and KACP regards cell phone videos of police interactions to be the norm.

In response to a question from Representative Blanton, Mr. Kelley testified that there has been an increase in calls regarding domestic violence, homeless people, and mentally ill people.

In response to a question from Representative Sharp, Mr. Kelley testified that his police department in Ashland, Kentucky, is authorized for 48 officers, currently has 45 officers, and several are currently eligible to retire.

In response to a question from Representative Tackett-Lafferty, Mr. Kelley testified that in order to be admitted to the KSP Training Academy, an individual needs to be employed by a local police department

and receive a recommendation from the chief of that department. KSP Training Academy does not accept cadets straight out of high school or college.

Kentucky Fraternal Order of Police

Ryan Straw, the Government Affairs Liaison for the Kentucky Fraternal Order of Police, testified that FOP created a website to share data and instructions regarding COVID-19 protocols to police. Five hundred seven law enforcement deaths have been attributed to COVID-19 nationwide, and six occurred in Kentucky. FOP created a campaign to get police vaccinated. Currently, the number of police testing positive for COVID-19 is trending down. Mr. Straw testified that 901 police officers have been affected by COVID-19 and that 30% of police stations need additional personal protective equipment.

Mr. Straw also testified that virtually all police officers are "good cops" and that conversations regarding social justice and policing need to make space for FOP to participate. FOP is listening to a variety of organizations' talking points regarding social justice and is trying to find common ground, even with organizations advocating to defund the police.

The public needs additional education on what law enforcement does. FOP acknowledges and recognizes the pain that certain groups have felt because of a few "bad cops." The negative public image of police is lowering the morale and effectiveness of police.

The next meeting will be Wednesday, August 24, 2021 at 10:00 AM in Room 154. With no further business, the meeting adjourned at 11:45 AM.

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 3rd Meeting of the 2021 Calendar

July 26, 2021

Call to Order and Roll Call

The 3rd meeting of the Capital Planning Advisory Board was held on Wednesday, July 21, 2021, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Bobby McCool, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Adrienne Southworth, Co-Chair; Representative Bobby McCool, Co-Chair; Senator Phillip Wheeler, Representative Derek Lewis; Rocky Adkins, Charles Byers, Jacqueline Coleman, Carole Henderson, John Hodgson, Patsy Jackson, Holly Johnson, Mark Overstreet, and Katie Shepherd.

Guests: Ruth Day, Chief Information Officer, Commonwealth Office of Technology; Brigadier General Haldane Lamberton, Adjutant General, Kentucky National Guard; Corey Jackson, Legislative Liaison and Policy Specialist, Department of Military Affairs; Mike Hayden, Executive Director, Kentucky Communications Network Authority; Chris Reece, Executive Director, Office of Finance, Tourism, Arts, and Heritage Cabinet; Robin Brewer, Executive Director, Office of Budget and Fiscal Management, Transportation Cabinet; Ryan Green, Executive Director of Budget and Financial Planning, Dr. Bryan Makinen, Assistant Vice President, Public Safety and Facility

Management Ethan Witt, Assistant Vice President, Government and Community Relations, Eastern Kentucky University; Andy Casebier, Director of Major Projects, Facilities Support Services, Sandy Adkins, Director of Capital Projects Budgeting, Facilities Support Services, Kentucky Community and Technical College System; Paul Cable, Director of Capital Projects and Facilities Management, Dr. Beverly Schneller, Vice Provost for Academic Affairs, Kentucky State University; Kim Hunt Oatman, Assistant Vice President for Facilities and Operations, Morehead State University; Dr. Robert Jackson, President, Jackie Dudley, Vice President, Finance and Administrative Services, Jordan Smith, Executive Director Governmental and Institutional Relations, Jason Youngblood, Director of Facilities Management, Murray State University; Michael Hales, Interim Vice President for Administration and Finance and Chief Financial Officer, Mary Paula Schuh, Senior Director, Planning, Design and Construction, Syed Zaidi, Assistant Vice President, Facilities Management, Carmen Hickerson, Assistant Vice President, Economic Engagement and Government Relations, Northern Kentucky University; Mary Vosevich, Vice President for Facilities Management, Chief Facilities Officer, Angela Martin, Vice President for Financial Planning and Chief Budget Officer, University of Kentucky/University of Kentucky Hospital; Mark Watkins, Chief Operating Officer, Vice President, Operations and Administration, Meg Campbell, Executive Director of Planning, Design and Construction, University of Louisville; Bryan Russell, Chief Facilities Officer, and Jennifer Smith, Special Assistant to the President for Government and Community Relations, Western Kentucky University.

LRC Staff: Shawn Bowen, Korey Sallee, and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the June 23, 2021 meeting was made by Senator Southworth, seconded by Representative Lewis, and approved by voice vote.

Information Items

Ms. Bowen said five information items were included in the meeting materials in response to questions raised at the board's June 23 meeting regarding proposed capital projects for the Commonwealth Office of Technology, the Department of Military Affairs, the Kentucky Communications Network Authority, the Tourism, Arts, and Heritage Cabinet, and the Transportation Cabinet.

Amended Capital Plans

The capital planning system is open for a period of ten days after the monthly board meeting. During that time, agencies may amend their capital plans as needed. The Department of Veterans Affairs has added one new federally funded project - The Kentucky Veterans Cemetery West - Expansion of Lawn Crypts project. The project will cost \$2.6 million and is planned for the 2022-24 biennium.

Review of Agency Capital Plans – Postsecondary Institutions

The Capital Planning Advisory Board received testimony regarding 10 state agency capital plans: Eastern Kentucky University, Kentucky Community and Technical College System, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, University of Kentucky, University of Kentucky Hospital, University of Louisville, and Western Kentucky University. The testimony included discussion of capital construction, information technology, and equipment needs for the period 2022-2028.

Eastern Kentucky University

Ethan Witt, Assistant Vice President, Government and Community Relations, and Ryan Green, Executive Director of Budget and Financial Planning, discussed the university's capital needs. The university's capital plan, for the six-year period, included 39 proposed projects totaling \$1,030,155,000. There were no questions regarding the university's plan.

Kentucky Community and Technical College System (KCTCS)

Andy Casebier, Director of Major Projects, Facilities Support Services, and Sandy Adkins, Director of Capital Projects Budgeting, Facilities Support Services, gave a brief overview of the KCTCS capital plan. For the six-year period, the KCTCS capital plan included 118 proposed projects totaling \$1,038,300,000.

In response to questions from Mr. Hodgson and Representative McCool regarding the Renovate and/or Replace Hartford Building Phase 1 JCTC project (\$15 million general funds), Mr. Casebier stated that many studies have been done; and a study, which should be available in November, is being conducted to compare renovation costs with replacement costs. If the building can be renovated for \$15 million or less, KCTCS will do that, however, this option may reduce lab space in the building. If KCTCS builds a replacement facility, it will be a low-rise building with more efficient use of space.

In response to a question from Senator Southworth about the Renovate Laurel South Campus Phase 1 Somerset Community College project (\$6 million general funds), Mr. Casebier said a study concluded that it would be cheaper to renovate rather than construct a new facility. The project will now encompass three phases, and upon completion, the total project will cost \$27.5 million to renovate the laboratories and classrooms, as well as update the diesel technology, welding, electrical technology, automotive technology, industrial maintenance technology, air-conditioning technology, and construction technology programs.

Kentucky State University

Dr. Beverly Schneller, Acting Provost for Academic Affairs, and Paul Cable, Director of Capital Projects and Facilities Management, discussed the university's capital needs. The university's capital plan, for the six-year period, included 17 proposed projects totaling \$240,551,000.

In response to questions from Senator Southworth regarding the Construct New Residence Hall project (\$55.6 million long-term funding) and the Construct

Health Sciences Center project (\$18.4 million general funds), Dr. Schneller said the new residence hall will help meet the increased enrollment needs of the university, and allow more students to live on campus. The new dorm will have modern multipurpose infrastructure, including classroom space and a dining hall to make it a living learning center. The classrooms in the new dormitory will serve as multi-purpose meeting spaces, and are not duplicative of any other classroom spaces on campus. The Construct Health Sciences Center project is an academic priority needed to bring the healthcare program up-to-date to meet the needs of rural and urban communities. Dr. Schneller said approximately 73 percent of students that complete their degrees at Kentucky State University stay in Kentucky and pursue employment in Kentucky.

In response to another question from Senator Southworth, Dr. Schneller responded that she did not know how the completion of the new dormitory/dining facility will impact the university's enrollment figures (in-person and online). She said she would find out and provide a follow-up response to the board.

In response to questions from Dr. Jackson, Dr. Schneller replied that the Construct Health Sciences Center project includes a virtual hospital with high-fidelity simulators and multipurpose learning spaces. KSU will partner with healthcare professionals at the Frankfort Regional Healthcare Facility to mentor to students. The construction of this facility will have an economic impact on the local economy by attracting and graduating more students to serve the specific health care needs of the community.

Morehead State University

Kim Oatman, Assistant Vice President for Facilities and Operations, presented the university's capital plan. The university's capital plan, for the six-year period, included 43 proposed projects totaling \$553,347,000.

In response to questions from Representative Lewis about the future of the Space Systems Engineering program, Mr. Oatman stated that the program started in 2012 and continues to grow. Most students in this program graduate and work for NASA in placements across the United States.

Murray State University

Dr. Robert Jackson, President, and Jason Youngblood, Director Facilities Management, gave a brief overview of Murray State University's capital plan. The university's capital plan, for the six-year period, included 50 proposed projects totaling \$545,682,000. There were no questions regarding the university's plan.

Northern Kentucky University

Mike Hales, Interim Vice President for Administration and Finance and Chief Financial Officer, and Carmen Hickerson, Assistant Vice President, Economic Engagement and Government Relations, gave a brief presentation of Northern Kentucky University's six-year capital plan. The university's capital plan, for the six-year period, included 23 proposed projects totaling \$590,879,000.

In response to questions from Dr. Jackson, Mr. Hales replied that the university has experienced a 32

percent growth in admissions in the engineering technology program and the nursing program admissions have grown significantly as well.

University of Kentucky

Mary Vosevich, Vice President for Facilities Management, and Angela Martin, Vice President for Financial Planning and Chief Budget Officer, presented the capital plan for the University of Kentucky. The university's capital plan, for the six-year period, included 312 proposed projects totaling \$7,902,000,000. The University of Kentucky Hospital plan contained a total of 80 proposed projects totaling \$5,902,000,000. There were no questions regarding the university's plan.

University of Louisville

Mark Watkins, Chief Operating Officer, Vice President, Operations and Administration, and Meg Campbell, Executive Director of Planning, Design and Construction, discussed the university's capital plan. The university's capital plan, for the six-year period, included 118 proposed projects totaling \$2,023,124,691.

In response to questions from Senator Southworth concerning the Construct College of Business Building project (\$40 million agency bonds and \$80 million private funds-cash), Mr. Watkins stated that the university has a donor interested in investing \$80 million or possibly more into a college building. If that amount increases above \$80 million, the \$40 million in agency bonds could be put to use on other projects.

Senator Southworth commented that she would like to see more detailed versions of the six-year capital plans to include a grand version, a budget-friendly version, and a shoestring/worst-case scenario budget version.

Western Kentucky University

Bryan Russell, Chief Facilities Officer, and Jennifer Smith, Special Assistant to the President for Government and Community Relations, discussed Western Kentucky University's capital plan. The university's capital plan, for the six-year period, included 50 proposed projects totaling \$813,100,000. There were no questions regarding the university's plan.

Other Business

Representative McCool said the next meeting is scheduled for Thursday, August 18, 2021, in Room 169 Annex starting at 1:00 p.m.

Adjournment

There being no further business, a motion to adjourn was made by Senator Southworth, seconded by Dr. Jackson, and approved by voice vote. The meeting was adjourned at 2:35 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

July 30, 2021

Call to Order and Roll Call

The Capital Projects and Bond Oversight Commit-

tee meeting was held on Friday, July 30, 2021, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Chris Freeland, Co-Chair; Senators Jason Howell and Robin L. Webb; and Representative Walker Thomas.

Guests: Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University Budget Office, University of Kentucky; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Greg Rush, Chief Financial Officer, Kentucky State University; Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Sandy Williams, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Commissioner, Department for Financial Services, Cabinet for Economic Development; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Shawn Bowen, Committee Staff Administrator, Korey Sallee, Committee Analyst, and Elishea Schweickart, Committee Assistant.

Approval of Minutes – June 17, 2021

Due to the lack of a quorum, this item was tabled until the August 25 meeting.

Information Items

Four information items were referenced by Ms. Bowen: the Quarterly Capital Project Status Reports, the Judicial Facility Use Allowance Contingency Fund Report, a report of the purchase of medical equipment by the University of Kentucky, and two 100% locally funded school bond issues for Oldham and Adair counties.

Lease Report from the University of Kentucky

Ms. Baker submitted a request for a new lease for various UKHC administrative offices and clinics. The university plans to lease 53,368 square feet at an annual cost of \$1,692,299 for a period of 7 years. Due to the lack of a quorum, no action was taken.

Project Report from the Finance and Administration Cabinet

Ms. Tomes reported a new information technology capital project for the Education and Workforce Development Cabinet, Office of Vocational Rehabilitation. The cabinet plans to purchase a new case management system to replace the outdated system installed in 2008. The project scope is \$4,620,000, and is 100% federally funded through the U.S. Department of Education Rehabilitation Services Administration. The case management system will be utilized by individuals receiving vocational rehabilitation services to provide them with meaningful employment opportunities. Due to the lack of a quorum, no action was taken.

Ms. Tomes reported a new capital project for Kentucky State University to renovate Hunter Hall from a residence hall to an office, classroom and laboratory building. The project scope is \$2,300,000 and is 100% federally funded through the U.S. Department

of Agriculture. The project was approved by the KSU Board of Regents and the Council on Postsecondary Education, and the Finance and Administration Cabinet will oversee the design and implementation of the project.

Responding to questions from Representative Freeland, Mr. Rush confirmed that the appropriate approvals to start the project were obtained from the U.S. Department of Agriculture, and there are no legal issues relative to the project. He added that the university was not involved in the bid solicitation process, it was administered solely by the Finance and Administration Cabinet.

Responding to questions from Senator Girdler, Mr. Rush said the Council on Postsecondary Education is providing guidance and oversight during the independent review of the university's finances. He added that the review/external audit would not affect the implementation of this capital project. Due to the lack of a quorum, no action was taken.

Ms. Tomes next reported a \$240,000 restricted fund scope increase for the Kentucky Department of Veterans Affairs Improve/Expand Pavement and Parking Areas project. The project was originally authorized by HB 352 in the amount of \$1,600,000. Additional funding is needed to correct poor soil conditions encountered during paving projects at Thomson Hood Veterans Center and Radcliff Veterans Center.

Ms. Tomes reported a \$1,200,000 allocation from the Department for Facilities and Support Services' 2020-2022 maintenance pool for the purchase of a new chiller and piping to serve the Governor's Mansion. Additionally, she reported a \$1.3 million Emergency Repair, Maintenance, or Replacement project for a flood remediation project at Fort Boonesborough State Park.

Lease Report from the Finance and Administration Cabinet

Mr. Aubrey reported two emergency leases for the Transportation Cabinet in Rockcastle and Johnson counties. The leases are needed for the storage of vegetative debris from the February 2021 ice storms. The leases have an annual cost of \$12,000, and will remain in effect until the debris is removed.

Report from the Office of Financial Management Kentucky Infrastructure Authority Loans

Ms. Williams submitted five new KIA loans for the committee's review: Fund A Loans-Louisville and Jefferson County Metropolitan Sewer District (2 loans), \$1.1 million and \$2,944,345; City of Calvert City, Marshall County, \$276,933; City of Bedford, Trimble County, \$196,795; and Fund B loan-City of Midway, Woodford County, \$200,000. Due to the lack of a quorum, no action was taken.

Responding to a question from Representative Freeland, Ms. Williams said there is no indication that supply inventories, which include primarily PVC pipe, are improving. [Water and sewer projects use a great deal of PVC pipe, and over the past year and a half, PVC prices have risen substantially due to supply shortages.]

Economic Development Fund Grant

Ms. Smith submitted a \$15,000,000 Economic De-

velopment Fund grant for the Meade County Fiscal Court on behalf of Nucor Corporation. The grant funds will be used to offset estimated capital investment costs of \$1.5 billion. The company will be required to create 400 new full-time jobs with an hourly wage of \$45 including benefits. The disbursement of funds will occur following the five annual review dates. Provisions are included in the grant agreement to reduce disbursements if the requirements are not achieved. Due to the lack of a quorum, no action was taken.

New Debt Issues

Mr. Barrow reported two new debt issues: Kentucky Higher Education Student Loan Corporation (KHESLC) Advantage Student Loan Revenue Bonds, Series 2021, \$85 million, and KHESLC FFELP Student Loan Asset-Backed Notes, Series 2021, \$370 million. Due to the lack of a quorum, no action was taken.

Mr. Barrow presented an informational report for Turnpike Authority of Kentucky Economic Development Road Revenue and Revenue Refunding Bonds, 2021 Series A, B, C and 2022 Series A with a principal amount not to exceed \$250,000,000.

Previous Debt Issues

Mr. Barrow reported four previously approved debt issues: Kentucky Economic Development Finance Authority Healthcare Facilities Revenue Bonds, Series 2021 (Christian Care Communities Inc. Obligated Group), \$54,360,000; University of Louisville Forward Delivery General Receipts Refunding Bonds, Series 2021A, \$21,400,000; University of Louisville General Receipts Bonds, Series 2021B, \$39,450,000; and State Property and Buildings Commission Revenue Refunding Bonds, Project No. 125 Series A and Series B, \$139,550,000.

School District Debt Issues

Mr. Barrow reported six School Facilities Construction Commission bond assisted projects for Bullitt, Henry, Perry, Rockcastle, and Trimble counties, and Williamstown Independent (Grant county). The projects are tax-exempt and the bond proceeds are \$43,620,000. No action was taken due to the lack of a quorum.

Representative Freeland announced the upcoming 3:30 p.m. August 25, 2021 meeting. With there being no further business the meeting adjourned at 1:32 p.m.

HOME & COMMUNITY BASED SERVICES WAIVER REDESIGN TASK FORCE

Minutes of the 2nd Meeting of the 2021 Interim

July 26, 2021

Call to Order and Roll Call

The 2nd meeting of the 1915c Home & Community Based Services Waiver Redesign Task Force was held on Monday, July 26, 2021, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Julie Raque Adams, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative Steve Riley, Co-Chair; Senators Danny Carroll, Stephen Meredith, and Dennis Parrett; Representatives Daniel Elliott, Norma Kirk-McCormick, and Pamela Stevenson.

Guests: Shirley Haburne; Pam Smith, Director, Division of Community Alternatives, Department for Medicaid Services, Cabinet for Health and Family Services; Claudia Johnson, Division of Development and Intellectual Disabilities, Cabinet for Health and Family Services; Tracy Butterfield, Supports for Community Living Waiver Program Director, LifeSkills, Inc.; Kelley Kendall, Executive Director, Cedar Lake Residences; Jane Stahl, Executive Director and Meleah Purdue, Program Director, NeuroRestorative Kentucky.

LRC Staff: DeeAnn Wenk, Becky Lancaster, and Amanda DuFour.

Approval of Minutes

A motion to approve the June 21, 2021, minutes was made by Senator Meredith, seconded by Senator Parrett, and was approved by a voice vote.

The Importance of Waiver Services and Barriers to Care

Shirley Haburne, mother of Steven, aged 46, who is a 1915(c) waiver participant, presented the task force with a background of the challenges facing her son, an overview of their experience with waiver services, and the barriers to around the clock, skilled care he needs. The waiver programs need to be flexible to meet the individual needs of the participant with more equitable options for care.

In response to questions and comments from Senator Adams, Ms. Haburne stated that she hopes Steven's story will help provide the task force with examples of issues with the waiver program from a participant and caregiver's perspective.

In response to questions and comments from Senator Meredith, Ms. Haburne said telehealth could eliminate barriers to community engagement that has been limited due to COVID, if Medicaid was flexible with who can access certain services.

In response to comments from Senator Carroll, Ms. Haburne thanked Senator Carroll for letting her know that each day center sets their own mask and vaccination requirements.

Update on Appendix K Waiver Amendments

Pam Smith, Director, Division of Community Alternatives, Department of Medicaid Services (DMS), Cabinet for Health and Family Services, presented the task force with a background on the Appendix K waiver amendments which provide the state the flexibility during a state of emergency. Claudia Johnson, Director, Division of Developmental and Intellectual Disabilities, Department for Behavioral Health. Developmental, and Intellectual Disabilities, explained that Appendix K allowed DMS to raise residential reimbursement rates by 150 percent to be able to accommodate the closing of many day training centers.

In response to questions from Senator Adams, Ms. Smith stated she will follow up with the task force with the figures of how much was spent to implement

Appendix K amendment. Ms. Smith stated that DMS will consider permanently incorporating Appendix K flexibilities to all six waivers.

In response to questions and comments from Senator Carroll, Ms. Smith stated that respite is a foundational need for all providers to be an effective caregiver and incorporating respite into all waivers is something DMS will look into.

In response to questions and comments from Senator Meredith, Ms. Johnson stated that the 150 percent reimbursement rate for residential care, under Appendix K, was chosen after discussions with other states and providers. Ms. Johnson added that when it is time to look at other reimbursement rate increases, similar conversations with providers and other states will be helpful. Ms. Smith stated that Appendix K flexibilities have highlighted the need for an individual assessment of needs for each participant so that there can be a person-centered service menu that meets all current and future needs of a participant.

In response to questions and comments from Representative Stevenson, Ms. Smith stated that it is clear there needs to be well trained case managers and that the high turnover reduces the number of well-trained case managers. Training can help to inform case managers of all the service menu options available to the participants. In response to a second question, Ms. Johnson stated that Ms. Habourne's testimony shows that there are families that wish to keep their family member, who requires around the clock skilled care, in their home and there is no billing equivalent for in home around the clock skilled care like there is with staffed residences. Ms. Johnson stated that this is an example of where potential flexibilities could be found so that the many hours that are needed for in home care, can be reimbursed if the participant does not chose to reside in a staffed residence.

In response to questions and comments from Senator Carroll, Ms. Smith stated that 70 percent of Michelle P waiver recipients are children and that there needs to be an evaluation of the Michelle P waiver service menu, which is designed for adults, so that all participants can have their unique needs fully met.

In response to additional questions and comments from Senator Adams, Ms. Smith stated that she will follow up with committee and provide the estimated budget cost for waiver redesign that includes a breakdown of cost for services.

In response to additional questions from Senator Meredith, Ms. Johnson stated that there should be a needs assessment for all Michelle P waiver recipients to be able to identify how each waiver can become as flexible as possible, Michelle P is the only waiver that does not have a needs assessment.

The Impact of Regulatory Burdens on the Delivery of Waiver Services

Traci Butterfield, Supports for Community Living Waiver Program Director, LifeSkills, Inc., presented an overview of how the relaxed regulations under Appendix K have helped her program better serve their population and the need for a long-term review of the barriers that regulations impose on providers.

Kelley Kendall, Executive Director, Cedar Lake Residences, echoed the support for the relaxed regulations detailed by Ms. Butterfield and added that there

needs to be a look at raising the pay rates for providers, as they cannot keep up with other industries paying \$12-\$15 an hour, causing high staffing turnover and shortages.

Jane Stahl, Executive Director, and Melah Purdue, Program Director, NeuroRestorative Kentucky presented an overview of the specific challenges facing the population they serve and how strict regulations and staffing shortages make it very difficult to provide the level of care the population deserves. Ms. Stahl stated that flexibility in regulations is a necessity when serving medically complex individuals and needs to be a focus of waiver redesign.

In response to questions and comments from Senator Adams, Ms. Butterfield stated that Appendix K guidance letters were issued to providers, detailing changes, and recoupment updates but no point person from the Cabinet for Health and Family Services was given to providers who needed clarification which lead to confusion. Ms. Butterfield stated that she will follow-up with the committee with examples of guidance letters they received.

Senator Meredith stated that it takes special people to do the work of Ms. Butterfield, Ms. Kendall, Ms. Stahl, Ms. Purdue, and that people who do this work need to be paid accordingly. Senator Meredith stated that the common theme of the meeting is flexibility and that will be the part of the mission of this task force.

Senator Adams stated that by hearing from people in the field and from the cabinet, this task force can better plan a strategy for how to best redesign the waiver programs. Senator Adams stated that redesign will need to be a partnership between all involved and thanked the presenters for the information they presented.

Adjournment

There being no further business, the meeting was adjourned at 3:05pm.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

August 3, 2021

Call to Order and Roll Call

A regular meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, August 3, 2021, at 3:00 p.m., in Room 129 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Brandon Reed, Co-Chair; Senator Mike Wilson; Representatives Tina Bojanowski, Regina Huff, and Steve Riley.

Guests: Todd Allen, General Counsel, Kentucky Department of Education.

LRC Staff: Lauren Busch, Yvette Perry, and Maurya Allen.

Approval of July 6, 2021 Minutes

Representative Riley made a motion, seconded by Representative Bojanowski, to approve the minutes of the July 6, 2021, meeting. The motion passed by voice vote.

Election of Senate Co-Chair

The election of the Senate Co-Chair was tabled until the next meeting due to a lack of quorum of senators.

Review of Administrative Regulations

Chair Wise directed members' attention to the suggested substitutes for administrative regulations for review included in their packets. Present to answer questions was Todd Allen, General Council, Kentucky Department of Education.

The first regulation for consideration was KAR 703 5:070, procedures for the inclusion of special populations in the state-required assessment and accountability programs. There were no questions. Representative Reed made a motion to approve the substitute, seconded by Representative Riley. The motion passed by voice vote.

The second regulation for consideration was KAR 703 5:225, continuous improvement planning for schools and districts. There were no questions. Representative Reed made a motion to approve the substitute. Representative Riley seconded and the motion passed by voice vote.

The last regulation for consideration was KAR 703 5:240, accountability administrative procedures and guidelines. There were no questions. Senator Wilson made a motion, seconded by Representative Reed, to approve the substitute. The motion passed by voice vote.

There being no further business to come before the committee, the meeting adjourned at 3:08 p.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

July 15, 2021

Call to Order and Roll Call

The Government Contract Review Committee met on Thursday, July 15, 2021, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Matthew Koch, Co-Chair; Senator Adrienne Southworth; Representatives Adam Bowling, Mark Hart, and Patti Minter.

Guests: Laura Redmon, Bill Pauley Billie Johnson, Angela Parker, Veronica Cecil, Dana Fohl, Mark Howard, Andrea Cashell, Brian Thomas, Ronnie Bastin, Jessica Peach, Jennifer Washabaugh, Beau Barnes, Joan Graham, Michael Mangeot, Barry Swanson, Tom Harris, Xavier Rivera, Bart Hardin, Stephanie Craycraft, Vestena Robbins, Mike Tuggle, Charles Jones, Rebecca Dittert, and Adam Mather.

LRC Staff: Kim Eisner and Kim Smith.

A motion was made by Representative Koch to ap-

prove Minutes of the June 2021, meeting of the committee. Representative Bowling seconded the motion, which passed without objection.

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

A motion was made by Representative Koch 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 Bowling seconded the motion, which passed without objection.

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

A motion was made by Representative Koch 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 Bowling seconded the motion, which passed without objection.

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL

Tichenor and Associates, 2100003151.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Isaiah House, 2100002900; TBH Holdings, LLC, 2100002901; Pinnacle Treatment Centers Kentucky-I, LLC, 2100002902; Freedom Bridge To Recovery, Inc., 2100002903; Chrysalis House, Inc., 2100002904; Lifeskills, Inc., 2100002905.

BOARD OF DENTISTRY

Scanlan Associates, LLC, 2100002996.

COUNCIL ON POSTSECONDARY EDUCATION

Blue & Company LLC, 2100002931.

DEPARTMENT FOR LOCAL GOVERNMENT

ICF Group, LLC, 2100002914; Roy William Brothers, 2100003331.

DEPARTMENT FOR WORKFORCE INVESTMENT

NCS Pearson, Inc., 2100002883.

DEPARTMENT OF HIGHWAYS

PrimeAE Group, Inc., 2100003011; Stantec Consulting Services, Inc., 2100003156; QK4, Inc., 2100003193; HMB Engineers, Inc., 2100003234; Copperhead En-

vironmental Consulting, Inc., 2100003235; Redwing Ecological Services, Inc., 2100003236; QK4, Inc., 2100003346; QK4, Inc., 2100003401; HMB Engineers, Inc., 2100003402; Aecom Technical Services, Inc., 2100003403; Leslie M. Haney & Albert W. Gross Partners, 2100003404; Prime AE Group, Inc., 2100003405; American Engineers, Inc., 2100003406; H.W. Lochner, Inc., 2100003411.

DEPARTMENT OF JUVENILE JUSTICE

Shannon L Smith-Stephens DNP APRN-BC, PLLC, 2100002298; Federal Staffing Resources, LLC, 2100002628; Angela Jessie, 2100003155; Jason Hicks, 2100003165; Shannon Smith-Stephens, 2100003168; Brenda Wilburn, 2100003172; Angela Jessie, 2100003190.

DEPARTMENT OF VETERANS AFFAIRS

Disabled American Vets, 2100003108; American Legion of Kentucky, Inc., 2100003111.

EASTERN KENTUCKY UNIVERSITY

Dynamix Productions, Inc., 704-2021; Adams Law, 789-2021; Wyatt, Tarrant & Combs, LLP, 790-2021; Sturgill, Turner, Barker & Maloney, 791-2021; Gess, Mattingly & Atchison, 792-2021; CHES Solutions Group, 793-2021; Cunningham, Barbee and RoBen, LLC, 794-2021; Mary C. Willoughby, Willoughby & Crane, 795-2021; Institute for Family Development, Inc., 796-2021; Donna K. McGraw, 797-2021; Green River Area Development District, 799-2021; Seven Counties Services, Inc., 801-2021; BD Biomedical Consulting Services, LLC, 803-2021; CAPTRUST Financial Partners, LLC d/b/a CAPTRUST Financial Advisors, 811-2021; Summit Health, LLC, 821-2021; EAB Global, Inc., 822-2021; Cumberland River Behavioral Health, 832-2021; Central Kentucky Interpreter Referral, Inc., 840-2021; Protocall Services, Inc., 854-2021.

ECON DEV - OFFICE OF THE SECRETARY

Blue North Kentucky, Inc., 2100003395.

FACILITIES & SUPPORT SERVICES

THP Limited, Inc., 2100002719; EOP Architects PSC, 2100002981; GRW Engineers, Inc., 2100003157; EOP Architects, PSC, 2100003158.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Medcor, Inc., 22-MDC-001; McCready & Keene, Inc., A OneAmerica Company, 22-MKI-001.

KENTUCKY FISH AND WILDLIFE RESOURCES

Copperhead Environmental Consulting, Inc., 2100002004; Copperhead Environmental Consulting, Inc., 2100002009; Richard M. Storm, 2100003499.

KENTUCKY LOTTERY CORPORATION

Valenti Hanley, PLLC, 22-21-025-2.

KENTUCKY RETIREMENT SYSTEMS

Goldberg Simpson, LLC, 2100002965.

KENTUCKY STATE POLICE

Powerphone, Inc., 2100002716; Law Enforcement Services, Inc., 2100003026.	Trane U.S. Inc., 21-116; Latent Talent Accelerator, LLC, 22-001; Ms. Deborah Skaggs, 22-002.	Garver, LLC, 1800000736; Stantec Consulting Services, Inc., 1800002069; Stantec Consulting Services, Inc., 1800002171; HMB Professional Engineers, Inc., 1800002174; Integrated Engineering, 1900001876; Palmer Engineering County, 1900001879; Haworth Meyer Boleyn, Inc., 1900001890; QK4, Inc., 1900001905; Corradino Group, 1900002032; Cultural Resource Analysts, Inc., 1900002070; Wood Environment & Infrastructure Solutions, Inc., 1900002073; Stantec Consulting Services, Inc., 1900002074; Haworth Meyer Boleyn, Inc., 1900002086; S&Me, Inc., 1900002090; Haworth Meyer Boleyn, Inc., 1900002147; QK4, Inc., 1900002166; HRV Conformance Verification Associates, Inc., 1900002383; GRW Engineers, Inc., 1900002525; Palmer Engineering County, 1900003979; Integrated Engineering, 1900003980; WSP USA, Inc., 1900004135; AECOM Technical Services, Inc., 1900004138; QK4, Inc., 1900004406; Haworth Meyer Boleyn, Inc., 1900004408; Integrated Engineering, 1900004410; Integrated Engineering, 1900004849; HMB, Inc., 2000000389; HMB Engineers, Inc., 2000000524; WSP USA, Inc., 2000000852; Aecom Technical Services, Inc., 2100001157.
KY COMMUNITY TECHNICAL COLLEGE SYSTEM Dean Dorton Allen Ford, PLLC, 838.	WESTERN KENTUCKY UNIVERSITY Luckett & Farley, 2022-32; Cannon and Cannon, 212208; Kerrick Bachert PSC, 212209; American College Health Association, Inc., 212210.	
KY HOUSING CORPORATION Hairgrove Consulting, LLC, 2022-48; Tiffany L. Marthaler, 2022-49.	THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:	
KY INFRASTRUCTURE AUTHORITY Blue & Company, LLC, 2100003022.	ADMINISTRATIVE OFFICE OF THE COURTS Dean Dorton Allen Ford, PLLC, 2000004446; MCM CPAS & Advisors, LLP, 2100001930.	
KY TEACHERS RETIREMENT SYSTEM AC Advanced Cleaning Services, LLC, 2022-0001; SouthEast Printing and Mailing, 2022-0002; Cavanaugh MacDonald, LLC, 2022-0003; Blue and Company, LLC, 2022-0004; Williams and Jensen, PLLC, 2022-0007; Mulloy Borland, LLC, 2022-0008; Vertosoft, LLC, 2022-0010.	BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES Res-Care, Inc. aka Bright Springs, 2000001734.	
MILITARY AFFAIRS COMMISSION Corey Owens, 2100003197.	BOARD OF EXAMINERS OF SOCIAL WORK Goldberg Simpson, LLC, 2100001023.	
MURRAY STATE UNIVERSITY Multi, 001-22; Multi, 002-22; Multi, 003-22; Multi, 004-22; Multi, 005-22; Multi, 006-22; Multi, 007-22; Multi, 008-22; Multi, 009-22; Multi, 010-22; Ross Tarrant Architects, 012-22; Interpreting Services of the Commonwealth, LLC, 015-022; Sloan Appraisal & Realty Services, 016-22; Trifecta Real Estate Services, 017-22; Ross-Tarrant Architects, 018-22.	BOARD OF MEDICAL LICENSURE Multi, 2000001945.	DEPARTMENT OF JUVENILE JUSTICE Brenda Kaye Wilburn, 2000002646.
NORTHERN KENTUCKY UNIVERSITY Dean Dorton, 2022-142; Intelli ERP Software, LLC, 2022-143; Ruffalo Noel Levitz (RNL), 2022-145.	DEPARTMENT FOR COMMUNITY BASED SERVICES Public Consulting Group, Inc., 2000001554.	DEPARTMENT OF MILITARY AFFAIRS Escape Training, LLC, 2000001459; Tetra Tech, Inc., 2000003427; Kenneth Roy Henson, 2000004451.
OCCUPATIONS AND PROFESSIONS Jeff Knight, 2100002941.	DEPARTMENT FOR ENVIRONMENTAL PROTECTION Aecom Technical Services, Inc., 1600001323.	DEPARTMENT OF VETERANS AFFAIRS Med Care Pharmacy, LLC, 2000001862.
OFFICE OF INSPECTOR GENERAL Certisurv, LLC, 2100002800.	DEPARTMENT FOR MEDICAID SERVICES Island Peer Review Organization, Inc., 2000001588.	DEPARTMENT OF WORKERS' CLAIMS Blue & Company, LLC, 2000003631.
UNIVERSITY OF KENTUCKY JRA Architects, A211200; Staggs & Fisher Engineers, A211210; Omni Architects, A211220; Karen Billings, K22-142; The Stelter Company, K22-143; Commonwealth Economic Partners, LLC, K22-144; Ologie, LLC, K22-145; Cornerstone Government Affairs, K22-146; Enercon, LTD d/b/a Gruman Butkus Associates, K22-147; Strand Associates, Inc., K22-148; Davis Moore Capital, LLC, K22-151; Evora IT Solutions, Inc., K22-153; Labyrinth Solutions, Inc., K22-154; Phoenix Business, Inc., K22-155; HR Focal Point, LLC, K22-156; Wiser Strategies, K22-161; NAMI Lexington (KY), Inc., K22-164; Marshall Medical Management, LLC d/b/a TeamHealth, K22-165; SSI (US), Inc. d/b/a Spencer Stuart, K22-166; Danny Corales MD, K22-167; Commonwealth Anesthesia, PSC, K22-168; Frier & Levitt, LLC, K22-169; Caldwell Intellectual Property Law, K22-170; CAP Financial Partners, LLC dba CAPTRUST Financial Advisors, K22-171; Trifecta Media, LLC, K22-172.	DEPARTMENT FOR PUBLIC ADVOCACY Erwin Wayne Lewis, 2100000363; Robert Walker, 2100000488; Arthur Shechet, 2100000558.	EDUCATION - OFFICE OF THE SECRETARY Kirkland, Cain & Horn, PLLC, 2100000290.
UNIVERSITY OF LOUISVILLE	DEPARTMENT FOR PUBLIC HEALTH Multi, 2100001595.	FACILITIES & SUPPORT SERVICES Hafer Associates, 1500001053; Strand Associates, Inc., 2000000293; GRW Engineers, Inc., 2000000343; Hafer PSC, 2000001794; Logsdon Auction Group, LLC, 2000002097; John A. Newman Consulting Engineers, 2100001857.
	DEPARTMENT OF CORRECTIONS KPMG, LLP, 2000002808; Wellpath, LLC, 2000003760.	FINANCE - OFFICE OF THE SECRETARY Multi, 2000002249.
	DEPARTMENT OF HIGHWAYS Stantec Consulting Services, Inc., 1200001635; HMB Professional Engineers, Inc., 1300002470; URS Corporation, 1300002471; GRW Engineers, Inc., 1400000072; ICA Engineering, Inc. f/k/a Florence & Hutcheson, Inc., 1400001576; Palmer Engineering Company, 1400003301; URS Corporation, 1500000075; Integrated Engineering, 1500000077; HMB Professional Engineers, Inc., 1500002143; URS Corporation, 1500002149; Palmer Engineering County, 1500002150; QK4, Inc., 1500002151; Palmer Engineering, 1600000444; Aecom Technical Services, Inc., 1600000572; HMB Professional Engineers, Inc., 1600003848; Integrated Engineering, 1600004012; QK4, Inc., 1700002590; Aecom Technical Services, Inc., 1700002656; Palmer Engineering Company, 1700002663; Integrated Engineering, 1700002776; Applied Pavement Technology, Inc., 1700002892;	JUSTICE - OFFICE OF THE SECRETARY Mark Bernstein, DDS, 2000003974.
		KENTUCKY LOTTERY CORPORATION IGT Global Solutions Corporation f/k/a GTECH Corporation, 21-15-001.
		KENTUCKY STATE POLICE McBrayer, PLLC, 2000003614.
		KY COMMUNITY TECHNICAL COLLEGE SYSTEM Centurion Solutions, LLC, 806.
		MOREHEAD STATE UNIVERSITY

Dean Dorton Allen Ford, PLLC, 21-001.

MURRAY STATE UNIVERSITY

Carrithers Law Office, PLLC, 003-15; Sturgill, Turner, Barker & Moloney, PLLC, 007-17; Goldberg Simpson, LLC, 012-16; Rick Walter/Boehl, Stopher and Graves, LLP, 013-18; Greg T. Taylor & Associates, 013-20; Rick Walter/Boehl, Stopher & Graves, LLP, 015-18; Dinsmore & Shohl, LLP, 015-21; Boehl, Stopher & Graves, LLP, 017-15; Goldberg Simpson, LLC, 017-18; Murphy Napier & Company, 017-20; Sherman Carter Barnhart Architects, 017-21; Beacon Technologies, Inc., 021-20; Dinsmore & Shohl, LLP, 022-20; Robert W. Baird & Company, Inc., 023-20.

NORTHERN KENTUCKY UNIVERSITY

Ayers Saint Gross, 2021-117; CMTA, 2021-135.

SECRETARY OF STATE

Landrum & Shouse, LLP, 2000004394.

TOURISM - OFFICE OF THE SECRETARY

Hunden Strategic Partners, Inc., 2000003385; Lou Hammond & Associates, Inc., 2000003407; Loft-house Enterprises, 2000003413.

TRANSPORTATION - OFFICE OF THE SECRETARY

Tim Long M.D., 2000003216.

UNIVERSITY OF KENTUCKY

GBBN, A161200; Huron Consulting Services, LLC, K21-117; BORN, LLC, K21-133; Born, LLC, K21-169; T2 Design, K21-170; Apax Software Development, LLC, K21-192; Sanger & Eby, K21-196; In Trust Partners, LLC, K21-215.

UNIVERSITY OF LOUISVILLE

JRA, Inc., 20-004; Snell & Wilmer, LLP, 21-051; Wilson-Bennett Technology, Inc., 21-060; Husch Blackwell, LLP, 21-076; OPM Services, 21-082.

WESTERN KENTUCKY UNIVERSITY

Multi, 202003; Multi, 202003.

WORKERS' COMPENSATION FUNDING COMMISSION

Blue & Company, LLC, 2000003612; Taylor-Walker Consulting, LLC, 2000004107.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

New Vista of the Bluegrass, Inc., 2100003198; Green River Regional MHMR Board, Inc., 2100003202; Cumberland River Behavioral Health, Inc., 2100003203; Kentucky River Community Care, Inc., 2100003204; Mountain Comprehensive Care Center, 2100003212; Lifeskills, Inc., 2100003217.

ATTORNEY GENERAL

Family Nurturing Center of Kentucky, 2100003004.

CHFS - DEPARTMENT FOR AGING AND INDE-

PENDENT LIVING

Multi, 2100002005; Multi, 2100003015; Multi, 2100003024.

COUNCIL ON POSTSECONDARY EDUCATION

University of Kentucky Research Foundation, 2100003098.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Eastern Kentucky University, 2100002157; Home of the Innocents, 2100003102.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Kenton County Airport Board, 2100000570; City of Somerset, 2100000918; EPPC Division of Conservation, 2100002406; University of Louisville Research Foundation, 2100002433; Kentucky Dairy Development Council, 2100002434.

DEPARTMENT FOR LOCAL GOVERNMENT

City of Morehead, 2100001782; Kenton County Fiscal Court, 2100001817; City of Columbia, 2100002713; City of Morehead, 2100002809; Christian County, 2100003041; Daviess County Fiscal Court, 2100003173; City of Paducah, 2100003191; Barren River Area Development District, 2100003349; Gateway Area Development District, 2100003355; Kentucky River Area Development District, 2100003357; Kentuckiana Regional Planning & Development Agency, 2100003358; Northern Kentucky Area Development District, 2100003361; City of Hazard, 2100003398.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 2100001818; Multi, 2100001829; Multi, 2100001836; Multi, 2100001838; Multi, 2100001887; Shawnee Christian Healthcare Center, Inc., 2100002799; University of Kentucky Research Foundation, 2100002802; University of Louisville Research Foundation, 2100002812.

DEPARTMENT FOR WORKFORCE INVESTMENT

Green River Regional Educational, 2100002687; Kentucky Community and Technical College System, 2100002688; Jefferson County Board of Education, 2100002696; West Kentucky Educational Cooperative, 2100002698; Kentucky Valley Education, 2100002699; University of Kentucky Research Foundation, 2100002792; Ohio Valley Educational Cooperative, 2100002865; Jobs for Kentucky's Graduates, 2100002866; University of Kentucky Research Foundation, 2100003106; National Center for Families Learning, 2100003195; Morehead State University, 2100003196; Goodwill Industries of Kentucky, Inc., 2100003258; Kentucky Community and Technical College System, 2100003285; Morehead State University, 2100003366; Eastern Kentucky University, 2100003367; Hardin County Board of Education, 2100003368; Newport Independent School District, 2100003369; Thorn Hill Education Center, Inc., 2100003370; Cumberland County Board of Education, 2100003371; Laurel County Literacy, Inc., 2100003372; West Kentucky Educa-

tional Cooperative, 2100003373; Jefferson County Board of Education, 2100003377; Kentucky Community and Technical College System, 2100003378; Kentucky Community and Technical College System, 2100003379; Kentucky Community and Technical College System, 2100003380; Kentucky Community and Technical College System, 2100003381; Kentucky Community and Technical College System, 2100003382; Edmonson County Board of Education, 2100003383; Kentucky Community and Technical College System, 2100003384; Kentucky Community and Technical College System, 2100003385; Kentucky Community and Technical College System, 2100003386; Kentucky Community and Technical College System, 2100003387; Kentucky Community and Technical College System, 2100003388; Kentucky Community and Technical College System, 2100003389; Kentucky Community and Technical College System, 2100003390; Kentucky Community and Technical College System, 2100003391; Kentucky Community and Technical College System, 2100003392; Jessamine County Board of Education, 2100003393; Kentucky Educational Development Corporation, 2100003394; Jefferson County Board of Education, 2100003400; Kentucky Community and Technical College System, 2100003425; Kentucky Community and Technical College System, 2100003426.

DEPARTMENT OF EDUCATION

Fayette County Board of Education, 2100002000; Jefferson County Board of Education, 2100002003; Kentucky Valley Education, 2100002006; Bath County Board of Education, 2100002007; Berea Independent Board of Education, 2100002015; Hopkins County Board of Education, 2100002016; Boyd County Board of Education, 2100002017; Shelby County Board of Education, 2100002019; Lincoln County Board of Education, 2100002021; Bell County Board of Education, 2100002022; Green County Board of Education, 2100002023; Jefferson County Board of Education, 2100002029; Madison County Board of Education, 2100002033; Lincoln County Board of Education, 2100002038; Jefferson County Board of Education, 2100002039; Marion County Board of Education, 2100002041; Jefferson County Board of Education, 2100002042; Kentucky Educational Development Corporation, 2100002046; Pulaski County Board of Education, 2100002049; Montgomery County Board of Education, 2100002050; Kentucky Valley Education, 2100002053; Clay County Board of Education, 2100002060; Western Kentucky University, 2100002061; Jefferson County Board of Education, 2100002062; Kentucky Educational Development Corporation, 2100002063; Shelby County Board of Education, 2100002064; Shelby County Board of Education, 2100002066; Campbellsville Independent School District, 2100002072; Jefferson County Board of Education, 2100002076; Montgomery County Board of Education, 2100002077; Owensboro Independent School District, 2100002080; Jefferson County Board of Education, 2100002081; Scott County Board of Education, 2100002083; Jefferson County Board of Education, 2100002085; Montgomery County Board of Education, 2100002087; Fayette County Board of Educa-

tion, 2100002088; Jefferson County Board of Education, 2100002089; Jefferson County Board of Education, 2100002091; Jefferson County Board of Education, 2100002092; Jefferson County Board of Education, 2100002093; Jefferson County Board of Education, 2100002094; Owen County Board of Education, 2100002096; Fayette County Board of Education, 2100002187; University of Louisville Research Foundation, 2100002256; Barren County Board of Education, 2100002262; Bowling Green Independent School District, 2100002268; Fayette County Board of Education, 2100002310; Madison County Board of Education, 2100002313; Jefferson County Board of Education, 2100002314; Woodford County Board of Education, 2100002316; Shelby County Board of Education, 2100002319; Jefferson County Board of Education, 2100002321; Woodford County Board of Education, 2100002322; Fayette County Board of Education, 2100002324; Jefferson County Board of Education, 2100002327; Pulaski County Board of Education, 2100002350; Franklin County Board of Education, 2100002356; Madison County Board of Education, 2100002360; Jefferson County Board of Education, 2100002362; Jefferson County Board of Education, 2100002363; Northern Kentucky Cooperative for Educational Services, Inc., 2100002364; University of Kentucky Research Foundation, 2100002391; University of Kentucky Research Foundation, 2100002399; Murray State University, 2100002400; University of Louisville Research Foundation, 2100002401; Utah State University, 2100002402; The National Center for the Improvement of Education Assess, Inc., 2100002430; University of Kentucky Research Foundation, 2100002443; Northern Kentucky University, 2100002463; Visually Impaired Preschool Services, Inc., 2100002541; Heuser Hearing & Language Academy, Inc., 2100002544; Bell County Board of Education, 2100002557; University of Louisville Research Foundation, 2100002575; Southeast/Southcentral Educational Cooperative, 2100002584; Campbell County Board of Education, 2100002585; Meade County Board of Education, 2100002587; Ohio County Board of Education, 2100002588; Bullitt County Board of Education, 2100002589; Martin County Board of Education, 2100002590; Paducah Independent School District, 2100002591; Russell Independent School District, 2100002592; Allen County Board of Education, 2100002593; Jobs for Kentucky's Graduates, 2100002596; Save the Children Federation, Inc., 2100002630; The Center for Education Leadership, 2100002633; Kentucky Community and Technical College System, 2100002642; Education and Workforce Development, 2100002651; Meade County Board of Education, 2100002654; University of Louisville Research Foundation, 2100002657; Cognia, Inc., 2100002659; Pineville Independent School District, 2100002693; Jefferson County Board of Education, 2100002707; Fayette County Board of Education, 2100002720; Pike County Board of Education, 2100002721; Adair County Board of Education, 2100002731; Ashland Board of Education, 2100002743; Barren County Board of Education, 2100002745; Berea Independent Board of Education, 2100002746; Boyd County Board of Education, 2100002750; Bullitt County Board of Education,

2100002754; Campbell County Board of Education, 2100002755; Clinton County Board of Education, 2100002756; Corbin Independent School District, 2100002758; Fayette County Board of Education, 2100002775; Fulton Independent Board of Education, 2100002776; Greenup County Board of Education, 2100002781; Hardin County Board of Education, 2100002782; Harlan Independent School District, 2100002783; Harrison County Board of Education, 2100002784; Hart County Board of Education, 2100002785; Leslie County Board of Education, 2100002789; Lincoln County Board of Education, 2100002790; Ludlow Independent School District, 2100002795; Martin County Board of Education, 2100002796; Mayfield Independent School District, 2100002797; McCracken County Board of Education, 2100002798; Monroe County Board of Education, 2100002806; Nelson County Board of Education, 2100002807; Newport Independent School District, 2100002808; Pendleton County Board of Education, 2100002814; Spencer County Board of Education, 2100002816; Washington County Board of Education, 2100002818; Wayne County Board of Education, 2100002819; Wolfe County Board of Education, 2100002862; Boys and Girls Club, Inc., 2100002868; Family and Children's Place, Inc., 2100002872; Global Game Changers Children's Education Initiative, Inc., 2100002873; Save the Children Federation, Inc., 2100002877; YMCA of Greater Cincinnati, 2100002878; Fayette County Board of Education, 2100002899; Kentucky Community and Technical College System, 2100002919; Nelson County Board of Education, 2100002920; Hazard Community and Technical College, 2100002924; Kentucky Community and Technical College System, 2100002928; Clark County Board of Education, 2100002930; Franklin County Board of Education, 2100002956; Berea Independent Board of Education, 2100002958; Kentucky Science and Technology Corporation Technology Corporation, 2100002963; Department of Corrections, 2100002969; Eastern Kentucky University, 2100002971; Kentucky School Board Association Educational Foundation, Inc., 2100002976; Murray State University, 2100002980; Jefferson County Board of Education, 2100002982; Jefferson County Board of Education, 2100002983; Jefferson County Board of Education, 2100002984; Jefferson County Board of Education, 2100002985; Jefferson County Board of Education, 2100002986; Jefferson County Board of Education, 2100002987; Jefferson County Board of Education, 2100002988; Jefferson County Board of Education, 2100002989; Jefferson County Board of Education, 2100002990; Jefferson County Board of Education, 2100002991; Jefferson County Board of Education, 2100002992; Bourbon County Board of Education, 2100003005; Mayfield Independent School District, 2100003008; Ohio Valley Educational Cooperative, 2100003009; Jefferson County Board of Education, 2100003012; Green River Regional Educational, 2100003016; Newport Independent School District, 2100003043; Ballard County Board of Education, 2100003046; Bowling Green Independent School District, 2100003048; Carter County Board of Education, 2100003050; Christian County Board of Education, 2100003051; Fayette County Board of Education,

2100003052; Fayette County Board of Education, 2100003053; Fayette County Board of Education, 2100003054; Covington Independent School District, 2100003055; Fayette County Board of Education, 2100003056; Fayette County Board of Education, 2100003057; Oldham County Board of Education, 2100003058; Oldham County Board of Education, 2100003059; Hardin County Board of Education, 2100003062; Fayette County Board of Education, 2100003063; Fleming County Board of Education, 2100003064; Grant County Board of Education, 2100003067; Grayson County Board of Education, 2100003069; Henderson County Board of Education, 2100003070; Jessamine County Board of Education, 2100003071; Lewis County Board of Education, 2100003075; Livingston County Board of Education, 2100003077; Magoffin County Board of Education, 2100003080; Marshall County Board of Education, 2100003081; Muhlenberg County Board of Education, 2100003083; Henry County Board of Education, 2100003086; Scott County Board of Education, 2100003087; Simpson County Board of Education, 2100003088; Taylor County Board of Education, 2100003089; Jackson County Board of Education, 2100003092; Murray Independent School District, 2100003115; Johnson County Board of Education, 2100003119; Knox County Board of Education, 2100003121; Knott County Board of Education, 2100003122; Larue County Board of Education, 2100003124; Leslie County Board of Education, 2100003128; Lincoln County Board of Education, 2100003135; Fairview Independent School District, 2100003136; University of Louisville Research Foundation, 2100003137; Logan County Board of Education, 2100003218; Madison County Board of Education, 2100003224; Martin County Board of Education, 2100003227; Marshall County Board of Education, 2100003232; Meade County Board of Education, 2100003245; Knox County Board of Education, 2100003249; Monroe County Board of Education, 2100003374; Nelson County Board of Education, 2100003428; Newport Independent School District, 2100003429; Owensboro Independent School District, 2100003431; Pike County Board of Education, 2100003437; Scott County Board of Education, 2100003441.

DEPARTMENT OF JUVENILE JUSTICE

University of Kentucky, 2100001918; University of Kentucky, 2100001936; Kentucky Department of Education, 2100001945; Lexington Fayette Urban County Government, 2100001970; Franklin County Board of Education, 2100001971.

DEPARTMENT OF MILITARY AFFAIRS

Daviess County Fiscal Court, 2100002121; University of Kentucky Research Foundation, 2100002126; Oldham County Fiscal Court, 2100002961; Louisville & Jefferson Metropolitan Sewer District, 2100002966; Western Kentucky University, 2100003117.

DEPARTMENT OF REVENUE

Multistate Tax Commission (MTC), 2100002884.

DEPARTMENT OF VETERANS AFFAIRS

Brain Injury Association of America, Inc.,

2100003148.

EDUCATION - OFFICE OF THE SECRETARY
Madison County Public Library, 2100003291; Kenton County Public Library Administration Center, 2100003294; Center for Rural Development, 2100003298; Child Care Council of Kentucky, 2100003300; Northeast Kentucky Community Action Agency, 2100003314; Western Kentucky University, 2100003319; Corbin Public Library, 2100003321.

JUSTICE - OFFICE OF THE SECRETARY
TJ Samson Community Hospital, 2100002771; Mental Health America of Northern Kentucky and Southwest Ohio, 2100002846.

KENTUCKY FISH AND WILDLIFE RESOURCES
United States Fish and Wildlife Service, 2100001952; University of Georgia Research Foundation, Inc., 2100002300; University of Kentucky Research Foundation, 2100002301; SHM Jamestown LLC d/b/a Jamestown Resort Marina, 2100002439; University of Louisville, 2100002606; Murray State University, 2100002615.

KENTUCKY STATE POLICE
Kentucky Medical Services Foundation, Inc., 2100002951.

KY INFRASTRUCTURE AUTHORITY
Bluegrass Area Development District, 2100002466; Barren River Area Development District, 2100002467; Cumberland Valley Area Development District, 2100002480; Green River Area Development District, 2100002486; Kentuckiana Regional Planning & Development Agency, 2100002522; Kentucky River Area Development District, 2100002524; Lake Cumberland Area Development District, Inc., 2100002525; Lincoln Trail Area Development District, 2100002526; Northern Kentucky Area Development District, 2100002527; Pennyriple Area Development, 2100002528; Purchase Area Development District, Inc., 2100002530.

OFFICE OF ENERGY POLICY
University of Kentucky Research Foundation, 2100002921.

TRANSPORTATION - OFFICE OF THE SECRETARY
Federal Highway Administration, The National Highway Institute (NHI), 2100002598.

UNIVERSITY OF KENTUCKY
Murray State University, 002-22; Northern Kentucky University, 003-22; Gateway Community & Technical College, 004-22; Southeast Kentucky Community and Technical Center, 005-22.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS
Brian D. Bohannon, 2000001217.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Kentucky Administrative Office of the Courts, 2000001675; University of Kentucky Research Foundation, 2000002761; University of Kentucky, 2000002942.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING

National Foundation To End Hunger, Inc., 2100001015; Georgia Department of Human Services, 2100001034.

COUNCIL ON POSTSECONDARY EDUCATION
National Council for Community and Education Partnerships, 2000003128; University of Kentucky Research Foundation, 2000003476; Union College, 2100000064; Board of Control for Southern Regional Education, 2100000490; Kentucky Department of Education, 2100001061.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Community Action Kentucky, Inc., 2000001658; University of Kentucky Research Foundation, 2000001765; University of Kentucky Research Foundation, 2000003507; Center for Human Entrepreneurship Solutions Group, 2100001060.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Bullitt County Fiscal Court, 2000002436; Commonwealth Office of Technology, 2100001039.

DEPARTMENT FOR LOCAL GOVERNMENT

City of Paducah, 1800000694; The Appalachian Wildlife Foundation, Inc., 180000167; Taylor County Fiscal Court, 1900002695; The Appalachian Wildlife Foundation, Inc., 1900003822; Bell County, 2100000168.

DEPARTMENT FOR MEDICAID SERVICES

Kentucky Transportation Cabinet, 2000001529; Department of Education, 2000002193; United Way of Kentucky, Inc., 2000004447.

DEPARTMENT FOR NATURAL RESOURCES

University of Kentucky Research Foundation, 1900002820.

DEPARTMENT FOR PUBLIC HEALTH

Heartland Cares, Inc., 2000001640; University of Louisville Research Foundation, 2000001873; University of Kentucky, 2100000282; Volunteers of America Mid-States, Inc., 2100000361.

DEPARTMENT OF AGRICULTURE

Multi, 2100001484; Multi, 2100001484; Multi, 2100001485; Multi, 2100001485.

DEPARTMENT OF CORRECTIONS

Kenton County Fiscal Court, 2000001566; Harlan County, 2000001641; Mason County, 2000001662; Shelby County Detention Center, 2000001665; Grant County Fiscal Court, 2000001669; University of Kentucky Research Foundation, 2000003729; University

of Louisville Research Foundation, 2000003950.

DEPARTMENT OF EDUCATION
Green River Regional Educational, 2100000406; Northern Kentucky University, 2100001786.

DEPARTMENT OF JUVENILE JUSTICE
University of Kentucky Research Foundation, 2100000141.

EMPLOYMENT SERVICES
The Center for Employment Security Education & Research, 2100001199.

KENTUCKY FISH AND WILDLIFE RESOURCES
University of Kentucky Research Foundation, 2000004007; University of Kentucky, 2000004058.

MEDICAID SERVICES BENEFITS
Kentucky Transportation Cabinet, 2000001547.

OFFICE OF HEALTH DATA AND ANALYTICS
Multi, 2000002226; Kentucky Personnel Cabinet, 2100000854.

OFFICE OF INSPECTOR GENERAL
Education and Workforce Development Cabinet, 2000001431.

OFFICE OF THE CONTROLLER
Department of Housing Building and Construction, 2100000450.

TRANSPORTATION - OFFICE OF THE SECRETARY

Kentucky Division of Water, 2000002509; University of Kentucky Research Foundation, 2100000742.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR LOCAL GOVERNMENT
Jeffrey P. Hanna, 2100003289; Cathryn A. Figlestahler, 2100003290. Laura Redmon, Bill Pauley, and Billie Johnson discussed the contracts with the committee. A motion was made by Senator Southworth to defer the contracts to the August 2021 meeting of the committee. Representative Koch seconded the motion, which passed.

DEPARTMENT FOR MEDICAID SERVICES
Myers and Stauffer LC, 2100002730. Angela Parker and Veronica Cecil discussed the contract with the committee. A motion was made by Representative Koch to consider the contract as reviewed. Representative Bowling seconded the motion, which passed.

DEPARTMENT FOR MEDICAID SERVICES
Island Peer Review Organization, Inc., 2100003007. Angela Parker and Veronica Cecil discussed the contract with the committee. A motion was made by Representative Bowling to consider the contract as reviewed. Representative Minter seconded the motion, which passed.

EASTERN KENTUCKY UNIVERSITY

Lexar Laboratories & Analysis, LLC, 819-2021. Dana Fohl, Mark Howard, and Andrea Cashell discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Representative Bowling seconded the motion, which passed with Senator Southworth voting no.

FINANCE - OFFICE OF THE SECRETARY

Logan & Gaines, PLLC, 2100003020; McBrayer, PLLC, 2100003021; Vanantwerp Attorneys, LLP, 2100003038; Goldberg Simpson, LLC, 2100003040. Brian Thomas discussed the contracts with the committee. A motion was made by Representative Hart to disapprove the contracts. Representative Koch seconded the motion, which passed with Representative Minter voting no.

JUSTICE - OFFICE OF THE SECRETARY

National Medical Services, Inc. (NMS Labs), 2100002935. Ronnie Bastin, Jennifer Washabaugh, and Jessica Peach discussed the contract with the committee. A motion was made by Senator Southworth to defer the contract to the August 2021 meeting of the committee. Representative Bowling seconded the motion, which passed with Representative Minter voting no.

KY TEACHERS RETIREMENT SYSTEM

Ice Miller, LLP, 2022-0005. Beau Barnes discussed the contract with the committee. A motion was made by Representative Bowling to consider the contract as reviewed. Representative Koch seconded the motion, which passed.

KY TEACHERS RETIREMENT SYSTEM

McBrayer, PLLC, 2022-0006; Stoll Keenon Ogden, PLLC, 2022-0009. Beau Barnes discussed the contracts with the committee. A motion was made by Representative Koch to consider the contracts as reviewed. Representative Bowling seconded the motion, which passed.

OFFICE OF THE CONTROLLER

Home Care Advantage (HCA, Inc.), 2100000002; Ingenesis, Inc., 2100000003; 22nd Century Technologies, Inc., 2100000004; Maxim Healthcare Services, Inc., 2100000005. Joan Graham discussed the contracts with the committee. A motion was made by Representative Koch to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

OFFICE OF THE CONTROLLER

Tryfacta, Inc., 2100000006. Joan Graham discussed the contract with the committee. A motion was made by Representative Hart to disapprove the contract. Representative Koch seconded the motion, which passed with Representative Minter voting no.

TOURISM - OFFICE OF THE SECRETARY

The Coraggio Group, Inc., 2100003223. Michael Mangeot discussed the contract with the committee. A motion was made by Representative Koch to consider the contract as reviewed. Representative Bowl-

ing seconded the motion, which passed with Senator Southworth voting no.

UNIVERSITY OF KENTUCKY

Cenergistic, LLC, K22-149. Bart Hardin, Barry Swanson, and Xavier Rivera discussed the contract with the committee. A motion was made by Representative Bowling to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

UNIVERSITY OF KENTUCKY

Cornett Integrated Marketing Solutions, K22-150; Suzanne Oldham Consulting, Inc., K22-152. Bart Hardin, Barry Swanson, and Tom Harris discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Koch seconded the motion, which passed.

UNIVERSITY OF KENTUCKY

Kinthead & Stiltz, PLLC, K22-157; Jones Day, K22-159; Powers Pyle Sutter & Verville, PC, K22-160; Barnett, Benevenuti & Butler, PLLC, K22-162; Dinsmore & Shohl, K22-163. Bart Hardin and Barry Swanson discussed the contracts with the committee. A motion was made by Representative Koch to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

FINANCE - OFFICE OF THE SECRETARY

Dressman Benzinger Lavelle, PSC, 2100000177. Brian Thomas discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Bowling seconded the motion, which passed with Representative Koch voting no.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Spalding University, 2100002622. Stephanie Craycraft and Vestena Robbins discussed the contract with the committee. A motion was made by Senator Southworth to disapprove the contract. Representative Hart seconded the motion, which failed with Representative Minter, Representative Koch, and Senator Meredith voting no. A motion was made by Representative Minter to consider the contract as reviewed. Representative Koch seconded the motion which passed with Senator Southworth, Senator Meredith, and Representative Hart voting no.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 2100001876. Mike Tuggle and Andrew Yunt discussed the contract with the committee. A motion was made by Representative Bowling to consider the contract as reviewed. Representative Hart seconded the motion, which passed with Senator Southworth voting no.

DEPARTMENT OF MILITARY AFFAIRS

Eminence Independent Board of Education, 2100003129. Charles T. Jones and Rebecca Dittert discussed the contract with the committee. A motion was made by Senator Southworth to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

OFFICE OF INSPECTOR GENERAL

Trilogy Scholarship Foundation, 2100002175. Adam Mather discussed the contract with the committee. A motion was made by Representative Bowling to consider the contract as reviewed. Representative Koch seconded the motion, which failed with Senator Southworth voting no.

EXEMPTION REQUEST:

DEPARTMENT OF AGRICULTURE:

The Department of Agriculture requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium for the purpose of implementing sub-award agreements with 1) The Kentucky Department for Public Health-Food Safety Branch and 2) The University of Kentucky Research Foundation for Education/Outreach/Technical Assistance involving Kentucky produce farms related to the US-FDA Produce Safety Rule (21 CFR Part 112). A motion was made by Representative Hart to grant the request to July 30, 2026. Representative Koch seconded the motion, which passed without objection. There being no further business, the meeting adjourned at 11:53 AM.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

August 10, 2021

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, August 10, 2021, at 9:00 AM, in Room 131 of the Capitol Annex. Representative Matthew Koch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Matthew Koch, Co-Chair; Senators Paul Hornback, Adrienne Southworth, and David Yates; Representatives Adam Bowling, Mark Hart, and Patti Minter.

Guests: Billie Johnson, Laura Redmon, Bill Pauley, Jennifer Washabaugh, Robyn Bender, Ethan Witt, Jeffrey Burks, Stephanie Saulnier, Mark Howard, Laura Hagan, Robin Brewer, Ashley Hooker, Danny Rhoades, Eric Pelfrey, John Michael Johnson, Kevin Sandefur, Byron Darnall, Toni Konz Tatman, Christina Weeter, Anthony Schreck, Shawn Hensler, Larry Taylor, Cori Troutman, Dr. Steven Stack, and Eric Friedlander.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Senator Meredith to approve Minutes of the July 2021, meeting of the committee. Representative Hart seconded the motion, which passed without objection.

AUGUST DEFERRED ITEM:

MOREHEAD STATE UNIVERSITY

Ai-Media, 22-010. A motion was made by Representative Hart to defer the contract to the September meeting of the committee. Senator Meredith seconded the motion, which passed.

JULY DEFERRED ITEMS:

DEPARTMENT FOR LOCAL GOVERNMENT

Jeffrey P. Hanna, 2100003289; Cathryn A. Figlestahler, 2100003290. Billie Johnson and Bill Pauley discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

JUSTICE - OFFICE OF THE SECRETARY

National Medical Services, Inc. (NMS Labs), 2100002935. Jennifer Washabaugh and Robyn Bender discussed the contract with the committee. A motion was made by Representative Koch to defer the contract to the September meeting of the committee. Senator Meredith seconded the motion, which passed. A motion was made by Senator Meredith to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Senator Southworth seconded the motion, which passed without objection. A motion was made by Senator Meredith 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 Southworth seconded the motion, which passed without objection.

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS
Dinsmore & Shohl, LLP, 2200000312.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Crisis Prevention Institute, 2100003065.

DEPARTMENT FOR WORKFORCE INVESTMENT
Hamilton-Ryker, 2200000093.

DEPARTMENT OF JUVENILE JUSTICE
American Correctional Association, 2100002223.

DEPARTMENT OF MILITARY AFFAIRS
Safe Transportation Training Specialists, LLC, 2100003214.

DEPARTMENT OF VETERANS AFFAIRS
Veterans of Foreign Wars, 2100003110.

EASTERN KENTUCKY UNIVERSITY
Mountain View Veterinary Services, PLLC, 740-2021; Jay McTighe, 876-2021.

FACILITIES & SUPPORT SERVICES
Stantec Consulting Services, Inc., 2200000047; Brandstetter Carroll, Inc., 2200000259; Paladin, Inc., 2200000262.

KENTUCKY EDUCATIONAL TELEVISION
William Clint Goins, 2100003414.

KENTUCKY RETIREMENT SYSTEMS
Natalie Lile Law, PLLC, 2100002994.

MOREHEAD STATE UNIVERSITY
Ai-Media, Inc., 22-010; Interpreting Service of the Commonwealth, LLC, 22-011.
NORTHERN KENTUCKY UNIVERSITY
CD-Advantage d/b/a Advantage Design Group, 2022-144.

UNIVERSITY OF KENTUCKY
Crowell & Moring, LLP, K22-173; Kari Maloney, K22-174; Born, LLC, K22-175; Sworn Testimony, PLLC, K22-176; Cambridge Associates, K22-177.

WESTERN KENTUCKY UNIVERSITY
Kimley-Horn, 2122-11; Crowe, LLP, 2122-12.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT OF HIGHWAYS
URS Corporation, 1200002258; Burgess and Niple, Inc., 1600000845; Stantec Consulting Services, Inc., 1600002541; Stantec Consulting Services, Inc., 1700000621; Strand Associates, Inc., 1800000638; Wood Environment Infrastructure Solutions, Inc., 1900002819; Tammy L. Barnes, 1900003390; GRW Engineers, Inc., 1900003413; H. W. Lochner, Inc., 1900004126; American Engineers, Inc., 1900004731; American Engineers, Inc., 1900004732; H. W. Lochner, Inc., 1900004969; H. W. Lochner, Inc., 2000000384; QK4, Inc., 2000000386; H A Spalding, Inc., C-99005052.

DEPARTMENT OF VETERANS AFFAIRS

360care, LLC, 2000002413.

EASTERN KENTUCKY UNIVERSITY
Lauren Sellers Design, LLC, 22-049.

FACILITIES & SUPPORT SERVICES
Schnabel Dam Engineering, Inc., 1200002448; Greg Best Consulting, Inc., 1700001729; Omni Architects, 1800000919; Ross Tarrant Architects, Inc., 1900002454; Omni Architects, 1900003529; Ross Tarrant Architects, Inc., 2000002652.

KENTUCKY FISH AND WILDLIFE RESOURCES
E.M. McGuire, PSC, 2100002725.

UNIVERSITY OF KENTUCKY
Lord, Aeck, & Sargent, Inc., A211140; Multi, A221000; Multi, A221020; Multi, A221030; Multi, A221040; Multi, A221050; Multi, A221060.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS
Morehead State University, 2200000304; Mountain Comprehensive Care Center, 2200000306; Eastern Kentucky Cep, Inc., 2200000308.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Appalachian Regional Healthcare, Inc., 2100002727.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Johnson County Fiscal Court, 2200000281.

DEPARTMENT FOR LOCAL GOVERNMENT
City of Campbellsville, 2100001070; Knott County Fiscal Court, 2100001870; Mercer County, 2100001996; City of Somerset, 2100003131; McLean County Fiscal Court, 2100003140; Union County Fiscal Court, 2100003142; City of Leitchfield, 2100003246; Breathitt County Fiscal Court, 2100003397; Wolfe County Fiscal Court, 2100003399; Muhlenberg County Fiscal Court, 2100003507; Ohio County Fiscal Court, 2100003509; Perry County Fiscal Court, 2100003511; Henderson County Fiscal Court, 2100003514; Pike County Fiscal Court, 2100003515; Marshall County Industrial Development Authority, 2200000042; Lawrence County Fiscal Court, 2200000119; City of Douglass Hills, 2200000146; City of Monticello, 2200000154; City of Earlinton, 2200000157; City of Lyndon, 2200000171; Paducah-McCracken County Industrial Development Authority, 2200000206; City of Crestwood, 2200000211; City of Jamestown, 2200000238; Pike County Fiscal Court, 2200000242; Ballard County Economic Industrial Development Authority, 2200000243; City of Union, 2200000244; Whitley County Industrial Development Authority, Inc., 2200000251.

DEPARTMENT FOR WORKFORCE INVEST-

MENT

University of Kentucky Research Foundation, 2200000040; Connected Nation, Inc., 2200000229; Kentucky Datastream Initiative, Inc., 2200000231.

DEPARTMENT OF AGRICULTURE

Feeding Kentucky, Inc., 2200000110.

DEPARTMENT OF EDUCATION

Boone County Board of Education, 2100002040; Boone County Board of Education, 2100002265; Calloway County Board of Education, 2100002282; Campbell County Board of Education, 2100002284; Fayette County Board of Education, 2100002320; Marion County Board of Education, 2100002586; Office of the Attorney General, 2100002641; University of Kentucky Research Foundation, 2100002663; Murray State University, 2100002918; Governor's Scholars Program, Inc., 2100002957; Nelson County Board of Education, 2100002997; Bath County Board of Education, 2100003047; Johnson County Board of Education, 2100003072; McCreary County Board of Education, 2100003082; Powell County Board of Education, 2100003085; Trigg County Board of Education, 2100003090; Union County Board of Education, 2100003093; Jefferson County Board of Education, 2100003100; Kenton County Board of Education, 2100003120; Letcher County Board of Education, 2100003130; Hart County Board of Education, 2100003216; Magoffin County Board of Education, 2100003225; Marion County Board of Education, 2100003226; McCracken County Board of Education, 2100003238; Anderson County Board of Education, 2100003341; Ashland Board of Education, 2100003342; Calloway County Board of Education, 2100003343; Kentucky Valley Education, 2100003344; Simpson County Board of Education, 2100003345; Montgomery County Board of Education, 2100003375; Spencer County Board of Education, 2100003416; Pendleton County Board of Education, 2100003436; Hart County Board of Education, 2100003454; Ohio Valley Educational Cooperative, 2100003455; Spencer County Board of Education, 2100003460; Green County Board of Education, 2100003462; Central Kentucky Educational Cooperative, 2100003466; Warren County Board of Education, 2200000030; Woodford County Board of Education, 2200000031; Washington County Board of Education, 2200000032; Wayne County Board of Education, 2200000033; Wolfe County Board of Education, 2200000034; Whitley County Board of Education, 2200000036; Robertson County Board of Education, 2200000116.

DEPARTMENT OF MILITARY AFFAIRS

Office of Kentucky Nature Preserves, 2100002162; Oldham County Fiscal Court, 2100003233; Multi, 2200000112.

EDUCATION - OFFICE OF THE SECRETARY

Casa of Calloway & Marshall Counties, 2100003302; Metro United Way, Inc., 2100003303; United Way of the Ohio Valley, 2100003308; Pikeville Area Family YMCA, Inc., 2100003310; Ohio Valley Educational Cooperative, 2100003316; Western Kentucky University, 2100003322.

KY HOUSING CORPORATION

Lexington - Fayette Urban County Government, KHC-MOA-2; Louisville - Jefferson County Metro Government, KHC-MOA-3.

OFFICE OF ENERGY POLICY

National Energy Education Development Project, 2100002394.

UNIVERSITY OF KENTUCKY

Bluegrass Community & Technical College, 006-22.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR COMMUNITY BASED SERVICES

Bell Whitley Community Action Agency, Inc., 2100001600; Audubon Area Community Services, 2100001601; Big Sandy Area Cap, Inc., 2100001602; Blue Grass Community Action Partnership, 2100001603; Central Kentucky CAC, Inc., 2100001604; Daniel Boone Community Action Agency, Inc., 2100001605; KCEOC Community Action Partnership, 2100001607; Lake Cumberland Community Action Agency, Inc., 2100001608; Community Action Lexington Fayette, 2100001609; Licking Valley Cap., 2100001611; LKLP Community Action Council, 2100001612; Community Action of Southern Kentucky, Inc., 2100001613; Multi Purpose Community Action Agency, Inc., 2100001630; Harlan County Community, 2100001631; Middle Kentucky Community Action Partnership, Inc., 2100001632; Northeast Kentucky Community Action Agency, 2100001638; Northern Kentucky Community Action, 2100001639; Pennyrile Allied Community Services, Inc., 2100001640; Community Action Kentucky, Inc., 2100001642; Kentucky River Foothills Development Council, Inc., 2100001713.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Campbell County Board of Education, 2000002827.

DEPARTMENT FOR PUBLIC HEALTH

University of Kentucky Research Foundation, 2000001983.

DEPARTMENT OF EDUCATION

Barren County Board of Education, 2100002086; Boyle County Board of Education, 2100002095; Kentucky School Board Association Educational Foundation, Inc., 2100002976.

DEPARTMENT OF MILITARY AFFAIRS

Multi, 2000001514.

TRANSPORTATION - OFFICE OF THE SECRETARY

Treeslouisville, Inc., 2000002628.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR PUBLIC HEALTH

Multi, 2100003432. Dr. Steven Stack and Eric Friedlander discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Minter seconded the motion, which passed with Senator Southworth voting no.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 2100003453. Dr. Steven Stack and Eric Friedlander discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Minter seconded the motion, which passed with Senator Southworth voting no.

EASTERN KENTUCKY UNIVERSITY

Crowe, LLP, 720-2021. Ethan Witt and Jeffrey Burks discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Senator Southworth seconded the motion, which passed with Senator Meredith voting no.

TRANSPORTATION - OFFICE OF THE SECRETARY

Dentons Bingham Greenebaum, LLP, 2100003445. Laura Hagan and Robin Brewer discussed the contract with the committee. A motion was made by Representative Minter to consider the contract as reviewed. Senator Yates seconded the motion, which passed with Representative Hart and Senator Meredith voting no.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

ADMINISTRATIVE OFFICE OF THE COURTS

GRW Engineers, Inc., 2100000877. Ashley Hooker and Danny Rhoades discussed the contract with the committee. A motion was made by Senator Southworth to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

DEPARTMENT OF HIGHWAYS

HMB Engineers, Inc., 2000000525. Eric Pelfrey, John Michael Johnson, and Kevin Sandefur discussed the contract with the committee. A motion was made by Representative Koch to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE CONTRACT FOR \$10K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

EASTERN KENTUCKY UNIVERSITY

Elite Mobility Training, 865-2022; Susanna Jones, 922-2022. Ethan Witt, Stephanie Saulnier, and Mark Howard discussed the contracts with the committee. A motion was made by Representative Bowling to consider the contracts as reviewed. Senator Yates seconded the motion, which passed with Senator Hornback,

Representative Hart, and Senator Meredith voting no.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR LOCAL GOVERNMENT

Big Sandy Area Development District, 2100003350; Buffalo Trace Area Development District, 2100003352; Cumberland Valley Area Development District, 2100003353; Fivco Area Development District, 2100003354; Green River Area Development District, 2100003356; Lake Cumberland Area Development District, Inc., 2100003359; Lincoln Trail Area Development District, 2100003360; Pennyryle Area Development, 2100003362; Purchase Area Development District, Inc., 2100003363. Laura Redmon and Billie Johnson discussed the contracts with the committee. A motion was made by Representative Koch to consider the contracts as reviewed. Senator Meredith seconded the motion, which passed.

DEPARTMENT FOR LOCAL GOVERNMENT

Webster County Fiscal Court, 2100003517. Billie Johnson and Laura Redmon discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Koch seconded the motion, which passed.

DEPARTMENT FOR LOCAL GOVERNMENT

Clay County Fiscal Court, 2100003518. Billie Johnson and Laura Hagan discussed the contract with the committee. A motion was made by Senator Southworth to disapprove the contract. A motion was made by Representative Bowling to consider the contract as reviewed. Representative Minter seconded the motion, which passed with Senator Southworth voting no.

DEPARTMENT OF EDUCATION

Teach for America, 2100002736. Byron Darnall and Toni Konz Tatman discussed the contract with the committee. A motion was made by Representative Koch to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

DEPARTMENT OF EDUCATION

Hopkins County Board of Education, 2100003413. Byron Darnall, Christina Weeter, and Toni Konz Tatman discussed the contract with the committee. A motion was made by Senator Southworth to disapprove the contract. Senator Meredith seconded the motion, which failed with Senator Yates, Representative Bowling, Representative Hart, Representative Minter, and Representative Koch voting no. A motion was made by Representative Minter to consider the contract as reviewed. Representative Koch seconded the motion, which passed with Senator Southworth, Representative Hart, and Senator Meredith voting no.

DEPARTMENT OF EDUCATION

Kentucky Educational Development Corporation, 2100003523. Byron Darnall, Christina Weeter, and Toni Konz Tatman discussed the contract with the committee.

KENTUCKY STATE FAIR BOARD

Kentucky State Police, 2100003149. Anthony Schreck and Shawn Hensler discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

State of New Hampshire, 2100003444. Larry Taylor and Cori Troutman discussed the contract with the committee. A motion was made by Senator Yates to consider the contract as reviewed. Representative Minter seconded the motion, which passed with Senator Hornback, Senator Meredith, and Representative Koch voting no.

EXEMPTION REQUEST:

ADMINISTRATIVE OFFICE OF THE COURTS

The Administrative Office of the Courts requests an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the biennium for three (3) MOA's with the Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) for the enhancement of the Adult Drug Court programs in Floyd County. A motion was made by Senator Meredith to grant the request to July 29, 2026. Representative Hart seconded the motion, which passed.

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

MEDICAID OVERSIGHT AND ADVISORY COMMITTEE

Minutes of the Meeting of the 2021 Interim July 21, 2021

Call to Order and Roll Call

The meeting of the Medicaid Oversight and Advisory Committee was held on Wednesday, July 21, 2021, at 3:00 PM, in Room 171 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Daniel Elliott, Co-Chair; Senators Ralph Alvarado, Danny Carroll, Jimmy Higdon, and Morgan McGarvey; Representatives Jim Gooch Jr., Melinda Gibbons Prunty, Steve Sheldon, and Lisa Willner.

Guests: Dr. Sheila Schuster, Ph.D., Executive Director, Kentucky Mental Health Coalition; Veronica Judy-Cecil, Deputy Commissioner, and Leslie Hoffmann, Chief Behavioral Health Officer, Department for Medicaid Services, Cabinet for Health and Family Services; Richard Bartlett, Trauma Coordinator,

Kentucky Hospital Association; Dr. Julia Costich, Associate Director, Kentucky Injury Prevention and Research Center and Chair of the Kentucky Trauma Advisory Council; Gary Rutherford, Chief Clinical Officer and Cofounder and Christopher T. Carlson, Senior Vice President, Government Affairs and Compliance, HealthPlan Data Solutions, Inc.

LRC Staff: Ben Payne, Hillary Abbott, and Amanda DuFour.

Approval of Minutes

A motion to approve the June 16, 2021, minutes was made by Representative Prunty, seconded by Senator Carroll, and was approved by a voice vote.

Suspension of Prior Authorization for Behavioral Health Services

Dr. Sheila Schuster, Executive Director, Kentucky Mental Health Coalition, provided the committee with an overview of Medicaid managed care organizations (MCO) prior authorization process, how prior authorization requirements affect the delivery of behavioral health services, and the positive effect the suspension of prior authorization requirements during the COVID-19 emergency has had on the behavioral health community. Dr. Schuster questioned the need for prior authorizations if, on average, only one percent of claims are denied and recommended that the Department for Medicaid Services (DMS) eliminate prior authorization requirements entirely because they are a barrier to treatment.

In response to questions and comments from Senator Carroll, Dr. Schuster stated that while she remains steadfast in her belief that all prior authorization requirements should be eliminated, she would be willing to survey the population to see if blanket prior authorizations for providers could be a short term solution.

In response to questions from Representative Willner, Dr. Schuster stated that the elimination of prior authorization requirements could help mitigate barriers to treatment for individuals with a substance use disorder (SUD) which could in turn lower the overdose rate.

In response to questions and comments from Senator Alvarado, Dr. Schuster stated that if prior authorization requirements are in place to accommodate the one percent of denials then it does not make sense to punish the majority of participants for the denials.

In response to questions and comments from Representative Prunty, Dr. Schuster stated that oversight and accountability for providers comes from the accreditation process, eliminating prior authorization requirements should not decrease provider accountability.

In response to questions and comments from Representative Sheldon, Dr. Schuster stated that prior authorization requirements have forced providers into choosing medications for a patient based on what they know will be approved, not based on what is best for the client which goes against the participant-first approach of DMS.

Veronica Judy-Cecil, Deputy Commissioner, and Leslie Hoffmann, Chief Behavioral Health Officer, Department for Medicaid Services, Cabinet for Health and Family Services provided the committee

with an overview of behavioral health utilization rates with and without prior authorization requirements. Ms. Hoffmann stated that during the suspension of prior authorization requirements for behavioral health services, DMS has observed a decrease in members accessing behavioral health services, an increase in behavioral health claims, and an increase in total behavioral health costs. Ms. Judy-Cecil stated that DMS believes the data has supported the need for a suspension of prior authorization requirements during the COVID-19 public health emergency and the data has also shown that prior authorization requirements serve an important purpose when there is not a state of emergency.

In response to questions and comments from Senator Meredith, Ms. Hoffmann stated that she can provide the committee with a COVID-19 impact breakdown report. Ms. Judy-Cecil stated that the state of the public health emergency is evaluated every 90 days, can be extended in 90 day increments, and the suspension of prior authorization requirements is evaluated at that time.

In response to questions and comments from Representative Prunty, Ms. Judy-Cecil stated that while the Centers for Medicare and Medicaid Services (CMS) dictates what services are covered by Medicaid, MCOs are permitted to decide which services require prior authorization. For example, currently two MCOs require a prior authorization for targeted case management, but the other MCOs do not.

In response to questions and comments from Senator Carroll, Ms. Judy-Cecil stated that blanket denials should not be happening and if there are situations where providers are experiencing blanket denials, they should be reported to DMS. DMS cannot address problems that it is unaware of. Ms. Judy-Cecil confirmed that MCOs have the authority to override a treatment on the basis of medical necessity.

Senator Alvarado stated that it is important to see the loss-rate percentage for MCOs from denial claims to justify having prior authorizations and would like DMS to provide those figures to the committee.

In response to questions and comments from Representative Willner, Ms. Judy-Cecil stated that DMS is committed to meeting the patient's needs first, arbitrary limits for treatments should not be set by MCOs, and providers need to inform DMS through the appeals process when they encounter any barriers to care.

The Kentucky Trauma Network

Dr. Julia Costich, Associate Director, Kentucky Injury Prevention and Research Center and Chair of the Kentucky Trauma Advisory Council and Richard Bartlett, Trauma Coordinator, Kentucky Hospital Association gave an overview of the Kentucky trauma network, the trauma system's data, the trauma system's impact on Medicaid and Medicaid's impact on the trauma system and trauma patients. Dr. Costich stated that with additional funding, Kentucky's trauma system has the potential to add hospitals in underserved areas and further enhance quality of care.

In response to questions from Senator Meredith, Mr. Bartlett stated that the approximate funding needed from the General Assembly is \$300,000 to sustain the work of the Kentucky Trauma Network. A long-

term funding programs, like Georgia's super-speeder fine program, which provides roughly \$23 million in funding annually, would help Kentucky's trauma system achieve more ambitious goals.

In response to questions and comments from Senator Alvarado, Mr. Bartlett stated that there is a need to increase trauma centers in areas where crashes are happening the most which is in rural areas. There are several trauma programs in the development phase in rural western Kentucky.

Medicaid Pharmacy Benefit Integrity

Gary Rutherford, Chief Clinical Officer and Co-founder and Christopher T. Carlson, Senior Vice President, Government Affairs and Compliance, HealthPlan Data Solutions, Inc. presented an overview of the company's continuous auditing pharmacy software which helps provide accountability for pharmacy benefit managers (PBM) and can lead to savings for states that utilize their software.

In response to questions and comments from Representative Sheldon, Mr. Rutherford stated that HealthPlan has held several meetings with DMS and Commissioner Lisa Lee. Mr. Carlson stated that HealthPlan can tailor payment options and established contracts have utilized both per member-per month and per claim options.

In response to questions and comments from Senator Carroll, Mr. Rutherford stated that HealthPlan's software gives health systems more leverage to address errors in PBM claims and overpayment because the software is an all-encompassing, continuous audit program.

In response to questions and comments from Senator Alvarado, Mr. Carlson stated that while HealthPlan has not spoken directly with MedImpact, the new state PBM, HealthPlan believes their software is compatible with the services MedImpact provides.

In response to questions and comments from Representative Prunty, Mr. Carlson stated that historically, invoice claims a state receives can total as many as 100,000, and it would be difficult for a state auditor to oversee that number of claims. Mr. Carlson added that HealthPlan's software would simplify the process and eliminate the need for another level of bureaucracy, potential for human error, and time-wasting.

In response to questions for DMS from Senator Meredith, Ms. Judy-Cecil stated that DMS is 21 days into the single state PBM model and is constantly evaluating the rollout. Ms. Judy-Cecil added that statute requires complete transparency and that any decisions DMS makes will be transparent, based on data, and will have to go through the procurement process. Ms. Judy-Cecil stated that she will be happy to testify before the committee after several months of PBM data is collected.

Adjournment

There being no further business, the meeting was adjourned at 5:00pm.

LEGISLATIVE OVERSIGHT & INVESTIGATIONS COMMITTEE

Minutes of the 2nd Meeting of the 2021 Interim

July 16, 2021

Call to Order and Roll Call

The 2nd meeting of the Legislative Oversight & Investigations Committee was held on Friday, July 16, 2021, at 1:00 PM, in Room 131 of the Capitol Annex. Representative Jason Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Jason Nemes, Co-Chair; Senators Jason Howell, Morgan McGarvey, Michael J. Nemes, Wil Schroder, Brandon J. Storm, Reginald Thomas, and Max Wise; Representatives Lynn Bechler, John Blanton, Ken Fleming, Angie Hatton, Joni L. Jenkins, and Steve Riley.

Guests: Lisa D. Lee, Commissioner, Kentucky Department for Medicaid Services; Pam S. Smith, Director, Division of Community Alternatives; Kelli Rodman, Executive Director, Office of Legislative and Regulatory Affairs; Amy Staed, Executive Director, Kentucky Association of Private Providers.

LRC Staff: Gerald W. Hoppmann, Committee Staff Administrator; Committee Analysts Van Knowles, Shane Stevens, Greg Daly, Chris Hall, Jeremy Skinner, William Spears, Joel Thomas, Jacob Blevins; and Ashley Taylor, Committee Assistant.

Minutes for June 10th, 2021

Upon motion by Senator Nemes and second by Representative Bechler, the minutes for the June 10, 2021, meeting were approved without objection.

Staff Report: Supports for Community Living Study

Legislative Oversight and Investigations staff members Van Knowles and Shane Stevens presented a summary of staff's work since March 2017, which included an analysis of Supports for Community Living (SCL) rates and spending trends from 2004-2017, as well as a review of the Navigant rate study.

Navigant's rate study developed a recommended rate model, which included consolidation and standardization of provider reimbursement rates. The model was constrained by the Department for Medicaid Services (DMS) requirement that it be cost neutral, which resulted in a model that did not accurately represent true costs of providing care. The Navigant model also relied heavily on current wage data provided via a survey of service providers, which likely depressed its cost estimates. DMS indicated that a budget increase would be necessary to standardize rates and services across all waivers. Since further redesign of these rates is not expected until 2022 or later, staff proposed to close the SCL study without a formal report, but that the committee may wish to consider authorizing a new study after redesign has been operational.

The memorandum and presentation slides are avail-

able on the Legislative Oversight and Investigations Committee webpage.

In response to a question from Senator Carroll expressing concern about preserving the historical value of staff's work without a formal report, Mr. Knowles stated that the 2018 staff update, as well as the 2021 memorandum is available to the public. Both memos include detailed information and analysis, which can be used for purposes of moving forward.

In response to a question from Representative Nemes, Mr. Stevens confirmed that the rate methodologies have not been published by DMS since 2001. All of the applications and amendments have been approved despite not having the required codified and published methodology for creating and renewing them. Mr. Stevens stated that staff were unaware of any affected party challenging the federal approval, nor is staff aware of statements from the current presidential administration that it plans to review previous approvals.

Commissioner Lee and Ms. Smith presented slides describing Home and Community-Based Services (HCBS) waivers and actions related to their redesign. Commissioner Lee noted that changes to waivers require care so that the members receive the services they need and explained the purpose of HCBS waivers. Members receive both regular Medicaid services and additional HCBS services such as attendant care. There are over 25,000 members among the six waivers. The Michelle P. Waiver is similar to SCL but does not have a residential component. SCL has 19 percent of all waiver members but accounts for 41 percent of all waiver spending.

Ms. Smith pointed out that the Michelle P. Waiver waiting list times shown in the Legislative Oversight staff presentation had not been updated since her previous discussion with Senator Carroll. She described several of the goals of waiver redesign through 2018. She also summarized waiver redesign activities to date, which included ongoing stakeholder engagement, moving service authorization to the cabinet and case managers, publishing the rate study with recommendations, drafting waiver applications and regulations, and moving grievances and appeals to the cabinet ombudsman's office.

Commissioner Lee explained that the Navigant study addressed all six waivers and looked at program administration and reimbursement rates. If the rate recommendations had been implemented in the existing structure within the current budget, funds would have been shifted from one provider group to another. Providers expressed concern, so DMS decided to pause on redesign and see what could be done within the current framework. Changes need to be made, but there are always budgetary constraints. Recently, the American Rescue Plan Act (ARPA) made additional one-time funds available for waiver programs. The funding cannot be used for continuing purposes.

Ms. Smith said that ARPA funds would be used to revisit and possibly redo the Navigant study, to assist with building crisis services, to conduct a feasibility study on possibly adding new waivers such as severe mental illness, and to obtain project management assistance.

In response to a question from Senator Thom-

as about additional waiver slots for the Michelle P. waiver program and the SCL waiver program, Commissioner Lee said that the next budget request would address the waiver population and make recommendations to continue serving the population in the best and most efficient manner possible.

In response to a question from Senator Carroll, Ms. Smith was not certain how much the Navigant contract had cost and would have to verify the actual amount, but she thought it was around \$6 million over a 3-year period. She also stated that she would provide this information to Senator Carroll. Senator Carroll commented positively on the stakeholder involvement process but noted that not much progress had been made so far.

In response to a question from Senator Carroll about using the Navigant study, Commissioner Lee said that DMS should look at assessments and rate methodology as well as a child specific assessment. Rate methodology should be consistent across waivers. Providers might choose to serve only the higher-paying waiver if rates differ. Ms. Smith described person-centered planning as a way to ensure that each member gets the services they need, with the goal that all members of all waivers have equal access.

In response to a question from Senator Carroll about the growing responsibilities of case managers, Ms. Smith stated that DMS had been looking at case management and is considering whether there should be a limit on a case manager's caseload and a way to pay for case management based on each member's needs.

Senator Carroll commented positively about the responsiveness of DMS officials and their priorities. He said that the financial component of the waivers needs to change before some of their ideas can be implemented.

In response to questions from Representative Jenkins, Ms. Smith explained that the federal share is about 70 percent. She said some providers have been innovative with tools such as telehealth, but the waivers have lost some providers. DMS is looking at services that were used during the pandemic, including some new services that were authorized under pandemic-related federal guidelines, to decide what changes can be made.

Representative Nemes called Amy Staed, Executive Director of the Kentucky Association of Private Providers (KAPP), to the testimony table. She explained that KAPP is a nonprofit organization representing waiver providers. KAPP employs over 9,000 Kentuckians and supports over 10,000 individuals with intellectual and developmental disabilities.

Ms. Staed stated that prior to 2018, SCL waiver providers had not had a rate increase in 14 years. COVID-19 has had a significant impact on waiver providers according to a May 2021 survey. She explained that 91 percent of respondents reported they experienced a significant revenue reduction. The average revenue loss was \$682,000.

Ms. Staed explained the majority of other providers reported significant workforce problems even when offering a sign-on bonus. Residential providers that provide 24-hour care have employees that are working over 100 hours per week due to not being able to

fill shifts. Direct care work is emotionally and physically demanding, and high turnover can have a negative effect on individuals receiving services. This is not a new problem, but with COVID-19, it is now at a critical level. There are active providers who have capacity but are turning down referrals because they do not have adequate care staff.

Ms. Staed spoke about onboarding employees. Providers must do background checks, drug screens, and trainings. A background check might cost about \$50, and many times the individual will apply for the job, the employer will do the background check, and the applicant will never show up or will quit the first day, meaning the employer is out that cost.

Ms. Staed said that providers cannot address the wait lists until they have more direct care workers, and waiver providers cannot offer more than \$10 to \$11 per hour, because the reimbursement rate does not support that increase. The only way to increase wages is to increase reimbursement rates because providers are entirely Medicaid funded and they have no other way to bring in income so that they can raise wages.

Ms. Staed compared the costs of home and community-based care and institutional care, explaining that Kentucky created the waivers to save money. Both of these services offer the same level of care, and this population will always need care and assistance from the state. She urged legislators to consider long-term increased funding for the programs.

Representative Nemes asked Ms. Staed whether the Navigant report was supposed to address the concerns she discussed. Ms. Staed responded yes and offered to go into more detail if needed. Representative Nemes did ask for more detail and also acknowledged he would like the Commissioner to speak on this as well.

Ms. Staed explained that she was on the rate review committee and also participated in the Navigant report. She said this was a closed topic and she was not allowed to solicit feedback from her members about rates that would affect them. There was a budget neutrality constraint placed upon Navigant that made it only possible to shift around the dollars being spent for waivers that were significantly underfunded.

In response to a question from Representative Nemes about the Navigant report, Ms. Staed spoke about her experience with the rate review committee. Participants were not allowed to discuss what happened at the meetings, so she was not able to get feedback from providers. Navigant also had to work within the existing budget, so it was only possible to shift dollars around. Navigant sent a cost survey to members, but the questions did not allow providers to accurately report their cost of doing business. In addition, Navigant would frequently tell providers that their responses could not be correct and needed to be revised.

In response to statements by Ms. Staed, Commissioner Lee speculated that the prior administration had intended the budget to stay within the amount currently allocated to waivers. Ms. Smith said that the rate study information was kept confidential to avoid misinterpretation by others who were not participating. There was a pilot cost survey and multiple trainings. She said she has the rate survey data and communications, and she had seen no requests to providers to

change their answers, so she asked Ms. Staed to let her know of any specific cases. Ms. Staed said the rate study was difficult for smaller providers that had not participated in one before, especially with respect to the amount of information requested.

In response to a question from Senator Thomas about labor shortages and wages, Ms. Staed said that restaurants had the option to raise prices to cover increased wages. However, waiver providers depend on what Medicaid pays and cannot raise prices, and most providers depend entirely on Medicaid. There was a bill in the last legislative session to increase direct care wages to \$15 per hour.

In response to a question from Senator Thomas about his reading of the executive summary of the Navigant study, Ms. Smith said that budget neutrality was mandated by DMS leadership in place at that time, and that budget neutrality is not a viable option. Additional funding is necessary in order to improve the waiver programs.

Representative Nemes commented on the long-term need for a rate increase and the role of unemployment insurance funds and rules in creating a labor shortage. However, in the shortterm, he stated that problems with unemployment need to be fixed in order to incentivize people to return to work. For example, he discussed the low workforce participation rate and suggested that those who do not show up for interviews should lose their unemployment.

In response to a question from Representative Nemes about the change from 100 percent to 300 percent of the participant liability, Ms. Smith explained that income standards are considered when applying for a waiver, which factors into the amount a member has to contribute to the cost of their care, called the “patient liability.” As a result of increasing the threshold from 100 percent to 300 percent of the income standard, participants have had lower liability payments.

In response to a question from Senator Nemes about the definition of a qualified employee, Ms. Staed said that the qualifications for a direct care worker include being over the age of 18 and passing a background check and drug screen. Senator Nemes commented on the skilled labor shortage, which causes a disconnect between job openings and the skill necessary to fill those job openings.

Senator Carroll described his organization’s difficulty hiring sufficient staff, as well as the cost of advertising. He commented on the effect of unemployment payments as a factor for the apparent economic upturn, which will not last.

In response to a question from Representative Blanton suggesting the Navigant study did not provide anything usable, Commissioner Lee said that some of Navigant’s recommendations had been implemented, and the report led to important conversations. Ms. Smith said that Navigant also helped revise Medicaid’s stakeholder engagement process, and its report provided a starting point for future work. She added that 35 percent of the one-time ARPA funds will address workforce and provider development. Direct care workers are intimately involved in the members’ lives and in helping them move toward their goals, and some awareness of that came from the Navigant study process.

Representative Blanton commented about the value of what state government is spending on reports by outside companies compared with using those funds on other needs. He questioned whether this is a good use of taxpayer dollars. Representative Nemes indicated that the committee might take up this issue.

Representative Jenkins said that it takes special people to work with one of the most vulnerable populations. The salary issue is something that everyone should be concerned about. The economy has changed since the pandemic. The decision whether to go back to work is very complex given the current child care situation.

In response to questions from Senator Howell, Ms. Staed said that KAPP represents small rural providers, and all the providers who have had to close were in rural areas. Rules require residential providers to give notice and stay open until all residential members have received another placement. Senator Howell inquired further about the placement of those residents at facilities that go out of business. Ms. Staed said that it is difficult to find placements, so sometimes members are placed in an institution instead, which is an undesirable option. However, according to Ms. Smith, the cabinet makes efforts to find referrals. For example, cabinet staff are assigned immediately upon a provider’s notice to close to work with the provider and case managers to find placements, whether the provider is residential or not.

In response to questions from Representative Nemes, Ms. Smith said that DMS currently has 154 enrolled providers to serve about 13,000 people. The hardest hit waiver providers are in the Home and Community Based waiver, especially adult day programs and home health agencies. Some counties have more providers than others, and urban counties do not always have enough, though rural areas have more issues, depending on type of provider and which waiver it is.

Senator Carroll expressed concern regarding investments that are being made with the current economy. He questioned the impacts of federal dollars that are being used for dictating current wages.

Representative Nemes read a text from a provider in Louisville who expressed frustration at the many job applicants who do not show up as a result of government competition.

The meeting was adjourned at 2:45 p.m.

SEVERE MENTAL ILLNESS TASK FORCE

Minutes of the 2nd Meeting of the 2021 Interim

July 20, 2021

Call to Order and Roll Call

The 2nd meeting of the Severe Mental Illness Task Force was held on Tuesday, July 20, 2021, at 3:00 PM, in Room 171 of the Capitol Annex. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Danny Bentley, Co-Chair; Senators

Ralph Alvarado, Karen Berg, and Stephen Meredith; Representatives Ken Fleming, Melinda Gibbons Prunty, and Lisa Willner.

Guests: Dr. Robert McCarron, Professor and Vice Chair, Psychiatry and Human Behavior, University of California, Irvine; Steve Shannon, Executive Director, Kentucky Association of Regional Program; Judge John Tackett, Fayette District Court; Phil Gunning, Executive Director, National Alliance on Mental Illness, Lexington; and Kelly Gunning, Director of Advocacy and Public Affairs, National Alliance on Mental Illness, Lexington.

LRC Staff: DeeAnn Wenk, Samir Nasir, and Elizabeth Hardy.

Approval of June 15, 2021, Minutes

Senator Meredith moved to adopt the minutes. The motion was seconded by Representative Bentley. The June 15, 2021, minutes were adopted.

Train New Trainers Primary Care Psychiatry

Dr. Rob McCarron, professor and vice chair of Psychiatry and Human Behavior at University of California, Irvine, discussed the mental health problems in Kentucky and also provided a solution. He stated that some of problems in Kentucky are the lack of providers and the lack of providers versed in psychiatric issues. Kentucky ranks very high in overdose deaths and domestic violence compared to other states. Five common themes that fall under the umbrella of mental health are depression, domestic violence, drug use, disability, and premature death.

Dr. McCarron stated the solution is education. He provided information on a program in 2016 called the Train New Trainers (TNT) Primary Care Psychiatry Fellowship. The program is one year and provides a targeted overview on what primary care physicians (PCPs) see most in terms of mental health issues. The training occurs outside of normal clinic hours, so the PCP can still practice and receive the training. If participants choose to do so, they are eligible for lifelong learning at no cost to them.

In response to Senator Alvarado, Dr. McCarron stated that they are working to gather data now in regards to seeing a difference in terms of reduced hospitalizations and suicide attempts. In response to Senator Alvarado’s second question, he stated that the funds would basically be contracted through UC Irvine.

In response to Representative Willner, Dr. McCarron stated that they believe in a multi-disciplinary approach for the most effective treatment of individuals with SMI, including psychologists, psychiatrists, social workers, etc.

In response to Senator Meredith, Dr. McCarron stated that they do not market for this program and they usually have a waiting list each year which is usually based on a first come first serve basis while taking applications into consideration because the goal is to reach underserved areas within the state. Senator Meredith also stated that there is enough money in the system already to pay for this type of program. Not providing care is the most expensive care you can have and the second most expensive is providing inappropriate care.

An Analysis of A Community Approach for Individuals with Severe Mental Illness and an Overview of Community Mental Health Centers

Steve Shannon, executive director of Kentucky Association of Regional Program provided information on Community Mental Health Centers (CMHCs) in Kentucky. He stated that there are 14 CMHCs in Kentucky and they serve about 175,000 Kentuckians a year

Mr. Shannon provided the definition of SMI in Kentucky and stated those are the groups of people that CMHCs focus on. According to Mr. Shannon, CMHCs are missing about one percent of the SMI adult population. Often times, if these individuals are not seen by a professional, they end up in jail, emergency room, homeless shelters, or attempting suicide.

Next, Mr. Shannon discussed the services provided by CMHCs including, assertive community treatment, targeted case management, comprehensive community support services, peer support services, supported employment services, therapeutic rehabilitation program, social club drop-in centers, crisis stabilization units and mobile crisis services, medication administration, individual therapy, and group therapy. He stated that these services are necessary in helping those recover from SMI.

Mr. Shannon provided some of the issues people with SMI have. One issue is stigma. Typically, individuals are reluctant to access services because of stigma. They have a hard time finding places to live and/or finding employment because people do not want to deal with individuals who have SMI. Another problem is managed care organizations (MCOs). The prior authorization process is time consuming. Luckily, prior authorizations were suspended throughout the COVID-19 pandemic. It's also a problem if an individual is covered by Medicare and Medicaid. Medicare does not pay for most of the services that Medicaid does.

According to Mr. Shannon, access to telehealth during the COVID-19 pandemic sustained CMHCs. A phone call is a great way to communicate with a clinician as opposed to waiting until your appointment. Many patients benefit from telehealth because people are familiar with technology and an absence does not have to be explained to friends and family.

Next, Mr. Shannon discussed upgrading CMHCs to Certified Community Behavioral Health Centers (CCBHCs). Centers for Medicare and Medicaid Services provided a grant to Kentucky in 2020 to transition four CMHCs to CCBHCs. This would require additional staffing and an understanding how to provide primary care to individuals with SMI. It would also implement care coordination. For example, they hope to partner with the Kentucky Hospital Association so when someone inappropriately shows up to the emergency room, the CCBHC can be alerted to take care of that person. Mr. Shannon stated they plan to go live on January 22, 2022, through December 31, 2023.

Lastly, Mr. Shannon discussed an SMI waiver. There are waivers for people with physical disabilities, intellectual disabilities, people with substance abuse issues, but there is not one for people that have SMI. A waiver could provide services to a targeted population and include a residential option and em-

ployment support.

In response to Representative Bentley, Mr. Shannon stated that a Behavioral Health Service Organizations (BHSO) are similar to CMHCs. He stated that they each do the same services and both can bill Medicaid. BHSOs are not county specific. BHSOs and CMHCs were not in competition until the last four or five years. In response to Representative Bentley, Mr. Shannon stated that the involuntary commitment processes, individuals are taken to a psychiatric hospital in a police cruiser rather than ambulance.

Fayette Mental Health Court

Judge John Tackett of Fayette District Court discussed the Fayette Mental Health Court, which was founded on the concept of criminal justice reform to promote human dignity and decriminalize mental illness. The court is made up of almost entirely National Alliance on Mental Illness (NAMI) advocates. This allows for a more specialized advocacy rather than the restraints that are presented to state employees. Thus far, the Fayette Mental Health Court has been funded through the Lexington Fayette Urban County Government.

The mental health court receives referrals from law enforcement, prosecutors, defense attorneys, and judges to assist criminal defendants who suffer from SMI and also suffer with drug and alcohol addiction. Often times, the participants are subject to victimization such as sex and human trafficking. Many have suffered through periods of homelessness, and have not experienced the level of nurture and support to become stabilized. The Fayette Mental Health Court is equipped to provide participants with services to address mental health needs and recover from addiction. They aim to lead participants to a stable life and lawfulness and hopefully gainful employment.

There are four phases in the Fayette Mental Health Court: stabilization, treatment, self-motivation, and wellness. Each phase will last at least three months. These phases ensure participants are maintaining appointments and medications, help navigate insurance and government resources to pay for mental health services, and ensure participants are medically compliant. To keep participants accountable, they employ sanctions, also called electives. This can range from additional group meetings to more frequent drug and alcohol testing.

According to Judge Tackett, to provide these services they are forced to limit capacity because of funding. Additional funds would expand the court's mission and gain more help for more participants.

Phil Gunning, Executive Director of NAMI, presented several slides put together by various individuals illustrating their personal experiences and concepts relating to SMI. He also discussed that stigma does not only relate to just participants. It can relate to mental health services because often times they do not get the funding or attention necessary.

The mental health court team helps participants to connect to services such as substance use support/accountability, transportation, peer support, goal setting, etc. It also teaches the skills it takes to remain compliant. The mental health court team also makes sure there is accountability from mental health services,

including challenges with MCOs that Steve Shannon discussed.

Next, Mr. Gunning discussed several returns on the \$455,000 investment in the Fayette Mental Health Court including savings of an estimated three to five million dollars. Additionally, an estimated \$1.5 million in savings for law enforcement. Together, these numbers represent an estimated \$6.5 million in savings on a \$455,000 investment over a two and half year period.

Kelly Gunning, Director of Advocacy and Public Affairs with NAMI, discussed several life experiences that participants go through. Prior to participating in the mental health court, clients initially have a high recidivism rate. Eighty percent of the clients in the Fayette Mental Health Court have a co-occurring substance use disorder. Participants often times also suffer from physical disabilities, intellectual disabilities, traumatic brain injury, and homelessness.

This type of mental health court is called Therapeutic Juris Prudence started by Florida Judge Ginger Lerner-Wren. The mental health court could not thrive without CMHCs because it could not operate without the crisis services CMHCs provide. CCBHCs model will be helpful because the integrated treatment it will provide.

Ms. Gunning stated that the solutions the mental health court provides does not cost more money. Instead, money should not be invested in programs that do not work when the mental health court has proven to save money and has success with its participants. The Department of Behavioral Health contacted NAMI for the next two years to start at least two more mental health courts following the Therapeutic Juris Prudence model in Kentucky. They were also able to secure \$100,000 in funds to start a juvenile mental health court in Fayette County.

In response to Senator Meredith, Ms. Gunning stated that funding is the mental health court's biggest impediment. They have had to use three of four different funding sources within in their government budget to pay for the mental health court each year.

In response to Senator Meredith, Judge Tackett stated that in regards to administrative hurdles, he is the only Administrative Office of the Courts employee in the room. However, funding is the biggest hurdle. This program is a year minimum for participants and that uses a lot of financial resources, so unfortunately, the Fayette Mental Health Court has a waiting list for individuals.

In response to Senator Alvarado, Ms. Gunning stated that they can provide numbers and statistics from the Department of Behavioral Health and stated that they wanted to present the cost savings to members to show how little investment it takes to save money and help people with SMI.

In response to Representative Willner, Mr. Gunning stated that they have had discussions with law enforcement to try to reallocate some of those savings to fund the mental health courts. The pandemic and personnel change has halted this discussion for the time being, but stated that so far discussions have been positive. Judge Tackett added that participants that have failed the program or relapsed gathered enough skills from the mental health court to stay lawful and these savings are intangible, as well as emergency room data.

The meeting adjourned at 4:47 PM.

SEVERE MENTAL ILLNESS TASK FORCE

Minutes of the 3rd Meeting of the 2021 Interim

August 4, 2021

Call to Order and Roll Call

The 3rd meeting of the Severe Mental Illness Task Force was held on Wednesday, August 4, 2021, at 3:00 PM, in Room 131 of the Capitol Annex. Representative Danny Bentley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Danny Bentley, Co-Chair; Senators Ralph Alvarado, Karen Berg, and Stephen Meredith; Representatives Ken Fleming, Melinda Gibbons Prunty, and Lisa Willner.

Guests: Ashley Boze, Executive Director, Pennyroyal Center; Gretchen Davis, Chief Executive Officer, Opportunity Center of Muhlenberg County; Ben Jagers, Peer Specialist, Bridgehaven Mental Health Services; Brad Leedy, COO, Bridgehaven Mental Health Services; Christy Shuffett, Executive Director, New Beginnings, Bluegrass, Inc.; Kathy Dobbins, Chief Executive Officer, Wellspring; Ivan Garr, Peer Specialist, Wellspring; Jacqueline Long, Director of Housing and Grants, Mountain Comprehensive Care Center; Veronica Nunley, Chief Business Development Officer, Pathways, Inc.

LRC Staff: Samir Nasir, Elizabeth Hardy, and Becky Lancaster

Approval of July 20, 2021 Minutes

Senator Alvarado motioned to approve the minutes from July 20, 2021, meeting. The motion was seconded by Representative Willner. The minutes were approved.

An Overview of the Challenges People with Severe Mental Illness Face

Ashley Boze, Executive Director of the Pennyroyal Center, discussed the limitations and the services provided to individuals with severe mental illness (SMI). Pennyroyal Center is a Community Mental Health Center (CMHC) that provides services such as assertive community treatment (ACT), targeted case management, comprehensive community support services, peer support services, and supported employment services. Individuals who have SMI can be supported by those services but still experience significant barriers such as transportation, affordable housing, stable income, employment opportunities, and access to reasonable resources within the community. CMHCs also have barriers such as the prior authorization process with managed care organizations (MCOs) and recruiting and retaining mental health professionals.

According to Ms. Boze, the legislature can help CMHCs and people with SMI through legislation by creating regionalization of CMHCs as well as stan-

dard compliance monitoring of Behavioral Health Service Organizations (BHSO) that will allow for ongoing care and ensuring BHSOs provide all necessary services for individuals with SMI.

In response to Representative Fleming, Ms. Boze agreed that there is a human resource problem because retaining staff is challenging and being able to raise compensation or raise reimbursement rates from MCOs would help.

Challenges Establishing New Behavioral Health Clinics

Gretchen Davis, CEO of the Muhlenberg Opportunity Center, discussed a program started by the previous director that involved the SCL and Michelle P. Waivers, but only six clients were eligible for them. There are around 10,000 people on a wait list for both waivers. Regulation 907 KAR 15 allowed the Opportunity Center to become a Medicaid multi-specialty group but hurdles with MCOs such as credentialing, contracting, and prior authorizations caused issues. The Opportunity Center lost over \$200,000 due to not having prior authorizations. Some companies also refused to cover services even though clients had medical documentation noting the individual has SMI. Ms. Davis testified that the Pennyroyal Center does not have enough staff to accommodate the SMI population in Muhlenberg, so she is in the process of opening a behavioral health agency in the area. Problems in doing this include the length of time it takes to get credentialing completed and contracted.

Severe Mental Illness: Moving toward Recovery, Stability, and Independence

Brad Leedy, COO of Bridgehaven, discussed Bridgehaven Mental Health Services. Bridgehaven has served adults with severe and persistent mental illness since 1958. The Bridgehaven model is a multi-disciplinary and multi-model approach that provides a range of services including clinical group counseling, skill building, peer support, outreach, socialization, supported employment, medication management, and more. Mr. Leedy also said that because of members participating in Bridgehaven after hospitalization, they have saved over 1,300 days of hospitalization over the last five years, equaling about \$1.5 million in savings for Kentucky. With that, for the last several years there has been a 100 percent reduction in incarcerations and an 85 percent maintenance rate for housing. They have also found that many former clients who participated in Bridgehaven services are typically able to maintain stability and do not require the use of more expensive or more restrictive services after leaving.

Ben Jagers, peer support specialist, discussed his personal struggles with SMI and substance abuse issues and how using Bridgehaven services benefited him.

In response to Senator Alvarado, Mr. Leedy stated that Bridgehaven uses a program called Individualized Placement Support (IPS) which is a supportive employment model that works with any individual who has a desire for employment and helps them get the skills and support to be able to work regardless of where they are in their recovery. Bridgehaven also has a program that works from a principle of seeking

competitive employment. Mr. Leedy stated that he does not have specific information regarding whether any of these individuals are taking a salary less than minimum wage or being offered less than minimum wage. Senator Alvarado stated that he has filed a bill every year for the last several years to ensure individuals with any type of disability are at least offered minimum wage that everyone else is entitled too.

In response to Representative Gibbons Prunty, Mr. Leedy stated that several issues have come up with MCOs but they have been able to have very progressive conversations with the MCOs to raise reimbursement rates for services provided.

Recovery-based Housing and Support Services to Adults with Severe Mental Illness

Christy Shuffett, Executive Director of New Beginnings, Bluegrass, Inc., stated that their mission is to help improve the lives of adults with SMI through quality housing and recovery based services. New Beginnings' primary source of funding is through a contract with the Cabinet for Health and Family Services as well as grants through the Lexington Fayette Urban County Government, the US Department of Housing and Urban Development (HUD), and the Lexington Housing Authority. Permanent supportive housing is an evidence based practice that is used to help adults with SMI obtain and maintain housing. Affordable housing combined with voluntary support services are the two main components for permanent supportive housing to be successful. Key principles to have successful permanent housing includes choice of housing for the individual, functional separation of landlord and support service duties, and ensuring that an individual has safe, decent, and affordable housing.

Ms. Shuffett stated that while the support services are voluntary for individuals to use, staff uses various engagement techniques to do what it takes to help clients connect with services and supports that are necessary. This includes both physical health and behavioral health care services. Ms. Shuffett concluded her testimony by requesting the General Assembly to help increase funding for this service as it is not a reimbursable service through Medicaid.

In response to Senator Berg, Ms. Shuffett explained that their research shows as high as 75 percent of individuals they assist suffer from a dual diagnosis of SMI and substance abuse. She also stated that about 60 percent of people that entered the program in 2020 were homeless.

In response to Representative Gibbons Prunty, Ms. Shuffett explained that New Beginnings receives funds from the Lexington Fayette Urban County Government, HUD grants, and the Lexington Housing Authority to provide funding that is used to subsidize the rent for clients. To make funding work, Ms. Shuffett said they have to be creative, blend funds, and keep requesting money.

An Overview of Housing and Rehabilitation Services to People with Severe Mental Illness

Kathy Dobbins, Chief Executive Officer of Wellspring, stated that they were founded in 1982 and is a licensed behavioral health services organization accredited by CARF International. Wellspring provides numerous services for adults with SMI including case management, peer support, therapy, psychiatric stabi-

lization units, and ACT.

Supportive housing is important because most people that have SMI have a very low income, less than \$10,000 a year. The fair market in that area for a one bedroom apartment is \$760, while SSI payments remain at \$794, so rental assistance is necessary. There are gaps in services and funds and Wellspring has to overcome, such as there is not enough highly supportive housing. Some services are not reimbursable through Medicaid, so funds from the Department of Behavioral Health are relied on.

Ivan Garr, peer support specialist for Wellspring, testified how Wellspring helped turn his life around. He had a dual diagnosis of SMI and substance abuse and was able to overcome these obstacles. This allowed him to become a peer support specialist with Wellspring and own his own home and car. He stated that he is optimistic now and looks forward to the next day.

In response to Senator Berg, Ms. Dobbins explained that she does not have an exact number of people that need housing assistance because of SMI, but there are many more individuals with an SMI diagnosis that are in need of housing. She also stated that about 85 to 90 percent of their clients have a co-occurring disorder of SMI and substance abuse.

In response to Representative Gibbons Prunty, Ms. Dobbins stated that Wellspring receives about \$6 million through billing Medicaid. They also get funding from HUD, state funding, a federal grant, and work with their local housing authority for housing vouchers. Wellspring also does their own fundraising and writes grants.

Senator Meredith expressed gratitude to Ivan Garr and his testimony.

In response to Senator Alvarado, Ms. Dobbins explained that with supported employment, minimum wage is a requirement. Many individuals do only work part time to continue to receive SSI benefits. She also stated that she does not know of other organizations that utilize individual placement and support that allow clients to accept lower than minimum wage.

The Need for Supportive Housing for People with Severe Mental Illness

Jacqueline Long, Director of housing and grants for Mountain Comprehensive Care Center, talked about the need for housing for individuals with SMI. Although not all persons who are homeless have SMI and not all persons with SMI experience homelessness as some persons stay with friends and family. There are not enough affordable housing units in the state to house the homeless SMI population. Although, HUD funds are helpful, it is difficult to find units that meet the HUD housing quality standards. There are concessions in place with Medicaid regarding prior-authorizations and because of this, Mountain Comprehensive Care Center has been able to provide high quality and intensive services to members. However, there is a concern that once prior-authorizations are back in place that targeted case management and therapeutic rehabilitation will again be challenging to get approved through Medicaid.

Ms. Shuffett stated that to encourage the development of affordable housing units, there needs to be

more no-debt projects. This way rents can remain affordable, adequate staffing maintained, as well as proper home maintenance. Intensive services with clients will help hesitant private landlords to rent to clients because staff can engage these landlords and provide in-home services to the clients.

Mobile Mental Health Clinics

Veronica Nunley, Chief Business Development Officer with Pathways, Inc., discussed the mobile mental health RV. Pathways wanted to use the mobile mental health clinic to reach three targeted populations: people of color, rural underserved individuals, and the disenfranchised. Pathways partnered with 16 community partners including two hospitals, eight health departments, and several grants from the University of Kentucky. The mobile mental health clinic goes to 12 locations throughout the region. Since May 2021, the mobile clinic has served over 220 individuals for a range of needs.

Co-chair Bentley stated that having the mobile mental health clinics will take the doctors to rural Kentucky and that it would only cost around \$200,000 to equip a mobile mental health clinic.

The meeting adjourned at 5:02 PM.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 5th Meeting of the 2021 Interim

July 23, 2021

Call to Order and Roll Call

The 5th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Friday, July 23, 2021, at 10:30 AM, in Room 129 of the Capitol Annex. Representative Myron Dossett, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Myron Dossett, Co-Chair; Senators Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives George Brown Jr., Kim King, Brandon Reed, and Rachel Roberts.

Guests: Brian Lacefield, Executive Director, Kentucky Office of Agricultural Policy (KOAP); Bill McCloskey, Deputy Executive Director, KOAP; Katrina Thompson, Executive Director, Feeding Kentucky; Sarah Vaughn, Director, Farms to Food Banks Program, Feeding Kentucky; and Martin Richards, Executive Director, Community Farm Alliance.

LRC Staff: Stefan Kasacavage, Nathan Smith, Kelly Ludwig, and Rachel Hartley.

Kentucky Office of Agricultural Policy Report

Brian Lacefield introduced new interns and provided a brief overview of the events and speakers at the joint meeting of the Agricultural Finance Corporation and the Agricultural Development Board.

Bill McCloskey described the Agricultural Development Board's projects for June under the program. Mr. McCloskey highlighted programs including the

County Agricultural Investment Program (CAIP), Deceased Farm Animal Removal, Shared-Use Equipment Program, and Youth Agriculture Incentives Program (YAIP).

The requested program amendments discussed included:

Wayne County Agriculture Development Council requested an additional \$100,000 in Wayne County funds for CAIP. The board recommended approval, which would bring the program total to \$225,600.

Grant County Cattlemen's Association requested an additional \$215,000 in Grant County funds for CAIP. The board recommended approval, which would bring the program total to \$395,000.

Gallatin County Farm Bureau requested an additional \$25,000 in Gallatin County funds for CAIP. The board recommended approval, which would bring the program total to \$175,000.

Washington County Cattlemen's Association requested an additional \$23,000 in Washington County funds for the NextGen Program. The board recommended approval, which would bring the program total to \$49,000.

Washington County Cattlemen's Association requested an additional \$63,000 in Washington County funds for CAIP. The board recommended approval, which would bring the program total to \$179,200.

Washington County Cattlemen's Association requested an additional \$9,000 in Washington County funds for YAIP. The board recommended approval, which would bring the program total to \$29,350.

Mercer County Conservation District requested an additional \$34,377 in Mercer County funds for CAIP. The board recommended approval, which would bring the program total to \$213,783.

The projects discussed included:

Riverview Meat Company was approved for up to \$250,000 in state funds as a forgivable loan and \$25,000 in multi-county funds as a cost-reimbursement grant to purchase an existing meat processing facility in Cynthiana, Kentucky.

Continental Refining Company was approved for up to \$250,000 in multi-county funds matched by up to \$250,000 in state funds as a cost-reimbursement grant for the development of a soybean crushing facility in Somerset, Kentucky.

Clark County Fiscal Court was approved for \$10,000 in Clark County funds to build a dead animal compost facility.

Kentucky Training Center was approved for up to \$1,000,000 in state and multi-county funds as a cost-reimbursement grant and loan to build six new equine barns in its Paris Pike location.

Burgin Independent Schools was approved for \$12,296 in Mercer County funds as a cost-reimbursement grant to build a new greenhouse at its high school.

Kentucky Fresh Harvest was approved for \$100,000 in state funds to complete the construction of a 1.6 million gallon water retention basin.

American Farmland Trust was approved for \$550,000 in state funds across two years for continuation of its Kentucky Commercial Rye Cover Crop Initiative.

Allen Porter was denied \$10,000 in state funds to increase capacity and water control of a pond. The On-Farm Water Management Committee recommended no funding.

In response to Representative King, Mr. McCloskey stated the program amendments can be requested when new money is received each year. Farmers who are on the wait list are provided funds once the amendment is approved.

In response to Senator Embry, Mr. Lacefield stated he is reaching out to various county councils that are not applying for money.

Farms to Food Banks

Katrina Thompson stated one out of six Kentuckians and one out of five children are food insecure. The counties with the highest estimated food insecurity rates are Harlan, Leslie, Magoffin, Breathitt, Clay, Bell, and Letcher. Kentucky has the nation's highest rate of food insecurity among residents 50 to 59 years old, according to Feeding America's effort to document hunger in older adults. Of those Kentuckians that are food insecure, 33 percent do not qualify for federal nutrition programs.

Feeding America estimates that food insecurity increased by 18 percent during COVID-19, and Kentucky food banks experienced a 30 percent increase in demand.

Feeding Kentucky is a statewide network of seven member food banks and 800 partner agencies such as food pantries, soup kitchens, and shelters. There are 50,000 Kentuckians served each week. There is a need for brick and mortar infrastructure, cold storage,

and continued flexibility in school and federal nutrition programs.

Sarah Vaughn stated Farms to Food Banks receives agricultural products from farmers in need of a market and delivers agricultural products to food banks. The agricultural products include meat, cheese, and fresh produce. The goals of Farms to Food Banks is to increase access to healthy food for struggling Kentuckians, pay fair prices to farmers to help recoup losses, and reduce the amount of food waste.

Almost three million pounds of Kentucky-grown agricultural products were distributed throughout Kentucky in 2020. In 2020, there were 371 farmers that participated with an average payment per farmer of \$2,013.

Kentucky Kids Eat focuses on access to healthy foods 365 days a year by providing funding, training, and support for schools and nonprofits. Schools and nonprofits were awarded 68 grants since March 2020.

In response to Senator Webb, Ms. Thompson stated the brick and mortar infrastructure needs includes shelving in existing buildings, freezers, refrigerators, more food pantries, and volunteers.

Kentucky Double Dollars

Martin Richards stated the Farmers Market Support Program (FMSP) and Kentucky Double Dollars (KDD) work together to increase sales and income to Kentucky farmers, leverage federal food and nutrition program funds, and increase access to fresh and healthy local food.

There is a new program, Fresh Rx for MOMS, which is a fruit and vegetable prescription program

for mothers on Medicaid. Participants receive \$20 in fresh fruit and vegetable tokens each week for up to 40 weeks and have access to nutrition education and consultation with a dietitian. In 2020, the total prescription incentives that were redeemed were \$7,157.

FMSP provides Kentucky farmers markets with the tools, resources, and networks to create profitable and sustainable markets. KDD incentivizes the purchase of Kentucky-produced fruits, vegetables, meat, eggs, and dairy by those on food assistance programs.

FMSP has responded to COVID-19 by securing private funding and distributing emergency mini-grants to farmers markets to help them mitigate the ramifications of COVID-19.

KDD has grown significantly since 2016. In 2016, there were six outlets and in 2021, there are 73. There has been an expansion in the retail market.

The United States Department of Agriculture has millions of dollars available for healthy food access, but it requires state matching funds in excess of what is currently available. In 2000, the Kentucky General Assembly devoted Master Settlement funds to support agriculture and improve public health. Each year, around \$121 million is divided between agriculture and public health. Even though healthy food access impacts both sectors, currently only the agriculture portion of the fund is supporting programs like KDD and Farms to Food Banks.

There being no further business, the meeting was adjourned.



2021 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.

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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.

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2021 Interim

**LEGISLATIVE
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