



# INTERIM RECORD

A SUMMARY OF INTERIM ACTIVITIES

2022

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## Lawmakers express concerns, support for those in flooded areas

by Nancy Royden - LRC Public Information

FRANKFORT — Lawmakers from Eastern Kentucky and other areas of the state expressed heartfelt concern on Aug. 16 for those adversely affected by July's torrential flooding.

State officials from the Kentucky Transportation Cabinet testified before the Interim Joint Committee on Transportation to provide an update on the recovery efforts, and several legislators took turns describing the extreme devastation.

Rep. Cherlynn Stevenson, D-Lexington, said she's from Knott County and has relatives who still reside there.

"These photos cannot prepare you for what you see. And when you drive up a holler and see houses that are just gone. They're just gone," she said. "It's so hard, and it's so hard not to be there every day. It's hard to be here and still do what I need to do and not be there. I've been there as much as I possibly could."

The people in affected areas need help with manual labor because some situations remain dire, Stevenson added. "There are still people sitting in houses caked in mud. There are people living in tents, and people need help."

Sen. Johnnie Turner, R-Harlan, said he went through a bad flood in 1957, but the recent flooding was truly traumatic. He and people from



Rep. Cherlynn Stevenson, D-Lexington, speaks on the devastation following July's flooding in Eastern Kentucky during the Interim Joint Committee on Transportation meeting on Aug. 16.

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# Lawmakers express concerns,

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“everywhere” are working in the damaged areas.

“Three of the counties were my counties, and I’ve been hands-on with helping deliver from the helicopter to my truck – four days in a row hauling gallons of water,” he said.

Turner reported that devastation is far and wide.

“It’s just so terrible. Pictures are just a minute part of what you see when you drive there, and every house that I picked up truckload after truckload have set everything outside, and they have nothing. I mean they have nothing,” he said.

Rep. Ashley Tackett Laferty, D-Martin, was among several who said she’s grateful for assistance in the recovery.

“As many of you know, I represent Eastern Kentucky. I represent Floyd and Pike counties, and I live in District 12. So I understand the transportation

department, how hard they’ve been working. I don’t know where to begin in saying thank you,” she said.

Travel trailers and lodging at state parks are being used to house those affected by flooding, and Tackett Laferty said it’s an immense undertaking.

“Jenny Wiley State Park is housing, lodging, in the hotel, 177 people in our community. I didn’t even realize our resort park held that many people,” she said.

Rep. Sal Santoro, R-Union, asked the transportation cabinet officials about water and electrical service.

Transportation Secretary Jim Gray said most electricity has been restored, but water is going to be a different story. The early priority was getting roads passable so utility personnel could get to areas to fix them. He said water has been restored near plants, but repair is more challenging in areas far from plants.

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## Judiciary committee hears testimony on law to combat organized retail crime

by Jordan Hensley - LRC Public Information

FRANKFORT— The Interim Joint Committee on Judiciary heard testimony on Aug. 18 about a potential law to address the threat of organized retail crime.

Shannon Stiglitz, the senior vice president of government affairs for the Kentucky Retail Federation, was joined by representatives from Walgreens and Kroger to share the effect of organized retail crime in Kentucky.

The FBI defines organized retail crime as “professional burglars, boosters, cons, thieves, fences and resellers conspiring to steal and sell retail merchandise obtained from retail establishments by theft or deception.” Much of the stolen merchandise ends up on online marketplaces.

“Each Kentuckian is paying about \$164 more a year on the products they buy because of (organized retail crime),” Stiglitz said, adding that retail theft is not a victimless crime.

Stiglitz emphasized that organized retail crime refers to organized groups of people, not an individual shoplifter who will steal only the things they want or need. She also noted that some of



Sen. Danny Carroll, R-Benton, speaks on organized retail crime during an Aug. 18 meeting of the Interim Joint Committee on Judiciary.

these groups are violent toward anyone who interferes with them as they steal.

Stiglitz encouraged lawmakers to consider enacting the Integrity, Notification and Fairness in

Online Retail Marketplaces for Consumers, or the INFORM Act. It would require online marketplaces to collect certain information from high-volume, third-party sellers to verify that the products are legal. Eleven states already have the INFORM Act in place.

Stiglitz said organized retail crime costs the state and local governments in Kentucky about \$54 million annually.

After the presentation, lawmakers discussed whether Kentucky’s current laws on theft are strong enough.

“What you all are presenting to us, it’s not going to get any better until we change our philosophy,” Sen. Danny Carroll, R-Benton, said. “Until we go back to treating criminals as criminals and holding them accountable for what they do, it’s not going to get any better.”

Carroll said he believes the legislature is going in the “wrong direction” when it comes to criminal justice reform.

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# Lawmakers voice concerns about proposed changes to federal nursing staff rules

by Nancy Royden - LRC Public Information

FRANKFORT — Lawmakers expressed concern during a meeting of the Medicaid Oversight and Advisory Committee on Aug. 11 that proposed federal staffing mandates for nursing facilities could lead to severe challenges in Kentucky.

Those who operate nursing facilities told legislators they have been dealing with staff shortages exacerbated by COVID-19, and the proposed changes will make matters even more difficult for them.

“I am averaging \$118,000 net loss each and every month of this year. If we don’t get some help within months, we’re going to go out of business,” said David McKenzie, owner of The Jordan Center in Louisa, which has suffered from staffing challenges amid the pandemic.

Becky Johnson, president of the Kentucky Association of Health Care Facilities and the Kentucky Center for Assisted Living, said she does not know where all the personnel will come from to meet the proposed mandates for the federal 2023 fiscal year.

According to her testimony, current federal regulations require nursing homes to provide licensed nursing services 24 hours a day, with a registered nurse on staff for at least eight consecutive hours a day, seven days a week.

Kentucky’s total nursing hours – which include staffing by registered nurses, licensed practical nurses and aides – is above the national average with 3.78 staffing hours, Johnson said. It would cost providers nearly \$10.1 billion annually to meet the minimum staffing if the federal mandates require 4.1 hours per patient day, Johnson said.

She cited a study from the American Health Care Association showing that nursing homes would have to hire an additional 187,000 nurses and nurse aides.

Karen Venis, chief executive officer of Sayre Christian Village in Lexington, said the proposed changes are worrisome.

“For us, the concern is where are the people going to come from,” she said. “I think for our team it’s just going to add another layer of pressure that already exists. Next to a nuclear power plant we’re one of the most heavily regulated industries



Sen. Ralph Alvarado, R-Winchester, speaks on proposed federally mandated staffing ratios for nursing facilities during a Medicaid Oversight and Advisory Committee meeting on Aug. 11.

out there.”

Sen. Ralph Alvarado, R-Winchester, said if facilities close, it would be catastrophic and cause some people to seek care at hospitals. He said medical providers who don’t spend any time in nursing homes often have no idea that nursing homes face much stricter requirements.

“I live it. I see it every day, and it’s coming very, very soon, where you’re going to have facilities that are major employers in our communities and a lot of those folks will be suddenly unemployed,” he said.

Finding qualified medical personnel to fill the jobs can be very difficult, Alvarado added. “These are individuals who choose where they want to work, and if they don’t want to work in that setting, we can’t force them to work in the setting.”

Rep. Lisa Willner, D-Louisville, also expressed concerns.

“It’s overwhelming and it’s daunting – the challenges we’re facing, and I hear so often about the health care force dwindling because people are leaving,” she said.

Co-chair Sen. Stephen Meredith, R-Leitchfield, said information about how inflation is affecting nursing facilities would be helpful along with the development of a five-year plan to address staffing issues.

“Maybe as legislators and industry leaders, we need to talk about what the ideal staffing ratio is and develop like a five-year plan as to how do we get there rather than just throw it out there because all the issues you’ve identified are certainly real and they’re challenges,” he said.

Sen. Danny Carroll, R-Benton, said long-term facilities are not the only groups facing higher labor costs. He also suggested that the health facilities association and the assisted living center

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Rep. Tom Smith, R-Corbin, asked if similar rainfall happened in other parts of the state would it be as cataclysmic.

Gray said he was not sure, but damage could certainly happen in any part of the state.

“Damage to infrastructure is enormous,” he said.

Examining the damage and working on inventory is still ongoing, Gray said, and officials are seeking to determine the cost of rebuilding.

“You really can’t find the right adjectives to describe it. I think it would have been destructive anywhere, but I suspect it is even at a higher level here. And it’s going to be a time to get the rebuild done,” he said.

Committee Co-chair Jimmy Higdon, R-Lebanon, said he saw many foundations that no longer have houses on top.

“I will say this – seeing is believing. I’ve seen floods before, but driving that day, it was like a flood and a tornado combined,” he said.



# Judiciary committee,

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Stiglitz did mention laws Kentucky already has to combat organized retail crime during her presentation. KRS 506.120 makes organized retail crime a class C felony. She said some prosecutors and law enforcement officers are not aware of this law and how to use it, so education is an important factor in addressing the issue.

Rep. Jason Nemes, R-Louisville, said he believes Kentucky’s criminal penalties are sufficient and that judges and prosecutors need to do their part in enforcing the laws.

“Our laws on the conduct we’re talking about today subject someone to prison for five to 10 years,” Nemes said. “That’s pretty doggone serious. I don’t know how much more serious the General Assembly needs to be.”

Rep. McKenzie Cantrell, D-Louisville, questioned how the INFORM Act might affect small businesses while recognizing the legislation would not apply to individuals looking to sell a few items of personal property.

“I think we all know a lot of those are legitimate businesses that a lot of us like to purchase from, and that would be unnecessarily putting some more

burdens on those small businesses,” Cantrell said. “How can we balance that a little bit?”

Stiglitz said most small businesses would already have the information required in the INFORM Act on hand if they have acquired a small business license through the Secretary of State’s office.

In closing, Stiglitz said she did not want her presentation to appear as if the Kentucky Retail Federation is looking for enhanced criminal penalties.

“We want you to understand we want accountability and transparency and consumer protections, and that is what this is about,” she added.

As of Aug. 18, the INFORM Act had not been pre-filed as potential legislation for the 2023 legislative session. During the interim, the Kentucky General Assembly cannot take any action on legislation. The 2023 legislative session will begin Jan. 3.

The next Interim Joint Committee on Judiciary meeting is currently scheduled for Sept. 22 at 11 a.m. For more information, visit [legislature.ky.gov](http://legislature.ky.gov).

# Federal nursing staff rules,

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think about including child care facilities as part of long-term facilities.

“I think it’s important to remember also the effects that our long-term care facilities are feeling and their reaction having to increase pay. There’s a trickle-down effect of that to other types of providers. It’s running a day program. You know we have had to increase our pay for (certified nursing assistants) tremendously,” he said.

# Task force hears testimony on child care issues, solutions

by Jordan Hensley - LRC Public Information

FRANKFORT— Child care and workforce participation were among many of the issues the Kentucky General Assembly made efforts to address during the last legislative session, and that work continues during the interim.

On July 26, the Early Childhood Education Task Force heard testimony from the Kentucky Chamber of Commerce, the U.S. Chamber of Commerce Foundation, the Kentucky Cabinet for Health and Family Services' Department for Community Based Services (DCBS), Toyota Motor Manufacturing Kentucky Inc. and the Rockcastle Regional Hospital and Respiratory Care Center.

DCBS representatives gave lawmakers an update on the implementation of House Bill 499 from the 2022 legislative session. Task Force Co-Chair Rep. Samara Heavrin, R-Leitchfield, was the primary sponsor of the bill.

HB 499 creates a public and private partnership pilot program that incentivizes employers to contribute to the child care cost of its employees. The program will officially begin accepting applications on April 2, 2023.

Charles Aull, senior policy analyst with the Kentucky Chamber of Commerce, shared statistics that show 45,000 to 50,000 Kentuckians are not able to work due to child care.

"If we were to take that 45,000 people and remove those barriers for them and then bring them into the workforce, that could increase our labor force participation rate by more than a full point," Aull said. "To put that into context, it is very, very difficult to move a full point in your labor force participation, so being able to do that would be extraordinary."

According to Aull, there are approximately 180,000 jobs available in Kentucky and only 70,000 to 80,000 Kentuckians who are unemployed and actively seeking work. In a 2021 report from the Kentucky Chamber, child care was named one of the top root causes of Kentucky's workforce crisis, with the cumulative economic impact in Kentucky being between \$2.12 billion and \$3.23 billion.

In addition to ensuring the success of HB 499, Aull suggested the Kentucky General Assembly should consider stabilizing the child care assis-



Rep. Samara Heavrin, R-Leitchfield, leads the Early Childhood Education Task Force meeting on July 26.

tance program, studying local zoning ordinances, funding the early childhood development scholarship and more.

Task Force Co-chair Sen. Danny Carroll, R-Benton, said he believes the Chamber's proposals are "excellent."

Toyota Motor Manufacturing Kentucky in Georgetown and Rockcastle Regional Hospital and Respiratory Care Center in Rockcastle County are among the businesses in Kentucky already offering child care at a discounted rate to its employees.

Rep. Josie Raymond, D-Louisville, asked Sandy Nott, Toyota Kentucky's vice president of administration, if Toyota has to invest additional money to cover the cost of its childcare centers, and how Toyota measures its return on investment.

Nott said Toyota does contribute to covering the

cost of its child care program.

"Just having that child care development center, we believe, is an advantage for us when it comes to hiring and retaining," Nott added.

Carroll noted that cost is a major issue when it comes to child care and not just for families.

"The losses ... I think that is at the base of this task force and it is at the base of the structure issue that we have with child care in the Commonwealth and everywhere. It's just not sustainable," he said.

The Early Childhood Education Task Force is a special committee of eight lawmakers who study and review early childhood caregiving along with educational structures and operations in Kentucky.

For more information on the task force and the interim calendar, visit [legislature.ky.gov](https://legislature.ky.gov)



# 2022 Kentucky General Assembly

## Senate

**Julie Raque Adams (36)**

213 S Lyndon Ln  
Louisville, KY 40222  
(LRC) 502-564-2450

**Ralph Alvarado (28)**

3250 McClure Rd  
Winchester, KY 40391  
(LRC) 502-564-8100

**Karen Berg (26)**

702 Capital Ave  
Annex Room 255  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Jared Carpenter (34)**

PO Box 100  
Berea, KY 40403  
(LRC) 502-564-8100

**Danny Carroll (2)**

257 Bent Creek Dr  
Benton, KY 42025  
(LRC) 502-564-8100

**Matt Castlen (8)**

702 Capital Ave  
Annex Room 203  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Donald Douglas (22)**

702 Capital Ave  
Annex Room 229  
Frankfort, KY 40601  
(LRC) 502-564-8100

**C.B. Embry Jr. (6)**

PO Box 1215  
Morgantown, KY 42261  
(LRC) 502-564-8100  
(Home) 270-526-6237

**Rick Girdler (15)**

702 Capital Ave  
Annex Room 209  
Frankfort, KY 40601  
(LRC) 502-564-8100

**David P. Givens (9)**

PO Box 12  
Greensburg, KY 42743  
(LRC) 502-564-3120

**Denise Harper Angel (35)**

2521 Ransdell Ave  
Louisville, KY 40204  
(LRC) 502-564-2470  
(Home) 502-452-9130

**Jimmy Higdon (14)**

344 N Spalding Ave  
Lebanon, KY 40033  
(LRC) 502-564-8100  
(Home) 270-692-6945

**Paul Hornback (20)**

6102 Cropper Rd  
Shelbyville, KY 40065  
(LRC) 502-564-8100

**Jason Howell (1)**

702 Capital Ave  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Alice Forgy Kerr (12)**

3274 Gondola Dr  
Lexington, KY 40513  
(LRC) 502-564-8100  
(Home) 859-223-3274

**Christian McDaniel (23)**

PO Box 15231  
Latonia, KY 41015  
(LRC) 502-564-8100

**Morgan McGarvey (19)**

2250 Winston Ave  
Louisville, KY 40205  
(LRC) 502-564-2470  
(Home) 502-589-2780

**Stephen Meredith (5)**

1424 Byrtle Grove Rd  
Leitchfield, KY 42754  
(LRC) 502-564-8100

**Robby Mills (4)**

702 Capital Ave  
Annex Room 203  
Frankfort, KY 40601  
(LRC/Home) 502-564-8100

**Gerald A. Neal (33)**

462 S 4th St  
Meidinger Twr, Ste. 1250  
Louisville, KY 40202  
(LRC) 502-564-8100  
(Home) 502-776-1222  
(Work) 502-584-8500  
(Work FAX) 502-584-1119

**Michael J. Nemes (38)**

209 Sandy Dr  
Shepherdsville, KY 40165  
(LRC) 502-564-8100

**Dennis Parrett (10)**

731 Thomas Rd  
Elizabethtown, KY 42701  
(LRC) 502-564-2470  
(Home) 270-765-4565

**John Schickel (11)**

702 Capital Ave  
Annex Room 209  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Wil Schroder (24)**

702 Capital Ave  
Annex Room 209  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Brandon Smith (30)**

PO Box 846  
Hazard, KY 41702  
(LRC) 502-564-8100  
(Home) 606-436-4526  
(Home FAX) 606-436-4526

**Adrienne Southworth (7)**

702 Capital Ave  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Robert Stivers (25)**

207 Main St  
Manchester, KY 40962  
(LRC) 502-564-3120  
(Home) 606-598-8575  
(Work) 606-598-2322  
(Work FAX) 606-598-2357

**Brandon J. Storm (21)**

702 Capital Ave  
Annex Room 229  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Damon Thayer (17)**

702 Capital Ave  
Annex Room 242  
Frankfort, KY 40601  
(LRC) 502-564-2450

**Reginald Thomas (13)**

702 Capital Ave  
Annex Room 254  
Frankfort, KY 40601  
(LRC) 502-564-8100  
(LRC FAX) 502-564-0777

**Johnnie Turner (29)**

702 Capital Ave  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Robin L. Webb (18)**

102 S Hord St  
Grayson, KY 41143  
(LRC) 502-564-8100  
(Home) 606-474-5380

**Stephen West (27)**

202 Vimont Ln  
Paris, KY 40361  
(LRC) 502-564-8100

**Whitney Westerfield (3)**

702 Capital Ave  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Phillip Wheeler (31)**

702 Capital Ave.  
Annex Room 253  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Mike Wilson (32)**

702 Capital Ave  
Annex Room 242  
Frankfort, KY 40601  
(LRC) 502-564-2450

**Max Wise (16)**

702 Capital Ave  
Annex Room 204  
Frankfort, KY 40601  
(LRC) 502-564-8100

**David Yates (37)**

702 Capital Ave.  
Annex Room 255  
Frankfort, KY 40601  
(LRC) 502-564-8100

\* Members of the Kentucky General Assembly may also  
be contacted by calling 502-564-8100.



# 2022 Kentucky General Assembly

## House

**Shane Baker (85)**

702 Capital Ave  
Annex Room 432  
Frankfort, KY 40601  
LRC: 502-564-8100

**Kim Banta (63)**

702 Capital Ave  
Annex Room 329F  
Frankfort, KY 40601  
LRC: 502-564-8100

**Lynn Bechler (4)**

2359 Brown Mines Rd  
Annex Room 316C  
Marion, KY 42064  
LRC: 502-564-8100  
(Home) 270-988-4171

**Danny Bentley (98)**

702 Capital Ave  
Annex Room 367C  
Frankfort KY 40601  
(LRC) 502-564-8100

**John Blanton (92)**

702 Capital Ave  
Annex Room 329H  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Tina Bojanowski (32)**

702 Capital Ave  
Annex Room 451E  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Adam Bowling (87)**

PO Box 2928  
Annex Room 416B  
Middlesboro, KY 40965  
(LRC) 502-564-8100

**Josh Branscum (83)**

702 Capital Ave  
Annex Room 357C  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Kevin D. Bratcher (29)**

702 Capital Ave  
Annex Room 370  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Josh Bray (71)**

702 Capital Ave  
Annex Room 413  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Randy Bridges (3)**

375 Stonegate Dr  
Paducah, KY 42003  
(LRC) 502-564-8100

**George Brown Jr. (77)**

424 E Fourth St  
Lexington, KY 40508  
(LRC) 502-564-8100  
(Home) 859-312-7513

**Tom Burch (30)**

4012 Lambert Ave  
Louisville, KY 40218  
(LRC) 502-564-8100  
(Home) 502-454-4002

**Josh Calloway (10)**

117 Dents Bridge Rd  
Irvington, KY 40146  
(LRC) 502-564-8100  
(Home) 270-863-1081

**McKenzie Cantrell (38)**

702 Capital Ave  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Jennifer Decker (58)**

702 Capital Ave  
Annex Room 329A  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Jonathan Dixon (11)**

702 Capital Ave  
Annex Room 413  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Jeffery Donohue (37)**

PO Box 509  
Fairdale, KY 40118  
(LRC) 502-564-8100  
(Work) 502-439-6175

**Myron Dossett (9)**

491 E Nashville St  
Pembroke, KY 42266  
(LRC) 502-564-8100  
(Home) 270-475-9503

**Ryan Dotson (73)**

702 Capital Ave  
Annex Room 432  
Frankfort, KY 40601  
(LRC) 502-564-8100  
(Home) 859-771-3014

**Jim DuPlessis (25)**

702 Capital Ave  
Annex Room 376  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Daniel Elliott (54)**

PO Box 2082  
Danville, KY 40423  
(LRC) 502-564-8100

**Joseph M. Fischer (68)**

126 Dixie Pl  
Ft Thomas, KY 41075  
(LRC) 502-564-8100  
(Home) 859-781-6965  
(Work) 513-794-6442

**Daniel Fister (56)**

702 Capital Ave  
Annex Room 424D  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Patrick Flannery (96)**

702 Capital Ave  
Annex Room 424F  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Ken Fleming (48)**

702 Capital Ave  
Annex Room 432  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Kelly Flood (75)**

121 Arcadia Park  
Lexington, KY 40503  
(LRC) 502-564-8100  
(Home) 859-221-3107

**Deanna Frazier Gordon (81)**

702 Capital Ave  
Annex Room 405C  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Chris Freeland (6)**

702 Capital Ave  
Annex Room 373C  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Chris Fugate (84)**

277 Right Branch Spencer Rd  
Chavies, KY 41727  
(LRC) 502-564-8100  
(Home) 606-233-5660

**Al Gentry (46)**

8406 Cloverport Dr  
Louisville, KY 40228  
(LRC) 502-564-8100

**Jim Gooch Jr. (12)**

806 Princeton St  
Providence, KY 42450  
(LRC) 502-564-8100  
(Home) 270-667-7327  
(Work FAX) 270-667-5111

**Derrick Graham (57)**

157 Bellemeade Dr  
Frankfort, KY 40601  
(LRC) 502-564-5565  
(Home) 502-223-1769

**David Hale (74)**

11 Hales Ln  
Wellington, KY 40387  
(LRC) 502-564-8100

**Mark Hart (78)**

202 W 4th St  
Falmouth, KY 41040  
(LRC) 502-564-8100  
(Home) 859-654-4278

**Angie Hatton (94)**

20 Ohio St  
Whitesburg, KY 41858  
(LRC) 502-564-8100

**Richard Heath (2)**

438 Millers Chapel Rd  
Mayfield, KY 42066  
(LRC) 502-564-8100

**Samara Heavrin (18)**

474 Mulberry St., Apt. B  
Leitchfield, KY 42754  
LRC: 502-564-8100

**Keturah Herron (48)**

702 Capital Ave  
Annex Room 429  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Regina Huff (82)**

179 Mountain St  
Williamsburg, KY 40769  
(LRC) 502-564-8100  
(Home) 606-549-3439

**Thomas Huff (49)**

PO Box 1331  
Shepherdsville, KY 41065  
(LRC) 502-564-8100

**Mary Beth Imes (5)**

702 Capital Ave  
Annex Room 329I  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Joni L. Jenkins (44)**

2010 O'Brien Ct  
Shively, KY 40216  
(LRC) 502-564-5565  
(Home) 502-447-4324

**DJ Johnson (13)**

PO Box 6028  
Owensboro, KY 42302  
(LRC) 502-564-8100

**Kim King (55)**

250 Bright Leaf Dr  
Harrodsburg, KY 40330  
(LRC) 502-564-8100  
(Home) 859-734-2173

# 2022 Kentucky General Assembly

## Norma Kirk- McCormick (93)

702 Capital Ave  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Matthew Koch (72)

702 Capital Ave  
Annex Room 329E  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Adam Koenig (69)

170 Herrington Ct #12  
Erlanger, KY 41018  
(LRC) 502-564-8100  
(Home) 859-653-5312

## Nima Kulkarni (40)

702 Capital Ave  
Annex Room 429E  
Frankfort, KY 40601  
(LRC) 502-564-8100

## William Lawrence (70)

7018 Seth Ln  
Maysville, KY 41056  
(LRC) 502-564-8100  
(Home) 606-407-0855

## Derek Lewis (90)

702 Capital Ave  
Annex Room 413D  
Frankfort, KY 40601  
(LRC) 502-564-8100  
(Home) 606-594-0061  
(Home FAX) 606-672-5526

## Scott Lewis (14)

PO Box 454  
Hartford, KY 42347  
(LRC) 502-564-8100

## Matt Lockett (39)

702 Capital Ave  
Annex Room 329  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Savannah Maddox (61)

702 Capital Ave  
Annex Room 316E  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Mary Lou Marzian (34)

2007 Tyler Ln  
Louisville, KY 40205  
(LRC) 502-564-8100  
(Home) 502-451-5032

## C. Ed Massey (66)

702 Capital Ave  
Annex Room 313  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Bobby McCool (97)

702 Capital Ave  
Annex Room 357E  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Chad McCoy (50)

702 Capital Ave  
Annex Room 324A  
Frankfort, KY 40601  
(LRC) 502-564-2217

## Shawn McPherson (22)

801 East Main St  
Scottsville, KY 42164  
(LRC) 502-564-8100

## David Meade (80)

PO Box 121  
Stanford, KY 40484  
(LRC) 502-564-4334

## Michael Meredith (19)

PO Box 292  
Brownsville, KY 42210  
(LRC) 502-564-8100

## Suzanne Miles (7)

PO Box 21592  
Owensboro, KY 42304  
(LRC) 502-564-2217

## Charles Miller (28)

3608 Gateview Cir  
Louisville, KY 40272  
(LRC) 502-564-8100  
(Home) 502-937-7788

## Jerry T. Miller (36)

PO Box 36  
Eastwood, KY 40018  
(LRC) 502-564-8100

## Patti Minter (20)

702 Capital Ave  
Annex Room 429H  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Kimberly Poore Moser (64)

PO Box 143  
Independence, KY 41051  
(LRC) 502-564-8100

## Jason Nemes (33)

702 Capital Ave  
Annex Room 416C  
Frankfort, KY 40601  
(LRC) 502-564-8100

## David W. Osborne (59)

PO Box 8  
Prospect, KY 40059  
(LRC) 502-564-4334  
(Work) 502-645-2186

## Ruth Ann Palumbo (76)

10 Deepwood Dr  
Lexington, KY 40505  
(LRC) 502-564-8100  
(Home) 859-299-2597

## Jason Petrie (16)

702 Capital Ave  
Annex Room 370D  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Michael Sarge Pollock (51)

702 Capital Ave  
Annex Room 432A  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Phillip Pratt (62)

702 Capital Ave  
Annex Room 367B  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Melinda Gibbons Prunty (15)

PO Box 411  
Greenville, KY 42345  
(LRC) 502-564-8100

## Felicia Rabourn (47)

PO Box 47  
Annex Room 405F  
Campbellsburg, KY 40075  
(LRC) 502-564-8100

## Josie Raymond (31)

702 Capital Ave  
Annex Room 467  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Brandon Reed (24)

113 N Walters Ave  
PO Box 8  
Hodgenville, KY 42748  
(LRC) 502-564-8100  
(Work) 270-358-0868

## Steve Riley (23)

189 Blue Sky Dr  
Glasgow, KY 42141  
(LRC) 502-564-8100

## Rachel Roberts (67)

702 Capital Ave  
Annex Room 460  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Bart Rowland (21)

PO Box 336  
Tompkinsville, KY 42167  
(LRC) 502-564-8100

## Steven Rudy (1)

350 Peppers Mill Dr  
Paducah, KY 42001  
(LRC) 502-564-8100

## Sal Santoro (60)

12094 Jockey Club Dr  
Union, KY 41091  
(LRC) 502-564-8100  
(Home) 859-371-8840  
(Home FAX) 859-371-4060

## Attica Scott (41)

702 Capital Ave  
Annex Room 467  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Scott Sharp (100)

702 Capital Ave  
Annex Room 424  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Steve Sheldon (17)

702 Capital Ave  
Annex Room 351B  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Tom Smith (86)

702 Capital Ave  
Annex Room 405  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Cherlynn Stevenson (88)

702 Capital Ave  
Annex Room 467  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Pamela Stevenson (43)

702 Capital Ave  
Annex Room 429A  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Ashley Tackett Laferty (95)

702 Capital Ave  
Annex Room 429C  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Nancy Tate (27)

702 Capital Ave  
Annex Room 351A  
Frankfort, KY 40601  
(LRC) 502-564-8100

## Walker Thomas (8)

2620 Cox Mill Rd  
Hopkinsville, KY 42240  
(LRC) 502-564-8100  
(Home) 270-889-8091  
(Home FAX) 270-885-5335

## Killian Timoney (45)

702 Capital Ave  
Annex Room 405  
Frankfort, KY 40601  
(LRC) 502-564-8100

## James Tipton (53)

8151 Little Mount Rd  
Taylorsville, KY 40071  
(LRC) 502-564-8100

## Timmy Truett (89)

4172 HWY 2003  
McKee, KY 40447  
(LRC) 502-564-8100



# 2022 Kentucky General Assembly

**Ken Upchurch (52)**

PO Box 969  
Monticello, KY 42633  
(LRC) 502-564-8100  
(Home) 606-340-8490

**Russell Webber (26)**

PO Box 6605  
Shepherdsville, KY 40165  
(LRC) 502-564-8100

**Bill Wesley (91)**

702 Capital Ave  
Annex Room 432  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Susan Westrom (79)**

PO Box 22778  
Lexington, KY 40522  
(LRC) 502-564-8100  
(Work) 859-266-7581

**Buddy Wheatley (65)**

702 Capital Ave  
Annex Room 460  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Richard White (99)**

702 Capital Ave  
Annex Room 405  
Frankfort, KY 40601  
(LRC) 502-564-8100

**Lisa Willner (35)**

702 Capital Ave  
Annex Room 429I  
Frankfort, KY 40601  
(LRC) 502-564-8100  
(Home) 502-599-7289

\* Members of the Kentucky General Assembly may also be contacted by calling 502-564-8100.

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# Committee Meetings

## LEGISLATIVE RESEARCH COMMISSION

### Minutes of the 572nd Meeting

August 10, 2022

#### Call to Order and Roll Call

The 572nd meeting of the Legislative Research Commission was held on Wednesday, August 10, 2022, at 12:30 PM, in Room 125 of the Capitol Annex. Representative David Meade, Chair, called the meeting to order, and the secretary called the roll.

#### Present were:

Members: Senator Robert Stivers, Co-Chair; Senators Julie Raque Adams, David P. Givens, Morgan McGarvey, Dennis Parrett, Damon Thayer, and Reginald Thomas; Representatives Derrick Graham, Joni L. Jenkins, Chad McCoy, David Meade, and Suzanne Miles.

LRC Staff: Jay Hartz and Christy Glass.

There being a quorum present, Representative Meade called for a motion to approve the minutes of the June 1, 2022, meeting; accept as indicated items A. through H. under Staff and Committee Reports; approve items A. through C. under New Business; and accept and refer as indicated items 1. through 16. under Communications.

A motion was made by Senator Raque Adams and seconded by Senator McGarvey, to approve, accept, or refer the following items and a roll call vote was taken.

DISPOSITION of minutes of the June 1, 2022, MEETING

#### STAFF AND COMMITTEE REPORTS

Committee Activity Reports since June 2022.

Report of the Administrative Regulations Review Subcommittee meetings on June 14 and July 14, 2022.

Committee review of administrative regulations by the Interim Joint Committee on Health, Welfare, and Family Services during its meetings on June 2 and July 20, 2022.

Committee review of administrative regulations by the Interim Joint Committee on Natural Resources and Energy during its meeting on June 9, 2022.

Committee review of the administrative regulations by the Interim Joint Committee on Veterans, Military Affairs, and Public Protection during its meeting on June 22, 2022.

From Jennifer Hays, CSA of the Interim Joint Committee on Appropriations and Revenue: June 2022 Staff Study on Electric Vehicles and Transportation Funding.

Committee review of FY 2023 Low-Income Home Energy Assistance Program (LIHEAP) Block Grant Application by the Interim Joint Committee on Natural Resources and Energy during its meeting on

July 7, 2022.

Committee review of the administrative regulations by the Interim Joint Committee on State Government during its meeting on July 19, 2022.

#### NEW BUSINESS

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum regarding the Creation, Authorization, and Appointments of the 2022 Interim Task Forces.

From Director Jay D. Hartz: Memorandum appointing Mike Borchers to the Local Superintendents Advisory Council.

From Director Jay D. Hartz: Memorandum appointing David Raleigh, Kelley Ransdell, and Robbie Fletcher to the Local Superintendents Advisory Council.

#### 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, 2021, through July 1, 2022.

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarter ending June 30, 2022.

From Kentucky State University: 2022 Financial Exigency Policy.

From the Cabinet for Health and Family Services: 2021 Department for Public Health Maternal Mortality Review (MMR) Report.

From the Justice and Public Safety Cabinet: FY 22 2nd and 3rd Quarter Substance Abuse Treatment and Job Training Pilot Reports.

From the Justice and Public Safety Cabinet: FY 22 2nd and 3rd Quarter Population Management Reports.

From the Justice and Public Safety Cabinet: 2021 Kentucky Department of Corrections Annual Report.

From the Auditor of Public Accounts: Report of the Statewide Single Audit of the Commonwealth of Kentucky, Volume II.

From the Department of Education: 2022-24 Biennial Plan for Validation Studies.

From the Justice and Public Safety Cabinet, Kentucky Office of Drug Control Policy: 2021 Overdose Fatality Report.

From Kentucky State University: June 2022 Monthly Financial Report.

From the Personnel Cabinet: 2021 Annual Turnover Report of Fifteen Percent (15%) and Greater.

From the Education and Labor Department, Kentucky Commission on the Deaf and Hard of Hearing: FY 22 Telecommunications Access Program (TAP) Annual Report.

From the Energy and Environment Cabinet, Department for Environmental Protection: 2022 Hazardous Waste Management Fund Biennial Report.

From the Auditor of Public Accounts: FY 21 Report of the Audit of the Butler County Fiscal Court.

From the Cabinet for Health and Family Services: 2nd Quarter Social Service Worker Caseload Averages Reporting. (Staff suggested committee referral: Health, Welfare, and Family Services.) Pursuant to KRS 199.461(4).

The motion passed unanimously.

Senator Thomas asked if there were any meetings scheduled regarding the planning of NCSL 2024. He said that since Kentucky is hosting NCSL in Louisville in 2024 he knows everyone wants it to be successful.

Director Hartz said that as of now there are two planning tracts in progress. The first is LRC's presence at NCSL 2023 in Indianapolis. LRC will be responsible for a "Come to Kentucky" booth at the trade show. LRC staff will be in attendance to man the booth encouraging attendees to come to Louisville in 2024. The second tract is related to the two events Kentucky is responsible for hosting at NCSL 2024. The main event will be held at Churchill Downs. The opening night reception, which will be a smaller event within walking distance of the conference, is yet to be determined. NCSL has signed contracts with the hotels in downtown Louisville and the dates are locked down. LRC is working with the Legislative Ethics Commission regarding fundraising, and the goal right now is to make sure decisions are made in an appropriate and ethical way. The Host Committee will be organized early next year.

Senator McGarvey asked what the rationale was for Senators and Representatives to have the same budget cap for mailing citations since Senators have larger districts, and therefore, more constituents.

Director Hartz said that the decision was based on actual usage of both chambers, and there was not a clear differential in requests between House and Senate members. Director Hartz explained there are more citations requested than LRC staff can produce each month. Memorial cards are now an option, as well as classic citations, which do not contain as much information as enhanced citations. Memorial cards can be done by legislative assistants as well as the project center. As members begin using the cards and classic citations where appropriate, the number of enhanced citations that citations staff can produce should meet the needs of members. Members' requests will be received and processed as they have in the past, but now there are other options.

There being no further discussion, the meeting was adjourned.

## **INTERIM JOINT COMMITTEE ON AGRICULTURE**

### **Minutes of the 2nd Meeting of the 2022 Interim July 7, 2022**

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Agriculture was held on Thursday, July 7, 2022, at

9:00 AM, in Room 154 of the Capitol Annex. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Richard Heath, Co-Chair; Senators David P. Givens, Jason Howell, Dennis Parrett, Damon Thayer, Robin L. Webb, Stephen West, Whitney Westerfield, and Max Wise; Representatives Josh Calloway, Daniel Fister, Derrick Graham, Mark Hart, Keturah Herron, Mary Beth Imes, Kim King, Nima Kulkarni, Shawn McPherson, Michael Sarge Pollock, Phillip Pratt, Felicia Rabourn, Josie Raymond, Brandon Reed, Cherlynn Stevenson, Walker Thomas, and James Tipton.

Guests: Dr. Ryan Quarles, Commissioner, Kentucky Department of Agriculture; Keith Rogers, Chief of Staff, Kentucky Department of Agriculture; Dr. Katie Flynn, State Veterinarian, Kentucky Department of Agriculture; Nikki Whitaker, Membership Coordinator, Kentucky Cattlemen's Association; Cary King, President, Kentucky Cattlemen's Association; Caleb Ragland, President, Kentucky Livestock Coalition; and Dr. James Matthews, Associate Dean for Research, UK College of Agriculture, Food and Environment.

LRC Staff: Stefan Kasacavage, CSA, Kelly Ludwig, Hillary Abbott, and Susan Spoonamore, Committee Assistant.

The June 9, 2022, minutes were approved, without objection, upon motion of Senator Parrett and seconded by Representative Reed.

#### **Discussion on Shortage of Large Animal Veterinarians**

Commissioner Quarles explained that there is a nationwide shortage of large animal veterinarians. Kentucky is a large livestock state and not having access to large animal veterinarians has become a real problem. There are programs to assist veterinarians who work in underserved and non-served areas in Kentucky: the United States Department of Agriculture (USDA) Loan Repayment Program, and the Kentucky Agricultural Finance Corporation's Large Animal Veterinarian Loan Program. The average debt for graduating veterinarians is \$218,000. Commissioner Quarles stated that since Kentucky does not have a vet school, reciprocity agreements are in place at Auburn University and the Tuskegee Institute which reserve 41 slots for Kentucky students.

Keith Rogers, Chief of Staff, Kentucky Department of Agriculture (KDA), stated that KDA recently conducted a "Stakeholder's Dialogue on the Status of Large Animal Veterinarians" involving members of the veterinarian industry and agriculture leaders. He said there is a shortage in all areas of veterinary medicine such as regulatory medicine, large and small animals, and food safety veterinarians.

Dr. Katie Flynn, Kentucky State Veterinarian, KDA, stated that veterinarians play a critical role in protecting the food supply. Food Safety Veterinarians work in the field writing health certificates, TB testing, Coggins testing, and conducting surveillance for other infectious diseases. Dr. Flynn stated that the State Veterinarian's Office is mainly tasked with critical preparedness and response to emergencies that may

arise from diseases. The State Veterinarian's office has 37 employees and is working to hire a fourth veterinarian and an emergency coordinator. Dr. Flynn added that the Office has also been working with the USDA Veterinary Medicine Loan Repayment Program by nominating positions for eligible applicants.

Mr. Rogers said the Kentucky Board of Veterinary Examiners (KBVE) moved to the Department of Agriculture for administrative purposes. The KBVE issues 270 new licenses each year. In 2021, a total of 54 graduates were licensed in Kentucky (33 with Kentucky mailing addresses). Only one of the 54 was licensed as a food animal veterinarian. Every two years Kentucky loses approximately half of its veterinarians due to age and gender. Mr. Rogers stated that a few of the issues impacting the shortages in Kentucky are the lack of contract slots, the criteria used by Colleges of Veterinary Medicine, large debt load, and demanding hours of selection work. Mr. Rogers stated that KBVE is working to promote, protect, and improve the profession.

In response to Representative King, Mr. Rogers said that there are parameters for Kentucky Agricultural Finance Corporation's Large Animal Veterinarian Loan program. The funds are targeted to food animal veterinarians.

In response to Senator Howell, Mr. Rogers said that it is not uncommon for Kentucky veterinarians to hold a license in multiple states, but not actually practice in Kentucky.

Representative Tipton stated that the costs of the veterinarian program slots is included in the budget every year and is in statute. However, if more slots became available then it would become a budget issue.

In response to Senator Webb, Mr. Rogers stated that some corporate veterinarian practices can offer an \$80,000 sign-on bonus which is hard to resist and it is a growing issue.

In response to Representative Graham, Mr. Rogers explained that there are 38 slots available each year at Auburn that Kentucky supports financially. Putting a condition on those slots requiring a graduating student to practice in Kentucky for a set number of years could be a way to repay the financial support.

In response to Representative Herron, Commissioner Quarles said that Future Farmers of America (FFA) programs are in schools. Fayette County has a dedicated school geared toward agriculture curriculum.

In response to Senator West, Dr. Flynn stated that there are a couple of other states that have a loan repayment requirement as a temporary pilot project. Commissioner Quarles said that could be one way to help those people considering the program.

In response to Representative McPherson, Dr. Flynn said she does not think the American Veterinarian Medical Association (AVMA) has conducted an economic impact study for veterinarians.

Senator Givens said that one of the challenges in rural veterinarian medicine is balancing the hours between work and home. Maybe Kentucky should be interested in providing relief veterinarians; or helping them buy into a veterinarian practice.

Senator Howell stated there is a lot of debt and commitment in order to get a veterinarian degree,



which does not seem to produce a lot of income. He recommended doing a financial analysis of other professional degrees to see what the financial difference is.

#### **Update from Kentucky Cattlemen's Association**

Cary King, President, Kentucky Cattlemen's Association, stated that beef products produced in Kentucky have dramatically improved thanks to funds from the Kentucky Office of Agricultural Policy programs aimed at improving the quality of livestock. Producers would like to see Kentucky cattle stay in Kentucky instead of being shipped out west for processing and packing. Kentucky is a prime location for large and regional packers.

Commissioner Quarles said that it is time for Kentucky to have a state-of-the-art Agriculture Education Center and a Meats and Food Development Center located at the University of Kentucky's Woodford County Research Farm.

Nikki Whitaker, Membership Coordinator, Kentucky Cattlemen's Association, presented a list of industry supporters for the construction of the two facilities. She said the priority for the Agriculture Education Center would be to serve as a key resource for continuing education and training. The primary focus would be on workforce development, value-added marketing, producer profitability, and student enrichment and development. The Meats and Food Development Center would provide innovative and modern approaches to the processing industry.

Ms. Whitaker explained the University of Kentucky (UK) has had the use and benefit of the Woodford County Farm since 1991. Since that time, a beef, sheep, swine, and poultry unit has been built, with the possibility of a dairy unit being constructed. Because of those facilities already on the property, it was decided that the property was perfect for building both centers. Ms. Whitaker said that as part of a Public Private Partnership, the University of Kentucky signed a Memorandum of Understanding (MOU) in October 2021. The Kentucky Livestock Coalition hired an architect to draw up a rough draft rendering of both projects that would total approximately \$60,000,000.

Senator Hornback stated that both facilities would help to produce the best quality products from Kentucky.

Senator West said that Kentucky cannot wait around on the anti-trust laws regarding the big packers and all interested parties should keep pressure on Washington to enforce the anti-trust laws.

Senator Givens noted that once the facilities are built, it would take a dedicated revenue stream to pay for the operating costs. He inquired if the MOU with UK provides operating revenue for the facilities. Dr. James Matthews, Associate Dean for Research, UK College of Agriculture, Food and Environment, stated that UK has committed to run the building. UK's commitment also includes research funds. There are federal grants available for training assistance in food safety processing and the processing of animals.

Senator Givens asked for a financial breakdown of the costs relating to the Meats and Food Development Center. Ms. Whitaker said that there is not a financial breakdown of that center, but once it is completed, it will be made available. Senator Givens also asked

who would be coordinating the grant administration. She said that an application had been submitted to the Agricultural Development Board for a grant to fill that position. She stated that the Cattlemen's Foundation is taking the lead role of pursuing the projects.

In response to questions from Representative Stephenson, Ms. Whitaker said that extension agents will have access to the facilities. Dr. Matthews said that UK will have access to some of the \$66 million federal grant money that is mainly for two USDA facilities. Ms. Whitaker said that it is the goal that all the livestock producers' offices will move to the facility.

Representative Heath stated that he is committed to working with all the groups to see the project succeed.

Meeting adjourned.

## **INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE**

### **Minutes of the 2nd Meeting**

#### **of the 2022 Interim**

July 6, 2022

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, July 6, 2022, 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, Donald Douglas, David P. Givens, Alice Forgy Kerr, Morgan McGarvey, Stephen Meredith, Michael J. Nemes, and Stephen West; Representatives Lynn Bechler, Danny Bentley, Randy Bridges, Joseph M. Fischer, Ken Fleming, Chris Fugate, Al Gentry, David Hale, Mark Hart, Bobby McCool, Jason Nemes, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Steve Riley, James Tipton, and Lisa Willner.

Guests: Perry Nut, Staff Economist, Legislative Economic Analysis, Legislative Research Commission; Jon Roenker, Chief Economist, Legislative Economic Analysis, Legislative Research Commission; Jim Gray, Secretary, Kentucky Transportation Cabinet; Jim Henderson, Executive Director/CEO, Kentucky Association of Counties; Jennifer Kirchner, Executive Director, Kentuckians for Better Transportation; John Hicks, State Budget Director, Office of the State Budget Director; Sandy Williams, Executive Director, Kentucky Infrastructure Authority (KIA); Perry Newcom, Judge Executive, Crittenden County; Brad Snyder, Judge Executive, Henderson County; and Jeff Hohn, President/CEO, Kenergy.

LRC Staff: Cynthia Brown, Sarah Watts, Hope Rowlett, and Ashton Thompson.

#### **Approval of Minutes**

A motion was made and seconded to approve the

minutes of the July 6, 2022, meeting of the Interim Joint Committee on Appropriations and Revenue. The motion passed by voice vote.

#### **Motor Fuels – Average Wholesale Price**

Perry Nut, Staff Economist, Legislative Economic Analysis, Legislative Research Commission; Jon Roenker, Chief Economist, Legislative Economic Analysis, Legislative Research Commission; Jim Gray, Secretary, Kentucky Transportation Cabinet; Jim Henderson, Executive Director/CEO, Kentucky Association of Counties; and Jennifer Kirchner, Executive Director, Kentuckians for Better Transportation, testified concerning the average wholesale price (AWP) of motor fuels in Kentucky.

Mr. Nutt explained that the motor fuels tax in Kentucky has three parts: the excise tax, the supplemental highway user tax, and the petroleum storage tank environmental assurance fee. The excise tax is nine percent multiplied by the AWP. The AWP is determined through a survey of fuel dealers conducted in the first month of each quarter (July, October, January, and April) and the average of the four quarterly survey values from the previous fiscal year is used to set the excise tax. By statute, the annual change in the AWP is limited to plus or minus 10 percent and cannot be below the statutory minimum of \$2.177 per gallon. The supplemental tax is fixed at five cents per gallon for gasoline and two cents per gallon for diesel. These two parts of the overall tax are deposited into the Road Fund. The petroleum storage tank environmental assurance fee is fixed at 1.4 cents per gallon and is deposited into that specific fund.

The most recent change to Kentucky's motor fuels tax occurred during the 2015 Regular Session with the passage of House Bill (HB) 299. Prior to HB 299, the motor fuels tax was adjusted on a quarterly basis and the motor fuels tax was expected to decline by 10 cents per gallon during the 2015 fiscal year (FY). HB 299 set the minimum AWP used to calculate the excise tax at \$2.177 for the fourth quarter of FY 2015 and every quarter in FY 2016. With this action by the General Assembly, the minimum excise tax rate was increased from 16.1 cents per gallon to 19.6 cents per gallon. Since 2016, the AWP from the annual survey has been below the statutory minimum with the passage of HB 299. Therefore, the motor fuels tax on gasoline has remained the same at 26 cents per gallon.

In response to questions from Representative Petrie, Mr. Nutt said that Tennessee's motor fuels tax on gasoline is 27.4 cents per gallon. Missouri's motor fuel tax is 22.4 cents per gallon and is the only surrounding state that has a lower tax than Kentucky. The primary reason Illinois, Indiana, Virginia, and West Virginia have a higher motor fuels tax is because those states apply a wholesale sales tax to motor fuels sales.

Prior to 2004, there was no change in the motor fuels tax rate because the AWP was below the statutory minimum of \$1.11 per gallon. After 2004, the AWP and motor fuels tax increased by approximately 10 percent annually. The motor fuels tax peaked in the first quarter of 2015 at 32.5 cents per gallon but fell quickly throughout the fiscal year as the AWP declined.

Motor fuels tax receipts are a function of the

motor fuels tax rate and taxable gallons. Taxable gallons are relatively stable and aren't significantly affected by fuel prices. There are 2.1 billion gallons of gasoline and one billion gallons of diesel fuel subject to the tax and yield on average \$31.6 million for each one cent of tax imposed. A constant motor fuels tax rate since 2016 and low variability of taxable gallons sold have produced only modest growth in motor fuels tax revenues since 2106.

The road fund is largely dependent on the motor fuels tax and the motor vehicle usage tax. As the AWP of gasoline increased from 1996 to 2014, the motor fuels excise tax and road fund receipts both increased. However, during the recession, the road fund experienced a two year decline as Kentucky motor vehicle sales fell sharply. Motor fuels tax receipts have been relatively stable since 2016 due to a constant motor fuels tax rate and limited variation in taxable gallons.

In response to a question from Representative Petrie, Mr. Nutt said that based on 11 months of collections and current observations, expected revenues to the road fund will be close to the expected Road Fund revenues.

Motor fuels tax revenue is shared by allocating 1.4 cents per gallon to the Underground Storage Tank Fund and 2.1 cents per gallon to the road fund. After these deductions, 51.8 percent of motor fuels tax receipts stay in the road fund and the remaining receipts are shared with local government entities.

The AWP of gasoline determines the motor fuels tax rate unless it exceeds the statutory maximum AWP. In FY 2022, the AWP per gallon was \$2.512 but the maximum AWP is \$2.395 per gallon. Therefore, the maximum AWP is used to determine the excise tax rate for FY 2023. In FY 2023, the motor fuels tax rate would have been statutorily set at 28 cents per gallon of gasoline, including the excise tax of 21.6 cents; the supplemental tax of 5 cents; and the petroleum storage tank environmental assurance fee of 1.4 cents. However, an emergency regulation was filed by the Executive Branch on June 2, 2022, to keep the motor fuels tax at its current level of 26 cents per gallon. It is estimated that this will result in a loss of \$16.4 million to the road fund and \$15.2 million in motor fuels tax revenue sharing for one half of the current fiscal year. Savings to commercial purchasers are estimated to be \$7.5 million for one half of the fiscal year.

In response to a question from Representative Petrie, Mr. Nutt said that the general fund and road fund estimates are determined by the Consensus Forecasting Group and may be modified by the General Assembly. In December 2021, the Consensus Forecasting Group incorporated an increase in motor fuels tax of 1.6 cents per gallon for FY 2023.

In response to a question from Representative Gentry, Mr. Nutt said that there is no data yet to explain why there was an increase in motor vehicle usage tax receipts FY 2021 but it could be attributed to an increase in the value of motor vehicles.

In response to a question from Representative Bentley, Mr. Nutt said that based on national data from the Energy Information Administration, commercial fuels is defined as Class 3 trucks (14,000 gross vehicle weight rating and above). In response to another question from Representative Bentley, Mr.

Nutt said that jet fuel is not taxed under the motor fuels tax statute. Instead, it is subject to the sales tax.

Secretary Gray said that Governor Beshear has taken a number of steps to help Kentuckians who are struggling in this volatile economy. These steps include suspending a scheduled two cents per gallon increase in motor fuel taxes.

The motor fuels tax is 24.6 cents per gallon and has not increased since April 1, 2015. The governor consulted the Kentucky Transportation Cabinet prior to issuing the emergency regulation and the cabinet assured the governor that suspending the two cent increase would have no material impact on the cabinet's budget. According to the Office of the State Budget Director, the estimated impact to the road fund is \$28.2 million through mid-January. This equates to 1.6 percent of the enacted road fund revenue estimate for FY 2023. Like Kentucky families and businesses, the Kentucky Transportation Cabinet will adapt and adjust to get through the suspension period.

Even with suspension of the two cent increase, it is estimated that local governments will receive about \$17 million dollars more in revenue. This represents an increase of \$8 million for the rural secondary road program, \$6.7 million for county road aid, and \$2.8 million for municipal road aid. Local governments will also receive revenue sharing funds on schedule, with the first payment issued at the beginning of August.

Governor Beshear will propose to the next General Assembly that funds from the general fund surplus be used to restore revenue sharing to the level included in the budget for FY 2023.

Secretary Gray spoke to effects of inflation on the cabinet's operations. The Kentucky Transportation Cabinet and Ohio Department of Transportation recently hosted an industry forum in Covington for bidders who were interested in the Brent Spence Bridge project. Contractors present at the forum were concerned that suppliers would not guarantee prices for more than 30 days.

The Cabinet's Construction Procurement division sets a fair and reasonable engineer's estimate for individual projects. Overall, project costs have been rising. A bid was submitted for a U.S. 127 relocation project over the Wolfe Creek Dam, but the bid was rejected by the awards committee because it was 17 percent over the engineer's estimate. The engineer's estimates were adjusted to reflect inflation, and bidding was reopened, but the bids still exceeded the new estimates.

Due to a shortage in supplies, the cabinet has temporarily modified paint specifications to allow a broader spectrum of colors. A shortage of cement and extended lead times for electrical components have also contributed to some project delays. However, the cabinet is adapting to these shortages to manage projects effectively.

In response to a question from Representative McCool, Secretary Gray confirmed that all budgeted road fund projects will be implemented this year. While different project phases may adjust the letting calendar, there is no plan to adjust anything at present.

In response to a question from Representative Nemes, Secretary Gray said that he advocated for raising the motor fuels tax in 2021, but those economic

conditions differ from today's conditions. A little help is better than no help at all. Responding to comments made by Representative Nemes, Secretary Gray said that the Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act) will provide \$210 million each year for five years to fund projects for bridges and highways.

In response to a question from Senator Kerr, Secretary Gray said he did not know how many women are employed by the Kentucky Transportation Cabinet making \$50,000 or more a year, but would provide that information in the future.

Mr. Henderson discussed the impact of the gas tax freeze on counties. Fiscal courts within counties own and maintain half of the road miles and over a third of the bridges in the state. In many rural counties, closer to two-thirds of road miles are maintained by the fiscal courts within counties. Cities and counties maintain 50,000 road miles.

The motor fuels revenue sharing model allocates 18.3 cents for county road aid, 7.7 cents for municipal road aid, and 22.2 cents for rural secondary state roads. This formula makes the motor fuels tax particularly important to the counties and cities, more than the state as a whole. No portion of the motor vehicle usage tax on cars is returned to either a county or a city. While the state relies heavily on the motor vehicle usage tax, this portion of the Road Fund is not available to local jurisdictions.

Reporting just the facts, in the past ten years, the asphalt costs for road maintenance has doubled, from \$50 per ton to more than \$99 per ton. At the same time, the freeze in the gas tax represents approximately \$5 million in reduced funding to local jurisdictions.

Jennifer Kirchner, representing Kentuckians for Better Transportation, testified that the effects of a gas tax freeze will only save \$1 per month for the average Kentuckian and the Road Fund is projected to lose \$35 million by January. If the freeze is extended through fiscal year 2022-2023, the loss would be approximately \$60 million. The lost funds were included in the biennial transportation budget. The freeze cripples the funding mechanism and renders the current motor fuel tax system irrelevant. In the last eight years, little to no growth in the Road Fund has been realized. The Road Fund has not kept pace with rising costs and increased needs. The freeze contributes to chronic underfunding of transportation infrastructure.

### **Broadband Deployment**

John Hicks and Sandy Williams indicated that the federal government has stepped up with funding, \$300 million appropriated by the General Assembly, split \$117.2 million funded by the American Rescue Plan Act (ARPA), Coronavirus State Fiscal Recovery Fund, and \$182.8 million funded by the ARPA, Capital Projects Fund. Forty-seven awards were recently announced for \$89.6 million in grant funding. This round of awards was capped at \$5 million for each award. These will result in \$204 million in total investment and more than 34,000 households and businesses will be covered in 36 different counties.

The next steps for broadband deployment include the creation of the Office of Broadband Development, application development for the next round of grant

funding incorporating HB 315 and the Infrastructure, Investment and Jobs Act requirements, and finally developing the program for pole replacement subsidies. Currently, the Office is searching for an Executive Director, establishment of duties and responsibilities, including the federal requirements with state-wide mapping to location specificity.

The Broadband, Equity, Access, and Deployment (BEAD) program at the federal level provides \$42.45 billion nationwide. An estimate of Kentucky's allocation is approximately \$700 million. This process will take a while to implement in calendar year 2023, with a five-year action plan, to engage the entire strategic plan for the Commonwealth.

The Digital Equity Act includes three spectrums: broadband, devices, and skills. All three spectrums must be present to have users most successfully work on the internet. A separate plan will be needed to access approximately \$20 million over five years, with an implementation plan which aligns with the BEAD action plan. The ultimate outcome is not only to provide broadband to all but make it useable for all.

HB 315 also included \$20 million for pole replacement subsidies from the Rural Infrastructure Improvement Program. This program is set up to be a reimbursement of expenses for the removal or replacement of existing utility poles that are necessary for broadband deployment. Applications will be available by September 1, 2022.

Jeff Hohn testified that as a PSC-regulated utility, Kenergy is now ready to proceed following the passage of HB 315. Some pre-engineering on the Kenergy project has been done, and the business is proceeding to the "make ready stage" in preparation for construction. Kenergy serves approximately 59,000 meters in their service areas, with 35,000 being considered unserved or underserved, or 60 percent of their membership. Kenergy is looking at 3 to 5 year buildout with approximately 150 to 200 miles per year.

Brad Snyder testified it has been a slow roll out for the PSC-counties. For a person looking to relocate, the first question in determining location is inquiring about internet viability and speed. Beyond that question, others are about cost and school districts. His message for rural counties is urgency.

Perry Newcom testified that he represents even more rural counties than Judge Snyder and he appreciates the creation the Office of Broadband Deployment as a central point of contact. We all want the same outcome, to provide broadband service to all Kentucky without regard to where you live. Not a day goes by without the office receiving a call inquiring which area of the county can receive a reliable, affordable, and high speed internet service. In most cases, the answer is that it is just not available. Two examples of struggles in Crittenden County include: (1) a software engineer for a nation-wide company was able to work individually with a big-box provider to turn on business fiber to meet his needs, but he is paying over \$600 each month for 50/50 service; and (2) artists for Bone Fish Grill are paying over \$700 each month for a 25/25 service. This is an extreme hardship.

## **Federal Funds for Water and Wastewater Projects**

John Hicks testified that \$250 million was appropriated in the 2021 Regular Session out of the American Rescue Plan Act and another \$250 million in 2022 Regular Session, plus a set of other project specific funding was appropriated in addition to the second \$250 million. Of the first \$250 million, \$200 million has been committed and approved. A portion of the remaining \$50 million will be reserved for cost escalations, which has become the norm for most projects. This was a very successful roll out of the first round of grant program funding. The next round will begin with a call for project starting in July, based on local consensus. A list of funding available by counties is on the KIA website: [www.kia.ky.gov](http://www.kia.ky.gov)

In response to a question from Representative Petrie, Mr. Hicks said that a total of approximately \$540 million will be delivered to the local jurisdictions for drinking water and wastewater projects and Ms. Williams testified that applications were about three times the amount of money provided. There will always be a need.

In response to a question from Senator Carroll, Ms. Williams stated that regionalization of services is always considered and we would hope that the utilities would give consideration to that when they participate in their water management councils. Mr. Hicks stated that the Division of Water and our Emergency Management Operations have been working with local officials within the City of Marion to determine the best next step and what is a permanent step to provide water. They are currently engineering that first step for the City of Marion. Part of that effort may lead to a need for state funding to deal with that emergency, but we have not gotten to that point yet.

A comment from Senator McCool included information on an area in Martin County where people must purchase a token and take that token to a central place to receive drinking water and then take that water back to their homes. Service could be provided from Johnson County if a pump was installed. The point is that people need drinking water.

Representative Petrie announced that a packet of information was provided to each member from the Personnel Cabinet. This information was presented earlier in the morning during a Budget Review Subcommittee meeting involving personnel. This information will be used during a meeting with the Cabinet within the next 14 days with the Co-Chairs and other selected committee members to understand how to move forward with personnel compensation issues.

With there being no further business, the meeting was adjourned at 2:49 p.m.

## **INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection**

### **Minutes of the 1st Meeting**

#### **of the 2022 Interim**

July 6, 2022

#### **Call to Order and Roll Call**

The 1st meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, July 6, 2022, at 9:30 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: Representative Lynn Bechler, Co-Chair; Senators Morgan McGarvey, and Wil Schroder; Representatives Al Gentry, David Hale, Nima Kulkarni, Brandon Reed, and Russell Webber.

Guests: Russ Meyer; Commissioner, Department of Parks; Ron Vanover, Deputy Commissioner, Department of Parks; Michael Swatzyna, Division Director, Department of Parks; Rob Richards, Division Director, Department of Parks; Jennifer Linton, Executive Director, Office of Facility Development and Efficiency, Finance and Administration Cabinet.

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

#### **Kentucky State Parks**

Russ Meyer, Commissioner, Department of Parks, testified regarding the current needs and wants at Kentucky State Parks. Jennifer Linton, Executive Director, Finance and Administration Cabinet, testified on the status of capital projects authorized for Parks from the 2018-2020 budget through the 2022-2024 budget.

In response to a question from Representative Hale, Mr. Meyer said that the Department of Parks would provide performance data on the three state parks in Representative Hale's area. He added that since COVID-19, attendance at Natural Bridge has increased, and the park has become one of the busiest parks in the system. Mr. Meyer said that the time to invest in Kentucky State Parks was 13 years ago during the recession, but during the fight to get out of the recession, the parks system was left behind. He said that reinvesting in our park system is money well spent for our state. Mr. Meyer said that golf reached its peak performance in 2003 and had been on a downtick until roughly 2019 when the sport started to become more popular again. Mr. Meyer said that Golf Digest ranked a Kentucky state park golf course among the top ten courses in the state. Mr. Meyer agreed to provide Chair Bechler with a copy of the golf digest ranking.

In response to a question from Representative Gentry, Mr. Meyer said that golf is an amenity and another tool in the toolbox used to attract visitors.

In response to a question from Chair Bechler,



Ms. Linton said there is \$23.7 million remaining to be obligated to projects from the \$50 million appropriated in 2019 Regular Session HB 268. Of that \$50 million appropriation, \$21.1 million was allocated to wastewater treatment and infrastructure upgrades, and \$17.8 million of that remains unexpended. \$5 million from 2020 Regular Session HB 352, and \$5 million from 2021 Regular Session HB192, appropriated for wastewater treatment and infrastructure upgrades, remains unexpended.

Ms. Linton said there are 66 active projects at Kentucky State Parks. Mr. Meyer said the department has met with Senate leadership regarding the report on the \$150 million in bond funds that is due to the General Assembly by December 1, 2022. He added that the department would meet with House Leadership in the fall.

There being no further business before the subcommittee, the meeting adjourned at 10:05 a.m.

## **INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE Budget Review Subcommittee on Education Minutes of the 1st Meeting**

**of the 2022 Interim**  
July 6, 2022

### **Call to Order and Roll Call**

The 1st meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, July 6, 2022, at 10:30 AM, in Room 154 of the Capitol Annex. Representative James Tipton, Chair, called the meeting to order, and the secretary called the roll.

#### Present were:

Members: Senator Stephen West, Co-Chair; Representatives James Tipton, Co-Chair, and Steve Riley, Co-Chair; Senators Dennis Parrett, and Max Wise; Representatives Kim Banta, Tina Bojanowski, Derrick Graham, Bobby McCool, Charles Miller.

Guests: Diana Barber, Interim Executive Director/CEO and General Counsel, Kentucky Higher Education Assistance Authority (KHEAA), Kentucky Higher Education Student Loan Corporation (KHESLC); Erin Klarer, Vice President of Government Relations and Communications, KHEAA, KHESLC; Farrah Petter, Assistant Auditor of Public Accounts (APA); Sara Beth Gregory, Chief of Staff, APA; Tiffany Welch, Executive Director, Office of Special Examinations, APA; Dr. Ronald Johnson, Interim President, Kentucky State University (KSU); Dr. Gerald Shields, Vice President of Finance and Administration, KSU; Dr. Gerald Patton, Chair, KSU Board of Regents; Tammi Dukes, KSU Regent, Chair of Audit Committee; Dr. Aaron Thompson, President, Council on Postsecondary Education (CPE); Travis Powell, Vice President and General Counsel, CPE; Shaun McKiernan, Executive Director, Finance and Budget, CPE; Bill Payne, Vice President of Finance and Administration, CPE.

LRC Staff: Seth Dawson, Savannah Wiley, Liz Columbia, and Amie Elam.

## **Kentucky Higher Education Assistance Authority (KHEAA)/ Kentucky Higher Education Student Loan Corporation (KHESLC)**

Erin Klarer and Diana Barber provided testimony regarding the recent and anticipated changes to student loan servicing at the federal level and the ongoing financial needs that KHEAA will face in the upcoming biennium.

In response to a question from Chair Tipton, Ms. Klarer said the \$6 million appropriated in 2022 Regular Session House Bill 1 would support costs associated with administering Kentucky's student aid programs and outreach services. She added, however, that there may be additional expenses and that the \$6 million allocation will likely need to continue.

In response to a question from Representative Bojanowski, Ms. Klarer said that she does not have income information for the Federal Family Education Loan Program (FFELP) population. She said that new loans administered through KHEAA are based on income and ability to repay, which would prevent some applicants from qualifying. She stated that the average student loan debt is \$30,000.

In response to a question from Senator West, Ms. Klarer stated that no state dollars are used to subsidize Advantage Education loans.

In response to a question from Senator Wise, Ms. Klarer answered that KHEAA is required by federal law to send each borrower a financial literacy outreach letter. Kentucky's financial literacy guide, "Thriving in College", is receiving national attention and is being used at freshman orientation at universities.

In response to a question from Representative McCool, Ms. Klarer said that lending in Kentucky is flat or declining. She added that lending is increasing outside of the state.

## **Kentucky State University (KSU) Special Examination**

Representatives from the Auditor of Public Accounts office gave an overview of the ongoing special examination at KSU.

In response to a question from Chair Tipton, Ms. Gregory said that the public can contact the auditor's office at [www.auditor.ky.gov](http://www.auditor.ky.gov) or at 1-800-KYALERT to share information.

In response to a question from Senator West, Ms. Gregory said that the goal of the auditor's office is to complete the examination at KSU by the end of 2023.

In response to a question from Representative Graham, Ms. Welch said that current employees, former employees, and any individuals that may have information pertaining to the time period in question will be contacted.

## **2022 Regular Session Update - House Bill 250**

Representatives from KSU, including the new interim president, Dr. Ronald Johnson, gave an update pursuant to 2022 Regular Session House Bill 250. The presentation included information regarding progress made on the management improvement plan and the financial outlook for the 2022-2023 academic year.

In response to a question from Senator West, Dr. Shields testified that the audit for 2021 should be finished by the end of July 2022. The audit for 2022 should be completed by the first week of October

2022.

In response to a question from Representative Graham, Dr. Shields said that modest salaries, negative publicity, and a lack of available accountants in the area contribute to the struggle to find qualified personnel.

In response to a question from Senator West, Dr. Thompson said that replacing key personnel and updating technology on KSU's campus is essential to the success of the university and what information they will be able to provide to the General Assembly. Mr. Rush said the university has contracted with Robert Half to place accountants so that incomplete work can be finished and those on staff at KSU can focus on the day-to-day operations.

## **2022 Regular Session Update - Asset Preservation**

Representatives from the Council on Postsecondary Education gave a brief overview of the asset preservation projects for postsecondary institutions.

In response to a question from Senator West, Dr. Thompson said that comprehensive and Kentucky Community and Technical College institutions would be able to provide the required 15-cent match to every \$1 provided by the state to qualify for asset preservation funds.

In response to a question from Representative Graham, Mr. Payne said that infrastructure projects that serve residential housing facilities are eligible for asset preservation funds.

There being no further business before the subcommittee, the meeting adjourned at 12:05 p.m.

## **INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE Budget Review Subcommittee on Human Resources**

**Minutes of the 1st Meeting  
of the 2022 Interim**  
July 6, 2022

### **Call to Order and Roll Call**

The 1st meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, July 6, 2022, at 10:30 AM, in Room 129 of the Capitol Annex. Representative Danny Bentley, 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 and Danny Carroll; Representatives Adam Bowling, Russell Webber, Susan Westrom, and Lisa Willner.

Guests: Chris Lewis, Executive Director, Office of Consumer Protection, Office of the Attorney General (OAG); Bryan Hubbard, Executive Director, Kentucky Opioid Abatement Advisory Commission, OAG; and Blake Christopher, Deputy General Counsel and Director of Legal Policy, OAG.

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

## **Kentucky Opioid Settlement – Overview of Funding and Disbursements**

Mr. Lewis and Mr. Hubbard spoke about the pay schedule and disbursement mechanisms for the Kentucky opioid settlement.

In response to questions from Representative Webber, Mr. Christopher stated that there are two categories from which entities can seek funds from the settlement. Those two categories are funding for future opioid abatement projects and reimbursements for past expenses directly related to opioid abatement, such as the cost of rehabilitation services or the cost of emergency responses. Mr. Christopher confirmed that if any entities had questions regarding whether something was eligible for settlement funds, they could contact either himself or Mr. Lewis at the Office of the Attorney General (OAG).

In response to questions from Representative Bowling, Mr. Lewis noted that the settlement was divided using a complex formula that took into account multiple factors, including the number of opioids sold in an area, the number of overdose deaths, and the population of the region or state. Mr. Lewis confirmed that the impact to local governments was one of the factors considered in determining the severity of the opioid epidemic in a given area.

In response to a question from Senator Alvarado, Mr. Lewis said that if the pharmaceutical companies involved in the settlement were to declare bankruptcy, there are provisions in the settlement to attempt to address that. Ultimately, any payout would then be determined in bankruptcy court.

In response to questions from Representative Westrom, Mr. Lewis stated that death benefits for families of those who suffered overdose deaths were determined in separate lawsuits and separate settlements. Mr. Hubbard noted that fifty percent of the settlement goes to cities and counties for use in opioid abatement, including treatment programs.

In response to a question from Senator Meredith, Mr. Lewis noted that the OAG has been working with the Kentucky Association of Counties and the Kentucky League of Cities to determine how to divide the fifty percent of the settlement that would go directly to local governments. Mr. Lewis stated that if there is a violation of the terms of the settlement agreement on the local government level, those settlement funds could be clawed back as a result.

In response to a question from Senator Carroll, Mr. Christopher said that a solution or abatement plan that works in one community won't necessarily work for every community. The Kentucky Opioid Abatement Advisory Commission would work to help entities with similar ideas to work together rather than duplicate services in a given area. Mr. Hubbard noted that the Kentucky Opioid Abatement Advisory Commission has no enforcement mechanism to insist on proper expenditure of settlement funds.

There being no further business before the subcommittee, the meeting was adjourned at 11:27 AM.

## **INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE Budget Review Subcommittee on Justice and Judiciary Minutes of the 1st Meeting**

**of the 2022 Interim**  
July 6, 2022

### **Call to Order and Roll Call**

The 1st meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, July 6, 2022, 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 Christian McDaniel and Whitney Westerfield; Representatives McKenzie Cantrell, Jennifer Decker, and Daniel Elliott.

Guests: Randy White, Deputy Commissioner of Adult Institutions, Department of Corrections (DOC); and Hilarye Dailey, Deputy Commissioner of Support Services, DOC.

LRC Staff: Perry Papka, Zachary Ireland, and Benjamin Thompson

### **Department of Corrections**

Mr. White and Ms. Dailey provided an update on strategic plans concerning correctional facilities.

In response to questions from Chair Fischer, Mr. White noted that there had been an additional twenty-two million dollars allocated to the Department of Corrections (DOC) for capital construction purposes in each year of the 2023-2024 fiscal biennium. Mr. White stated that he believed that the one hundred thousand dollars allocated to the DOC for strategic planning purposes would cover incidental expenses and the possible hiring of a dedicated position for planning.

In response to questions from Senator Westerfield, Mr. White stated that while the DOC does employ engineers, some projects require contracting with outside engineering firms. Mr. White confirmed that the DOC employs an architect, noting that the architect designs roof replacements and other smaller projects without the need for entering into a contract with an architectural firm. Mr. White noted that the capital construction budget covers mission critical maintenance needs in twelve of the fourteen state correctional facilities, with the other two being owned by CoreCivic. CoreCivic is responsible for all maintenance needs in the prisons it owns.

In response to a question from Co-Chair Carroll, Mr. White noted that the Kentucky State Reformatory is nearly one hundred years old and that the Kentucky State Penitentiary is one hundred and thirty-three years old. Mr. White confirmed that those facilities are increasingly expensive to maintain.

In response to a question from Senator Westerfield, Mr. White said that the inmate population at Kentucky State Penitentiary had been reduced from

914 to roughly 455 to account for staffing availability.

In response to a question from Chair Fischer, Ms. Dailey stated that the inmate population is slowly growing since the COVID-19 related commutations in 2020. Ms. Dailey noted that the DOC's inmate population is around 19,000 while the pre-COVID inmate population was roughly 24,000.

In response to a question from Senator McDaniel, Mr. White said that DOC was in the active design phase on a new medical facility on the campus of the Blackburn Correctional Complex.

In response to a question from Co-Chair Carroll, Ms. Dailey noted that capital construction funding likely wouldn't be available for vocational programs unless the purpose was to build a vocational facility.

In response to a question from Representative Decker, Mr. White noted that the Kentucky Correctional Institute for Women is located in Shelby County. Mr. White stated that an order had been placed for new heating, ventilation, and air conditioning (HVAC) systems.

In response to a question from Chair Fischer, Mr. White stated that it is important to understand the lifespan of important components such as roofs, computer systems, and HVAC systems in order to know what repairs or replacements will be needed in the coming years.

In response to questions from Co-Chair Carroll, Mr. White confirmed that low staffing was an issue. Mr. White noted that there was considerable hiring in the eastern region of the state, but other areas remained a concern.

There being no further business before the subcommittee, Senator Westerfield made the motion to adjourn. Senator Carroll seconded the motion and the meeting was adjourned at 9:39 AM without objection.

## **BOURBON BARREL TAXATION TASK FORCE**

**Minutes of the 2nd Meeting**  
**of the 2022 Interim**  
July 22, 2022

### **Call to Order and Roll Call**

The 2nd meeting of the Bourbon Barrel Taxation Task Force was held on Friday, July 22, 2022, at 10:00 AM, in Room 169 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 Chad McCoy, Co-Chair; Senators Denise Harper Angel, Jimmy Higdon, and Christian McDaniel; Representatives Thomas Huff and Cherlynn Stevenson.

Guests: Jennifer Rowe, Senate majority budget staff; Chris Nolan and Jack Mazurak, Kentucky Distillers Association (KDA); Jennifer Hays, Appropriations and Revenue Committee Staff Administrator

LRC Staff: Katy Jenkins, Sarah Watts, Hope Rowlett, and Ashton Thompson

## Minutes for June 24, 2022

Upon motion and second, the minutes for the June 24, 2022, meeting were approved without objection.

### Information Requested at Last Meeting

Jennifer Rowe, Senate budget majority staff, discussed the responses received to a question which Representative McCoy posed during the last meeting. She was asked to review estimates provided from the first task force meeting and any gains or losses that counties, cities, and various taxing districts may experience if the bourbon barrel tax were repealed and that property were to be removed from the property tax rolls.

Ms. Rowe testified that the Kentucky distillers provided a document during the last meeting which shows projected, estimated gains and losses for all affected parties. The Kentucky Association of Counties (KACO), the Kentucky League of Cities (KLC), the Kentucky School Board Association (KSBA), and the Jefferson County Public Schools (JCPS) reviewed the information and responded to the estimates. All parties agreed with the numbers provided, except there were some conflicts related to the net loss to certain individual school districts. The comparison of the Kentucky Distillers' Association calculations versus the Kentucky Department of Education calculations showed a difference of about \$700,000 related to the net loss of certain school districts. The KDE calculation was included in the member's packets. There may be many reasons for the differences between the two calculations, with the main reason being the tier one calculation which can change over time. When a tier one change occurs, it may impact the SEEK calculation for several districts. Also, the school district assessments from the distillers include the certified assessment for school districts, and may also include county or city assessments.

Ms. Rowe testified that there were follow-up questions that need to be addressed, going forward. One question is about what happens to the compensating tax rate calculations if the distilled spirit taxes are removed from the property tax rolls.

Ms. Rowe stated a second question to consider is whether the action to remove this property from the property tax rolls in these few counties would impact the overall SEEK calculation for the remaining counties. The SEEK calculation is based on the total assessment for all school districts. If the total assessment increases or decreases, a state-wide equalization for all districts may occur, impacting all 171 districts.

In response to a question from Senator Stivers, Ms. Rowe agreed that the school districts have a safety net with a backfill through the SEEK allotment, but the other taxing districts do not have that safety net. Related to the compensating rate, if the tax on distilled spirits were to be repealed and that property was removed as taxable property, it would impact what the local school board could do on their compensating rate or go above that and have a referendum vote.

Ms. Rowe clarified that the Nelson County school district number is going to be \$4 million. The difference between the KDE and KDA estimates is related to the aggregation of the city and county amounts within the KDA estimates.

In response to a question from Rep. Stevenson, Ms. Rowe explained that Eric Kennedy, as well as representatives from other groups, wanted to come to this meeting, but had scheduling conflicts.

In response to a question from Senator Higdon, Ms. Rowe agreed that the chart included in the meeting materials shows a loss of revenue for Nelson County School District is \$6.28 million, but they get back from SEEK \$4.3 million for a difference of about \$2 million dollars. The city of Bardstown and the other cities would lose up \$121,000; the county, \$1.1 million; the extension service, \$85,000; the library district, \$581,000; and the fire district, \$7,000.

The distiller's estimates were presented at the last meeting as a fairly comprehensive revenue estimate of the potential loss being backfilled by SEEK. The cities, counties, and other taxing districts do not have the safety net of SEEK and would experience a net loss in revenues if the barrel tax revenues were lost. The distiller's estimates were reviewed by the interested parties, and is fairly accurate. Nelson County has two systems: Bardstown Independent and the Nelson County system. The \$6 million of total tax receipts for the county includes both the independent city system and the county system. It is not broken down between the two.

### 2022 State of the Distilled Spirits Industry and Taxation

Chris Nolan and Jack Mazurack, with KDA, testified why this task force is necessary. Mr. Nolan stated that the information for the task force isn't only about eliminating a tax and taking away local revenues. It is about looking at the health of the industry as well. The barrel tax is a significant issue for which a solution needs to be found.

The KDA represents 78 members, including 73 distilling operations in 40 counties. The KDA wants to strengthen Kentucky's title as the one, true, and authentic home for bourbon and distilled spirits.

In response to a question from Senator Stivers, Mr. Mazurack believes that the industry is in the middle of the \$5.2 billion building boom, with \$3.3 billion of that coming in the next few years and these numbers to do include any projections from distilleries which are not members of KDA. These projected expansions would increase the property tax base.

Mr. Nolan testified that the distillery industry is paying \$33 million in barrel taxes today, whereas in 2009 that number was \$10.7 million. Distilling far outpaced growth in the Commonwealth over a ten-year period. Unlike a farmer or an auto manufacturer, the distilling industry needs the General Assembly's help to grow. The Bourbon Trail is an example of how growth has occurred with the General Assembly's assistance. Unfortunately, there remains prohibition-era laws, written some 90 years ago, and we are now in a completely different world.

Mr. Nolan testified that the distilling industry in Kentucky includes seven different taxes on every bottle of spirits and 60 percent of every bottle of spirits goes to tax. Kentucky taxes on both on volume and value of product, and is the only jurisdiction in the world that taxes aging spirits. Other states tax their wine industries at some of the lowest rates in the nation in order to grow the industries. Wine sales

have been declining over the last couple of years, but the tourism associated with the wine industry has not. The Bourbon Trail could be similar, even after the bourbon boom reaches its peak.

Exports are the new frontier and fueling growth in the distilled spirits industry. From 1997 to 2017, there were no tariffs. When tariffs were imposed by both the European Union and the United Kingdom, exports dropped by nearly one half, having a huge hit to the industry. Today, Kentucky bourbon is under threat of competition by tequila. Agave-based spirits have surpassed both rum and bourbon in sales. There are almost 2,300 craft distilleries, with most other states having more than Kentucky. With bourbon booming, barriers to entry decreasing across the nation, and craft distillers thriving, the 95% share for Kentucky's bourbon production is starting to drop, as bourbon distillers pop up nationwide.

Mr. Nolan continued that the biggest issue is competition, not only from lower taxation in other states, but also from the white spirits industry, such as tequila and rum. While there are now 10 million barrels of bourbon aging in Kentucky and they are being taxed, that may not always be the case. Bourbon may feel intrinsically connected to Kentucky, but it doesn't have to come from Kentucky, as long as it is made in the United States. Other states are actively marketing against Kentucky when it comes to bourbon manufacturing and production and have quickly adapted and changed their laws, adding privileges and reducing fees to attract the next generation of distillers. HB 500 from this past session allows Kentucky to keep up with these states, but more needs to be done. Jobs are not coming to Kentucky at the rate they're going to other states. For instance, Tennessee is trying to lure Kentucky distillers across the border, Tennessee has no state income tax, and no barrel tax. Tennessee's spirits tax rate is 70 percent lower than Kentucky's rate.

Mr. Nolan testified that to remain competitive the barrel tax should be refundable or eliminate it; Kentucky should reduce distilling's overall tax burden and provide parity with beer and wine in this state; create a competitive ready to drink (RTD) tax rate; and continue to remove regulatory obstacles that restrict growth.

Mr. Nolan testified that the barrel tax is the ad valorem property taxes at the state and local level. The barrel tax is a discriminatory tax that no other jurisdiction levies. It is a product of the administration from decades ago and from court cases that have determined that after two years a barrel in a warehouse is a finished good. The barrel tax credit was established in 2014, when the General Assembly made the policy decision to refund the barrel taxes. The bourbon barrel tax reinvestment credit was created. Initially the tax credit was working well, and distilleries were reinvesting in our properties. Now, there aren't enough credits available to offset the rising barrel taxes. Some distilleries are getting only a small percentage on the dollar. The credits carry forward, but are accumulating at a rate that the industry never be able to realize or to monetize.

The industry asks that the General Assembly remove the barrel tax, as it is a barrier to entry for new distillers wanting to establish their operations



in Kentucky. Other states are whittling away the thought that bourbon must be made in Kentucky. By welcoming start-up facilities and taking advantage of the market preference for Kentucky bourbon will increase the number of counties and communities with distilleries, create new jobs, and increase property tax values. The signs indicate that this boom is going to slow, and when it slows, and more distilleries start going to other states, Kentucky will miss out.

The industry wants to be collaborative with our local communities and find a way to get rid of the barrel tax or make it refundable in a way that it's not a barrier for the next generation of distilleries that want to come to Kentucky. The industry wants to make sure that it can nurture that next new distillery that wants to come to Kentucky, but they have to come to Kentucky first.

Mr. Nolan testified that bourbon provides a return on investment (ROI) on the tax revenue to the state and local governments. Revenue has increased from \$107 million dollars in 2009 to \$286 million in 2021. That is going to primarily the state, so returning the barrel tax of \$33 million this year or in 20 years is a great ROI to grow those overall numbers.

In response to Senator Higdon's question regarding barriers to entry, Mr. Nolan stated that in order to preserve local revenues, the simplest way to implement a change would be to allow the distillers to pay the locals the taxes, and the state would then reimburse the distillers for that payment. Local communities would need to determine how SEEK would backfill a big chunk of it. What leftover monies are not covered would be determined and see how to make local government whole.

In response to a statement by Senator Higdon, Mr. Nolan replied that if some changes in industry aren't made, the number of barrels aging in the state will not continue to grow. Distillers will start going to other states. There is concern that Kentucky will lose its signature status if changes are not made. The number of barrels might go up to 35 or 40 million in the coming years, but it will start to decline and could decline significantly.

Mr. Mazurak stated that he spoke with a contract distiller in the state, which works for many brands. Those brands, which eventually want their own home place in which to distill, say that they'll find a state other than Kentucky when it comes to establishing, due to the barrel tax. Mr. Nolan stated that the most attractive state right now to buy juice in the open market to create a label if you're not distilling it yourself is Tennessee. They buy the juice down there, and they're putting a label on it calling it bourbon.

In response to a question posed by Senator Stivers, Mr. Nolan stated that if bourbon were distilled here, and then moved to another state immediately, he didn't believe it could be called Kentucky bourbon. He thinks it has to be aged at least one year in Kentucky to have the label Kentucky bourbon on the bottle, but would need to check the statute to be sure. Theoretically, you could distill it, age it one year here, move it, and then not pay the barrel tax anymore and label it as Kentucky bourbon.

In response to another question from Senator Stivers, Mr. Nolan replied that he would need to consult with Dr. Paul Coomes, who drafts their impact

statement, to determine if the industry could show the increased property values and increased receipts of occupational taxes to the localities, municipalities, and taxing districts since 2014. Most of the distillers' tax data is proprietary, and probably isn't broken out by industry sector when it is collected. From the state perspective, the economic impact equals approximately \$286 million in 2021. That number includes the barrel tax numbers, the wholesale taxes, excise taxes, and everything else collected that the state receives. Mr. Nolan stated that Mr. Coomes has projected the amount of additional economic impact that the bourbon industry will have on local communities, with something around \$55 million of economic growth.

In response to a question by Representative Stevenson, Mr. Nolan testified that he does not know exactly where we are in the bourbon boom. Trade wars and tariffs have had a big impact on bourbon, because that's the new frontier. A lot of the growth in aging barrels is due to projecting sales in new markets like Australia, the Pacific Rim, or China. The tariffs put a halt to those growth projections. The tariffs cause major exporting companies to lose tens of millions of dollars each quarter. The tariffs have been removed, and there is hope that recovery happens in foreign countries. If the boom starts slowing, we will see the 10 million barrels drop to 9 to 8 to 7 million barrels. As we start selling that product and not replacing it as quickly, our local tax base in this barrel tax and then employment would start to shrink because we won't be running multiple shifts, seven days a week.

Mr. Mazurak added, in an additional response to Representative Stevenson's question, that we should also look at tourism and The Bourbon Trail attendance which has grown every year since it was established, with the exception of 2020. People are coming from across the United States and across the world to rural areas of Kentucky. Mr. Nolan testified that ready to drink cocktails are known as RTDs. There are malt-based, wine-based, and spirits-based RTDs and a mix of those. Malt-based RTDs have come to Kentucky, but not as many spirit-based RTDs because Kentucky has a high tax rate. If it is under a certain percentage, Mr. Nolan stated that it should all be taxed the same way, regardless of whether it's a malt-base or a spirit-base.

### **Discussion of Property Tax on Distilled Spirits, Including Constitutional Provisions and Court Cases**

Jennifer Hays, Committee Staff Administrator for the Appropriations and Revenue Committee, discussed the provisions of the constitution relating to property taxes, as well as cases that are specifically related to the property tax on distilled spirits.

Ms. Hays discussed three basic provisions in the Constitution: property shall not be exempt from taxation; property shall be assessed at fair cash value; and property shall be taxed according to that fair cash value. Sections 3, 172 and 174 govern this matter. There is an exception in Section 170 of the Constitution, which provides that the General Assembly may provide by law an exemption for all or any portion of the property tax for any class of personal property.

There are at least two cases that point to the fact that the courts have ruled that distilled spirits are personal property. The first is the National Distillers Prod. V. Board of Education, 256 S.W.2d 481 (Ky. Ct. App. 1953). In it, it was established that distilled spirits are like all other changeable personal property situated within the Commonwealth, and therefore subject to the same statutory and constitutional requirements which govern the taxation of such property. The second case is Yount vs. Calvert, 826 S.W.2d 833 (Ky. Ct. App. 1992). In it, it was established that distilled spirits are tangible personal property subject to the same statutory and constitutional requirements which govern taxation of such property.

In response to a question posed by Representative McCoy, Ms. Hays stated that the General Assembly has changed the rate for distilled spirits property tax. The normal personal property state rate is 45 cents. Distilled spirits are assessed today at five cents per \$100 of value.

With there being no further business, the meeting was adjourned at 11:37 a.m.

## **BENEFITS CLIFF TASK FORCE Minutes of the 1st Meeting**

**of the 2022 Interim**  
July 20, 2022

### **Call to Order and Roll Call**

The 1st meeting of the Benefits Cliff Task Force was held on Wednesday, July 20, 2022, at 11:00 AM, in Room 131 of the Capitol Annex. Representative Jonathan Dixon, Chair, called the meeting to order, and the secretary called the roll.

#### Present were:

Members: Senator Jason Howell, Co-Chair; Representative Jonathan Dixon, Co-Chair; Senators Gerald A. Neal, Michael J. Nemes, and Phillip Wheeler; Representatives Josh Bray, Pamela Stevenson, and Russell Webber.

Guests: Heather Wilson, Senior Policy Specialist, Children and Families Program, National Conference of State Legislatures (NCSL); Cameron Rifkin, Policy Associate, Children and Families Program, NCSL; Sam Adolphsen, Policy Director, Foundation for Government Accountability; Jessica Cunningham, Executive Director, Kentucky Center for Statistics; and Kris Stevens, Senior Data Scientist, Kentucky Center for Statistics.

LRC Staff: Janine Coy, Chris Joffrion, Kirk Smith, and Sasche Allen.

### **The Benefits Cliff: What is it and what are states doing to address it?**

Heather Wilson, Senior Policy Specialist, and Cameron Rifkin, Policy Associate, with NCSL's Children and Families Program provided an overview of the benefits cliff phenomenon. Benefits cliffs occur when a small increase in earnings results in a decrease of public benefits such as housing assistance, energy subsidies, nutrition assistance, cash transfers, child care assistance, or health insurance. Public assistance benefits impact employees and employers and can sometimes create a disincentive to work or

advance in a job. These benefits cliffs can vary across public assistance programs depending on income limitations which was highlighted in a Montana case study authorized by the Economic Affairs Interim Committee of the Montana State Legislature. Some states have implemented work requirements connected to public assistance but data have shown mixed results in terms of efficacy. States do have options with public assistance programs to streamline or reduce cliff effects. In 2019, NCSL partnered with the Administration for Children and Families, along with public and private sector stakeholders, on a two generation initiative in the New England area to help state leaders develop program, policy, and system solutions to assist parents in achieving greater economic stability. Identified were five policy strategies which included mapping benefits cliffs, aligning eligibility levels, making work pay, increasing family economic security through asset development, and fostering system changes in the public and private sectors.

Responding to a question from Senator Wheeler, Heather Wilson stated that although there may not be an approach to address benefit cliffs by region, the federal government allows states to have flexibility for public assistance programs through block grants, waiver programs, and the discretion to increase eligibility levels. Answering a follow up, Ms. Wilson said the Temporary Assistance for Needy Families (TANF) program has very restrictive federal limitations.

Addressing a question from Senator Howell, Cameron Rifkin, a Policy Associate for the Children and Families Program with NCSL, explained that the psychological and emotional effects related to benefits cliffs is beyond NCSL's purview, but there may be an opportunity to collaborate with the NCSL Health and Human Services Committee to study the topic. Ms. Wilson cited a 2021 study conducted by the Urban Institute that involved a voluntary survey for individuals receiving public assistance benefits.

Replying to questions from Senator Neal, Ms. Wilson stated there is not a nationally comprehensive benefits cliff study, but several states across the country have analyzed the issue.

Answering questions from Representative Webber, Mr. Rifkin detailed some of the possible scenarios and outcomes of the Montana case study previously discussed. In that individual's case, she would have lost her Supplemental Nutrition Assistance Program (SNAP) benefits and would be close to losing energy assistance if she were to accept a work promotion. Many public assistance program thresholds are established using the federal poverty level.

In response to Representative Bray, Mr. Rifkin said NCSL could compile a report on broad based categorical eligibility to present to the committee. The broad based categorical eligibility approach involves aligning eligibility levels across public assistance programs.

Addressing questions from Representative Dixon, Mr. Rifkin clarified that benefit cliff calculators are currently more prevalent on the local level but less common on the state level.

### **Three Myths about the Welfare Cliff**

Sam Adolphsen, Policy Director with the Foundation for Government Accountability, discussed three myths about benefits cliffs. The three myths cited include the following: most welfare enrollees are near the welfare cliff and limit their work in order to keep benefits; going over the cliff leaves enrollees worse off; and enrollees are thrown off the edge without a parachute. According to Mr. Adolphsen, the facts are that few people are near the welfare cliff, because 62 percent of the people are not working and eight percent work full time; enrollees more than double their incomes and replace lost benefits after leaving welfare; and major welfare programs provide off ramps or transitional benefits for income changes.

### **The Benefits Cliff in Kentucky**

The Kentucky Center for Statistics (KY STATS) has concluded that in order to analyze benefit cliffs and self-sustainability two values must be considered: family expenses and family resources. As a result, the Family Resource Simulator was developed to help families identify where cliff effects occur as income increases factoring in these two values. The simulator gathers family information, employment information, financial information, program participation, tax information, work support resources, and additional resources to yield a graph that will show how net resources are affected by changes in income. There is also the option for the user to factor in debt, which is assumed to be zero by default. In addition, KY STATS has taken its research and used the simulator to identify what self-sustainability may look like for six different types of families that are similar to 25,000 families across the state. The minimum income needed for self-sustainability is different for each family depending on the county, but benefit cliffs exist in all six scenarios. The three major contributors to cliff effects in the six scenarios are the loss of SNAP benefits, an increase in child care expenses, and an increase in healthcare costs.

Responding to Representative Dixon, Jessica Cunningham, the Executive Director of the KY STATS, indicated that the number of individuals that have utilized the Family Resource Simulator is unknown, but now that it is available on the KY STATS website and that it will be possible in the near future to track the analytics. Answering follow up questions, Kris Stevens, a Senior Data Scientist at KY STATS, reiterated that the simulator has options to factor in child care and healthcare costs.

Addressing a question from Senator Wheeler, Ms. Cunningham explained that there is an option for the user to factor in debt, but the default amount is zero. In response to a follow up, Ms. Cunningham affirmed that the purpose of KY STATS is to provide data objectively and not to advise on policy.

Replying to questions from Senator Howell, Mr. Stevens said there are 1.7 million families in the state according to the U.S. Census Bureau and the six scenarios presented represent 250,000 families across the Commonwealth that are one or two adult households with one, two, or three children.

Mr. Stevens interjected to clarify that in 2020 the change was made in the state to move SNAP eligibility

from 135 percent of the federal poverty level to 200 percent which is why cliff effects are now seen at a higher income range.

Answering questions from Representative Bray, it was explained that KY STATS can analyze data based on what is accessible and what has been integrated into their system, but some other information, such as Medicaid and child care costs, would have to be estimated unless there was collaboration with other agencies.

Senator Nemes made comments about the work of KY STATS and expressed his desire to tier down cliff effects.

### **Adjournment**

There being no further business, the meeting was adjourned at 12:43 p.m.

## **EARLY CHILDHOOD EDUCATION TASK FORCE**

### **Minutes of the 2nd Meeting**

#### **of the 2022 Interim**

July 26, 2022

#### **Call to Order and Roll Call**

The 2nd meeting of the Early Childhood Education Task Force was held on Tuesday, July 26, 2022, at 1:04 p.m., in Room 149 of the Capitol Annex. Representative Samara Heavrin, Chair, called the meeting to order, and the secretary called the roll.

#### Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Samara Heavrin, Co-Chair; Senators Wil Schroder, Reginald Thomas, and Mike Wilson; Representative Josie Raymond.

Guests: Charles Aull, Senior Policy Analyst, Kentucky Chamber of Commerce; Sandy Nott, Vice President of Administration, Toyota Motor Manufacturing Kentucky, Inc.; Twila Burdette, Director, Rockcastle Hospital Child Development Center; Kuna Tavalin, Senior Advisor, U.S. Chamber of Commerce Foundation; Lesa Dennis, Deputy Commissioner, Cabinet for Health and Family Services; Laura Begin, Staff Assistant, Cabinet for Health and Family Services; and Katie Smith, Deputy Secretary and Commissioner, Cabinet for Economic Development.

LRC Staff: Ben Payne, Eric Rodenberg, and Maurya Allen.

### **Kentucky and National Business Led Solutions to the Childcare Crisis**

Charles Aull, Senior Policy Analyst, Kentucky Chamber of Commerce; Sandy Nott, Vice President of Administration, Toyota Motor Manufacturing Kentucky, Inc.; Twila Burdette, Director, Rockcastle Hospital Child Development Center; and Kuna Tavalin, Senior Advisor, U.S. Chamber of Commerce Foundation were present to give input regarding the business community's need for and support of quality childcare and early childhood education.

Mr. Aull gave a brief overview of the workforce crisis by illustrating the number of job vacancies versus unemployment in the state. There are roughly

two open jobs for every individual seeking a job, this puts a strain on employers trying to fill open positions. Prior to the pandemic, the ratio was more 1:1. The number of individuals participating in the workforce has declined steadily over the last twenty years. The Chamber identified several reasons for this decline including poor health outcomes, demographic change, attrition, benefits cliffs, transportation, and lack of quality childcare. As many as 68 percent of individuals polled by a bipartisan policy center said that availability of child care affected their ability to stay in the workforce, and 20 percent of respondents said they had quit a job to stay home with a child. This lack of involvement results in roughly \$573 million lost in productivity, revenues, and earnings in Kentucky.

Ms. Nott spoke about how Toyota Motor Manufacturing Kentucky (TMMK) is addressing childcare for their employees in Georgetown. She said it is a valuable benefit for employees and provides peace of mind. The center was established in January 1993, is a partnership with Bright Horizons, and is located in close proximity to the manufacturing facility. Currently 179 children are enrolled at the center, with a wait list of 88 children. They struggle to get enough staff to keep the low student to teacher ratio necessary for quality childcare. Highlights of the center include its 5-star rating and a sleep room available for overnight and weekend care. It was the first childcare center to reopen during the pandemic and became a benchmark for COVID safety protocols.

Toyota Family Support Services provides not only the on-site childcare center, but also access to background checks for in-home daycare and sitters. They also provide college coaching and access to supports for parents with special needs children. Ms. Nott said that while TMMK is a large, successful corporation that can offer these resources to their employees, she acknowledged that not every company has these resources. But if the whole economy of the state is to be successful, it will be necessary to support childcare for all ranges of employers.

In response to questions from Senator Carroll, Ms. Nott said they do not get many direct questions regarding their childcare center from other employers. She added that not every Toyota manufacturing center has an on-site childcare center or program. In some regions, such as Texas, where there is a different demographic, employees do not need or use on-site childcare centers as much, relying more heavily on in-home care provided by extended family. Bright Horizons is the employer for the on-site childcare staff, although TMMK contracts with Bright Horizons and does some oversight of the center. Ms. Nott said she was not sure if the on-site center was part of the original design for the manufacturing campus, but it was developed in response to the need from employees. The overnight sleep room was also developed in response to the needs of employees working second shift and weekend production. It provides incredible peace of mind, especially for single parents.

In response to a question from Representative Raymond, Ms. Nott said there is an emergency childcare service provided to parents, but it is constrained by staffing. Ms. Nott acknowledged that the long wait list is problematic. She also said it is

important for TMMK to keep the current weekly rates where they are at the center, approximately \$160-\$180 per week, as this is comparable to fair markets rate in the area. However, that does inhibit their ability to raise the salary for staff and hire the necessary staff to reduce the wait list. TMMK invests between \$1 million and \$2 million annually into all the family support services in order to maintain market rate and keep them accessible to employees. Having the childcare center provides an advantage to TMMK in terms of hiring and maintaining full time employment.

In response to a question from Representative Heavrin, Ms. Nott said any members of the task force were welcome to tour the facility at any time.

Ms. Burdette said Rockcastle Hospital currently has 814 employees and 16 are staff of the childcare center, however, like many other sectors, there are a significant number of vacancies in the hospital. The center has 120 children enrolled, cost for childcare is based on employee salary, and childcare at the center is only available to staff. The center is open from 6:30 am to 7:30 pm to cover the 12-hour work schedules of hospital staff including nurses, doctors, clinicians, and custodial. While they have more children enrolled than they are licensed for, the capacity can fluctuate based on schedules of the employees, so some children are not present at the center at all times. They also face problems getting adequate staff to stay within the state regulated student-teacher ratios.

Ms. Burdette shared several parent testimonials on how valuable the childcare center is to them and the return on investment is seen in employee retention rather than profit, because the center frequently runs at a loss. She added that children needing therapy services can receive them on-site, which is a real benefit for staff with special needs children. And staff with nursing newborns have the ability to breastfeed their children in the on-site nursing room. The cost is minimal to the employer compared to how valuable the service is to the parents and the children who attend.

Senator Carroll said it needs to be more mainstream for employers to provide on-site childcare for their employees rather than simply financial assistance for childcare. There needs to be more facilities open which cover all delivery models to address the needs of all individuals. In response to his questions, Ms. Burdette said they have looked into providing childcare for medically fragile children, but there is a significant challenge to getting trained staff who can address high needs. Additionally, their facility does not provide overnight childcare.

Ms. Tavalin provided some context from the U.S. Chamber of Commerce Foundation, saying there are 14 million families participating in the workforce and reliant upon childcare in the nation. About 50 percent of families surveyed said that childcare was the number one factor impacting their participation in the workforce with as many as 75 percent of women surveyed saying it affected their return to work after having children. Families speak to their peace of mind as invaluable, as do employers, because when there are breakdowns in childcare or childcare related stress it reduces productivity. Setting children up for success in school also lays the foundation for success in the

workforce later in life.

The Foundation has identified several 'quick wins' that employers can implement to provide essential care for their essential workers, one of which is flexible scheduling. Other investments that employers can make is providing backup childcare, childcare vouchers, subsidies, or onsite care as has been illustrated by TMMK and Rockcastle Hospital. Finally, she said there are community investments identified by the Foundation, such as public advocacy and expansion of community childcare capacity, which would benefit smaller employers.

Ms. Burdette also briefly addressed the Child Care Development Block Grant (CCDBG), stating there does not appear to be any immediate desire at the federal level to increase funding for the grant. Democrats have proposed the Build Back Better Act which would provide birth to age five childcare and early learning entitlement programs, as well as ensuring that childcare wages align with elementary school teacher salaries. It would also provide for universal preschool for three- and four-year-olds. The CCDBG Reauthorization Act of 2022 is a Republican proposal with no additional funding, which places an emphasis on mixed delivery systems. While both parties acknowledge a need for childcare and investment in early childhood education, there will not be a federal solution in the near future, which is what has prompted the Chamber to get involved and provide solution proposals to the states.

Ms. Tavalin briefly discussed state-led solutions being implemented or investigated in other states. Missouri has also created a Child Care Task Force and dedicated \$20 million to child care funding to promote innovative solutions. In Michigan, there is a pilot of a public/private partnership called Tri-Share to share the cost of childcare between the state, employers, and families. And in Colorado, a ballot initiative was passed to fund universal preschool through a tobacco tax and Colorado has established a Department of Early Childhood to administer the program. She also spoke to the efforts here in Kentucky to address childcare with the passage of House Bill 499 of the 2022 Regular Session.

Mr. Aull said the Kentucky General Assembly needs to follow through on House Bill 499 and ensure its success. He also emphasized how strong the CCAP program is and how it needs to be stabilized by state investment when the federal funding sunsets. The General Assembly also needs to ensure the success of the Business Partnerships Grants Program and the Employer-Provided Child Care Tax Credit (a federal facilities tax credit), which is money readily available to incentivize on-site childcare as was discussed today. Kentucky communities are also urged to look at local zoning ordinances. In closing, he asked the General Assembly to continue to fund the Early Childhood Development Scholarship which is instrumental in getting more quality childcare staff.

In response to questions from Co-Chair Heavrin, Ms. Burdette said the staff at their childcare center are employees of Rockcastle Hospital and the hospital subsidizes the childcare center's financial losses. Mr. Aull and Ms. Tavalin both said that the Missouri legislature is currently investigating the childcare landscape in their state and discussing what the



innovative solutions are that will be funded by the \$20 million appropriation.

Responding to questions from Representative Raymond, Ms. Burdette said there is a 6-week grace period for employees who leave the hospital to allow them to find alternative childcare before their children are dismissed from care. Ms. Nott said there is no grace period for TMMK employees, their last day of employment is also the last day of childcare. Mr. Aull agreed that giving free or reduced price childcare to employees is a great incentive for increasing women's involvement in the workforce, but it would increase the losses for the employer.

Senator Carroll said there are no models for providing childcare, especially for medically fragile children, which do not run on razor thin margins or result in a loss. Additionally, without the ability to raise wages for staff, it will be impossible to reach full staffing and provide the number of slots necessary to meet the needs of all families. In response to a question, Ms. Nott said she believes the decision to partner with Bright Horizons was based on TMMK acknowledging they did not have the expertise in establishing a childcare center and they therefore chose to partner with someone with national recognition. Mr. Aull commented that it is also an issue of liability, because an employer who opens an on-site childcare facility opens themselves up to significant liability issues and may be able to resolve some of those issues by contracting with an agency.

Responding to a question from Senator Carroll, Dr. Sarah Vanover, Policy and Research Director, Kentucky Youth Advocates, said in order to have after-hour care there is an additional permit as part of licensure. Additionally, there is a regulation stating a child cannot be in care for more than 16 consecutive hours. Families at TMMK have sometimes come very close to that limit due to mandatory overtime, but the facility staff works hard to stay within regulation and provide options for families. Dr. Vanover also said, that even though the overnight care if available, many families prefer for their children to sleep in their own bed. So while the sleep room is available, it may not be taken advantage of enough to make it viable. It is also difficult to get staff for overnight childcare, resulting in the largest percentage of the losses felt at the TMMK childcare facility stemming from overnight care. There is also a lot more risk and liability for overnight care because of the need for adult supervision of children showering or sleeping to ensure nothing inappropriate occurs.

Responding to a question from Senator Thomas, Mr. Aull said that gig workers are counted in total workforce involvement data, and the rise in gig workers cannot be factored into the overall decline in workforce involvement that we have seen over the last 20 years. Ms. Nott said the salary range for childcare staff at the TMMK facility is between \$14 and \$16 per hour and Ms. Burdette said the range for her childcare staff is between \$12 and \$14.50 an hour.

#### **Approval of Minutes – June 28, 2022**

Senator Schroder made a motion to approve the minutes of the June 28, 2022, meeting. The motion was seconded by Senator Wilson and passed by voice vote.

#### **2022 HB 499 – Implementation Update**

Lesla Dennis, Deputy Commissioner, Cabinet for Health and Family Services; Laura Begin, Staff Assistant, Cabinet for Health and Family Services; and Katie Smith, Deputy Secretary and Commissioner, Cabinet for Economic Development were present to give the task force an update on the implementation of the Employee Child-Care Assistance Partnership Program.

Ms. Dennis briefly covered recent changes to the Child Care Assistance Program (CCAP) and the various childcare grants and loans being distributed by the Cabinet. There have been several increases in funding for CCAP from both state and federal sources and initial eligibility has been increased to 200 percent of federal poverty level. Additionally, recertification eligibility has been increased from 200 percent of the national poverty level to 85 percent of state median income. The Cabinet also expanded the transitional period for households exiting the program due to exceeding income limits from three months to six months.

The agency will be submitting a report on the data regarding the recent changes to the legislature and the LRC Benefits Cliff Task Force in September 2022. Changes have had a positive impact on families and providers. As a result, a single parent family can now make upwards of \$10,000 more annually and still qualify for assistance. Ms. Dennis also gave examples of how these changes impact the cost of care for children on average in the state. Childcare is a major part of a working families finances and poses an enormous benefits cliff when families begin making more money and lose the CCAP benefit suddenly, therefore needing to pay \$1,000 to \$2,000 more than before.

Ms. Begin gave an overview of House Bill 499, stating that it created a pilot program for an employee childcare assistance partnership to incentivize employers to contribute to the childcare costs of employees. Partnerships such as this one are vital to address barriers to quality childcare and are necessary to support Kentucky's economy. Employer contributions to this program are matched by state general funds established in a trust specifically for this program, dependent on employee's household income. The implementation timeline for this program begins with promulgation of new regulations outlining application, verification, and payment processes over the next year. The Cabinet will begin accepting applications in April of 2023 with a goal of the first payments to be issued in July of 2023. They are also in the process of creating a new section within the Division of Childcare to administer the program, similar to the administration process for CCAP.

Ms. Dennis said they had reached out to other states with similar programs to get advice on establishing a program of this kind. In Florida, the Child Care Executive Partnership started in 2014 using federal funds and sunset in July of 2019 when funds were appropriated to the School Readiness Program. The partnership there was administered by more than 30 local partnership boards who leveraged federal funds and local contributions, with dollar for dollar state matching funds. Cabinet staff also spoke with peers in Wisconsin regarding their Partner Up!

program. Again, this was a pilot initially supported by a combination of federal funds. There were contracted slots between businesses and providers specifically for their employees, a model which allowed for a consortia application for a "pool" of small businesses to participate. Businesses are required to contribute 25 percent of costs, but can contribute more. Wisconsin launched a huge marketing campaign to inform businesses and families about the program and they processed over 600 applications throughout the state. Their program prioritized small businesses, infant and toddler care, childcare deserts, and businesses who contributed larger percentages.

The last peer-to-peer conversation was held with Michigan staff of the Tri-Share pilot program. They launched their program in March of 2021, and again each entity (families, state, and employer) pays a portion of childcare costs. It targets employees whose income exceeds 200 percent federal poverty level but below 325 percent of federal poverty level. It was administered by the Michigan Women's Commission and had 77 employers participating. The pilot concluded this year and the Michigan General Assembly appropriated state funds to expand the program statewide in their most recent legislative session. They are undergoing external evaluation of the program and making recommendations for administrative expansion beyond local hubs. Kentucky Cabinet members look forward to continued conversations with peers regarding programs like this and implementing the advice they get on lessons learned. Next steps in Kentucky include drafting administrative regulations, beginning marketing drives to employers, and making changes in the Cabinet to support regulation and administration.

Ms. Smith, Deputy Secretary and Commissioner, Cabinet for Economic Development, said they are looking forward to collaborating with CHFS to implement this program that will be very valuable as a recruitment tool for new businesses looking to locate in Kentucky. Additionally, she said they will be collaborating with CHFS on marketing the program to existing employers and families.

In response to a question from Co-Chair Heavrin, Ms. Begin said the new section would be within the Division of Childcare and be similar to the section administering the CCAP. Creating this new section would allow them to tap into other administrative supports already existing in-house and allow for the quickest development. Additionally, in speaking with other states, Ms. Dennis said the administrative costs may be higher than were set forth in the bill and will need to be addressed in the future.

Responding to a question from Senator Carroll, Ms. Begin said the outreach will need to be in combination with the Cabinet for Economic Development and the KY Chamber of Commerce. Ms. Smith said that webinars and having information posted online will be useful to spread the word throughout communities. Ms. Dennis said other states did develop their programs differently, but all states continue to support either through state or federal funds. Because of how well the programs have been received, and the continued expansion of business partners, more families are taking advantage of the program which provides substantial benefits. Ms.

Dennis said the greatest difficulty for Michigan was the fact that 44 percent of their state was a childcare desert. In Kentucky, approximately 50 percent of the state is a childcare desert and there is a lack of quality childcare available even if parents and employers want to participate in the new program. Senator Carroll cautioned that it will be a delicate balance to create enough supply to meet the increased demand that will result from this implementation.

In response to a question from Representative Raymond, Ms. Smith said she did not know anything about a childcare center being developed to support the Ford Blue Oval facility, but she would look into it and report back to the membership.

Responding to additional questions from Senator Carroll, Ms. Smith said the discussion regarding childcare does come up in conversations with new employers looking to locate in Kentucky, but it varies based on the corporation. While some will not consider childcare or school systems, expanded access to childcare will be a tool in the toolbox to attract employers, especially as there are very few states creating a model like that in House Bill 499.

With no further business to come before the committee, the meeting adjourned at 3:04 p.m. The next meeting of the task force will be Wednesday, August 24, 2022, at 1 p.m. in Annex Room 149.

## **INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT**

### **Minutes of the 2nd Meeting**

#### **of the 2022 Interim**

July 21, 2022

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, July 21, 2022, at 9:00 AM, in Room 149 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 Robby Mills, Adrienne Southworth, Brandon J. Storm, Reginald Thomas, and Phillip Wheeler; Representatives Kim Banta, Lynn Bechler, Josh Bray, George Brown Jr., Josh Calloway, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Al Gentry, Thomas Huff, DJ Johnson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Scott Sharp, and Timmy Truett.

Guests: Kish Cumi Price, Commissioner, Department of Workforce Development and Special Advisor to the Governor; Michelle DeJohn, Executive Director, Office of Employer and Apprenticeship Services; Beth Hargis, Associate Commissioner, Office of Career and Technical Education; Leslie Slaughter, Executive Advisor, Office of Career and Technical Education.

LRC Staff: Janine Coy, Kirk Smith, Crystal Thompson, and Sasche Allen.

#### **Approval of Minutes**

A motion to approve the minutes of the June 2, 2022 meeting was made by Representative Elliott, seconded by Senator Schroder, and approved by voice vote.

#### **Update on Workforce Development and Apprenticeship Programs**

A registered apprenticeship program is a systematic approach to training that utilizes classroom instruction and on-the-job training to ensure employees are trained and certified to produce at the highest skill level required for a particular occupation. The Commonwealth's apprenticeship program is housed within the Office of Employer and Apprenticeship Services and encompasses a diverse range of industries such as healthcare, education, advanced manufacturing, information technology, and hospitality. The program is primarily funded by two federal grants with some state general funds. There are 623 registered apprenticeship programs, 359 registered apprenticeship sponsors, and 216 registered apprenticeship occupations. If an occupation does not have an existing apprenticeship program, then the Office of Employer and Apprenticeship Services can collaborate with industry and employer partners to design one. Approximately 25 new registered apprenticeship programs have been implemented in 2022. Recommendations for support from local and state leaders consists of investing in youth through career exploration, career counselors, and more paid co-op opportunities; creating more job training scholarship funds; continued support from the General Assembly through general funds to match federal dollars; and investing in workforce development technology.

Responding to questions from Representative Webber, Michelle DeJohn, the Executive Director of the Office of Employer and Apprenticeship Services, explained that the decline in the number of registered apprenticeship occupations is due to the removal of inactive programs. Answering a follow up question, she stated a new website is being designed that will feature information for employers and those interested in apprenticeship programs. Kish Cumi Price, Commissioner of the Department of Workforce Development, added that virtual tours have been utilized to engage young learners.

Addressing a question from Representative King, Ms. DeJohn suggested referring individuals and employers to the Education and Labor Cabinet to gain access to information on the registered apprenticeship program.

Replying to Representative Calloway, Commissioner Cumi Price discussed the Work Ready Scholarship, the Everybody Counts initiative, and the Evolve 502 Scholarship as financial educational assistance opportunities. There is also a reimbursement option for registered apprenticeship programs available through the Kentucky Higher Education Assistance Authority.

Answering a question from Representative Johnson, Ms. DeJohn elaborated on the newly established Early Childhood Administrator/Director registered apprenticeship program. The program is a pathway that can lead to expanding childcare options

across the state.

In response to Representative Huff, Ms. DeJohn said that the Office of Employer and Apprenticeship Services has several initiatives in place for veterans outreach.

Addressing a question from Representative Bray, Ms. DeJohn confirmed that apprenticeship sponsors and workforce partners are being educated in an effort to combat workforce shortages.

Representative Lawrence made comments about the state's workforce and SB 163 from the 2022 Regular Session which would have allowed some individuals with felony convictions to receive Kentucky Educational Excellence Scholarship (KEES) funds.

Replying to questions from Representative Gentry, Commissioner Cumi Price stated she would consult the Kentucky Center for Statistics regarding the recent decline in the median wages of those who have completed a registered apprenticeship program.

Answering a question from Representative Freeland, Commissioner Cumi Price confirmed that the Department of Workforce Development is a part of the National Governors Association's Skills-Driven State Community of Practice and is working to improve application development for further investment in workforce development technology.

Responding to Representative Kulkarni, Ms. DeJohn explained that there are no size limitations for employers to participate as a registered apprenticeship sponsor. Addressing a follow up question, Commissioner Cumi Price discussed the value of a tactical approach with employers for outreach to individuals with disabilities.

#### **Update on Career and Technical Education Programs**

The Commonwealth's secondary career and technical education delivery system includes 51 state operated area technology centers, 249 district operated career and technical education locations, and 16 other career and technical education program locations. Career pathways are encouraged at the high school level through technical core classes, aligned general education classes, and embedded acceleration opportunities. During the 2021-2022 school year, 70 percent of the state's high school students were enrolled in career and technical education career pathways. The Office of Career and Technical Education works closely with employers to align workforce efforts through Business and Education Alignment Teams (BEATs) and the Kentucky Workforce Innovation Board (KWIB) industry certification approval process. The Kentucky Center for Statistics provides labor market data and other data resources regarding emerging and evolving career pathway. Continued legislative priorities include an increase in adequacy of funding and reform for funding distribution. The Office of Career and Technical Education is developing several strategic projects such as work based learning, a statewide comprehensive college and career advising platform, and a career and technical education branding initiative.

Representative Webber commented on the career and technical education branding initiative and dual credits. He requested lists of the 150 career pathways

and the district operated career and technical education locations.

Responding to Representative Bray, Leslie Slaughter, the Executive Advisor for the Office of Career and Technical Education, explained that there is a large percentage of high school students that graduate with a career and technical education certification, and there are federal requirements for technical skill attainment.

Addressing comments made by Representative Truett, Beth Hargis, the Associate Commissioner of the Office of Career and Technical Education, discussed the need to begin exposure to career pathways at the elementary school level and starting participation at the middle school level.

Replying to Representative King, Associate Commissioner Hargis detailed the seamless career pathways and earning credentials for those who have graduated high school but did not immediately enter into a postsecondary program. Ms. Slaughter added that there are supports and resources available for specific audiences and different types of learners.

Answering questions from Representative Johnson, it was stated that the 16 other career and technical education program locations mentioned includes programs housed within some Department of Juvenile Justice facilities and Kentucky Community and Technical College System locations. Ms. Slaughter explained the Work Ready Scholarship and the Work Ready Dual Credit Scholarship which focus on high demand career pathways. In addition, she said that having business and industry liaisons assists with getting information out to the public and workforce partners about career and technical education opportunities.

In response to Representative Banta, Ms. Slaughter discussed the nationally emerging academies model approach where teachers are required to complete summer externships with industry partners in an effort to make curriculum more relevant to career pathways.

Representative Bechler made remarks about exposing career pathways to students too early. Ms. Slaughter explained that at the elementary and middle school level the goal is career pathway exploration.

Senator Thomas stated he was not in favor of exposing elementary and middle students to career pathways.

Representative Webber announced that the next meeting of the Interim Joint Committee on Economic Development and Workforce Investment would be August 25, 2022 at the Kentucky State Fair. There being no further business, the meeting adjourned at 10:34 a.m.

## **INTERIM JOINT COMMITTEE ON EDUCATION**

### **Minutes of the 2nd Meeting of the 2022 Interim July 15, 2022**

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Education was held on Friday, July 15, 2022, at 10:00 AM, in Room 154 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; Senators Danny Carroll, David P. Givens, Jimmy Higdon, Alice Forgy Kerr, Stephen Meredith, Adrienne Southworth, Reginald Thomas, and Stephen West; Representatives Shane Baker, Jennifer Decker, Jeffery Donohue, Myron Dossett, Mark Hart, Scott Lewis, C. Ed Massey, Bobby McCool, Felicia Rabourn, Steve Riley, Killian Timoney, James Tipton, Russell Webber, and Lisa Willner.

Guests: Ben Wilcox, State School Security Marshal, Department of Criminal Justice Training; Jon Akers, Director, Kentucky Center for School Safety; Randy Poe, Executive Director, Northern Kentucky Education Council; Mike Borchers, Superintendent, Ludlow Independent Schools; Rhonda Caldwell, Executive Director, Kentucky Association of School Administrators; Linda Kerbale, citizen; and Cathy Thomas, Moms Demand Action.

LRC Staff: Jo Carole Ellis, Yvette Perry, and Maurya Allen.

#### **School Safety and Resiliency Act**

Jon Akers, Director, Kentucky Center for School Safety (KCSS), and Ben Wilcox, State School Safety Marshal, Department of Criminal Justice Training, discussed the history of state legislation surrounding school safety and the current state of school safety in Kentucky. Mr. Akers applauded the General Assembly for their cautious and thoughtful approach to school safety legislation incorporating both hardware and ‘heartware’ or mental health supports. The School Safety and Resiliency Act has become a national model, as has the recent legislation on school resource officers.

Mr. Akers also spoke to the professional relationship between the Office of the State School Safety Marshal and the KCSS. They frequently collaborate to make sure recommendations made to schools are consistent. He also thanked the General Assembly for the generous funding provided for school safety.

Mr. Wilcox updated the members about risk assessments performed in schools. The latest report will be presented to the committee this fall. The office consists primarily of compliance officers who perform assessments of schools and provide recommendations for improvements to the KCSS. The KCSS then works with schools to reach compliance. No other state has a model for risk assessment and compliance enforcement quite like Kentucky, and the relationships built between the compliance officers and individual school staff is invaluable. The School Safety and Resiliency Act includes a requirement for 120 professional development hours for school resource officers (SROs), which is a valuable asset for the state. It focuses on tactics and responses to active shooters but also on skill building for mental health support for students and trauma-informed care.

Responding to questions from Chair Wise, Mr. Wilcox said there is still a lot of unknown information about the Uvalde tragedy. He said the School Safety and Resiliency Act ensures that the exterior and interior doors are locked, and during inspections,

compliance officers validate that the doors lock and cannot be broken into easily. This first layer of security is invaluable and, while it may not have stopped the Uvalde tragedy, the data suggests it is keeping Kentucky schools safe.

In response to a question from Representative McCool, Mr. Akers said the KCSS is involved in new school designs. Mr. Wilcox said that many schools also contact their compliance officer during the design phase of new construction projects, to ensure that compliance begins from the ground up. KCSS is frequently consulted during renovations of schools. Mr. Akers said there is training for compliance officers that covers school building design.

Responding to a question from Representative Riley, Mr. Wilcox said there is no physical test for SROs, but in order to receive SRO III certification and POP certification, individuals must be physically fit enough to perform the necessary drills, especially in response to active shooters.

Responding to a question from Representative Tipton, Mr. Wilcox said there is nearly 100 percent compliance with the School Safety and Resiliency Act in terms of intercoms, locks, and other access control measures. This was accomplished with a state funding appropriation of \$1.3 million for school safety. Mr. Akers said the biggest concern going forward is ensuring the teachers and staff are utilizing the locks on a daily basis.

In response to a question from Representative Willner, Mr. Wilcox said his compliance officers do not perform climate and relationship surveys during their assessments. Mr. Akers said the KCSS conducts a school climate survey among students, teachers, and staff to evaluate the sense of safety and security among the individuals in the school. Mr. Wilcox said the established goal for counselors to spend a minimum of 60 percent of their time with students is valued by counselors themselves and many schools are pushing toward that mark.

In response to further questions from Representative Willner, Mr. Wilcox said that his compliance officers do not collect data on the interactions between SROs and minority students. He added that the 120 hours of training emphasizes that SROs should focus on developing relationships and includes sensitivity training. Mr. Akers said the general consensus among SROs in Kentucky is that the students are not afraid of them and many become trusted adults for vulnerable students.

Responding to a question from Representative Decker, Mr. Wilcox said recruiting teachers and police is difficult right now, and that trend continues for SROs. In his experience, however, those police officers who get the opportunity to become SROs really enjoy the position. The passage of 2022 House Bill 63 has accelerated the hiring of SROs in schools. In order to be a successful SRO, it requires the correct mentality and certification, and only some applicants are ready to take on the challenge of being part of such a specialized unit. Mr. Akers added that SROs are members of faculty and discipline should still be the purview of the principal. The KCSS assists in the transition of law enforcement officers into the SRO position, working with new hires and principals. Mr. Akers said there is a need for approximately

600 additional SROs in order to comply with House Bill 63. Mr. Wilcox said the pay scale does vary by district, and there is an ongoing study into SRO pay scales across the state.

In response to a question from Chair Wise, Mr. Wilcox said the existing SRO training program is sound and should be continued instead of changed. Mr. Akers added that there is already an existing model for retired law enforcement officers to become SRO certified that could be used to help with current demand.

Senator West said the General Assembly stands ready to assist in whatever way the KCSS and the Office of the State Security Marshal needs to ensure that appropriate equipment is available for schools, so there are no delays in response to situations.

In response to a question from Senator Carroll, Mr. Wilcox briefly defined acronyms found in House Bill 63 regarding SROs, SLEOs, and school police departments. He focused specifically on from where the different positions derived their authority and jurisdiction. The model as presented in House Bill 63 is based on the police department models in universities and opens up a lot of opportunities for schools to access additional resources and better provide for law enforcement officers and schools.

Responding to a question from Representative Timoney, Mr. Akers said the climate and culture survey of a school is invaluable in determining the health of a school. The threat assessment teams created by Senate Bill 1 are the best way to find out what is concerning students. School counselors do not have the time they need to better address student needs and that needs to be a priority. Additionally, the statewide tip line is a great source of information for the public to provide advanced warning about students at risk and prevent tragedy before it happens.

In response to a question from Senator Kerr, Mr. Akers said there is no way to really profile the kind of student who may become a shooter. Most are white and male, but beyond that it is unlikely that tracking students with problem behaviors will be useful. The tip line is the best way to identify those individuals who are expressing a desire to commit violence. Mental health concerns, specifically suicidal ideation, is often a predictor, but identifying and supporting those students through counseling is a more effective strategy.

Responding to a question from Senator Southworth, Mr. Wilcox said there is a requirement to have POP certification in order to become an SRO. In order for retired veterans to apply for SRO training without getting POP certified first, there would need to be a change to the law.

Guest of the committee, Representative Ken Fleming, came forward to introduce an app that will be previewed in the Health, Welfare, and Family Services meeting next week. The app will give parents, teachers, and students access to mental health support services, including speaking with a mental health professional, on their mobile device. He said this further fulfills the objective of Senate Bill 1 to provide mobile ready tools for tragedy prevention and fits neatly with the statewide tip line. He welcomed members of the committee to attend the meeting next week to learn more about this innovative mobile app.

### **School Mental Health Services**

Rhonda Caldwell, Executive Director, Kentucky Association of School Administrators; Randy Poe, Executive Director, Northern Kentucky Education Council; and Mike Borchers, Superintendent, Ludlow Independent Schools, were present to speak to what is currently being done in schools to support safety and student mental health.

Dr. Poe said there has not been a problem getting SROs in his schools because they focused on getting individuals who were committed to community-oriented policing. He said many schools are already doing good things, but it needs to be expanded to all schools to create an equitable environment of school safety statewide. Mental health must be addressed to fully commit to a safe school culture. Two out of 10 students attending the extended summer programs today have been victims in the last 24 hours. You cannot improve their academic progress without knowing their traumas and addressing those. Schools perform risk assessments on their students and being proactive is knowing where individuals fall on a continuum of risk. Professional development is given to teachers to help them support students. When a student's mental health improves, it also improves their academic success. The training provided to teachers also includes how to identify a student in need of support from an outside mental health professional.

Resilient and Ready by Design is a program developed by the Northern Kentucky Education Council in cooperation with a local children's hospital. Parents can opt-out of their student being assessed, but many are in support once they see the survey and are informed about the benefits to their students and the school as a whole. Being proactive has given more resources to teachers and school psychologists. Unfortunately, school psychologists are overwhelmed. This is where a public-private partnership with outside mental health service providers and schools has greatly expanded access for at-risk students.

Mr. Borchers spoke to how important school safety is to superintendents nationally. He said quality SROs are invaluable, as are the safety compliance officers from the Office of the School Security Marshal. Mental health is the number one priority moving forward, and at Ludlow Independent they are focusing on addressing the foundation of health – both physical and mental – for students. Identifying students in crisis stops not just the tragedy of school shootings but also reduces suicide attempts and will be critical coming out of the collective trauma of the pandemic. Opening a dialog among the members of the school and taking a trauma-informed approach helps reduce stigma and best addresses family needs. Mr. Borchers spoke to the public-private partnerships, which help reduce barriers by providing care first and dealing with the paperwork second. He is looking forward to an upcoming pilot program for a 24/7 telehealth program for students, families, and staff to speak with mental health professionals and get the help they need.

Dr. Poe said the services in his region are being provided to students for approximately \$10 per student, but even with that investment, the program is only available in approximately 25 of the 40 districts.

He asked that the General Assembly consider making an appropriation to the KCSS for all school districts to apply for funding assistance to develop and implement their own risk assessment and abatement programs.

In response to a question from Chair Wise, Dr. Poe said parents have the option to decline to have their students complete the risk assessment survey, but the overwhelming majority like having their students assessed. It has identified many students with suicidal ideation that otherwise might have been overlooked. The data is only provided to the school and parents, following the same confidentiality requirements as any other school record. In the event a student is referred to outside counseling as a result of the assessment, families are also included.

Responding to a question from Senator Thomas, Mr. Borchers said school nurses are better equipped to address physical health and are already stretched too thin to be required to administer the mental health assessments. However, having all the health professionals working in tandem is critical. Dr. Poe said there is a commitment among schools he has worked in to increase the number of school nurses because they are a valuable part of the threat assessment team. Senator Thomas commented that at the recent Southern Legislative Conference meeting it was noted that Kentucky was the first southern state to provide mental health days as an excused absence, which is laudable. The Praxis was also noted as being a barrier to teacher certification across the country, but that does not seem to be slowing down teacher applicants in Kentucky. He wanted to be sure that the committee was reminded of the good things happening in education in the state.

In response to questions from Representative Willner, Dr. Poe said he does not believe any additional offices need to be created because the KCSS is equipped to handle the needs of the state. He would like to see the KCSS continue to build on their relationships and, through their evaluations of school climate, to make recommendations for ways schools can enhance trauma informed care. He also recommended a grant process with the KCSS for schools to better identify the at-risk students and build public-private partnerships to increase mental health support access. There is not a one-size-fits all model for trauma informed care in schools. Mr. Borchers agreed, although he does believe performing the risk assessment for all students is an excellent first step that all schools could implement. Ms. Caldwell said there is a financial constraint for some districts that has inhibited their ability to do assessments.

In response to a question from Representative Massey, Mr. Borchers said the threat assessment team is comprised of teachers, school counselors, school nurses, SROs, and others who evaluate students at the beginning and end of the year. Mr. Akers said the law requires all schools to have a threat assessment team, and they are trained according to standards set by KDE and KCSS. It is a broad spectrum of individuals who are well trained to perform the evaluations and make recommendations for student supports as needed. Mr. Akers said he is not aware of any system in place to ensure that threat assessments are shared among schools for students who transfer. He said he would need to investigate the HIPPA regulations and



see what can be done to address transient students and the transfer of their threat assessment records.

Responding to a question from Senator Southworth, Dr. Poe said sometimes too much money is spent on administration and not on facetime with students. Because of that, he recommends the existing bureaucracy be used to distribute grants to schools directly for student mental health services. He said public-private partnerships can also be utilized to provide supports for a lower cost than schools contracting with outside groups themselves.

#### **Approval of Minutes – June 7, 2022**

Following presentations, Representative Riley made a motion to approve the minutes of the June 7, 2022, meeting. Representative Timoney seconded the motion and it passed by voice vote. With no further business to come before the committee, the meeting adjourned at 12:10 p.m. The next meeting of the committee will be August 16, 2022.

## **EMERGENCY MEDICAL SERVICES TASK FORCE**

### **Minutes of the 1st Meeting**

#### **of the 2022 Interim**

July 14, 2022

#### **Call to Order and Roll Call**

The 1st meeting of the Emergency Medical Services Task Force was held on Thursday, July 14, 2022, at 3:00 PM, in Room 171 of the Capitol Annex. Representative Ken Fleming, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David P. Givens, Co-Chair; Representative Ken Fleming, Co-Chair; Senators Donald Douglas and Robin L. Webb; Representatives Mark Hart, Michael Meredith, and Lisa Willner.

Guests: Eddie Slone, Interim Executive Director, Kentucky Board of Emergency Medical Services; Adam Mather, Office of Inspector General, Cabinet for Health and Family Services; and Kara Daniel, Office of Inspector General, Cabinet for Health and Family Services.

LRC Staff: DeeAnn Wenk and Logan Schaaf.

#### **Kentucky Board of Emergency Medical Services**

Eddie Slone, Interim Executive Director of the Kentucky Board of Emergency Medical Services, provided an overview of emergency medical services. Mr. Slone covered the various service models, classifications, regions, vehicles, training, educational institutions, and providers in Kentucky.

Mr. Slone explained the service models in hospitals and fire departments. He also highlighted some differences between urban and rural EMS agencies. Rural counties often struggle to support multiple agencies. Response times are often longer in rural counties, and recruiting and retaining personnel is difficult.

Across Kentucky, there are about 1,135 active ambulances. Supply chain issues are causing delays in ordering new vehicles. Every agency must submit to annual inspections of vehicles to ensure compliance

with regulatory requirements.

Mr. Slone covered training and educational requirements. There are a total of 211 licensed Training and Educational Institutes (TEI) across the Commonwealth. Educators must be trained to the level they are instructing. They must instruct a minimum number of classes under another instructor, and instruct at least four hours in a two year cycle.

Chairman Fleming requested a spreadsheet including information about service providers, education centers, and regions that will show where potential EMS weaknesses are in Kentucky.

Responding to questions from Chairman Fleming, Mr. Slone said that the difficulty of EMS jobs contributes to current workforce issues. There are also difficulties with recruiting and retention. Mr. Slone said that paramedics are the biggest need going forward.

Responding to questions from Representative Meredith, Mr. Slone said that he was not aware of a comprehensive, statewide survey of EMS pay rates. Mr. Slone also said that he would look for data on people who complete their training but do not go on to pass their licensing exams.

Responding to questions from Senator Givens, Mr. Slone said that the only class for which KBEMS issues licenses that does not require a certificate of need is class seven. He also noted that KBEMS collects data on average response times and the number of runs. Mr. Slone said that out of state licenses are not valid in Kentucky, but someone licensed in another state would not have much difficulty obtaining a Kentucky license.

Responding to a question from Representative Meredith, Mr. Slone said that he was not aware of data on paramedics not affiliated with providers who are working in hospitals.

Responding to a question from Senator Givens, Mr. Slone said that what might work in one region of Kentucky might not work in others, and that one size fits all policies can present challenges for smaller areas.

#### **Kentucky Cabinet for Health and Family Services**

Adam Mather, Inspector General, and Kara Daniel, Office of Inspector General, provided an overview of the Certificate of Need (CON) process for ambulance services.

Inspector General Mather highlighted the ways in which 22RS HB 777 impacts the Cabinet for Health and Family Services. Related regulations include 900 KAR 5:020 and 900 KAR 6:075.

Responding to questions from Senator Givens, Inspector General Mather explained the process of CON application review. Ms. Daniel noted aspects of this process that come from both statute and regulation.

Chairman Fleming requested a flowchart showing the process of CON approval from beginning to end.

Responding to a question from Representative Willner, Inspector General Mather said that the system generally works well for Kentucky.

With no further business before the committee, the meeting was adjourned. The next meeting of the Emergency Medical Services Task Force is scheduled for Tuesday, August 16, 2022 at 3:00 PM.

## **EXECUTIVE BRANCH EFFICIENCY TASK FORCE**

### **Minutes of the 2nd Meeting**

#### **of the 2022 Interim**

July 18, 2022

#### **Call to Order and Roll Call**

The 2nd meeting of the Executive Branch Efficiency Task Force was held on Monday, July 18, 2022, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Jeff Noel, Katie Smith, and Angelica Vega, Cabinet for Economic Development.

LRC Staff: Daniel Carter, Alisha Miller, and Cheryl Walters.

#### **Approval of Minutes**

Upon the motion of Senator Mills, seconded by Representative Baker, the minutes from the June 27, 2022 meeting were approved.

#### **Charge of the Task Force**

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

#### **Cabinet for Economic Development—Organization, Operation, and Budgetary Overview**

Guest speakers from the Cabinet for Economic Development were Jeff Noel, Secretary; Angelica Sanchez-Vera, General Counsel; and Katie Smith, Deputy Secretary and Commissioner for Financial Services. Secretary Noel discussed the mission, goals, and accomplishments of the cabinet. Their focus is to create well-paying jobs throughout the state, and to support all existing industries.

The cabinet contains a partnership board that governs some of the day-to-day responsibilities. There are three boards that also help oversee and provide assistance to businesses and entities: Kentucky Economic Development Finance Authority, Bluegrass State Skills Corporation, and Commission on Small Business Innovation and Advocacy. The cabinet has two individuals that represent the state's interest abroad in Europe and Asia.

In 2021, \$11 billion in economic investment was announced, 18,000 new jobs were created, with an annualized incentivized hourly rate of \$24 an hour. In 2019, 1,000 new pilots came through UPS. Secretary Noel expects more pilots will be hired due to the pilot shortage. Year-to-date, 8500 new jobs have been announced, over 50 private sector announcements, and \$4.1 billion in new investment, examples being

Ford SK BlueOval and Envision. Ford SK BlueOval is the largest economic development project in the state's history.

Automotive and manufacturing are two large drivers of economic development in Kentucky. One out of every 11 dollars that flow through the state and one out of every 16 jobs is tied to the automotive industry. Manufacturing requirements related to automotive related facilities, have increased the number of suppliers in the state. Currently there are over 550 suppliers in Kentucky, and foreign owned companies employ approximately 113,000 Kentuckians. Kentucky ranks fifth nationally in workers that are employed by foreign owned companies, which is why the cabinet has invested in representation in Europe and Asia.

Looking forward, Secretary Noel stated that investments in EV batteries, speed-to-market, infrastructure, cybersecurity, renewables, and energy supply will be critical to Kentucky's success. Secretary Noel stated the importance of developing relationships with key stakeholders to find the workforce companies need, both now and particularly over the next three to four years, when students who graduate high school are looking at trade schools. Maintaining relationships with community colleges, colleges, and universities and employers in a continuum, will be essential in maintaining a strong workforce and retaining and keeping companies in the state. ESG reporting and compliance is already being implemented with publicly traded companies. Those costs associated with ESG being passed down to suppliers will require businesses and government to adapt. It will be important to understand changes associated with ESG and how to comply with supplier shifts due to ESG.

The cabinet assists businesses and communities through incentives, preparing sites and site readiness, and workforce knowledge. Another strength, is with regional hubs that are facilitated through the cabinet to help foster innovation, support startups, and entrepreneurialism. The cabinet works with closely with colleges, community colleges, universities, and operates as a conduit for higher education and companies to help connect the skills with company need. The cabinet will also help secure federal funding, with grant writing and work with partners in submitting federal grant requests.

The cabinet is directly involved in providing dollars, guidance, and oversight to make sure once dollars are expended or tax credits provided, they are in compliance. Most of the tools offered by the cabinet are performance based. Every entity enters into an agreement with the cabinet, and have to earn their incentives before receiving the benefit.

The cabinet helps with companies provide training through the Workforce Skill Development Program. This program allows the cabinet work to help companies to design a training system that may not be provided by a community college or technical school.

The economic development process involved getting information from a prospect, negotiating an agreement, the announcement, and compliance. Most of the work begins once the announcement is made. Once the announcement is made, the project has to

be scoped and built, employees hired, and assuring compliance with requirements. Some projects can take 20 years. Approximately 15 to 18 percent of the team is devoted to compliance and monitoring. The cabinet also gets audited by an outside firm.

The cabinet monitors the average wage and company credits. They have reduced benefits when requirements have not been met. Other benefits on the horizon include SSBIC fund for small businesses and \$100 million for the Product Development Initiative.

For fiscal year 2023, the general fund for the cabinet is approximately \$285 million, which is mostly from large line-item grants. The total annualized operating budget is approximately \$32 million. The cabinet also receives restricted funds through other programs. There are currently 65 employees working for the cabinet, but they are budgeted for 85.

In response to a question from Senator Westerfield, Secretary Noel stated that any impediments for the cabinet would be if the cabinet was not in a position to attract talent and is afraid to take risk and be inquisitive. Secretary Noel stated that this is not a problem with current staff.

In response to a follow-up questions by Senator Westerfield about IT infrastructure and program funding, Deputy Secretary Smith stated that at one point the cabinet had three systems, one for new business, one for existing businesses, and a financial incentives database. About four or five years ago, they consolidated into one system, a platform through a Salesforce application. The cabinet has licenses through Salesforce, and two developers on staff but can reach out to COT for further assistance if needed. The cabinet uses a Select Kentucky program, a website that lists available sites and buildings for businesses. They work with a GIS planning system, Zoom Prospector. Deputy Secretary Smith testified that some of their funding programs have sunsetted.

In response to a question by Representative Miller, Deputy Secretary Smith testified that the cabinet, follows the same minimum wage guidelines outlined in KYBI program, which is statutorily defined. There are two different wage calculations: one for economically distressed areas, and one for "other". For economically distressed areas, the wage calculation is 125 percent of the federal minimum wage, and the total hourly compensation is 115 percent of the calculated federal minimum wage. For "other" or "enhanced," the calculation is 150 percent of the federal minimum wage, and the total hourly compensation is 115 percent of the calculated federal minimum wage.

In response to questions from Representative Minter, Secretary Noel did not see any areas related to his duties that needed to be revised statutorily. He likes the simplicity of the statutes, which he considers one of Kentucky's strengths. He finds is helpful that they can use pools of money in reserve for large projects. With respect to keeping talented workers in the state, Secretary Noel testified that we need to promote the stories of great jobs the state has now, and strengthen relationships with universities and university placement offices to promote jobs in state.

In response to questions from Senator Mills, Secretary Noel stated he feels supported by and has a great relationship with the Governor and partnership

board leaders. The Governor and board has been clear on his expectations but also has been given the freedom to do what is necessary to meet goals. There are also guidelines that the Secretary has to follow provided by the cabinet, legislature, governor, and partnership board. With respect to measuring incentive programs, Deputy Secretary Smith stated the cabinet continuously reviews and identifies improvements need, issues with companies, and companies having compliance issues throughout the year. Once they make an assessment they will make changes accordingly. During the 2021 session, they updated major program incentive requirements to align all of the eligible industries, and included remote employees as part of their plan. They observe actions of competitors: both private companies and other states. They identify when programs are not working, and will ask to sunset those, and shift companies to appropriate programs to which they may be eligible.

In response to a question by Representative Miller, General Counsel Sanchez-Vega stated that Commonwealth State Capital made an investment in a Russian company, and are currently in confidential negotiations with the company. The Commonwealth is constitutionally prohibited from holding an interest in a company.

In response to a question from Representative Miller on behalf of Rep. McCool, Secretary Noel is in the process of meeting and working with ADD districts and will work to figure out if there are any gaps in the workforce and how to fill them. Secretary Noel envisions to a more regional approach for many counties and communities where they will work together to determine what methods best for work for their counties and communities. He also believes the Product Development Initiative will help communities think about how they want to present themselves five years from now.

In response to questions by Representative Miller, Secretary Noel testified that the cabinet offers cash grants, loans, and forgivable loans, and each have performance criteria, milestones, and thresholds that must be met in order to receive the benefit or loan. Deputy Secretary Smith added that some of the programs listed are tax incentive programs which are tax credits, not cash. KEDFA loans are typically loans that are repaid. The University of Louisville Medical Center is an exception, because their KEDFA loan can be forgiven. Economic Development Fund (EDF) is a grant. The Rural Hospital Loan Program is a loan that is required to be repaid and are revolving loan funds. KAITC is an angel investor tax credit program, in which an individual may be eligible for a tax credit if he or she makes an equity investment within 80 days of approval. Bluegrass State Skills Training has an investment credit and a grant an aid program. The investment credit is a tax credit program and the grant and aid program is cash reimbursement.

In response to questions by Representative Baker, Secretary Noel is currently speaking with stakeholders about ESG compliance. While working at his previous company, they implemented ESG. The Secretary is concerned that companies will have to pass on the costs associated with ESG to their suppliers, who will subsequently have to pass on the ESG costs to their suppliers. Secretary Noel believes

that if the key players stay informed, collaborate, and try to anticipate any unforeseen consequences, the state can be well-prepared to adapt.

In response to a series of questions from Senator Mills about staffing, Secretary Noel's predecessor left a few key positions open to give the Secretary flexibility in hiring. The cabinet has been selective in hiring; they want to ensure the person they hire matches the culture and values of the cabinet. Deputy Secretary Smith added that they will post a position a few times to ensure they hire a candidate with the right fit. Companies have taken cabinet employees from time to time, because of their great work. The Secretary stated that employees may work from home two days a week, but try to have a core team in the office throughout the week. Many employees travel to different parts of the state as part of their job duties, which is not considered working remote.

In response to questions from Senator Mills about energy and environmental costs and impediments, Secretary Noel stated that he is not discouraging companies who use fossil fuels from working with cabinet. The cabinet seeks to work with a variety of companies. The Secretary is trying to anticipate what may occur in the future, and would not deny a company from working with the cabinet if they use fossil fuels. Their goal is to try to work with companies and see if they can help the company meet their objectives and whatever requirements are imposed. With respect to brownfields and former industrial sites, Secretary Noel stated that the cabinet works closely with all other cabinets, including those that have oversight over brownfields. The cabinets that oversee brownfields and industrial sites have tools and incentives they can offer to help develop and use those areas.

In response to questions from Senator Westerfield, the cabinet has started tracking where they are receiving their project leads. They receive leads from several different sources, including companies and consultants. Not all projects follow the exact same process and there is an online searchable database for incentive projects that have been approved since 2008, in which you can search by type of program or location. Secretary Noel added that the cabinet's goal is to try to land incentive projects in Kentucky. The vast majority of projects are from new and existing companies where Kentucky is competing with several other states, and in some instances, other countries on the best site for the company. In the process, the cabinet will try to get the company to evaluate sites in multiple locations throughout the state, which can help determine locations and workforce issues, to help all areas of the state.

In response to a question from Representative Baker, on high energy costs and the Century Aluminum layoffs, Secretary Noel stated there has been outreach and conversations with the Century Aluminum with the cabinet offering to help.

In response to questions from Representative Miller, Secretary Noel stated that leads can also come from the cabinet, and used the Select USA conference in Washington, D.C., as an example. The cabinet met with 15 different international companies in the conference. The Secretary felt that having representatives in Germany and Japan were needed.

Other states have much larger staffs located in other parts of the world, and some states have four to five times the number of international offices as Kentucky. Kentucky has the fifth highest number of international investment per capita. There are 515 internationally owned facilities operating in the state. In the future, he may have to evaluate processes and cadence in dealing with international representatives, but he sees representation as beneficial to assist international clients when needed.

In response to a question from Representative Miller about hiring the Secretary of Economic and Workforce Development, Secretary Noel stated that the board sets the criteria and makes three recommendations to the Governor. Of the three recommendations, the Governor selects one of them. Deputy Secretary Smith added that the board is required by statute to hire a consulting firm to conduct a nationwide search. In Secretary Noel's hire, a nationwide search was conducted, which included the board. The board submitted its three recommendations, and the Governor made his selection. The Governor may decline the board recommendations and the board would have to conduct another search.

Representative Miller thanked the Cabinet for Economic Development representatives for their testimony, and the meeting was adjourned at 2:39 p.m.

## **INTERIM JOINT COMMITTEE ON HEALTH, WELFARE, AND FAMILY SERVICES**

### **Minutes of the 2nd Meeting of the 2022 Interim**

July 20, 2022

#### **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 20, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Ralph Alvarado, 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 Julie Raque Adams, Karen Berg, Danny Carroll, David P. Givens, Denise Harper Angel, Jason Howell, Alice Forgy Kerr, 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 Gordon, Mary Lou Marzian, Melinda Gibbons Prunty, Josie Raymond, Steve Riley, Scott Sharp, Nancy Tate, Russell Webber, and Lisa Willner.

Guests: Wendy Morris, Commissioner, Vestena Robbins, Executive Advisor, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Eric Embry, Chief Executive Officer, Pennyroyal Community Mental Health Center; Jennifer Willis, Chief Executive Officer, Pathways Community Mental Health Center; Promod Bishnoi, Chief Executive Officer, Mountain Comprehensive Care; Representative Ken Fleming; Martha Mather, Chief

Executive Officer, Peace Hospital, University of Louisville Health; Rachel Lucynski, Director, Community Crisis Services, University of Utah Health, SafeUT, Salt Lake City, Utah; Representative Josh Calloway; Mac Haddow, Senior Fellow, Public Policy, American Kratom Association; Dr. Alan Shultz, Chief Executive Officer, New Day Recovery Center; Nancy Galvagni, President, Kentucky Hospital Association; Betsy Johnson, President, Kentucky Association of Health Care Facilities; Lyndsey Blair, PhD, Senior Community Epidemiologist, Lincoln Trail District Health Department; Julie Brooks, Regulations Coordinator, Jessica Davenport, Environmental Health Program Inspection Evaluator, Department for Public Health, Cabinet for Health and Family Services; and Leslie Hoffman, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services.

LRC Staff: DeeAnn Wenk, Ben Payne, Chris Joffrion, Samir Nasir, and Becky Lancaster.

#### **Approval of Minutes**

A motion to approve the minutes of the June 2, 2022 meeting was made by Senator Berg, seconded by Senator Wise, and approved by voice vote.

#### **Consideration of Referred Administrative Regulations**

The following referred administrative regulation was placed on the agenda for consideration: **201 KAR 002:440 Proposed** - Legend drug repository; **201 KAR 006:040 Proposed**- Renewal, reinstatement, and reactivation of license; **201 KAR 017:110 Proposed** - Telehealth and tele practice; **201 KAR 020:220 Proposed** - Nursing continuing education provider approval; **201 KAR 020:260 Emergency** - Organization and administration standards for prelicensure registered nurse or practical nurse programs of nursing; **201 KAR 020:280 Proposed** - Standards for developmental status, initial status, and approval of prelicensure registered nurse and practical nurse programs; **201 KAR 020:360 Proposed** - Continuing approval and periodic evaluation of prelicensure registered nursing and licensed practical nursing programs; **201 KAR 020:480 Proposed** - Licensure of graduates of foreign nursing schools; **201 KAR 020:480 Emergency** -Licensure of graduates of foreign nursing schools; **201 KAR 022:001 Proposed** -Definitions for 201 KAR Chapter 22; **201 KAR 022:020 Proposed** - Eligibility and credentialing procedure; **201 KAR 022:053 Proposed** - Code of ethical standards and standards of practice for physical therapists and physical therapist assistants; **201 KAR 022:070 Proposed** - Requirements for foreign-educated physical therapists and physical therapist assistants; **201 KAR 022:170 Proposed** - Physical Therapy Compact Commission; **201 KAR 033:015 Proposed** - Application; approved programs; **201 KAR 035:070 Proposed** - Supervision experience; **201 KAR 046:020 Proposed** - Fees; **201 KAR 046:060 Proposed** - Continuing education requirements; **900 KAR 013:010 Proposed** - Guaranteed Acceptance Program (GAP) reporting requirements; **902 KAR 010:121 Proposed** - Plan review, annual permitting, and inspection fees for public swimming and bathing facilities, including

splash pads operated by local governments; **902 KAR 010:190 Proposed** - Splash pads operated by local governments; **908 KAR 003:010 Emergency** - Patient's rights; **922 KAR 001:360 Proposed** - Private child care placement, levels of care, and payment; **922 KAR 001:470 Proposed** - Central registry; **922 KAR 001:530 Proposed** - Post-adoption placement stabilization services; and **922 KAR 002:280 Proposed** - Background checks for child care staff members, reporting requirements, and appeals. The administrative regulations above were reviewed by the committee.

The following referred administrative regulation was placed on the agenda for consideration: **902 KAR 010:120 Proposed** - Kentucky public swimming and bathing facilities; There was an agency amendment offered by the Cabinet for Health and Family Services, Julie Brooks, Regulations Coordinator, Department for Public Health (DPH), Cabinet for Health and Family Services, discussed the regulation's public comment period, concerns raised by legislative committee members regarding the regulation, and the previous amendments made to the regulation. Ms. Brooks explained how the agency amendment would change the regulation. In response to questions and comments from Representative Moser, Ms. Brooks stated that the DPH allows flexibility of lifeguard requirements at state park beaches but not state park swimming pools. A motion to accept the agency amendment was made by Representative Burch and seconded by Representative Moser, and approved by voice vote.

### **Community Mental Health Centers and Behavioral Health Services Organizations**

Wendy Morris, Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities (DBHDID), Cabinet for Health and Family Services, gave an overview of the Community Mental Health Centers (CMHCs) and Behavioral Health Service Organizations (BHSOs), the differences in who the CMHCs and BHSOs serve, the services provided, and the contracts and funding. She discussed other statutory, service, and program requirements for CMHCs and reviewed the number of BHSOs in each of the 14 CMHC regions.

Vestena Robbins, Executive Advisor, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services, reviewed the key elements of the Centers for Medicare & Medicaid Services (CMS) Certified Community Behavioral Health Clinic (CCBHC), services provided by a CCBHC, and an update on Kentucky's CCBHC demonstration status.

In response to questions and comments from Senator Alvarado, Commissioner Morris stated that the CMHCs' regions are set in statute. She stated that an organization can be both a CMHC and BHSO but the organization would need to be credentialed separately because the reimbursement rates are different for CMHCs and BHSOs.

In response to questions and comments from Representative Willner, Commissioner Morris stated that when a CMHC is practicing outside of its region, for practical purposes, it is functioning as a BHSO but with the added perks of being a CMHC.

In response to questions and comments from Senator Adams, Commissioner Morris stated that she would follow up with information regarding the Substance Abuse and Mental Health Services Administration (SAMHSA) funds and how the funds are distributed.

In response to questions and comments from Representative Dotson, Commissioner Morris stated that CHFS calls upon the local CMHCs to make sure mental health services are available to people when dealing with a natural disaster or school crisis in a community.

In response to questions and comments from Representative Moser, Commissioner Morris stated that there have been success stories with integrated behavioral and physical health programs at CCBHC with more evidence-based practices with a focus on excellence and outcomes. Leslie Hoffman, Deputy Commissioner, Department for Medicaid Services (DMS), Cabinet for Health and Family Services, stated that DMS partners with DBHDID for the CCBHC demonstration and includes an outreach to Veterans. She stated that DMS chose to go with the Prospective Payment System (PPS) 1 rate methodology that is approved by CMS with a daily per encounter PPS 1 rate. DMS does a cost analysis, cost reporting, and a wrap payment.

In response to questions and comments from Senator Berg, Deputy Commissioner Hoffman stated that each individual has a different encounter rate amount based on their cost report and projections.

### **2022 Regular Session House Bill 349 - Regional Service Areas for Mental Health or Individuals with an Intellectual Disability**

Jennifer Willis, Chief Executive Officer, Pathways Community Mental Health Center, discussed that support of 2022 Regular Session House Bill 349 is needed to maintain the safety net for CMHCs. Eric Embry, Chief Executive Officer, Pennyroyal Community Mental Health Center, discussed how CMHCs' serve people with substance use disorder, mental illnesses, and intellectual disabilities, the difference between CMHCs and BHSOs, and the social services available to communities. Ms. Willis discussed why CMHCs have a different pay scale than BHSOs and why a CMHC working outside of its region may improve its profits while not having to provide services that may lose money for another CMHC working within its region. She discussed how CMHCs are designed to work with BHSOs for crisis services, that 27 counties have CMHCs outside of their region functioning in the same county with local CMHCs, the difference in the required level of education for staff, and the 2022 Regular Session House Bill 349 requirements for CMHCs that provided services outside of its region.

Promod Bishnoi, Chief Executive Officer, Mountain Comprehensive Care, gave a brief overview of Mountain Comprehensive Care Center's (MCCC) organization, licenses, accreditations, service area, partnerships, facilities, and staff that provide services. He discussed the CMHCs' safety net services, need for increased rates for safety net services provided under contract with DBHDID, barriers that would have been created by 2022 Regular Session House

Bill 349, and the results to communities if restrictions are created for CMHCs.

In response to questions and comments from Senator Alvarado, Mr. Bishnoi stated that MCCC takes care of the clinics that they serve, if in crisis there is an 1-800 number on all brochures, forms, and websites. He stated that MCCC provides after-hours services to individuals who are serviced outside of the region. Mr. Embry stated that the contract between MCCC and the Christian County Board of Education states MCCC is not Kentucky's provider in Western Kentucky for crisis or emergency responses and that other CMHCs' phone numbers are listed but not MCCC's. He stated that Christian County Board of Education contracts with local CMHCs also.

In response to questions and comments from Senator Givens, Mr. Embry stated that Christian County Board of Education would contract with another provider because the priority is mental health and wellbeing of the students because the school need the help to care for students. Ms. Willis stated that Pathways Community Mental Health Center is in each school district in ten counties with multiple providers because the schools are desperate for assistance and the problems are with the required licensure and regulations. Commissioner Morris stated that a CMHC working outside of its region proposes some level of threat to the behavioral health safety net and that CMHCs have distinctly different missions and obligations than BHSOs but are a vital part of the continuum of care. She stated that a CMHC's contract with DBHDID only covers services provided in their region.

In response to questions and comments from Senator Carroll, Commissioner Morris stated that Seven Counties Services are also licensed as a BHSO and CMHC.

In response to questions and comments from Senator Berg, Commissioner Morris stated that all providers in all areas are struggling with workforce issues and there may be waiting lists in some areas for specific services.

In response to questions and comments from Representative Moser, Commissioner Morris stated that CHFS would prefer the CMHCs to work collaboratively to make sure all needs are met for the community.

In response to questions and comments from Senator Meredith, Commissioner Morris stated that DBHDID is an advocate for the people served by the department, people should have a choice in providers, and some of the prescriptive language in the contracts with the CMHCs comes from the federal block grants for auditing requirements.

In response to questions and comments from Representative Bray, Commissioner Morris stated that local CMHCs are responsible for handling the 202A process for a patient in crisis.

In response to questions and comments from Representative Tate, Mr. Bishnoi stated that Mountain Comprehensive Care Center's board members are from each the five counties in the Big Sandy area development district.



## **2022 Regular Session House Bill 569 - Consumer Protections Relating to Kratom**

Representative Josh Calloway, discussed the main objectives of Regular Session House Bill 569 proposed in 2022. Mac Haddow, Senior Fellow, Public Policy, American Kratom Association, discussed the origins of kratom, the history regarding the scheduling of kratom, the legality of kratom in six states, and the studies researching the benefits of kratom for addiction recovery. Lyndsey Blair, PhD, Independent Researcher, Senior Community Epidemiologist, Lincoln Trail District Health Department, discussed the opposing views of kratom, how assessments of the effects of kratom bans and subsequent opioid overdose mortality were completed along with the results, and the FDA warnings of heavy metal in kratom and dangers of using kratom not in its pure, unadulterated form.

Dr. Alan Shultz, Chief Executive Officer, New Day Recovery Center, discussed how problems with kratom were caused by impurities, differences in the amount of kratom previously used by indigenous people versus people today, countries that control kratom, uses of kratom, and the addictiveness of kratom.

In response to questions from Representative Bentley, Mr. Shultz stated that a patient that has severe toxicity from kratom would be treated by naltrexone or naran and clarified that an opioid agonist causes pleasure. Dr. Blair stated that kratom does not give the same euphoria as an opioid and pure kratom is more effective at low doses. Dr. Shultz stated that suboxone is also more effective in lower doses.

In response to questions and comments from Senator Berg, Mr. Haddow stated that manufacturers of kratom in an unregulated setting do not test for contaminants but under the federal Kratom Consumer Protection Act manufacturers would be required to test for all contaminants and meet requirements the Food and Drug Administration (FDA).

In response to questions from Representative Moser, Mr. Shultz stated that 16 million kratom users and the large market of kratom is keeping the FDA from deciding to schedule or not schedule kratom. He stated that Suboxone is a partial agonist identical to kratom and it is controlled. Mr. Haddow stated that the outcome of the science concerning kratom, not pressure from any advocacy group or group of consumers, is keeping the FDA from deciding to schedule or not schedule kratom.

In response to questions and comments from Senator Carroll, Representative Calloway stated that when someone is under the influence of kratom the symptoms exhibited demonstrate that the product had been adulterated and unadulterated symptoms are similar to caffeine.

## **SafeKY - Mental Healthcare**

Representative Ken Fleming discussed SafeKY working as a pilot project to provide students, teachers, and parents 24-hour access to mental health professionals and reports to schools of any safety concerns, similar to the SafeUT application. Martha Mather, Chief Executive Officer, Peace Hospital, University of Louisville Health, gave a brief overview of what the SafeKY application would offer to families

and educators, staff available for assistance, safety features available, and process for implementation. Rachel Lucynski, Director, Community Crisis Services, University of Utah Health, SafeUT, Salt Lake City, Utah, discussed how SafeUT originated, services provided by the application, and the number of services and interventions made by SafeUT in the past year.

In response to questions and comments from Representative Bentley, Representative Fleming stated that the initial funding and personnel assistance will come from local foundations. Funding will be requested in an upcoming bill to complete the implementation. He stated that University of Louisville Peace Hospital will provide the mental health professionals to work on the application. Ms. Mather stated that while working with the University of Utah and building the application for Kentucky, there would be a licensed therapist on duty 24-hours, 7 days-a-week, to answer calls, texts, or chats.

In response to questions and comments from Senator Alvarado, Representative Fleming stated that there have been discussions regarding working with and complimenting the 988 phone number for mental health issues.

## **Health Care Workforce Shortages**

Nancy Galvagni, President, Kentucky Hospital Association (KHA), discussed KHA's workforce shortage survey results, the national nursing and hospital worker shortage, amounts spent on premium pay and nursing contract labor, long-term solutions to enroll and employ new nursing students. Betsy Johnson, President, Kentucky Association of Health Care Facilities, discussed the causes for the struggling workforce, additional contributing issues providers are dealing with, declining number of nursing home employees, the percentage of change in the healthcare sector post-pandemic, and recommendations on how to strengthen the nursing workforce.

In response to questions and comments from Senator Danny Carroll, Ms. Galvagni stated that with an aging population there is a demand for more services and hospitals are opening additional clinics to meet the patients' needs.

## **Adjournment**

There being no further business, the meeting was adjourned at 3:26 PM.

## **INTERIM JOINT COMMITTEE ON JUDICIARY**

### **Minutes of the 2nd Meeting of the 2022 Interim July 7, 2022**

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Judiciary was held on Thursday, July 7, 2022, at 11:00 AM, in Room 149 of the Capitol Annex. Senator Whitney Westerfield, 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, Gerald A. Neal, Wil Schroder, Johnnie Turner, and Phillip Wheeler; Representatives Kim Banta, John Blanton, Kevin D. Bratcher, McKenzie Cantrell, Jennifer Decker, Daniel Elliott, Joseph M. Fischer, Samara Heavrin, Nima Kulkarni, Derek Lewis, Savannah Maddox, Chad McCoy, Patti Minter, Jason Nemes, and Jason Petrie.

Guests: University of Louisville Dean, Dr. Tony Ganzel; Community Advocacy and Partnership Manager with The Bail Project, Shameka Parish Wright; Louisville Operations Manager with The Bail Project, Carrie Cole; Senate District 19 Senator, Reginald Thomas; and Bluegrass Elderlaw, Katie Finnell.

LRC Staff: Roberta Kiser, Matt Trebelhorn, Randall Roof, Michelle Spears, Lexington Souers, Stacy Byrns Taulbee, and Chelsea Fallis.

## **Approval of the June 9, 2022 Minutes**

Representative Nemes made a motion to approve the June 9, 2022, minutes, seconded by Senator Berg, and passed by voice vote.

## **University of Louisville Contractual Relationships with Third Parties**

Senator Westerfield inquired about the contractual and financial relationship that the University of Louisville Hospital (U of L Hospital) has with the EMW Women's Surgical Center.

University of Louisville Dean Ganzel stated that the University of Louisville Hospital does not perform elective abortions and complies with the applicable federal and Kentucky laws as required by the Accreditation Council for Graduate Medical Education. Non-university training is required in the provision of abortions as a part of the Obstetrician-Gynecologist (OB/GYN) residency program. The University of Louisville Hospital has had a departmental support agreement with the EMW Women's Surgical Center since 2016 which provides annual salary support for two of the hospital's physicians in the University of Louisville School of Medicine's Department of OB/GYN and Women's Health.

Representative Nemes polled Dr. Ganzel about a specific physician's statements and the relationship of that physician with the University of Louisville Hospital.

Dr. Ganzel stated that the physician receives salary support to train residents in the required and mandated accreditation standards.

Representative Nemes requested salary statements and employment agreement forms for the University of Louisville Hospital physicians who receive compensation through the EMW Women's Surgical Center and documentation on the portion of procedures that the University of Louisville Hospital's insurance policy covers.

In response to Senator Westerfield, Dr. Ganzel stated that she is unaware of how much of a physician's salary is split between the University of Louisville Hospital and private practice.

In response to Senator Berg, Dr. Ganzel stated that the departmental accreditation would be placed on probation and lose the University of Louisville

Hospital's residency program if all medical procedure requirements were not met.

Senator Westerfield requested the physician contractual agreements that the University of Louisville Hospital has with the EMW Women's Surgical Center.

### **Charitable Bail**

Louisville Operations Manager with The Bail Project Carrie Cole discussed the recent and ongoing work that the Louisville Charitable Bail Project has been involved with to assist Kentucky defendants who are in need of bail assistance and to improve the pretrial system. Community Advocacy and Partnership Manager with The Bail Project Shameka Parish Wright gave testimony on her incarceration experience and urged the Kentucky General Assembly to work in partnership with the Charitable Bail Project to create legislation on bail reform.

In response to Senator Westerfield, Ms. Cole stated that the Administrative Office of the Courts (AOC) and the Legislative Research Commission (LRC) have provided data collection for bail bond savings. Assumptions on the savings amount are also made due to the lack of data collected by the state of Kentucky.

In response to Senator Westerfield, Ms. Parish stated that referrals come from the community, public defenders, and advocates from across the state of Kentucky. Senator Westerfield requested documentation stating the average bail amount used for an individual who is incarcerated.

In response to Senator Westerfield, Ms. Parish stated that churches and other state organizations also utilize a bail bond process. If an individual would like his or her donation to be used for the Kentucky Bail Bond Project, the donation has to be restricted to Kentucky on the webpage.

In response to Representative Banta, Ms. Parish stated that a defendant can be bailed out more than once depending on the circumstances.

In response to Senator Wheeler, Ms. Cole stated that the Bail Bond Project reviews an offender in full context before posting bail. Ms. Parish added that communities are impacted by people who are incarcerated.

In response to Representative Petrie, Ms. Cole stated that there is not a contractual agreement with a defendant upon release after bail has been posted. Ms. Parish added bail is posted on behalf of a defendant, and money that is posted for a defendant goes into the Bail Project's name. One bail can be used to get up to three defendants out of incarceration with the revolving bail fund.

In response to Senator Carroll, Ms. Cole stated that if there is a victim involved with a defendant who is being released the defendant will only be considered for bail if they can meet their conditions of release.

In response to Representative Bratcher, Ms. Cole stated that the Bail Project has an intake and needs assessment form for the interviewing process. Ms. Parish added that money is deposited into the Bail Project account upon request for a bail amount. Defendants who are bailed out are not selected based on how high a profile the case may have.

In response to Senator Westerfield, Ms. Parish stated that the Kentucky Bail Project files a separate Internal Revenue Service (IRS) 990 form.

In response to Senator Neal, Ms. Parish stated the Bail Project's return rate for defendants is higher than the Administrative Office of the Courts.

Representative Blanton spoke on legislation that was discussed last session to assist the Kentucky Bail Project.

### **Adult Guardianship**

Senate District 13 Senator Thomas and Bluegrass Elderlaw Katie Finnell presented recommended changes under 2022 Regular Session Senate Bill 132, modernizing the current guardianship statute.

In response to Senator Westerfield, Ms. Finnell stated that she has had cases where judges have prohibited an individual from hiring a personal attorney due to having a guardian ad litem. Senator Neal stated that the guardian ad litem has a legal duty to the court system, not to an individual. Ms. Finnell stated that someone acting as power of attorney can suggest that individual do something, whereas a guardian can make an individual do something.

There being no further business the meeting adjourned at 1:00 P.M.

## **INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS**

### **Minutes of the 2nd Meeting**

#### **of the 2022 Interim**

July 21, 2022

### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Thursday, July 21, 2022, 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 Donald Douglas, Jimmy Higdon, Gerald A. Neal, 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, Michael Meredith, Jerry T. Miller, Kimberly Poore Moser, Ruth Ann Palumbo, Phillip Pratt, Sal Santoro, and Killian Timoney.

Guests: Speaker Pro Tem David Meade; Josh Summers, CEO, Kentucky REALTORS; Justin Landon, CEO, Lexington-Bluegrass Association of REALTORS; Tom Wright, Financial Officer, and Sherry Sanders, Charitable Gaming Chair, AMVETS of Kentucky, Post 1; John Park, DVM, Steve Wills, DVM, and Michelle Shane, Executive Director, Kentucky Board of Veterinary Examiners.

LRC Staff: Bryce Amburgey, Jasmine Williams, Wendy Craig, CaraBell Preece, and Lisa W. Moore

### **Approval of Minutes from June 2, 2022, meeting**

Representative Koch motioned to approve the minutes from the June 2, 2022, meeting, and Representative Timoney seconded the motion. Motion carried and the minutes were approved by voice vote.

### **Veterinarian Licensing**

Representative Koch said the new bill draft in members' folders has been thoroughly vetted through a series of stakeholder meetings held across the state, and changes were incorporated. Ms. Michelle Shane, Executive Director, Kentucky Board of Veterinarian Examiners (KBVE), said nearly 30 years have passed since the last substantial updates to the Kentucky Veterinary Medicine Practice Act ("the Practice Act"). In today's changing medical and technological landscapes, the Practice Act is due for modernization.

KBVE invested more than a year conducting an in-depth review of two national Practice Act Models (PAMs) from the American Association of Veterinary State Boards (AAVSB) and the American Veterinary Medical Association (AVMA). Both PAMs have input from national veterinary medicine and regulation experts. Additionally, the board looked at existing laws in surrounding states and consulted with the leadership of the Kentucky Veterinary Medical Association (KVMA) and the Kentucky Veterinary Technician Association (KVTA). The KBVE took the best model components and feedback and merged them with the board's mission in Kentucky to update the Practice Act. Ms. Shane explained the modernization highlights to the members via a PowerPoint presentation.

Dr. Steven Wills, Chairman, KBVE, said they are trying to stay in the forefront of the profession and will continue to educate the public on the changes. Dr. John Park, Board Member, KBVE, said this is a changing profession and improvements need to be made in order to protect the animals and keep them safe. Representative Koch noted that the bill would be introduced in the Kentucky General Assembly 2023 Regular Session.

Senator Thayer discussed veterinary shortages, particularly in rural communities and food animal or mixed animal practices. Updates to the Practice Act are worthy of consideration, and he feels there is room to find agreement among all parties. Pushback will come mainly from out-of-state and corporate interests, including animal rights groups.

Responding to a question from Senator Thayer, Dr. Wills stated that the proposed changes would not increase barriers to becoming a veterinarian, and there will be no additional licensure requirements. He disagrees with easing the shortages by requiring veterinarians who utilize taxpayer money to fund their education in Auburn and Tuskegee, Alabama, to return to Kentucky and work for a certain number of years. He noted Kentucky does not make this unfair requirement for other professions. Senator Thayer said it might be needed on a temporary basis to address the vet shortages. Dr. Wills said scholarship recipients could be contractually required to return to Kentucky to work.

Responding to a question from Representative Moser, Ms. Shane said all veterinarian facilities need

to be confirmed and located before identifying key shortage areas. The allied professional permits will provide public and patient protection related to allied professional services on animal patients, and will allow clients an avenue for recourse when services result in harm or death to the patient. It will ensure that allied professionals receive proper training and maintain continuing education for work on animals.

Responding to Senator Thomas, Ms. Shane said the animal cannot speak for itself and the in-person annual visit can help doctors identify diseases early. The Veterinary-Client-Patient Relationship (VCPR) will have a once per year in-person visit requirement. Dr. Park added that the entire Kentucky veterinary community agrees with the changes. Large online companies and animal rights activists are seeking to lift the in-person VCPR requirement nationally. Online pharmaceutical companies want to provide prescriptions without ever setting foot in Kentucky or providing follow-up care. Lifting the in-person VCPR requirement could result in the following: opportunities for drug diversion and abuse; veterinarians discouraged from staying in food animal work; and failure to promptly identify, diagnose, and quickly contain high-consequence diseases.

Responding to a question from Representative Timoney, Ms. Shane said no one solution will be a cure-all for the recruitment and retention of veterinarians. It will remain difficult to recruit small animal veterinarians. Many Kentuckians attend Auburn or Tuskegee Universities in Alabama through a reciprocity agreement in place with Kentucky which makes it hard to get those folks back to Kentucky to work. She did note a partnership between Lincoln Memorial University and Auburn to get students to return to work in Kentucky. She mentioned Ohio State University, Virginia, Maryland, Purdue, and vet colleges in Tennessee as other possible nearby locations for Kentucky students to receive a veterinarian degree.

Responding to a question from Representative Meredith, Ms. Shane said there are disparities between large and small animal veterinarians. Shortages are greater in rural areas and more specific to large animal needs, but shortages are common throughout the field. One idea to address the issue would be to lower the GPA for entry into large animal vet school in an effort to get more enrollees who could still have long-term success.

### **Real Estate Wholesaling**

Speaker Pro Tem David Meade said wholesaling in real estate has become a problem across the country. One of the most misunderstood issues involving wholesaling real estate has to do with the assignment of contract strategy. In this type of transaction, it is critical to understand that marketing the right to a contract can only occur after a contract is secured with the existing property owner. No person may market a home if he or she does not have a real estate license.

Many first-time wholesalers enter this profession seeking an assignment of contract arrangement because it affords them the lowest barrier of entry into wholesaling. There are essentially no costs involved because as the wholesaler, a person is not conducting the actual transaction on a piece of real property. He

or she is acting only as the middleman who collects a fee when the contract is assigned to another party.

With double closing or wholesaling, a wholesaler engages in two separate purchase contract transactions, one with the original owner and the other with a real estate investor often prearranged through the wholesaler's buyer list. Many times, these are cash buyers who are looking for foreclosure bargains or potential rental property they can add to their portfolio. Many times, the transactions take place the same day with a double close. However, wholesaling to an end buyer may involve a longer time frame, but is typically still a relatively short time frame to complete the real estate purchase.

Speaker Pro Tem Meade said wholesalers believe they have found a loophole in Kentucky by creating an equitable interest in the property when they put down a \$500 deposit or option, and then they have the right to sell the property by owner. He has added some brief language to a bill that will be introduced in the 2023 Regular Session of the Kentucky General Assembly to mitigate this problem.

Mr. Justin Landers, CEO, Lexington-Bluegrass Association of REALTORS, said the bill is about consumer protection. For most Americans, real property will be the largest asset they own. Buying a home is how many Kentuckians build generational wealth, send their children to college, and buy health care in their senior years.

Mr. Landers said the Kentucky Real Estate Commission (KREC) establishes that a real estate licensee in Kentucky owes a fiduciary duty to their clients. There are not many professions that have a legal fiduciary obligation, and they must put the needs of their clients above their own. In addition, the KREC requires that a real estate licensee owes a duty to any consumer of good faith and fair dealing, not just a client.

Mr. Landers said Speaker Pro Tem Meade's bill will further define real estate brokerage. It will make it unlawful for any person who is not licensed as a broker or agent to advertise for sale an equitable interest in a contract for the purchase of real property. Wholesaling has increased in the last three years because of rising property values. Some homes have increased \$125,000-\$200,000 in that time period.

Responding to a question from Representative Bratcher regarding the term "wholesaler," Mr. Josh Summers, CEO, Kentucky REALTORS, said wholesaling is not purchasing a property, renovating it, and then reselling it. This practice is sometimes called "flipping," and that has nothing to do with wholesaling. It is not closing on a property and then reselling it, as that is called buying low and selling high. Finally, it is also not simply assigning a contract to another party, as this happens all the time between business entities or family members. Wholesaling is entering into a contract, selling the paper to someone else for a profit, and pocketing the difference of the original sale price. It typically targets distressed properties or people facing foreclosure.

Responding to questions from Representative Flannery, Mr. Landon responded this bill would not prevent a double closing but would prevent the marketing of equitable interest in a contract before the closing without utilizing a real estate licensee to

advertise the property. The legislation does not make it more difficult for property to be bought and sold. It seeks to ensure that everyone is treated fairly as the law requires when someone is making money between a buyer and a seller. Speaker Pro Tem Meade said this is not a free market or a "for sale by owner" issue. This bill applies the fiduciary duties that should be included when bringing a buyer and seller together.

Representative Palumbo thanked Speaker Pro Tem Meade for protecting Kentucky consumers and asked to co-sponsor the legislation.

Responding to Senator Thomas, Speaker Pro Tem Meade said some telemarketer calls are wholesalers and others are real estate agents. He reminded members to add their telephone numbers to the "no call" list.

Responding to a question from Representative Gentry, Speaker Pro Tem Meade said this proposed legislation does not affect finder fees between retailers because the retailer's intent is to buy the deed. He explained that it only affects the advertising of property and would not affect investment companies who buy properties for retail value, or finder fees among retailers.

Representative Koch said the wholesalers are preying upon a vulnerable population that may not be familiar with the real estate market, such as widows and the elderly. Some have gone as far as to offer to pay for loved ones' funeral expenses, or cash money. Chairman Koenig said it is the duty of this committee to provide proper public protection, while not hurting the free market.

Representative Pratt expressed his appreciation for the bill and its protection against consumer predators. He mentioned the annoying and redundant phone calls, texts, and post cards that he receives offering these types of services.

Responding to Senator Nemes, Speaker Pro Tem Meade said wholesalers are looking for people who do not understand how the market works. Senator Nemes flips houses and would like to see a copy of the contract during these transactions. He asked to meet with Speaker Pro Tem Meade for some follow-up questions.

Representative Meredith said as a property owner, he receives various cash offers monthly in the mail. He feels the wholesalers prey up the elderly, widowed, and people unfamiliar with the real estate market.

### **Charitable Gaming**

State Representative Kevin Bratcher explained the proposed legislation regarding the deposit of gross receipts for smaller charitable organizations conducting charitable gaming events. Tom Wright, Financial Officer, AMVETS of Kentucky, Post 1, said that by statute a deposit must be made every two days following an event. An event could be a picnic or a night at the races, and the profit is immediately deposited. Each day of daily pulltab sales is deemed a separate event, whether it uses paper or electronic pulltabs. He referred members to a spreadsheet in their folders showing weekly deposit schedules. The bill draft would require weekly deposits and would help with budgeting and accounting.

Responding to a question from Chairman Koenig,

Representative Bratcher said charitable gaming regulators have not been available to discuss the issue. The moneys in question are very low amounts, and he feels the groups can be trusted with a few hundred dollars for a couple of days until they make a deposit.

Responding to a question from Representative Banta about definition clarification with charitable gaming, Mr. Wright said he had spoken with Stephanie Ledford, Fiscal Officer, Kentucky Department of Charitable Gaming, and she said the law requires pulltabs to be a daily event. Sherry Sanders, Charitable Gaming Chair, AMVETS of Kentucky, Post 1, said making three deposits in a week can leave them short of paying out pulltab wins because the money is in the bank. Representative Bratcher said the bill will be filed in the 2023 Regular Session of the General Assembly and he hopes for a vote to end this operational nightmare.

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 2022 Interim July 19, 2022**

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Local Government was held on Tuesday, July 19, 2022, at 10:00 AM, in Room 171 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 Michael J. Nemes, Wil Schroder, Adrienne Southworth, and Damon Thayer; Representatives Danny Bentley, Josh Bray, George Brown Jr., Jonathan Dixon, Jeffery Donohue, Ken Fleming, Deanna Frazier Gordon, Mary Beth Imes, DJ Johnson, Adam Koenig, Matt Lockett, Mary Lou Marzian, Jerry T. Miller, Brandon Reed, and Walker Thomas.

Guests: J.D. Chaney, Brianna Carroll, and Michele Hill, Kentucky League of Cities; Jim Henderson and Shellie Hampton, Kentucky Association of Counties; Sandy Williams, Kentucky Infrastructure Authority; Tony Wilder, Kentucky Council of Area Development Districts; Judy Taylor, Lexington-Fayette Urban County Government; and James Higdon, MML&K Government Solutions.

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, Christopher Jacovitch, and Cheryl Walters.

#### **Approval of Minutes**

Upon the motion of Representative Lockett, seconded by Senator Schroder, the minutes from the June 21, 2022, meeting were approved.

#### **Local Administration and Update of the American Rescue Plan Act (ARPA)**

Mr. J.D. Chaney, Executive Director/CEO of the Kentucky League of Cities (KLC), told the committee that the ARPA funds are still not a panacea--the funds

are temporary. The process to expend the funds has been made easier than it was a year ago. For most local governments, now, the first \$10 million of what they receive is assumed to be attributable to a revenue loss and can be spent on any forward-facing governmental service. With the exception of a few cities, most cities in Kentucky received less than \$10 million.

From ARPA funds, \$931 million was distributed to 376 Kentucky cities. Nine entitlement cities—Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Lexington, Louisville, and Owensboro—received \$607 million directly from the U.S. Department of the Treasury. The other non-entitlement cities split \$324 million according to population with payments being disbursed from the Department for Local Government. Many cities delayed allocating the funds because of ever-evolving guidance. Cities have until December 31, 2024, to obligate their ARPA funds for projects that must conclude by December 31, 2025.

Most cities have not reported yet how they have used or plan to use the money because of the delayed final rule from Treasury. Of the entitlement cities, four listed some usage in their January 2022 report (Ashland, Covington, Lexington, and Louisville), the four highest budgeted expenditure categories were: public health, premium pay, response to negative economic impacts, and services to disproportionately impacted communities. The most common projects funded by ARPA in those four cities included COVID-19 response and vaccinations, premium pay for essential workers, housing assistance, parks and recreation improvements, drinking water investments, and provision of government services.

Louisville budgeted \$20 million, Lexington \$13 million, and Covington \$2.5 million for premium pay. Bowling Green will use \$16.5 million to establish a fiber optic cable system to homes and businesses. Lexington has budgeted \$10 million for affordable housing programs. Louisville has budgeted \$10 million for court eviction diversion to assist with low income housing. Covington budgeted \$3 million for affordable housing purposes. Owensboro budgeted \$5 million for storm water drainage systems, \$2.5 million to replace a water tower, and \$750,000 for public pool upgrades in a low income area.

For most of the smaller cities, the most common engagement with KLC is premium pay expenditures. Other common expenditures appear to be police and fire equipment and vehicles, radios, parks and recreation improvements, water and sewer projects, assistance for non-profits that the governments have partnerships with to provide various government services, and broadband.

Cyber security is a major issue for cities. Cities are vulnerable to cyber-attacks and will be upgrading their systems.

In response to a question from Representative Meredith, Mr. Chaney stated that entitlement cities, in regards to the ARPA monetary distributions, is a designation that uses factors similar to Community Development Block Grant standards and thus are the larger cities that have more low to moderate income persons.

In response to a question from Senator Mills, Mr. Chaney said the ARPA money is temporary, and

the fear is that some legislative bodies may make decisions in consideration of the uses of that money, that would result in structurally imbalanced budgets in the future. Many cities are investing this money in one-time expenditures, such as infrastructure, that will lessen this possibility.

In response to another question from Senator Mills, Mr. Chaney answered that it is getting more difficult to find people to work in lower paid positions, such as public works.

In response to a question from Senator Thayer, Mr. Chaney stated that cities cite wage rates as the main reason for not being able to fill positions. This especially affects smaller cities that have smaller tax bases.

In response to another question from Senator Thayer, Mr. Chaney said the bulk of city employees are back and not working remotely—substantial sectors of public employers are not able to work remotely. Remote working when employees live outside of the district wherein their employer is located can have an impact on occupational taxes, as they are collected where the work is performed. Employees are eligible for refunds under certain circumstances, but KLC has not yet observed a deluge of such requests.

Senator Thayer commented that people need to get back to work.

Ms. Sandy Williams, Executive Director of the Kentucky Infrastructure Authority, told the committee that \$250 million was allocated for the first round of the ARPA funds from Kentucky's 2021 SB 36, of which \$150 million was allocated by county population and based on local consensus, and which has all been approved, \$50 million was allocated for consent decree purposes and the provision of drinking water in unserved areas, which has all been committed, and \$49.9 million was allocated to supplement project grants where the project cost was greater than the county's allocation, which will be used to supplement projects as bids come in. This will supplement project costs in amounts up to ten percent over the original cost allocation.

There was \$250 million allocated for the second round by Kentucky's 2022 HB 1. Using a similar process as the first round, there were no breakouts in uses for this allocation. All \$250 million was based on county population with a consensus requested on the use from local water and sewer providers in the county. KIA suggests that the money from the second round be used to make up any funding gaps from first round projects not fully funded. The same application process will be used, using the project profile in the water resource information system. The application button is live, but the formal call for projects will occur later in July.

In response to a question from Senator Mills, Ms. Williams stated that all projects are required to be bid pursuant to the procurement requirements of KRS Chapter 45A.

Mr. Jim Henderson, Executive Director of the Kentucky Association of Counties, told the committee that counties were treated a little bit differently from cities. Every county received a direct allocation. The total county allocation for Kentucky was \$867.8 million out of \$65.1 billion that was distributed to 3,069 counties in the country. The National



Association of Counties (NACo) lobbied for direct allocations. The distribution of funds is made directly to counties from the U.S. Treasury. KACo provided guidance in the application process. Counties were able to request the first half of their allocation last May and are eligible to receive the second half one year after the first. Some counties are already receiving the second half. Counties have the same presumption as cities for expending awards of less than \$10 million. The treasury allows this money to be spent on lost revenues. Only 18 counties received more than \$10 million. Counties have until December 31, 2024, to obligate funds, and all funds must be expended, and all work must be performed and completed by December 31, 2026. Counties are required to provide reports to the U.S. Treasury quarterly or annually depending on their allocation. Most Kentucky counties are required to report annually. There are no state-level reporting requirements.

Counties are still deciding what to do with the money. ARPA funded county projects include internet broadband (wherein Warren County committed \$10 million, Christian County committed \$13 million, Daviess County committed \$10 million, Oldham County committed around \$8.5 million), parks and recreation (wherein Webster County has committed funds to a county park), EMS, water (wherein Barren County worked with the City of Glasgow to invest \$1 million), tourism, and public safety (wherein Simpson County and the City of Franklin committed \$2 million total to upgrade their emergency communications systems, and Hancock County is likewise investing in their communications). County officials have also discussed using the funds for premium pay. KACo has cautioned counties about creating an expectation for sustained wages after using the money for that purpose.

Given that this is an election year, some county officials expecting significant changes in their governments are holding off on committing the money during their term in favor of their successors making those decisions.

In response to a question from Senator Southworth, Mr. Henderson stated that counties likely could use ARPA fund for roads, but most counties are not expending funds for that purpose.

Senator Mills announced that the next meeting of the Committee would be held on August 25th at the State Fair.

There being no further business, the meeting was adjourned at 11:05 a.m.

## **INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY**

### **Minutes of the 2nd Meeting of the 2022 Interim July 7, 2022**

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Natural Resources and Energy was held on Thursday, July 7, 2022, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Jim Gooch Jr.,

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

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Adrienne Southworth, Johnnie Turner, Robin L. Webb, and Phillip Wheeler; Representatives John Blanton, Adam Bowling, Randy Bridges, Tom Burch, McKenzie Cantrell, Ryan Dotson, Patrick Flannery, Chris Fugate, DJ Johnson, Norma Kirk-McCormick, Mary Lou Marzian, Suzanne Miles, Bill Wesley, and Richard White.

Guests: Jason Dunn, Director, Division of Family Support, Department for Community Based Services, Cabinet for Health and Family Services; Roger McCann, Executive Director, Community Action Kentucky; and Melissa Seymour, Vice President of External Affairs, Midcontinent Independent System Operator (MISO).

LRC Staff: Stefan Kasacavage, Tanya Monsanto, and Rachel Hartley.

The minutes from the meeting of June 9, 2022, were approved by voice vote.

#### **Presentation and Public Hearing on the Low Income Home Energy Assistance Program (LIHEAP) Block Grant Application – Federal Fiscal Year 2023**

Jason Dunn provided an overview of the Department for Community Based Services (DCBS), which is the largest organizational unit within the Cabinet for Health and Family Services (CHFS). The Low Income Home Energy Assistance Program (LIHEAP) is 100 percent funded by a federal block grant received by DCBS on behalf of Kentucky. LIHEAP provides assistance to low-income households that spend a high proportion of their income on home energy. DCBS anticipates Kentucky's award will be \$50 million for 2023. Less than 10 percent is used for administrative costs.

LIHEAP offers heating and cooling subsidy and crisis assistance year round. Subsidy assistance will be provided to households with the lowest incomes (at or below 150 percent of the federal poverty guidelines) and who have the highest energy costs. The crisis assistance is limited to the amount necessary to relieve the crisis, not to exceed \$600.

The LIHEAP Weatherization Program prioritizes households containing elderly persons, disabled persons, children, or high energy burden households where the energy cost exceeds 15 percent of the household's income. The program aims to increase energy efficiency and reduce heating costs by installing insulation, replacing refrigerators, sealing air infiltration, and replacing or repairing heating systems or water heaters.

The United States Department of Health and Human Services (HHS) launched the Low Income Household Water Assistance Program, which was established under the Consolidated Appropriations Act of 2021. The program assists residents with their water bills, help to avoid shutoffs, and support household water system reconnections related to non-payment.

Roger McCann stated CHFS maintains a contractual arrangement with Community Action

Kentucky, Inc. (CAK) and the Kentucky Housing Corporation (KHC) to provide support, training, and monitoring. CAK and KHC have an arrangement with Kentucky's Community Action Network that makes LIHEAP benefits available in all counties.

There are 23 community action agencies (CAAs) that cover all Kentucky counties. Each agency allows local control so specific needs can be met. CAK utilizes a continuous process for quality improvement, including review of policy and procedure, committee structure, data collection analysis, use of technology, and training and technical assistance.

In response to Representative Gooch, Mr. Dunn stated the heating and cooling subsidies come from the same fund and payments are made to the utilities, not directly to customers.

In response to Representative Kirk-McCormick, Mr. McCann stated some regions in Kentucky require more LIHEAP funds and through negotiation it is possible to move funds between CAAs.

In response to Senator Southworth, Mr. Dunn stated some households are maxed out and some households use the minimum. The average is low because if it is increased, then less households will be assisted. The maximum amount allowed is \$600. The weatherization programs prioritize homes with children.

In response to Representative Miles, Mr. McCann stated if an individual requires LIHEAP, then they should reach out to CAK.

A motion was made to approve the Findings of Fact for the LIHEAP State Plan for Federal Fiscal Year 2023, including that the block grant application does meet the standards and criteria set out in KRS 45.353, by Representative Blanton and seconded by Representative Bowling. Upon roll call vote, the motion passed with 18 yes votes and 1 pass vote.

#### **Grid Reliability and Summer Energy Demand**

Melissa Seymour stated the Midcontinent Independent System Operator (MISO) is a voluntary, non-profit member-services organization responsible for providing reliability and system-planning services across its multi-state region. MISO does not own power generators. MISO distributes power generated from fuel sources to the electric grid. MISO's member transmission lines and towers support more than 65,800 miles of electricity flow. The distribution system is managed by local utilities and is under state jurisdiction.

MISO provides approximately \$3.4 billion in annual benefits to members. Since 2007, MISO has documented over \$36 billion in benefits.

It is the responsibility of the utilities and the state to maintain resource adequacy. MISO's resource adequacy processes are currently designed as a residual market.

The Planning Resource Auction occurs every April and it allows buyers and sellers to balance their resource portfolios and secure the amounts of capacity they need from resources within each zone to meet reliability standards. If there are insufficient resources to meet demand in the auction, then resource adequacy may not be achieved.

MISO's generator interconnection queue are for resources that will be coming online. The majority

of new resources are utility-scale solar generation. MISO prepares for extreme conditions in advance. During the operating day, unplanned outages and other unknowns may require additional actions.

In response to Representative Blanton, Ms. Seymour stated the pace of plant retirements is concerning, since new capacity is not coming online at the same pace. The plant may be retired, but it is kept online for reliability of transmission services, not resource adequacy.

In response to Representative Gooch, Ms. Seymour stated on-site fuel storage and batteries with storage capabilities up to four hours are important to maintain the electric grid.

In response to Representative Miles, Ms. Seymour stated MISO does not have influence on whether a coal-fired plant should prematurely retire. MISO assists states based on their adopted policy.

In response to Representative Kirk-McCormick, Ms. Seymour stated there are no conversations about reopening coal-fired plants in Kentucky. The utilities are pressured by investors to finance renewable energy. Over the next 10 years, MISO will be investing \$10 billion in transmission lines. There have been investments in cybersecurity to make sure the electric grid is secure.

In response to Representative Wesley, Ms. Seymour stated the Biden administration has set a goal to retire all coal-fired plants by 2035. It will be difficult to achieve that goal if there are no reliable alternatives for baseload generation.

In response to Representative Gooch, Ms. Seymour stated MISO's energy portfolio consists of 42 percent natural gas, 29 percent coal, 19 percent renewables, 8 percent nuclear, and 2 percent other resources including hydroelectric. There are issues meeting current demand even without the widespread use of electric vehicles such as requiring more transmission to move resources.

In response to Senator Smith, Ms. Seymour stated that in the MISO zone where Kentucky is located, the prices were approximately 50 percent higher than previous auctions. The high prices were due to low capacity that could not meet the load demand. The customers and investors are demanding utilities generate power from renewables. The aging coal fleet is becoming more expensive to maintain.

In response to Representative Bridges, Ms. Seymour stated small modular nuclear is feasible; however, battery storage is only four hours. Natural gas will bridge the gap between solar and wind for the next 10 years.

In response to Representative Johnson, Ms. Seymour stated the Nuclear Regulatory Commission is a resource to learn more about small modular nuclear.

There being no further business, the meeting was adjourned.

## **CHFS ORGANIZATIONAL STRUCTURE, OPERATIONS & ADMINISTRATION TF Minutes of the 2nd Meeting of the 2022 Interim July 19, 2022**

### **Call to Order and Roll Call**

The 2nd meeting of the CHFS Organizational Structure, Operations & Administration TF was held on Tuesday, July 19, 2022, at 3:00 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: Senator Stephen Meredith, Co-Chair; Representative David Meade, Co-Chair; Senators Julie Raque Adams and Karen Berg; Representatives Danny Bentley and Kimberly Poore Moser.

Guests: State Representative Daniel Fister; State Representative Timmy Truett; Eric Friedlander, Secretary, Cabinet for Health and Family Services; Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; and Veronica Judy-Cecil, Senior Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services (CHFS).

LRC Staff: Samir Nasir, Eric Rodenberg, and Mariah Derringer-Lackey.

### **Approval of Minutes - July 6, 2022**

Representative Meade requested a motion for approval of the minutes. Senator Meredith made a motion, Representative Bentley seconded, and passed by voice vote.

### **Overview of Budget, Staffing, and Programs at the Kentucky Department for Medicaid Services**

Eric Friedlander, Secretary, Cabinet for Health and Family Services; Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; and Veronica Judy-Cecil, Senior Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, provided testimony and a presentation on the department including the covered populations of Medicaid, organizational structure, personnel, functions, services, funding, expenditures, waivers, and the Medicaid funded IT initiatives catalog.

Commissioner Lee spoke about the history and evolution of Kentucky's Medicaid program. One of the biggest expansions of Medicaid occurred in 1997, with the enactment of the Kentucky Children's Health Insurance Program (K-CHIP). Medicaid is the go-to program to solve health care issues that commercial insurers are unwilling or unable to solve.

Commissioner Lee discussed Medicaid's covered populations. Each type of assistance has its own federal poverty level and requirements which can make determining eligibility longer. Commissioner Lee highlighted an enacted bill that extends the eligibility of pregnant women to a year. There are at least 25 or 26 categories of eligibility or programs through Medicaid.

Deputy Commissioner Judy-Cecil discussed the reorganization and the structure of the department. There are now seven divisions instead of five. Highlights included renaming and restructuring the former Program Quality and Outcomes division into the Quality and Population Health division. Within the division, there will be branches dedicated to equity and determinants of health. The reorganization created two new divisions: Health Plan Oversight and Information Systems. Health Plan Oversight determines eligibility enrollment and reviews managed care organizations to ensure compliance with contracts. Information Systems focuses on the Medicaid IT systems.

In response to questions from Senator Raque Adams, Deputy Commissioner Judy-Cecil said the reorganization allows the cabinet to gather information and turn that data into actionable policies and hold managed care organizations (MCOs) accountable. Secretary Friedlander testified to the reorganization allowing the cabinet to move the Office of Data Analytics into the Secretary's office.

In response to questions from Representative Moser, Secretary Friedlander spoke to the lack of staff who are dedicated to data analytics for departments and divisions. The cabinet is creating positions that include data analytics and strategic planning, within each department. Commissioner Lee spoke of gathering a baseline and creating a report to measure the impact of policies and see what is or not working.

Senator Berg made several comments regarding the gathering, understanding, and interpreting data. Senator Berg pointed out several things she believed were beyond the MCOs scope of care or responsibility.

Senator Meredith shared an anecdote from his time as a CEO for a hospital and recruiting an ENT physician from Canada. He spoke on equitable distribution of resources. Senator Meredith then spoke on the idea of having MCOs, if they want to participate in the Medicaid system, offer commercial insurance as well.

Representative Meade requested the cabinet provide an updated structural organization chart to the committee that shows the implemented reorganization plan.

The presentation continued with the personnel breakdown for the department. The majority of the 94 contractors listed is mainly IT systems. Deputy Commissioner Judy-Cecil testified that it is incredibly difficult to recruit and retain qualified staff.

Commissioner Lee discussed that one of the main functions of the department, is to serve as the only agency authorized by the Center for Medicare and Medicaid Services (CMS) to administer the Medicaid program. Other functions include the administration of the State Health Benefit Exchange and provide administrative support to the Medicaid Advisory Council and Technical Advisory Committees. Secretary Friedlander explained how the department is connected to CMS and on the integrated eligibility system.

In response to questions from Senator Meredith, Secretary Friedlander explained how the cost allocation system works with this department.

In response to questions from Senator Meredith, Commissioner Lee explained the partnership with CMS, how CMS funds the Medicaid program, and the

standards on CMS on where the money can be spent.

In response to questions from Senator Meredith, Deputy Commissioner Judy-Cecil discussed the contractors coming to the department during the IT transition and the desire to have the contractor positions be filled by state employees.

In response to questions and comments from Senator Berg, Commissioner Lee explained the presumptive eligibility, how the process expanded during the COVID-19 emergency, and how the cabinet has gone back to its original presumptive eligibility process. Secretary Friedlander discussed the changes to presumptive eligibility from 2022 Regular Session House Bill 7.

In response to questions and comments from Senator Berg, Commissioner Lee explained the eligibility rolls and how someone is removed or added. Deputy Commissioner Judy-Cecil described the process of how the department will go about removing people.

In response to questions and comments from Representative Meade, Deputy Commissioner Judy-Cecil stated that approximately 94 contractors are located with the IT division; however, that number could include nurses contractors.

In response to questions and comments from Representative Meade, Deputy Commissioner Judy-Cecil testified about the responsibilities of the temporary employees; such as preparing records for archiving, administrative functions, and filing. Secretary Friedlander discussed using temporary employees within DCBS as a way to get people hired quickly then working through the process to a permanent position.

In response to questions and comments from Senator Raque Adams, Secretary Friedlander spoke on his philosophy about programmatic expertise and employees with the expertise should reside in the department that best matches them. However, since Medicaid funds additional programs, Medicaid believes all additional programs, regardless of which department oversees it, should reside in the Department for Medicaid Services.

Mandatory services provided through the Medicaid program, include hospital services, physician services, and long-term care services. Optional services include pharmacy, dental, and vision services. Medicaid provides funding for services delivered through other departments such as the Non-Emergency Medical Transportation, administered by the Office of Transportation Delivery in the Transportation Cabinet.

The presentation then focused on funding and the budget for the department. Approximately 70 percent of federal funds are for the traditional Medicaid population. Currently, approximately 50 percent of the administrative expenses are covered by federal funds and approximately three percent of the total budget is administrative expenses. An estimated 79.21 percent of the budget are payments to MCOs, which represent over 90 percent of the Medicaid population. The other 20.79 percent are payments to the fee for service (FFS) providers, such as nursing facilities and 1915c waiver participants which represents the rest of the Medicaid population.

The panel discussed the evolution, types, and

administration of waivers available through Medicaid. There is a new type of 1115 waiver pending with CMS. The 1115 waiver would cover substance use disorder services for incarcerated individuals. Highlighted within the presentation was the participant directed services (PDS), which falls in with the 1915c waivers and Kentucky Transitions, which helps people move out of nursing facilities and into their own homes.

Deputy Commissioner Judy-Cecil expressed one of the values of having in-state MCOs. An MCO can often do things that the department cannot do in fee for service such as: provide cribs and car seats, gift cards as an incentive for preventative care, and cover housing and electricity. The MCOs can do pilots without having to go through a request for a waiver.

The panel provided an overview on the Medicaid funding initiatives, such as the integrated eligibility and enrollment system and the model waiver management system. The chart provided a way to show how all IT systems and applications are connected and the importance for department applications to share data.

In response to questions from Senator Meredith, Secretary Friedlander responded by referencing the “Empower Kentucky” program under Governor Paul Patton. The program organized the distribution of services across multiple departments or cabinets to best utilize the expertise of employees within that department or cabinet. During this time period, non-emergency medical transportation for Medicaid services was handled by the Transportation Cabinet. Commissioner Lee said the Office of Transportation Delivery, Transportation Cabinet, still handles inspections and certifications for vehicles and drivers of non-emergency medical transportation. The non-emergency medical transportation service is a CMS required benefit. Senator Meredith stated that this should be a function of the MCOs. Secretary Friedlander testified when speaking to individuals in rural Kentucky, transportation is the number one barrier.

In response to questions and comments from Senator Meredith, Secretary Friedlander spoke about the reorganization and bringing data to the forefront so the cabinet can have some way to establish a baseline.

Senator Berg said she would also like to know the no-show rates and believed this would be a piece of data that the department could analyze.

In response to questions from Senator Raque Adams, Commissioner Lee confirmed that the Kentucky Transitions program had 750 participants since 2008. Senator Raque Adams requested the number of participants currently in the program. Secretary Friedlander spoke to the challenge of transitioning from a nursing home back into the community. Secretary Friedlander referenced the Programs of All-Inclusive Care for the Elderly (PACE) program, where services are provided to keep the participant from going into the nursing facility.

In response to questions from Representative Bentley, Commissioner Lee clarified that children in Medicaid do have an educational requirement and the federal poverty level limit as a requirement as well. Children in KCHIP, administered through Title 21, does not have an educational component.

In response to questions from Representative Bentley, Commissioner Lee testified in order to

qualify for Medicaid, one has to be a legally residing immigrant.

In response to questions from Representative Bentley, Deputy Commissioner Judy-Cecil spoke of a report the department is compiling showing an analysis of the changes from switching to a single pharmacy benefit manager. Secretary Friedlander estimated the rebates were up by a minimum of \$300 million.

In response to questions from Representative Moser, Commissioner Lee said she did not have the information regarding the School Based Services program but would be happy to generate reports and relay the information.

In response to questions from Representative Moser, Secretary Friedlander responded by providing two pieces of information: the 1115 waiver allows foster children to receive services through age 26 if they opt in the system, and SB 8 (22 Regular Session) allows children to return to the system after a longer period of time than before.

In response to questions from Senator Meredith, Secretary Friedlander explained that the department spoke to MCOs, providers, and the hospitals about the Basic Health Plan. But when the hospitals were not going to participate, the department stopped moving forward with the plan. Secretary Friedlander said the plan was on hold and were still developing parameters of the program.

Representative Meade made comments regarding the Basic Health Plan. He spoke on the House of Representatives’ intention of money allocated in the budget relating to the Basic Health Plan.

Representative Meade announced the next meeting on August 17, 2022 at 3 p.m.

The meeting adjourned at 4:58 p.m.

## **COMMISSION ON RACE & ACCESS TO OPPORTUNITY**

### **Minutes of the 2nd Meeting**

**of the 2022 Interim**

July 20, 2022

#### **Call to Order and Roll Call**

The 2nd meeting of the Commission on Race & Access to Opportunity was held on Wednesday, July 20, 2022, at 3:00 PM, in Room 129 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 Berg, Gerald A. Neal, and Whitney Westerfield; Representatives George Brown Jr. and Nima Kulkarni; Dr. Ricky Jones and Dr. OJ Oleka.

Guests: Dana Johnson, Senior Director, Diversity, Equity and Inclusion, Greater Louisville Inc.; Rachel Bayens, Managing Partner, Government Strategies; Beth Davisson, Sr. Vice President, Kentucky Chamber Foundation; Joe Frazier, Executive Director, Center for DE&I, Kentucky Chamber Foundation; and Ray Daniels, Owner, Equity Solutions Group LLC.

LRC Staff: Brandon White and Elishea Schweickart.

### **Power to Prosper Minority Business Accelerator Program**

Dana Johnson, Senior Director, Diversity, Equity and Inclusion with Greater Louisville Inc. (GLI) and Rachel Bayens, Managing Partner with Government Strategies presented to the commission. The Department of Diversity, Equity and Inclusion was created due to a study the GLI underwent for several years. GLI's Business Council to End Racism was also created as a direct response to the social movement following the deaths of Breonna Taylor and George Floyd in 2020.

### **Business Council to End Racism has several focuses, including:**

- Access to Healthcare;
- Workforce Development & Barriers;
- Education;
- Inclusion; and
- Criminal Justice Reform & Law Enforcement.

GLI has also created a program called "Breaking the Mold: Progress through Procurement". This is an event where leaders in the community, that are a part of GLI's membership, get together to find ways to help minority owned/operated businesses. The first session was held in June 2022 and brought together 29 diverse suppliers, 12 companies, and over 100 connections. The next session will be held in October 2022.

GLI's Minority Business Accelerator Program, powered by Interise, provides minority-business owners with the knowledge, resources, and networks necessary for a successful businesses. It focuses on finances, human resources, securing government contracts, marketing, and other areas that help a business grow in scale. GLI is now in cohort two, which currently has 20 participants who meet every other Thursday, and is set to graduate in November. Their first accelerator cohort graduated 12 minority business owners. Once a business graduates, GLI continues to receive reports on their growth and advancement.

Ms. Johnson also took a moment to talk about GLI's Department of Diversity, Equity and Inclusion (DE&I). The Department of DE&I's 2021 racial equity pledge had 231 signatures. The pledge challenges businesses to elevate and advance black and brown talent, share their minority procurement, and spend and share their mentoring transparency within their organizations. It is currently in review and DE&I is hopeful that they will be able to publish a report on the pledge by the end of 2022.

Responding to a question from Co-chair Givens, Ms. Johnson stated that GLI is targeted in their outreach and recruitment, often using social media, press releases, local publications, TV, and radio to attract applicants. Responding to a follow-up question, Ms. Johnson stated there are several different business programs in Louisville, each with different target outcomes. GLI's program is for small to midsize businesses looking to grow in scale, has a minimum of \$150,000 in net revenue, has at least two employees outside of the owner, and been in business for at least two years.

At Co-chair Givens request, Ms. Johnson

suggested that lawmakers work on policies that make accessing capital easier for minority business owners.

Responding to a question from Representative Kulkarni, Ms. Johnson stated that one of the main focuses of the program is establishing connections, and they often feature financial leaders as guest presenters.

Responding to a question from Representative Brown, Ms. Johnson stated that they often get "mom and pop" businesses who apply to their program, but unfortunately they do not qualify. Responding to a follow-up question, Ms. Johnson stated that GLI does not have the funds to provide grants to businesses who graduate their program, but they do provide many connections and opportunities for their graduates.

Responding to a question from Dr. Jones, Ms. Johnson stated that in Kentucky, and the nation, the number of black people in positions of power and decision making is still small and there is work still to do to improve it. Responding to a follow-up question, Ms. Johnson stated that out of the 231 business that signed the racial equity pledge, only 17 have responded to their follow-up so far.

Responding to a question from Dr. Oleka, Ms. Johnson stated that she did believe GLI's program can be replicated and successful in different communities across the country. Responding to a follow-up question, Ms. Johnson stated that black owned business owners/leaders would be fundamental to other communities interested in starting their own programs.

Responding to a question from Co-Chair Heavrin, Ms. Johnson stated that GLI provides different opportunities for their program participants to socialize and network. Responding to a follow-up question, Ms. Johnson stated that 99 percent of their participants are African American business owners, and the other one percent is made up of white women business owners.

### **The Center for Diversity, Equity, & Inclusion**

Beth Davisson, Sr. Vice President of the Kentucky Chamber Foundation, Joe Frazier, Executive Director of the Center for Diversity, Equity, & Inclusion with the Kentucky Chamber Foundation, and Ray Daniels, Owner of Equity Solutions Group LLC presented to the commission.

In January 2021, the Kentucky Chamber Foundation published the "Achieving Equity for a Stronger Kentucky" research report. This report covered three different pillars of research, including economic opportunity. After this report was released, the chamber launched the Center for Diversity, Equity, & Inclusion, which is working to make businesses in Kentucky become more equitable.

Kentucky is currently ranked 41st in the country for diversity, with only 12.5 percent of the population being under-represented minorities (URM). Kentucky also has the 7th lowest employment-population ratio in the country. Under-represented minorities in Kentucky also have a lower median wage compared to white residents, with a median wage of \$36,600 compared to \$43,400. Also, Only 7.7 percent of Kentucky businesses are minority-owned. Mr. Frazier stated that recent data shows that less than half of the minorities that graduate high school or receive a four-

year degree in Kentucky remain in Kentucky after they graduate, resulting in a major loss in talent.

### **There are many barriers for minority-owned businesses, which include:**

- Access to capital, including start-up funds and emergency funds;

- Network access, including access to public contracting opportunities;

- Kentucky's Procurement process, which is more difficult to work with than surrounding competitive states;

- Agency and prime contractors employing capability stereotypes;

- Higher standards;

- Manipulating bid processes based on prejudicial factors; and

- Systemic discrimination against Minority Business Enterprises.

Mr. Daniels stated that there are also things that are working toward improving Kentucky. There are many DE&I directors in various companies across the Commonwealth. The chambers of commerce are hiring many of these directors, as well as focusing on minority business accelerators. There is also active advocacy ongoing in various non-profit organizations. Lastly, the Kentucky chamber is currently working on a minority-owned business database, which is critical for the Commonwealth. This database will include all minority-owned businesses that have been certified in Kentucky, and it will be free to use.

Responding to a request from Co-chair Givens, Representative Brown suggested that commission staff work on ways to capture data on diversity spending in Kentucky. Dr. Oleka also suggested that data be gathered from the Kentucky Cabinet for Economic Development.

Responding to a question from Dr. Oleka, Mr. Daniels stated that Kentucky's procurement code is one of the biggest issues minority-owned businesses face. Dr. Oleka stated that the procurement code and how state government chooses business, can be ripe with corruption. The code needs to be updated to make it equitable. Dr. Oleka suggested commission staff look into the current procurement process.

Responding to a question from Representative Kulkarni, Mr. Daniels stated that the procurement code needs to be looked at as a whole and as a workforce issue. Representative Kulkarni asked to have a procurement expert testify before the commission to explain exactly what the process is in Kentucky. Representative Brown agreed.

Responding to a question from Senator Neal, Mr. Frazier stated that Kentucky does not have a lot of data to look back on, and he hopes that once the database is running, a disparity study can be conducted.

Responding to a question from Dr. Jones, Mr. Daniels and Mr. Frazier stated that they believe that if deep-rooted race issues are not dealt with soon, Kentucky will continue to lose minority populations.

Responding to a question from Co-chair Givens, Ms. Johnson stated that the applicants they don't accept are guided to other accelerators that would fit them better, and those applicants are welcome to come back when they meet the qualifications.



With there being no further business, the meeting was adjourned at 4:44 p.m.

## **INTERIM JOINT COMMITTEE ON STATE GOVERNMENT**

### **Minutes of the 2nd Meeting of the 2022 Interim**

July 19, 2022

#### **Call to Order and Roll Call**

The second meeting of the Interim Joint Committee on State Government was held on Tuesday, July 19, 2022, at 1:00 PM, 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; Representatives Jerry T. Miller, Co-Chair, and Kevin D. Bratcher, Co-Chair; Senators Denise Harper Angel, Morgan McGarvey, Michael J. Nemes, Wil Schroder, Adrienne Southworth, Damon Thayer, and Phillip Wheeler; Representatives John Blanton, Adam Bowling, McKenzie Cantrell, Derrick Graham, Richard Heath, Samara Heavrin, Mary Beth Imes, DJ Johnson, Matthew Koch, Scott Lewis, Savannah Maddox, Patti Minter, Kimberly Poore Moser, Jason Nemes, Tom Smith, Nancy Tate, James Tipton, Ken Upchurch, Russell Webber, and Buddy Wheatley.

Guests: Steven Pulliam, Executive Branch Ethics Commission; Jenni Scutchfield, Office of Secretary of State; Karen Sellers, State Board of Elections; Brandon Clifton and Tucker Omel, ES&S (Election Systems & Software); Bobby Gantley and Ross Roberson, Harp Enterprises, Inc.; and Steven Sockwell, Hart InterCivic, Inc.

LRC Staff: Alisha Miller, Daniel Carter, Andrew Salman, Shannon Tubbs, and Peggy Sciantarelli.

#### **Approval of Minutes**

A motion to approve the minutes of the June 21, 2022, meeting was seconded and passed without objection by voice vote.

#### **Consideration of Referred Administrative Regulation – 9 KAR 1:070 (Standards of ethical conduct for transition team members and disclosure form)**

The Executive Branch Ethics Commission's proposed administrative regulation 9 KAR 1:070 was referred to the Interim Joint Committee on State Government on June 1, 2022, after review and approval by the Administrative Regulation Review Subcommittee on May 10, 2022. The regulation establishes a code of conduct for constitutional officer transition teams and the forms which transition team members are required to file with the Executive Branch Ethics Commission. Steven Pulliam, General Counsel, Executive Branch Ethics Commission, provided a brief synopsis of the regulation. Committee members had no questions, and discussion concluded.

#### **Overview of Election Security**

Guest speakers were Jenni Scutchfield, Assistant Secretary of State, and Karen Sellers, Executive

Director, State Board of Elections. Ms. Scutchfield provided an overview of election security, as outlined in her PowerPoint presentation.

Over the past 2½ years, more than 110,000 deceased voters have been removed from the voter rolls. Other security improvements under the Secretary of State include the use of photo identification for voting, absentee ballot tracking, enhanced signature verification, a ban on ballot harvesting, the move to paper ballots, video surveillance of voting machines, and an expanded audit process.

No Kentucky voting equipment is ever connected to the Internet. By law, poll workers include both Democrats and Republicans appointed by the State Board of Elections. Currently, there are 4,000 voting precincts. Results are driven to county clerks' offices, where computers not connected to the Internet are used to tabulate numbers. Only official results are used to certify winners of elections. This process takes several weeks, and unofficial results on election night are provided only as a convenience for the public.

Hand-counting of ballots would result in fraud and would delay the results by weeks. In 1940, Kentucky voters amended the state constitution to allow for voting machines to be used after experiencing fraud as a result of hand-counting.

County boards of elections, which are bipartisan, appoint an accuracy board that tests every voting machine prior to elections to certify that they work as intended and will accurately report the votes. County clerks, county boards of elections, and precinct election officers maintain additional safeguards by documenting the chain of custody of machines.

In 2022, the General Assembly mandated that all counties must update their election equipment to allow for the use of voter-verified paper ballots by 2024. Using federal funds and an additional \$25 million appropriated by the General Assembly during the 2022 regular session, counties have updated nearly all voting machines to accommodate paper ballots, but paper ballots will be used statewide by 2024.

Because of legislation passed by the Kentucky General Assembly, Kentucky will conduct risk-limiting audits after every election, which means that a hand-count of paper ballots will be compared against the machine count. The State Board of Elections is implementing a risk-limiting audit for use after the November 2022 elections. Objective, nonpolitical review of the elections process is the goal of the audits.

The bar scans on ballots are not connected to the voter. The bar codes on ballots ensure that the scanners recognize the ballot style and the contests to be tabulated. The voting systems are designed to protect against tampering during voting, system storage, and transport. Each machine uses physical and system access controls, including lockable doors, tamper-evident seals, and access codes.

Multiple safeguards are in place to protect the integrity of the ballot. These include a requirement that county clerks maintain a record of the number of ballots issued to each precinct and that they create a ballot accountability statement. A certification of election totals is signed by members of the county boards of election and faxed to the Secretary of State's

Office. Precinct election sheriffs' post-election reports are provided to the grand jury and county clerks. County boards of elections' post-election reports are sent to both the grand jury and the State Board of Elections.

Election equipment is certified by the Election Assistance Commission (EAC), and the State Board of Elections certifies equipment from a list approved by the EAC. Both agencies are bipartisan. Currently, the only election equipment vendors certified by the State Board of Elections are ES&S (Election Systems & Software); Hart InterCivic; and Microvote, which is currently not being used. Each county purchases its equipment through an RFP process. The EAC requires that systems be able to tabulate 1.5 million votes without error.

Concluding her presentation, Ms. Scutchfield emphasized that questions or concerns about the integrity of Kentucky elections should be directed to county clerks, the State Board of Elections, or the Secretary of State.

Ms. Sellers stated that members of the public may observe the accuracy testing of voting machines, and she encouraged this observance during the months leading to the November general election. In addition to the \$25 million appropriated by the General Assembly, the State Board of Elections has designated \$6.7 million from an agency security fund for use in upgrading voting machines. To date, 11 counties have not yet upgraded their voting equipment.

Representative Bratcher commented that Kentucky's election systems are safe and secure, but there are still questions regarding election issues. He stressed that the legislature is the voice of the people, and it advocates for the right to question and inquire. Ms. Scutchfield stated that the Secretary of State's office absolutely welcome questions.

In response to a question from Senator Thayer, Ms. Scutchfield stated that she does not have specific numbers with her but can get them for the committee, and she does not know whether those numbers would reflect a change in political party affiliation. There are multiple reasons for removing voters from the rolls. For example, a voter can notify the county clerk that they have moved. Notification from the Administrative Office of the Courts and the federal courts that the voter has committed a felony is also a cause for removal. Kentucky's membership in the Electronic Registration Information Center (ERIC) is a primary source of information. ERIC compiles data from states' Transportation Cabinets and boards of elections. If the data shows that voters may have changed location, they are sent an NVRA (National Voter Registration Act) mailing. The first purge or removal under the NVRA will occur after the November 2022 general election. ERIC also provides access to the Social Security death index.

Representative Graham commended the speakers for being honest and direct and for letting everyone know that Kentucky elections are protected. Responding to a question from Representative Graham, Ms. Sellers stated that she did not have exact numbers but believes that voting occurred at the precinct level in probably a dozen counties. A majority of counties—well over 100—also had vote centers. The Board of Elections received very few,

if any, complaints regarding the use of vote centers versus precincts. Ms. Scutchfield stated that turnout was light for the 2022 primary election, but she does not know whether that can be attributed to polling location. When asked about the 11 counties that have not yet upgraded their voting equipment, Ms. Sellers stated that those counties are not concentrated in any particular area of the state.

Responding to questions from Representative Johnson, Ms. Scutchfield stated that currently paper ballots are lacking only for ADA-accessible machines. Ms. Sellers stated that there should be major improvement in cleaning the voter rolls after the November 2022 general election and that the cleanup could possibly be completed within the next four to eight years.

Responding to questions from Representative Smith, Ms. Scutchfield and Ms. Sellers clarified the timelines and procedure relating to early and absentee voting and use of the online portal.

In response to a question from Senator Wheeler concerning the availability of financial resources to help rural counties purchase additional voting equipment, Ms. Sellers stated that counties who choose to buy more equipment could access additional funding through the State Board of Elections' \$6.7 million agency security fund, as well as the \$12.5 million appropriated in the 2022 legislative session.

### Voting Systems

The guest speakers from Election Systems & Software (ES&S) were Brandon Clifton, Senior Vice President of Government Affairs, and Tucker Omel, Senior Sales Engineer. Harp Enterprises, Inc. was represented by Bobby Gantley, President, and Ross Roberson, Vice President of Sales. Steven Sockwell, Vice President of Corporate Communications, was present from Hart InterCivic Inc. The speakers' presentation included a display of voting equipment.

Mr. Clifton stated that ES&S is an American-owned and operated company based in Omaha that supplies technology to 23 Kentucky counties. Nationwide, ES&S has served in 1,600 county-level jurisdictions. All ES&S equipment and software undergoes security, functionality, accessibility, usability, and environmental testing by ES&S and the U.S. Election System Commission (EAC), in addition to the Commonwealth of Kentucky's own certification process. Every ES&S system undergoes rigorous testing by independent federal test labs accredited by the National Institute of Standards and Technology (NIST). ES&S continues to submit updated versions of its software to the EAC for testing and approval on a regular and consistent basis. ES&S conducts thorough and pervasive penetration testing of its hardware and software, using tools that are considered industry standard and best practice in the field. ES&S also engages in third-party independent testing to validate security and the supply chain and to ensure that no back-door tampering has occurred.

ES&S is working with industry partners to create the nation's first Coordinated Vulnerability Disclosure Program (CVDP) for elections equipment, designed to provide even greater third-party and independent testing. All ES&S tabulation firmware and software are housed domestically and written exclusively within

the United States, and all final hardware configuration of voting machines is performed in the United States. ES&S voting machine components are produced in secure, ISO-9001 (International Organization for Standardization) certified manufacturing facilities, and the entire voting system is managed by a secure engineering change order and control process. The Commonwealth of Kentucky does not allow the transfer of unofficial election results via modem or other cellular connectivity, and ES&S equipment in Kentucky does not support the ability to connect via modem. Concluding his opening statement, Mr. Clifton stated that the goal of ES&S is to offer its constituents and customers as perfect an election as possible.

Mr. Gantley, Mr. Roberson, and Mr. Sockwell were next to speak. Their testimony included a PowerPoint presentation entitled "Hart InterCivic – Advancing Democracy, Together."

Mr. Sockwell stated that Hart InterCivic is a full service election technology vendor that has been in business for more than 109 years. The company focuses exclusively on elections and supports state and local election officials. The company has more than 840 customers across 20 states and does not do business outside the United States. The product that Hart sells in Kentucky through its partnership with Harp Enterprises reflects relatively fresh 5-year-old technology. Hart systems have always been made in America, and the primary facility is less than two miles from Hart's headquarters in Austin, Texas. Annual surveys dating back to 2009 reflect overall customer satisfaction of 90 percent. Hart employees undergo comprehensive background checks, receive ongoing cybersecurity training, and participate in Department of Homeland Security election security roundtables. Hart collaborates with a broad community of stakeholders regarding election security, including the National Association of Secretaries of State and the National Association of State Election Directors.

Hart's Verity products are never connected to the Internet and provide a voter verifiable paper audit trail. Voter choices are never encoded in barcodes, all devices offer plain-language audit logs, and products are fully accessible for voters with disabilities. In the areas of hardware, software, and auditability, Hart believes that Verity products feature the most secure system in the industry. Full-sized ballots and bilingual ballot summaries provide for a better voter experience. Election officials are able to pre-print ballots before an election or print them on demand as voters arrive.

Mr. Gantley testified that Harp Enterprises, founded in 1972, has been in business in Kentucky for 50 years and currently provides services to 97 of the 120 counties. All services are performed at its Lexington, Kentucky, facility, and nothing is outsourced. The company services and supports, and is the official reseller of, voting equipment manufactured by Hart InterCivic. Harp Enterprises became partners with Hart in 2004.

Mr. Gantley stated that the 11 counties that have not yet upgraded their equipment currently utilize the Hart Legacy HVS system, which has a non-paper-verifiable trail. They will be upgraded to the Hart Verity voting system before 2024. Those counties are colored green on the map in the slide presentation;

counties shown in blue have already upgraded. Responding later to Representative Blanton, Mr. Gantley explained that the "white" counties on the map are serviced by ES&S.

The services performed by Harp Enterprises include training classes for precinct election officers statewide for every election. Every database is tested for accuracy. Harp provides on-site election day support if requested by a county. The USB drives that record votes are hand-delivered and never mailed to customers. Harp employees physically set up databases at election sites, and every election includes 3-5 trips to the 97 counties serviced by Harp.

When Representative Miller asked for assurance that voting equipment cannot be connected to the Internet, Mr. Roberson said there is no modem for connectivity to the Internet, and no malware can be placed on the machines. He explained the various locks and seals and other measures that prevent tampering with the equipment. Mr. Omel provided additional details regarding machine security and stated that only proprietary USB devices from ES&S would be recognized by a machine. If a USB drive that is foreign to the machine—or even one from a prior election—were inserted, the machine would shut itself down automatically.

Responding to Senator Southworth, Mr. Sockwell and Mr. Omel explained how the use of poll books coordinates with the voting system and the connection of ballots to the voter. In response to Sen. Southworth's question about post-election expanded audit, Ms. Sellers stated that the Secretary of State is using a consultant to help prepare the audit model. As provided in the relevant 2022 legislation, the risk-limiting audit will begin with a pilot program. Six counties are participating in the work group that is developing the model for the audit, which is to be performed after the upcoming November general election. Counties were randomly selected based on size and the election vendors who service the counties. Senator Southworth stated that some of her constituents have concerns about election machines being vulnerable, and they want paper ballots and hand-counting of votes at the precinct level. She spoke about the benefits afforded by paper ballots, and she expressed concern that the risk-limiting audit will focus on only six counties, leaving the other 114 counties open for possible fraud.

Representative Tipton stated that he has visited the Hart facility in Lexington and believes the public would feel more secure about the voting process if they could view the technology. Also, when he visited Tampa, Florida, during an NCSL conference, he was able to visit an election headquarters that uses the ES&S system. At Representative Tipton's request, Mr. Omel explained in detail the technology and security features of the voting system devices that are physically transported to county clerks' offices for tabulation after an election. Mr. Sockwell stated that the process is very similar for Hart systems. If a removable drive were lost, a replacement can be created. The system is smart enough to know whether it is looking at an original or a replacement, and it would not count both.

Representative Nemes stated that he believes Kentucky elections are secure. He also stated that

hand-counting of ballots would be the best friend of a fraudster and the worst thing for the elections process. However, hand counting would not be a problem in the audit process. He is grateful to the Jefferson County Clerk, Bobbie Holsclaw, that the county utilizes voting precincts, as well as voting centers. Another county which he represents no longer has precincts, and he has received a lot of complaints about that. He believes that county clerks should be encouraged to use voting precincts.

Representative Nemes questioned why the previous owner of his Louisville residence is still registered to vote at that address; although, the previous owner has not lived there for eight years. Ms. Scutchfield stated that, hopefully, this might be corrected after the next general election, as part of the NVRA (National Voter Registration Act) vote maintenance process. A voter has to be proactive to remove himself or herself, and until recently, the process of removing voters without their “signature” through the federally-approved process has not been done since 2009. Responding to a question from Senator Nemes. Ms. Scutchfield stated that federal law prevents removal of voters without their signature, and Kentucky law follows the federal law. When Representative Graham asked about the possibility of other states assisting in the removal process, she said that the best way to promote coordination between states is to encourage them to join ERIC (Electronic Registration Information Center.). She noted that neighboring state Indiana is currently not a member.

Representative Graham stated that the discussion and information provided to the committee today convinces him that Kentucky’s election process is safe and secure. He said it is important to make this known to the people of the Commonwealth—and across the country. He thanked the election officials and vendors for what they do and for their participation in today’s meeting.

Representative Bratcher asked about the role of ERIC in the registration process. Ms. Scutchfield testified that the membership agreement with ERIC provides for lists of unregistered eligible voters to be sent out at least every two years. Trey Grayson, a Lexington attorney and former secretary of state, was invited to the speakers’ table. He testified that he was in office when ERIC was created. He briefly described the organization’s work and said that each member state has a board of directors and an executive director who would be able to answer questions about ERIC. Ms. Sellers stated that it is part of the membership agreement with ERIC to reach out to people to register to vote and that in February the State Board of Elections sent out information provided through ERIC.

Representative Bratcher said people have complained about delays in getting results from the 2022 primary election. Ms. Sellers stated that the State Board of Elections made the conscious decision to create its own election night reporting system and no longer uses an outside vendor for election night reporting. This should hopefully make the public feel more secure about elections. She apologized for the delay in reporting. She said the system was new at the time, but it is in the process of being enhanced for the November general election.

There was discussion of the rumored conspiracy regarding the reporting of vote totals in the 2019 governor’s race. Ms. Scutchfield explained that changes in the votes reported by the media was due to their mistake in entering the numbers. The news stations typically do not get their information from the election night reporting site of the State Board of Elections but instead use runners who go to the precincts and then text vote totals to the newsroom. Representative Bratcher said he was initially concerned about the rumors but later understood that the problem was just a matter of a reporting error. He does not mind a delay in reporting, but the vote totals must be 100 percent accurate when they are released.

Responding to Representative Johnson, Ms. Scutchfield confirmed that there is no computer connectivity involved in the process used by counties to certify election results to the Secretary of State.

Senator Thayer expressed concern about the trend to use super voting precincts. He stated that their continued spread and the reduction in polling sites will disenfranchise rural voters. He prefers the traditional precinct system and pleaded with county clerks and the Board of Elections to be judicious in their decisions regarding voting centers. He stated that he believes Kentucky’s elections are secure and safe and that today’s testimony has proven that. He further stated that spreading disinformation about the electoral process is detrimental and suppresses voter turnout.

Senator Thayer stated that allegations have been made about the ability of voting machines to “switch” votes. He asked the representatives from ES&S, Harp Enterprises, and Hart InterCivic whether there is any evidence that Kentucky’s voting machines have been tampered with by an outside entity in an effort to change the results of Kentucky elections. Both Mr. Sockwell and Mr. Clifton responded “No.”

Senator Mills thanked the speakers and encouraged committee members to inspect the voting equipment displayed in the meeting room. There were no additional questions, and the meeting was adjourned at 2:45 p.m.

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

### **Minutes of the 2nd Meeting**

#### **of the 2022 Interim**

**July 21, 2022**

#### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, July 21, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Phillip Pratt, 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 Alice Forgy Kerr, Christian McDaniel, Robby Mills, Adrienne Southworth,

Brandon J. Storm, Phillip Wheeler, and Mike Wilson; Representatives Lynn Bechler, Tina Bojanowski, Josh Branscum, Josh Calloway, Jeffery Donohue, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Chris Freeland, David Hale, Thomas Huff, Norma Kirk-McCormick, William Lawrence, Charles Miller, Ruth Ann Palumbo, Michael Sarge Pollock, Josie Raymond, Brandon Reed, Rachel Roberts, Cherlynn Stevenson, Ashley Tackett Laferty, Nancy Tate, Timmy Truett, and Bill Wesley.

Guests: John Hicks, Director, Office of the State Budget; Sandy Williams, Director, Kentucky Infrastructure Authority; and Taylre Beaty, State Broadband Director, Tennessee Department of Economic and Community Development.

LRC Staff: Janine Coy, Audrey Ernstberger, Crystal Thompson, and Sasche Allen.

#### **Approval of Minutes**

A motion to approve the minutes of the June 2, 2022, meeting was made by Senator Mills, seconded by Representative Fister, and approved by voice vote.

#### **Broadband Deployment Fund Program Update**

The General Assembly appropriated \$300 million for unserved and underserved broadband areas across the state which includes \$117.2 million funded by the American Rescue Plan Act (ARPA) of 2021 Coronavirus State Fiscal Recovery Fund and \$182.8 million funded by the ARPA Capital Projects Fund. Forty-seven awards have recently been announced from the first round of broadband deployment funding which will cover more than 34,000 households and businesses across 36 counties and has a total investment of \$204 million. There is \$27.6 million remaining in the ARPA State Fiscal Recovery Fund. The next round of funding will be taken from the ARPA Capital Projects Fund and requires working closely with the U.S. Department of Treasury. States are required to submit a grant plan and program plan for approval. In addition, \$42.45 million has been allocated to states through the Broadband, Equity, Access, and Deployment (BEAD) program for unserved and underserved locations with an estimated \$700 million for the Commonwealth and an estimated allocation of 2023.

HB 315 that was passed during the 2022 Regular Session established the Office of Broadband Development, and its duties and responsibilities include improving broadband accessibility for unserved and underserved communities and populations; administering the Broadband Deployment Fund; providing a single point of contact for broadband programs; developing a statewide broadband plan and mapping; maintaining statewide data and statistics; and creating a process to receive and resolve complaints of insufficient broadband service. The search for an executive director is underway. In addition, the Rural Infrastructure Improvement Program was established in HB 315 which allocates \$20 million for pole replacement subsidies.

Responding to Representative Bojanowski, John Hicks, the Director of the Office of the State Budget, stated that he could not comment on the new director of the Office of Broadband Development because

the interview process is currently underway, but the director and staff will be imperative to formulate the required action plans and administer the broadband funding. In response to a follow up question, Director Hicks said the percentage of the state that is unserved is unknown.

Answering a question from Representative King, Director Hicks explained that the Water Resource Information System logo referenced on the PowerPoint was not actually relevant to the presentation.

Replying to Representative Calloway, Director Hicks offered reassurance that the Broadband, Equity, Access, and Deployment program funding will be acquired by the Office of Broadband Development.

Addressing comments made by Representative Kirk-McCormick, Director Hicks discussed the importance of providers in unserved areas to apply for funding. The next round of funding from the ARPA Capital Projects Fund should be available in the latter part of 2022, and BEAD funding should be available for distribution in the latter part of 2023.

In response to questions from Representative Pratt, Director Hicks explained that the new director of the Office of Broadband Development would be hired within the new few weeks. He reiterated that the next round of funding from the ARPA Capital Projects Fund should be available in the latter part of 2022, and it will be dependent on the grant plan submitted to the U.S. Department of Treasury. During the grant application process, applicants were required to report certain details about the existing broadband and plans for delivering broadband.

Answering a question from Representative Tackett Laferty, Director Hicks said applications for the next round of funding have not been created yet, but those who are interested in applying can contact his office to discuss what is required of applicants.

Representative Stevenson commented on the unserved and underserved areas across the state.

Replying to Representative Dotson, Director Hicks stated there is a significant emphasis on fiber optics in state and federal legislation.

### **Tennessee Broadband Program and Grant Funding**

Economic development and rural community growth are two drivers behind Tennessee investing in broadband in recent years. The Tennessee Broadband Accessibility Act was passed in 2017, and involved investments in grants that would allow providers to apply for funds to offset the cost of deployment of broadband services in unserved areas, allowing electric cooperatives to provide broadband internet and video services within their service area, and grant fund allotments for libraries for digital literacy training. Since 2018, the Tennessee Department of Economic and Community Development has awarded \$120 million in states and CARES Act funding to make broadband service available to 140,000 Tennesseans in 64 counties. The Tennessee Emergency Broadband funding appropriates up to \$450 million for infrastructure and up to \$100 million for adoption. The program provider finalist list covers 74 projects in 55 counties impacting 137,000 households. The Capital Projects Fund appropriates up to \$215 million for middle mile last mile pilot projects

and connected community facilities. Taylre Beaty, the Tennessee State Broadband Director, indicated that different communities may need different solutions both in terms of technology and types of providers. Partnerships and communication with stakeholders is key.

Responding to questions from Representative Pratt, Ms. Beaty clarified that the first State Broadband Director started in 2017 and the first round of funding began in 2018. Consultants and contractors are used for certain portions of the process but there are some things that are done by the state broadband office.

Answering questions from Representative King, Ms. Beaty explained that applicants can have more than one application depending on where they are eligible to provide service. There was an application for almost every county in Tennessee.

There being no further business, the meeting adjourned at 2:14 p.m.

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

### **Minutes of the 2nd Meeting**

**of the 2022 Interim**  
July 20, 2022

#### **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 20, 2022, 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:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Walker Thomas, Co-Chair; Senators Jimmy Higdon, Stephen Meredith, Robby Mills, Dennis Parrett, Wil Schroder, Whitney Westerfield, and Mike Wilson; Representatives John Blanton, Kevin D. Bratcher, Myron Dossett, Chris Freeland, Al Gentry, Scott Lewis, C. Ed Massey, Bobby McCool, Patti Minter, Scott Sharp, Ashley Tackett Laferty, Bill Wesley, and Buddy Wheatley.

Guests: Kevin Thacker, Floyd County Sheriff's Deputy; Ross Shurtleff, Prestonsburg Deputy Chief of Police; Robbie Williams, Floyd County Judge Executive; Gary Wolfe, Floyd County Constable; Josh Keats, Executive Director of the Kentucky Office of Homeland Security; Mike Sunseri, Deputy Executive Director of the Kentucky Office of Homeland Security; Jeremy Harrell, Founder of Veterans Club INC; James Mangels, Director of Student Services & Personnel, Trigg County Schools; Duncan Wiggins, Chief of Police, Cadiz Police Department; and Steve Bratcher, brother of Representative Kevin Bratcher.

LRC Staff: Jessica Zeh and Logan Schaaf.

On a motion by Senator Meredith and a second by Senator Mills, the June meeting minutes were approved.

#### **Discussion and Tribute – Allen, KY**

Representative Ashley Tackett Laferty, Floyd County Sheriff's Deputy Kevin Thacker, Prestonsburg

Deputy Chief of Police Ross Shurtleff, Floyd County Judge Executive Robbie Williams, and Floyd County Constable Gary Wolfe paid tribute to the four officers killed in June in Allen, KY: Ralph Frasure, William Petry, Jacob Chaffins, and K-9 Drago.

Representative Blanton thanked the guests for their tributes to the fallen officers and praised the work of first responders, highlighting their sacrifices and service to their communities. He also noted the importance of in-line-of-duty death benefits for the families of police officers.

Representative Tackett Laferty presented citations from the House of Representatives and challenge coins from the VMAPP Committee, which were accepted on behalf of the fallen officers by Deputy Thacker, Deputy Chief Shurtleff, and Judge Williams. She also spoke about mental health services for police officers.

#### **Next Generation 911**

Josh Keats, Executive Director of the Kentucky Office of Homeland Security (KOHS), and Mike Sunseri, Deputy Executive Director of KOHS, presented on the status of the adoption of Next Generation 911 in Kentucky. Mr. Sunseri highlighted the scope of KOHS operations, the evolution of 911 call centers, the role of the 911 Services Board, funding trends, and the future of Next Generation 911.

Mr. Sunseri explained some of the new features of Next Generation 911 (NG911), including geospatial call routing, text and video to 911, and the connection of all call centers via IP network. He also noted some of the challenges to meeting the NG911 readiness standards at the local level, including ever-diminishing landline fees, understaffed call centers, and enhanced mapping standards. Finally, Mr. Sunseri spoke about the federal NG911 grant program, which provides funds to update Kentucky's NG911 plan, implement statewide GIS mapping, and add a supplemental data portal and aerial photography.

Responding to a question from Senator Higdon, Mr. Sunseri said that to the best of his knowledge, concerns about 5G services near airports do not create any issues for the NG911 program.

Responding to questions from Representative Wheatley, Mr. Sunseri said that the next steps towards implementing the NG911 program will come when legislation is passed increasing funding, which will allow KOHS to survey vendors and determine who can supply the best NG911 system at the most competitive price. Tennessee and Indiana both currently have next generation systems. A typical time to transition to NG911 systems is 18-24 months after funding is secured.

Responding to a question from Senator Higdon, Mr. Sunseri said that a one-time sum of six million dollars would fund the project and help maintain dual systems while transitioning everyone to NG911. He also noted that there would need to be a continuous stream of funding after the transition, which would be classified as a fee rather than a tax.

#### **Veterans for School Safety**

Jeremy Harrell, Founder of Veterans Club INC, said that veterans could help protect schools while deterring shootings and other violence. He noted that

veterans are dedicated to service and often look for more ways to serve their communities after they get out of the military. Mr. Harrell said that there will need to be processes for certification. Veterans are trained to deal with and respond to high stress situations and want to assist law enforcement in school safety.

Responding to a question from Representative McCool, Mr. Harrell emphasized the importance of proper training to ensure that no additional issues are created.

Responding to a question from Representative Wesley, Mr. Harrell said that the next step is to contact the Department of Criminal Justice Training.

James Mangels, Director of Student Services and Personnel for Trigg County Schools, spoke about the evolution of school safety over the last twenty years. Trigg County Schools are partnered with the Cadiz Police for school resource officers. Mr. Mangels said that he has full confidence in the ability of the Trigg County SROs to respond to any threats.

Representative Dossett praised the SRO program.

Responding to a question from Representative Blanton, Mr. Mangels said that students greatly appreciate their SROs. He also praised the work of students and SROs in preventing a potential violent incident.

Duncan Wiggins, Chief of the Cadiz Police Department, traced the development of school safety procedures in Trigg County. He spoke about the Advanced Law Enforcement Rapid Reaction Training (ALERT) program, based out of Texas, which is now the standard for active shooter training. Mr. Wiggins highlighted the importance of funding for active shooter prevention training programs.

Responding to a question from Representative Sharp, Mr. Harrell spoke about some opposition from people concerned about veterans with PTSD, but said the majority of people are supportive.

Representative Thomas said that the ALERT program would be holding demonstrations in Cadiz in December.

With no further business before the committee, the meeting adjourned at 12:00 PM. The next meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection is August 23, 2022, at 9:00 AM.

## **CAPITAL PLANNING ADVISORY BOARD**

### **Minutes of the 1st Meeting of the 2022 Calendar July 20, 2022**

#### **Call to Order and Roll Call**

The 1st meeting of the Capital Planning Advisory Board was held on Wednesday, July 20, 2022, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Adrienne Southworth, Co-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; Laurie Givens, Carole Henderson, John Hicks, Patsy

Jackson, Holly Johnson, and Mark Overstreet.

Guests: Mr. Chay Ritter, Division Director, Division of District Support, Kentucky Department of Education.

LRC Staff: Shawn Bowen, Korey Sallee, and Jennifer Luttrell.

#### **Approval of Minutes**

A motion to approve the minutes of the October 13, 2021, meeting was made by Ms. Johnson, seconded by Senator Wheeler, and approved by voice vote.

#### **Introduction of New Board Member**

Senator Southworth welcomed Mr. John Hicks as a new/returning board member. Governor Beshear appointed John Hicks to replace former Executive Cabinet Secretary J. Michael Brown, who resigned to accept a leadership position with Simmons College in Louisville. Mr. Hicks currently serves as the State Budget Director and the Executive Cabinet Secretary. He has a vast understanding of capital planning and previously served as a board member from 2006-2016.

#### **Information Items**

Mr. Sallee and Ms. Bowen reported the following items included in the meeting materials: Budget Updates - 2022 Session of the Kentucky General Assembly, postsecondary institutions' asset preservation pool allocations, and a news article concerning plans to develop the Kentucky Exposition Center.

In reference to House Bill 1, 2022 Executive Budget, Senator Southworth said several capital projects selected by members as "high priority for funding" during the 2022-28 capital planning period received budget authorization. She noted that miscellaneous maintenance pool funding increased by 133% in the current budget and remarked that the board has always included a policy recommendation in the statewide capital plan encouraging the General Assembly to authorize sufficient funding for miscellaneous maintenance pools. All miscellaneous maintenance pools were funded at or beyond their requested levels.

In reference to allocations to the postsecondary institutions' asset preservation pool, Senator Southworth said during the last capital planning cycle, the Council on Postsecondary Education (CPE) indicated plans to request \$1,050,000,000 (\$700 million state funding and \$350 million agency bonds/restricted matching funds authorization) in its budget request for an asset preservation pool. The current budget includes \$683,500,000 general fund supported bonds and \$137,944,000 agency bond funds/restricted fund authorization for a total pool of \$821,444,000. The asset preservation pool provides funding for individual asset preservation, renovation, and maintenance projects at Kentucky's public postsecondary institutions in education, general, and state-owned and operated residential housing facilities. CPE will oversee the use of asset preservation pool funds.

Mr. Hicks remarked on the current budget's availability of one-time funding sources. He noted the

Capital Planning Advisory Board's important role in the budget planning process.

#### **Presentation – Kentucky Department of Education – The impact of inflation on current school facility construction projects (K-12)**

Mr. Ritter discussed the school district facility planning and funding process and the impact of inflation on current school facility construction projects (K-12). He referenced four school facility construction projects impacted by inflation in Christian, Menifee, Rowan, and Woodford counties.

Representative McCool said it was his understanding that at least 12-14 additional school facility construction projects are insufficiently funded due to inflation and the rising cost of construction materials. The affected school districts have passed the applicable nickel tax, have exhausted other state and local funding sources, and remain unable to complete their school construction projects. Mr. Ritter stated that the number of school facility projects experiencing funding gaps sounded correct, but he would check to ensure.

In response to a question from Representative McCool, Mr. Ritter said the school facility construction projects experiencing insufficient funding are statewide projects nearing construction or in construction.

In response to another question from Representative McCool, Mr. Ritter said KDE works with the Kentucky Center for School Safety and the Department of Housing and Building Codes to ensure the safety and security of newly constructed and renovated school facilities. He said he would provide the board with additional information.

Representative McCool stated that it is essential to have additional information regarding K-12 school construction projects still in need of funding. This information will give the General Assembly a better understanding of school funding needs. He then asked Mr. Ritter to provide a report to the Capital Planning Advisory Board (board) at its September 14 meeting identifying the additional 12-14 school construction projects that are insufficiently funded due to inflation, including the specific estimates of funding needs per school district. Additionally, Representative McCool asked that a report be provided at the same meeting regarding the disposition of school facilities that newly constructed buildings have replaced. Mr. Ritter said KDE would follow up with fiscal agents for more recent project construction cost estimates and provide the board with the requested information.

In response to a question from Senator Wheeler, Mr. Ritter said school districts should negotiate construction management fees to the extent possible. He added that language included in the KDE's administrative regulations states that architect fees shall be negotiated. KDE is currently reviewing criteria related to the negotiation of these fees.

Responding to a question from Senator Southworth, Mr. Ritter said funding for the School Facilities Construction Commission is included in the budget as two line item authorizations: regular offers of assistance and special offers of assistance. Regular offers of assistance provide general fund debt service payments for school facility construction projects.



Special offers of assistance fund specific schools as specified in Part I of the appropriations act.

Senator Southworth said if budgetary funding for school facility construction is insufficient, the board may want to consider a policy recommendation addressing this issue in its next capital plan.

#### **Other Business**

Senator Southworth said the September meeting will include a review of updated figures for the budget reserve trust fund, a study of language in the statewide capital plan policy recommendation regarding the use of state bond funds for maintenance pool funding, and consideration of policy recommendation priorities for the 2024-2030 capital planning period.

#### **Adjournment**

The next meeting is scheduled for Wednesday, September 14, 2022, in Room 169, Capital Annex starting at 10:00 AM. There being no further business, the meeting adjourned at 2:03 PM.

## **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

### **Minutes**

July 21, 2022

#### **Call to Order and Roll Call**

The July Capital Projects and Bond Oversight Committee meeting was held on Thursday, July 21, 2022, at 2:00 PM, in Room 169 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

#### **Present were:**

**Members:** Representative Chris Freeland, Co-Chair; Senators Rick Girdler, Christian McDaniel, and Robin L. Webb; Representatives Jason Petrie and 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; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; and Ryan Barrow, Executive Director, Office of Financial Management.

**LRC Staff:** Katherine Halloran, Committee Staff Administrator; Korey Sallee, Committee Analyst; and Maurya Allen, Committee Assistant.

#### **Election of Senate Co-Chair**

Senator McDaniel nominated Senator Howell for Senate co-chair and Senator Girdler seconded the motion. Senator McDaniel moved that nominations cease and that Senator Howell be elected Senate co-chair by acclamation. Senator Girdler seconded the motion and Senator Howell was elected Senate co-chair by acclamation.

#### **Approval of Minutes (June 23, 2022)**

Representative Petrie moved to approve the June 23, 2022, meeting minutes. Representative Thomas

seconded the motion and the committee approved without objection.

#### **Correspondence and Information Items**

Ms. Halloran referenced seven correspondence and information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts, the Finance Administration Cabinet with the Commonwealth Office of Technology reporting independently, and postsecondary institutions managing their own capital construction under KRS 164A.580, transmitted quarterly capital project status reports. Pursuant to KRS 45.760(5), the University of Kentucky reported a \$266,200 privately funded replacement neonate transport Type III ambulance, located at Chandler Medical Center, to transport children receiving care at Kentucky Children's Hospital. Pursuant to KRS 45.800(2), the committee notified the Finance Administration Cabinet that it did not approve the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer last month and asked that the cabinet resubmit the transfer with an itemized expenditure list for its July meeting. Pursuant to KRS 45.812(1), the Casey County and Eminence Independent (Henry County) school districts, which did not need additional tax levies to pay debt service, reported upcoming debt issues for new projects through their fiscal agents; \$1.8 million for high school track and tennis improvements and \$700,000 for district-wide improvements. Pursuant to KRS 45A.180(2), UK reported its intent to use the construction management-at-risk project delivery method for its Construct Health Education Building project and selected Turner Construction. The University of Louisville reported its intent to use the design-build project delivery method for its Kueber Center Renovation project. Pursuant to KRS 164A.600(2), UK reported the \$38 million construction phase, funded with insurance reimbursements, of the newly constructed Grain and Forage Center of Excellence's emergency replacement in Princeton. The facility was destroyed by the December 10, 2021, tornado. Pursuant to HB 1, UK transmitted its planned Postsecondary Education Asset Preservation Pool projects. Its agency debt issue to match the state appropriation was on the July meeting agenda.

#### **Lease Report from Postsecondary Institutions University of Kentucky**

Ms. Baker submitted a new lease for UK's Team Blue Primary Care Clinic; 3,979 square feet for an \$118,574.20 annual cost, including utilities.

Co-chair Freeland moved to approve the new lease, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

#### **Project Report from the Finance and Administration Cabinet**

Ms. Tomes submitted a new Department of Military Affairs project and reported Department of Education, Operations and Support Services, State Schools Roof Repair and Replacement Pools - 2022-2024 and 2020-2022 allocations as well as the \$971,800 Capital Construction and Equipment Purchase

Contingency Account transfer submitted last month. The \$2.5 million DMA Danville Readiness Center Interior Restoration project, \$1.25 million in National Guard Bureau Minor Construction federal funds and the other half from the general funded portion of the Modernization Pool - National Guard, was a complete interior renovation of the facility including upgrades to the electrical and HVAC systems, flooring, latrines, lighting, and walls as well as installation of anti-terrorism force protection windows and lactation room. The Kentucky National Guard plans to station the 223rd Military Police Company in the facility, constructed in 1954, after the renovation.

Representative Petrie moved to approve the new project, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

The bond-funded \$1.76 million State Schools Roof Repair and Replacement Pool - 2020-2022 allocation financed roof repairs to Kentucky School for the Blind campus buildings in Louisville; including Evans Hall (dormitory); Gregory-Reis Student Center; and Langan Gymnasium. The general-funded \$1,979,220 State Schools Roof Repair and Replacement Pool - 2022-2024 financed roof repairs to Kentucky School for the Deaf campus buildings in Danville; including Kerr Hall (middle and high school classrooms); Grow Hall (cafeteria), and Thomas Hall (gymnasium). KDE operates both schools and most of the fifty buildings are between thirty and fifty years old.

The Office of State Budget Director transmitted the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer request, for expenses associated with the move of Finance and Administration Cabinet agencies and the Office of State Budget Director from the West Wing of the Capital Annex to the fifth floor of Transportation Cabinet Office Building, last month in accordance with KRS 45.770(4). The Secretary of the Finance Administration Cabinet proceeded with the transfer to ensure that incurred contractual obligations and expenses posted in fiscal year 2022 and revised the submission to include the supporting documentation requested by the committee. Costs, both incurred and obligated, comprised reconfiguration of existing Transportation Cabinet Office Building space; Commonwealth Office of Technology disbursements, including audio/visual equipment for conference rooms; and moving services and supplies.

In response to Senator McDaniel, Ms. Tomes stated that about \$283,000 was remaining in the Capital Construction and Equipment Purchase Contingency Fund. With the \$15 million general fund fiscal year 2023 appropriation, there would be around \$15.3 million in the account. Senator McDaniel noted that the expectation was for the executive branch to pay the moving expenses with their own monies.

#### **Kentucky Infrastructure Authority**

Senator Girdler moved to roll the KIA transactions into one roll call vote, Representative Petrie seconded the motion, and the committee approved without objection.

Ms. Williams submitted two Clean Water State Revolving Fund (Fund A) Program Director Level loan increases, two Infrastructure Revolving Fund

(Fund B) Program loans, a Governmental Agencies (Fund C) Program loan, a Drinking Water State Revolving Fund (Fund F) Program Director Level loan increase, two Fund F loans, and a Fund C loan increase with Fund F loan, and sixty-four Cleaner Water Grants.

Due to escalations and minor changes to the pump stations, the McCreary County Water District requested a ten percent \$324,450 director level (200 KAR 17:050 Section 7(6)) Fund A loan increase to its previously approved \$3,244,500 Fund A loan, [of which KIA will apply \$450,000 in principal forgiveness], for its Sanitary Sewer Collection System Expansion project. The loan term for the \$3,568,950 total loan amount is thirty years at a half percent interest rate.

Due to higher than projected bids, the Farmdale Sanitation District (Franklin County) requested a ten percent \$30,000 director level (200 KAR 17:050 Section 7(6)) Fund A loan increase to its previously approved \$300,000 Fund A loan for its Farmdale Sanitation District Rehabilitation project. The loan term for the \$330,000 loan amount is twenty years at a one percent interest rate.

The Western Pulaski County Water District requested a \$4.5 million Fund B loan for its Bourbon Water Storage Tank Replacement project; replacing an existing 300,000 gallon elevated storage tank with a one million gallon elevated composite water storage tank and 600 linear feet of connecting twelve inch water main. The loan term is twenty years at a one percent interest rate.

The Bronston Water Association (Pulaski and Wayne Counties) requested a \$2.743 million Fund B loan for its 2022 Water System Improvements and Replacements project; rehabilitating a 100,000 gallon elevated water storage tank, installing 1,900 radio read meters, and replacing over 47,000 linear feet of various sized waterlines to reduce excessive water loss. The loan term is twenty years at a quarter percent interest rate.

The City of Somerset (Pulaski County) requested a \$2,500,120 Fund C loan for its Water Treatment Plant Membrane Filtration Replacement project. The filtration treatment system has a ten year estimated useful life; therefore, the loan term is ten years at a two percent interest rate.

Due to higher than projected bids, the City of Wilmore (Jessamine County) requested a one percent director level (200 KAR 17:070 Section 8(6)) \$10,250 Fund F loan increase to its previously approved \$994,648 Fund F loan for its Wilmore Elevated Storage Tank Rehabilitation project. The loan term for the \$1,004,898 total loan amount is twenty years at a two percent interest rate.

The City of Paris (Bourbon County) requested a \$3.275 million Fund F loan for its Paris Water System Improvements project; replacing or rehabilitating aging infrastructure within its water treatment system and making various improvements at its water treatment plant. The loan term is twenty years at a one percent interest rate.

The Cannonsburg Water District (Boyd County) requested a \$1,685,083 Fund F loan for its \$2,809,600 Phase II - Shoppes Road Waterline Replacement project; replacing asbestos cement waterlines and

installing sub-zone meters to reduce excessive water loss and improve water service for at least one hundred fifty customers. [\$500,000 from the District and a \$540,517 CWP grant will finance the remaining project costs]. The loan term is twenty years loan at a two percent interest rate.

The City of Nicholasville requested a \$990,912 Fund C loan increase to its \$4,582,030 Fund F loan request for its \$5,572,942 Nicholasville 24-inch Parallel Transmission Main project; construction of about twenty-two linear feet of ductile iron transmission line from its water treatment plant to the city to increase pumping capacity from seven million gallons per day to fifteen MGD. The loan term is twenty years at two and a half percent (Fund C) and two percent (Fund F) interest rates. The estimated project costs exceeded available Fund F monies; therefore, the city requested Fund C loan proceeds for the remaining project costs.

Of the sixty-four CWP grants; nineteen were for sewer projects and forty-five were for water projects. Five of the water CWP grants were reallocations from previously approved projects.

In response to Senator Girdler, Ms. Williams stated that the number of projects KIA's board approved at its July meeting was independent of the new fiscal year.

Senator Girdler moved to approve KIA's submittal, Senator Webb seconded the motion, and the committee approved by unanimous voice vote.

#### **Cabinet for Economic Development**

Senator McDaniel moved to roll the two EDF grants into one roll call vote, Senator Webb seconded the motion, and the committee approved without objection.

Ms. Smith submitted two EDF grants. The first [from the Kentucky Product Development Initiative (PDI) program which, administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades] was \$500,000 to the City of Berea on behalf of the Berea Industrial Development Authority. The two organizations are planning the construction of a 150,000 square foot pre-engineered pad, tree clearing, and installation of a gravel road from the main road to the proposed Lot 7 pad. An independent site selection consultant identified the project as having potential for future economic development opportunities. CED will disburse funds on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress report. The second EDF grant, \$1 million to the Todd County Fiscal Court on behalf of Novelis, will be applied towards the \$365 million large sheet, ingot casting, shredding, and recycling center serving the automotive market. The grant agreement included job and wage requirements; 138 new full-time jobs for employees subject to Kentucky individual income taxes at a \$38 average hourly wage including benefits, measured annually from December 31, 2025, through December 31, 2028.

Representative Petrie moved to approve the two EDF grants, Representative Thomas seconded the motion, and the committee approved by unanimous

roll call vote.

#### **Office of Financial Management**

Representative Petrie moved to roll the nine new debt issues into one roll call vote, Senator Girdler seconded the motion, and the committee approved without objection.

Mr. Barrow submitted nine new debt issues. The first was the University of Kentucky General Receipts Bonds, 2022 Series B and Taxable Series C. The estimated \$98.16 million competitively sold debt issue will finance the Asset Preservation Pool – 2022-2024 fiscal year 2023 match as well as a portion of the Facilities Renewal and Modernization authorization. The second transaction was the Kentucky Higher Education Student Loan Corporation Student Loan Backed Notes; reapproval of the \$370 million approved by the committee last year to finance or refinance federally guaranteed Federal Family Education Loan Program student loan acquisitions, most of which are rehabilitated loans. KHESLC estimates utilizing only \$250 million. The third was the Kentucky Economic Development Finance Authority Revenue Refunding Bonds, Series 2022 (Carmel Manor), with an estimated \$17.095 million issuance amount. This new conduit debt issue as well as the Kentucky Housing Corporation conduit debt issues referenced below affect neither the Commonwealth's nor the agencies' financials. KEDFA and KHC conduit debt issues are tax-exempt; however, KHC (including non-conduit) rather than KEDFA debt issues are applied towards the state's private activity volume cap. Some KHESLC debt (all non-conduit) is applied towards the state's private activity volume cap as well.

The first of the KHC conduit debt issues is the estimated \$22 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Crossings at South Park), Series 2022; about 192 units in Louisville with a \$41 million estimated project cost. The second was the estimated \$25 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Gateway on Broadway), Series 2022; 116 units in Louisville with an estimated \$60 million project cost. The third was the estimated \$31 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Churchill Park), Series 2022; 248 units in Owensboro with a \$71 million estimated project cost. The fourth was the estimated \$19.37 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Shawnee Apartments), Series 2022; 177 units throughout Louisville with a \$46 million estimated project cost. The fifth was the estimated \$17.5 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (The Path off Cane Run), Series 2022; 106 units in Louisville with an estimated \$38 million project cost. The last was the estimated \$8.5 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Yorktown Senior Housing), Series 2022; about 100 units located in Louisville with an estimated \$21 million project cost.

In response to Representative Petrie, Mr. Barrow stated that the available bond cap allocation is \$110 per person [total KY calendar year 2022 volume cap is \$496,033,340 (July 1, 2021 KY population estimate times \$110)], which can be carried forward for up to three years. KHC and KHESLC are utilizing prior year

allocations; therefore, both entities have allocations available. The Kentucky Private Activity Bond Allocation Committee used to allocate fifty percent to KHC and KHESLC; however, KHC currently has more demand and KHESLC has less demand.

Senator McDaniel moved to approve the nine new debt issues, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Barrow reported two previous KHC conduit debt issues. The first was the \$15.93 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Oakdale Apartments), Series 2022; 144 units in Lexington. The second was the \$22.689 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Kearney Ridge), Series 2022; 252 units in Lexington. The respective sale dates were June 30 and January 28 of this year.

### **School District Debt Issues with School Facilities Construction Commission Debt Service Participation**

Senator Webb moved to roll the five school district debt issues with SFCC debt service participation into one roll call vote, Senator Girdler second the motion, and the committee approved without objection.

Mr. Barrow presented five school district debt issues with SFCC debt service participation totaling \$26.4 million for new projects; nearly eight-four percent, \$22.2 million, with locally supported debt service and just over sixteen percent, \$4.2 million, with SFCC debt service participation. The school districts, none of which needed an additional tax levy to pay debt service, were Elliott County, Magoffin County, McCracken County, Trigg County, and Trimble County.

Senator Webb moved to approve the five school district debt issues with SFCC debt service participation, Representative Thomas second the motion, and the committee approved by unanimous roll call vote.

### **Next Meeting Date and Adjournment**

Representative Freeland announced Wednesday, August 24 as the next meeting date. With there being no further business the meeting adjourned at 2:37 p.m.

## **ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE**

### **Minutes of the July Meeting**

July 14, 2022

#### **Call to Order and Roll Call**

The July meeting of the Administrative Regulation Review Subcommittee was held on Thursday, July 14, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Representative David Hale, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senator David Yates; Representatives Randy Bridges, Deanna Frazier Gordon, and Mary Lou Marzian.

Guests: Becky Gilpatrick, Director of Student

Aid, Miles Justice, Senior Associate Counsel, Kentucky Higher Education Assistance Authority (KHEAA); Rosemary Holbrook, Assistant General Counsel, Alan Hurst, Executive Director (Office of Employee Relations), Alaina Myers, Deputy Commissioner, Personnel Cabinet; Carrie Bass, Staff Attorney Supervisor, Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority (KPPA); Christopher Harlow, Executive Director, Kentucky Board of Pharmacy; Kanetha Dorsey, Executive Director, Kentucky Board of Embalmers and Funeral Directors; Jeffrey Prather, General Counsel, Kentucky Board of Nursing; Eddie Slone, Interim Executive Director, John Wood, Attorney, Kentucky Board of Emergency Medical Services; Dave Dreves, Fisheries Director, Steven Fields, Attorney, Jenny Gilbert, Legislative Liaison, Kentucky Department of Fish and Wildlife Resources; Amber Arnett, Staff Attorney, Captain Marshall Johnson, Commander, Kentucky State Police; Anthony Hudgins, Deputy Executive Director, Office of Unemployment Insurance; Honor Barker, Deputy Commissioner, Oran McFarlan, Deputy General Counsel, Department of Workforce Investment; Joshua Newton, General Counsel, Department of Alcohol Beverage Control; Abigail Gall, Executive Advisor, Shaun Orme, Commissioner, Department of Insurance; Adam Mather, Inspector General, Kara Daniel, Deputy Inspector General, Office of Inspector General; Julie Brooks, Regulations Coordinator, Carrell Rush, Epidemiologist, Department for Public Health; Rachael Ratliff, Regulations Coordinator, Department for Behavioral Health, Developmental and Intellectual Disabilities; Donna Fiaschetti, Kentucky Association of Nurse Anesthetists; Delores Polito, Kentucky Affiliate of ACNM and Kentucky Association of NP and NM.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Ange Darnell, Emily Harkenrider, Karen Howard, Carrie Nichols, and Christy Young.

The Administrative Regulation Review Subcommittee met on Thursday, July 14, 2022, and submits this report:

Administrative Regulations Reviewed by this Subcommittee:

### **KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY: Student and Administrative Services**

011 KAR 004:080. Student aid applications. Becky Gilpatrick, student aid director, and Miles Justice, senior associate counsel, represented the authority.

A motion was made and seconded to approve the following amendment: to amend Section 1 to make a technical correction. Without objection, and with agreement of the agency, the amendment was approved.

### **KHEAA Grant Programs**

011 KAR 005:145. CAP grant award determination procedure.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 2 to comply with the drafting requirements

of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### **Kentucky Educational Excellence Scholarship Program**

011 KAR 015:090. Kentucky Educational Excellence Scholarship (KEES) Program.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 5 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### **Early Childhood Development Scholarship Program**

011 KAR 016:020. Early Childhood Development Scholarship Program disbursement process.

A motion was made and seconded to approve the following amendment: to amend Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendment was approved.

### **Dual Credit Scholarship Program**

011 KAR 022:010. Dual Credit Scholarship Program.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to add one (1) definition; and (2) to amend Sections 1 through 3, 5, and 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### **Optometry Scholarship Program**

011 KAR 023:010. Optometry Scholarship Program.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3, 5, and 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### **PERSONNEL CABINET: Classified**

101 KAR 002:046. Applying for employment, qualifications and examinations. Rosemary Holbrook, assistant general counsel; Alan Hurst, director; and Alaina Myers, deputy commissioner, represented the cabinet.

101 KAR 002:095E. Classified service general requirements.

101 KAR 002:095. Classified service general requirements.

101 KAR 002:190. Employee performance management system.

<p><b>General</b></p> <p>101 KAR 006:020E. Kentucky Employees Charitable Campaign.</p> <p>101 KAR 006:020. Kentucky Employees Charitable Campaign.</p>	<p>201 KAR 015:040E. Examination.</p> <p>201 KAR 015:040. Examination.</p> <p>201 KAR 015:050E. Apprenticeship and supervision requirements.</p>	<p>Slone, interim executive director, and John Wood, counsel, represented the board.</p> <p>202 KAR 007:560E. Ground vehicle staff.</p> <p>In response to a question by Co-Chair Hale, Mr. Slone stated that this administrative regulation was filed on an emergency basis to allow CPR-certified drivers and bridge a gap in coverage of the program.</p>
<p><b>FINANCE AND ADMINISTRATION CABINET: Kentucky Retirement Systems</b></p> <p>105 KAR 001:390. Employment after retirement. Carrie Bass, staff attorney supervisor, and Jessica Beaubien, policy specialist, represented the systems.</p> <p>A motion was made and seconded to approve the following amendments: (1) to amend Sections 4 and 8 to clarify the factors used to determine employment status; and (2) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 and 3 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.</p>	<p><b>201 KAR 015:050. Apprenticeship and supervision requirements.</b></p> <p>A motion was made and seconded to approve the following amendment: to amend Section 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendment was approved.</p> <p>201 KAR 015:110E. Funeral establishment criteria.</p> <p>201 KAR 015:110. Funeral establishment criteria.</p> <p>201 KAR 015:125E. Surface transportation permit.</p> <p>201 KAR 015:125. Surface transportation permit.</p>	<p><b>TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Services: Fish</b></p> <p>301 KAR 001:201. Taking of fish by traditional fishing methods. Dave Dreves, fisheries director; Steven Fields, staff attorney; and Jenny Gilbert, legislative liaison, represented the department.</p> <p>In response to a question by Co-Chair Hale, Mr. Dreves stated that muskie were highly sought after. Surrounding states had a forty (40) inch size limit. Kentucky’s limit had been thirty-six (36) inches without any noticeable detriment to the species; therefore, it seemed appropriate to increase the size limit to forty (40) inches.</p>
<p><b>BOARDS AND COMMISSIONS: Board of Pharmacy</b></p> <p>201 KAR 002:020. Examination. Christopher Harlow, executive director, represented the board.</p> <p>In response to a question by Senator Yates, Mr. Harlow stated that this administrative regulation would not result in a less rigorous licensure examination. The examination was developed by the national association.</p> <p>A motion was made and seconded to approve the following amendments: to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 3, 4, 6, and 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.</p>	<p><b>Board of Nursing</b></p> <p>201 KAR 020:070. Licensure by examination. Jeffrey Prather, general counsel, represented the board.</p> <p>In response to a question by Co-Chair Hale, Mr. Prather stated that the board was opting to allow more than one (1) attempt to pass the NCLEX in response to Senate Bill 10 from the 2022 Regular Session of the General Assembly. Clinicals no longer applied during the coronavirus (COVID-19) pandemic, and it seemed prudent to offer a second opportunity to pass the examination. Provisional licenses expired after six (6) months.</p> <p>A motion was made and seconded to approve the following amendment: to amend Section 6 to comply with SB 2 from the 2021 Regular Session to add a link to the material incorporated by reference. Without objection, and with agreement of the agency, the amendment was approved.</p>	<p><b>Game</b></p> <p>301 KAR 002:132. Elk hunting seasons, permits, zones, and requirements.</p> <p>A motion was made and seconded to approve the following amendments: to amend Sections 3, 4, 8, and 15 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.</p> <p>301 KAR 002:172. Deer hunting seasons, zones, and requirements.</p> <p>A motion was made and seconded to approve the following amendments: to amend Section 14 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.</p>
<p>201 KAR 002:050. Licenses and permits; fees.</p> <p>201 KAR 002:225. Special limited pharmacy permit - medical gas.</p> <p>A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 4, and 5 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.</p>	<p>201 KAR 020:240. Fees for applications and for services.</p> <p>A motion was made and seconded to approve the following amendments: to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with SB 10 from the 2022 Regular Session. Without objection, and with agreement of the agency, the amendments were approved.</p>	<p>301 KAR 002:221. Waterfowl seasons and limits.</p> <p>A motion was made and seconded to approve the following amendments: to amend Sections 9 and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.</p>
<p><b>Board of Embalmers and Funeral Directors</b></p> <p>201 KAR 015:030E. Fees. Kanetha Dorsey, executive director, represented the board.</p> <p>201 KAR 015:030. Fees.</p>	<p><b>KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Board of Emergency Medical Services</b></p> <p>202 KAR 007:545. License classifications. Eddie</p>	<p><b>JUSTICE AND PUBLIC SAFETY CABINET: Department of State Police: Driver Training</b></p> <p>502 KAR 010:010. Definitions. Amber Arnett, staff attorney, and Captain Marshall John-son, commander, Driver Testing Branch, represented the department.</p> <p>A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and</p>

Section 1 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:020. Department facilities; facility inspection; conflict of interest.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:030. Instructor's license.

502 KAR 010:035. Commercial driver's license skill testing.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:040. Training school facilities.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 4, 6, 7, and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:050. Contracts and agreements.

A motion was made and seconded to approve the following amendment: to correct the agency name. Without objection, and with agreement of the agency, the amendment was approved.

502 KAR 010:060. School advertising.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:070. Training vehicle, annual inspection.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2, 4, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:080. License suspension, revocation, denial.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to substitute the term "motor vehicle" for "automobile"; and (2) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 and 2 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:090. Procedure for denial, suspension, nonrenewal or revocation hearings.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:110. Third-party CDL skills test examiner standards.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 4, 5, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

502 KAR 010:120. Hazardous materials endorsement requirements.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to: (a) add a definition for "CDL testing location"; and (b) delete the definition for "fingerprint centers"; (2) to amend Section 2 to reference the application requirements established by 49 C.F.R. 1572.9; (3) to amend Sections 2 and 3 to allow the fee for a fingerprint-based background check to be paid electronically; (4) to amend Section 3 to reference a "regional CDL testing location"; (5) to amend Sections 5 and 6 to delete the provisions in their entirety; and (6) to amend Sections 1 through 3 to comply with the formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **LABOR CABINET: Office of Unemployment Insurance**

787 KAR 001:360E. Overpayment waivers. Anthony Hudgins, deputy executive director, and Oran McFarlan, deputy general counsel, represented the office.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Advertising Distilled Spirits and Wine

804 KAR 001:102. General advertising practices. Joshua Newton, general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 8 and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **Malt Beverage Equipment, Supplies and Service**

804 KAR 011:041. Growlers.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **Malt Beverages and Wine**

804 KAR 014:011. Brewing and winemaking for personal use.

Department of Insurance: Agents, Consultants, Solicitors and Adjustors

806 KAR 009:380. Limited lines self-service storage space insurance requirements. Abigail Gall, executive advisor, and Shaun Orme, executive advisor, represented the department.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 2 and 3 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

806 KAR 009:390. Portable electronics retailer license.

In response to a question by Co-Chair West, Ms. Gall stated that this administrative regulation governed insurance on electronic devices, such as cellular telephones. Because these were not traditional insurance policies, a license was not necessary.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE to make a technical correction; and (2) to amend Section 5 and the material incorporated by reference to make corrections to background information questions. Without objection, and with agreement of the agency, the amendments were approved.

#### **CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: State Health Plan**

900 KAR 005:020E. State Health Plan for facilities and services. Kara Daniel, deputy inspector general, and Adam Mather, inspector general,



represented the office. Ken Marshall, chief operating officer, University of Louisville Health, appeared in support of this administrative regulation.

In response to questions by Co-Chair West, Ms. Daniel stated that the State Health Plan was required to be amended annually. The coronavirus (COVID-19) pandemic strained the agency, and the State Health Plan veered off schedule. This filing was working toward getting back on schedule. This administrative regulation was filed on an emergency basis in order to meet the state deadline.

A motion was made and seconded to approve the following amendments: to amend the material incorporated by reference to: (1) make technical changes; and (2) allow licensure for applicants with prospective plans to provide fixed-site diagnostic cardiac catheterization. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 005:020. State Health Plan for facilities and services.

A motion was made and seconded to approve the following amendments: to amend the material incorporated by reference to: (1) make technical changes; and (2) allow licensure for applicants with prospective plans to provide fixed-site diagnostic cardiac catheterization. Without objection, and with agreement of the agency, the amendments were approved.

**Certificate of Need**

900 KAR 006:075E. Certificate of need nonsubstantive review.

In response to a question by Co-Chair West, Mr. Mather stated that this administrative regulation was intended to implement House Bill 777 from the 2022 Regular Session of the General Assembly.

A motion was made and seconded to approve the following amendments: to amend Section 2 to make technical changes. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 006:075. Certificate of Need nonsubstantive review.

A motion was made and seconded to approve the following amendments: to amend Section 2 to make technical changes. Without objection, and with agreement of the agency, the amendments were approved.

**Essential Personal Care Visitor Program**

900 KAR 014:010E. Essential personal care visitor programs; visitation guidelines.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY

AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 and 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

900 KAR 014:010. Essential personal care visitor programs; visitation guidelines.

**Department for Public Health: Communicable Diseases**

902 KAR 002:020E. Reportable disease surveillance. Julie Brooks, regulation coordinator, and Carrell Rush, epidemiologist, represented the department. Dr. Donna Fiaschetti, CRNA, Kentucky Association of Nurse Anesthetists, appeared in support of 902 KAR 20:106, and Dee Polito, CNM, vice president, Kentucky Affiliate of ACNM, appeared in support of 902 KAR 20:016.

**Health Services and Facilities**

902 KAR 020:016. Hospitals; operations and services.

In response to a question by Co-Chair Hale, Ms. Polito thanked the agency for providing admitting privileges to nurse midwives.

902 KAR 020:106. Operation and services; ambulatory surgical center.

In response to a question by Co-Chair Hale, Ms. Fiaschetti thanked the agency for establishing a surgical smoke evacuation system and for deleting the requirement that a certified nurse anesthetist practice under the supervision of a surgeon.

Representative Marzian clarified that this was Senator Raque Adams’s bill.

**Office of Inspector General**

906 KAR 001:110. Critical access hospital services.

Department for Behavioral Health, Developmental and Intellectual Disabilities: Institutional Care

908 KAR 003:010. Patient’s rights. Racheal Ratliff, regulation coordinator, represented the department.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 5 and 7 through 9 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred or removed from the July 14, 2022, subcommittee agenda:

**STATE BOARD OF ELECTIONS: Statewide Voter Registration**

031 KAR 003:031E. Voting precinct and address of overseas voter whose last place of residence is in the Commonwealth is no longer a recognized residential address.

**Forms and Procedures**

031 KAR 004:071E. Recanvas procedures.

031 KAR 004:131E. Delivery and return of absentee ballots transmitted to covered voters via facsimile or electronically.

031 KAR 004:141E. Submission of the federal postcard application via electronic mail.

031 KAR 004:196E. Consolidation of precincts and precinct election officers.

031 KAR 004:201E. Chain of custody for records during an election contest.

031 KAR 004:210E. Establishment of risk-limiting audit pilot program.

**Voting**

031 KAR 005:011E. Use of the federal write-in absentee ballot.

031 KAR 005:026E. Ballot standards and election security.

**PERSONNEL CABINET: Personnel Cabinet, Classified**

101 KAR 002:066. Certification and selection of eligible applicants for employment.

101 KAR 002:102. Classified leave general requirements.

**Personnel Cabinet, Unclassified**

101 KAR 003:015. Leave requirements for unclassified service.

**FINANCE AND ADMINISTRATION CABINET: Kentucky Retirement Systems**

105 KAR 001:450E. Quasi-governmental employer reports on independent contractors and leased employees.

**BOARDS AND COMMISSIONS: Board of Pharmacy**

201 KAR 002:015. Continuing education.

**Board of Dentistry**

201 KAR 008:520. Fees and fines.

201 KAR 008:550. Anesthesia and sedation related to dentistry.

#### **Real Estate Commission**

201 KAR 011:121. Standards of professional conduct.

#### **TOURISM, ARTS AND HERITAGE CABINET: Heritage Council**

300 KAR 006:011E. Historic rehabilitation tax credit certifications.

#### **JUSTICE AND PUBLIC SAFETY CABINET: Department of State Police: Concealed Deadly Weapons**

502 KAR 011:010. Application for license to carry concealed deadly weapon.

502 KAR 011:060. License denial and reconsideration process.

502 KAR 011:070. License revocation and suspension notice and reinstatement process.

#### **Law Enforcement Officers Safety Act of 2004**

502 KAR 013:010. Application for certification under the Law Enforcement Officers Safety Act of 2004 ("LEOSA"), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:030. Range qualification for certification under the Law Enforcement Officers Safety Act of 2004 ("LEOSA"), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:040. Issuance, expiration, and renewal of certification to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 ("LEOSA"), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:050. Replacement of licenses to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 ("LEOSA"), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:060. Change of personal information regarding certification to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 ("LEOSA"), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:080. Incomplete application for certification to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 ("LEOSA"), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

#### **EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Department of Workforce Investment: Employment Services**

787 KAR 002:040. Local workforce development area governance. Honor Barker, deputy commissioner, and Oran McFarlan, deputy general counsel, represented the department. Senator Jimmy Higdon appeared in opposition to this administrative regulation.

In response to questions by Co-Chair West, Ms. Barker stated that there were ten (10) local area workforce boards that aligned and partnered with Area Development Districts. In conjunction with the department, the Kentucky Workforce Innovation Board (KWIB) provided oversight, guidance, and technical assistance to the local boards. It was unclear to the department the extent to which Senate Bill 207 from the 2022 Regular Session of the General Assembly (SB 207) impacted this administrative regulation. The intention of this amendment was to clarify the governance structure. Because KWIB was an advisory board to the Governor, KWIB ultimately answered to the Governor as well. Requirements were not more stringent than the provisions established in the Workforce Innovation and Opportunity Act (WIOA), 29 U.S.C. 3101 et seq. Mr. McFarlan stated that WIOA was a collaborative act among federal, state, and local bodies. Federal requirements required KWIB to issue policies, and this administrative regulation aligned with that.

In response to questions by Co-Chair Hale, Senator Higdon stated that this administrative regulation appeared to contravene SB 207, which established responsibilities for this program primarily through the Kentucky Education and Workforce Collaborative and through reorganized board representation. Senator Jimmy Higdon and Representative Bobby McCool were both members of KWIB. Local boards were a subdivision of Area Development Districts.

In response to a question by Co-Chair West, Senator Higdon stated that this administrative regulation seemed to have failed to apply the new organization established by SB 207. This administrative regulation seemed to leave the current board as it was before the bill.

Senator Yates stated that, if challenged, enacted legislation would supersede an administrative regulation if there were to be a perceived conflict.

In response to a question by Co-Chair Hale, Ms. Barker stated that this administrative regulation did not impact the makeup of the board. This administrative regulation clarified that KWIB would issue policies and guidance to the local boards, all in accordance with WIOA. This clarification was recommended during the auditing process. Mr. McFarlan stated that he agreed that this administrative regulation did not affect the makeup of the board.

Co-Chair West stated that the main problem with this administrative regulation seemed to be the

reference, "in coordination with the Governor." SB 207 seemed to be advocating for more independence for the local boards. Giving the Governor what compares to "veto power" through this administrative regulation might mitigate some of the intended independence.

In response to a question by Co-Chair West, Ms. Barker stated that federal law required coordination with the Governor.

Senator Yates stated that, if this administrative regulation were deferred, a determination was advisable to examine how these requirements would interact and preempt if a conflict were to be recognized.

Co-Chair Hale stated that SB 207 was good legislation, and this administrative regulation seemed to conflict.

In response to a question by Co-Chair West, Ms. Barker stated that the agency would defer consideration of this administrative regulation to the August 2022 meeting of this subcommittee. Without objection, and with agreement of the agency, this administrative regulation was deferred.

A motion was made and seconded to approve the following amendments: (1) to add a definition section; and (2) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 2 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **Kentucky Commission on Proprietary Education**

791 KAR 001:010. Applications, permits, and renewals.

791 KAR 001:020. Standards for licensure.

791 KAR 001:025. Fees.

791 KAR 001:027. School record keeping requirements.

791 KAR 001:030. Procedures for hearings.

791 KAR 001:035. Student protection fund.

791 KAR 001:040. Commercial driver license training school curriculum and refresher course.

791 KAR 001:050. Application for license for commercial driver license training school.

791 KAR 001:060. Application for renewal of license for commercial driver license training school.

791 KAR 001:070. Commercial driver license training school instructor and agency application and renewal procedures.

791 KAR 001:080. Maintenance of student records, schedule of fees charged to students, contracts and agreements involving licensed commercial driver license training schools.

791 KAR 001:100. Standards for Kentucky resident commercial driver training school facilities.

791 KAR 001:150. Bond requirements for agents and schools.

791 KAR 001:155. School closing process.

791 KAR 001:160. Transfer of ownership, change of location, change of name, revision of existing programs.

#### **Labor Standards; Wages and Hours**

803 KAR 001:005. Employer-employee relationship.

803 KAR 001:025. Equal pay provisions, meaning and application.

803 KAR 001:060. Overtime pay requirements.

803 KAR 001:063. Trading time.

803 KAR 001:065. Hours worked.

803 KAR 001:066. Recordkeeping requirements.

803 KAR 001:070. Executive, administrative, supervisory or professional employees; salesmen.

803 KAR 001:075. Exclusions from minimum wage and overtime.

803 KAR 001:080. Board, lodging, gratuities and other allowances.

803 KAR 001:090. Workers with disabilities and work activity centers' employee's wages.

#### **Department of Workers' Claims**

803 KAR 025:195E. Utilization review, appeal of utilization review decisions, and medical bill audit.

803 KAR 025:195. Utilization review, appeal of utilization review decisions and medical bill audit.

#### **Department of Insurance: Health Insurance Contracts**

806 KAR 017:350. Life insurance and managed care.

#### **CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Early Intervention System**

902 KAR 030:120. Evaluation and eligibility.

#### **Department for Community Based Services: Child Welfare**

922 KAR 001:310. Standards for child-placing agencies.

922 KAR 001:315. Standards for child-placing agencies placing children who are not in the custody of the cabinet.

922 KAR 001:340. Standards for independent living programs.

Other Business: Representative Bridges welcomed his grandson, Nicholas Saladino, who was attending this subcommittee meeting.

The subcommittee adjourned at 2:15 p.m. The next meeting of this subcommittee was tentatively scheduled for August 9, 2022, at 1 p.m.

### **ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE**

#### **Minutes of the August Meeting August 9, 2022**

##### **Call to Order and Roll Call**

The August meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, August 9, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

##### Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senators Julie Raque Adams, Ralph Alvarado, and David Yates; Representatives Randy Bridges, Deanna Frazier Gordon, and Mary Lou Marzian.

Guests: Mary Elizabeth Bailey, Rosemary Holbrook, Personnel Cabinet; Travis Mayo, Bethany Atkins Rice, Brian Thomas, Department of Revenue; Carrie Bass, Jessica Beaubien, Kentucky Public Pensions Authority; Cordelia Harbut, Board of Architects; Eddie Slone, John Wood, Department of Emergency Medical Services; Sarah Cronan, B.R. Masters, Craig Potts, Tourism, Arts, and Heritage Cabinet; Todd Allen, Department of Education; Oran McFarlan, Office of Unemployment Insurance; Dale Hamblin, Jr., Scott Wilhoit, Department of Workers' Claims; Shan Dutta, Jamie Eads, Jennifer Wolsing, Kentucky Horse Racing Commission; Amber Ballinger, Angela Billings, Julie Brooks, Paula Goff, Krista Hamilton, Darrin Sevier, Department for Public Health; Fatima Ali, Veronica Judy-Cecil, Jonathan Scott, Department for Medicaid Services; Laura Begin, Holly Davis, Paula Saenz, Department for Community Based Services.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Ange Darnell, Emily Harkenrider, Karen Howard, and Carrie Nichols.

The Administrative Regulation Review Subcommittee met on Tuesday, August 9, 2022, and submits this report:

#### **The Administrative Regulation Review Subcommittee met on Tuesday, August 9, 2022, and submits this report:**

Administrative Regulations Reviewed by this Subcommittee:

#### **PERSONNEL CABINET: Classified**

101 KAR 002:066. Certification and selection of eligible applicants for employment. Mary Bailey, commissioner, and Rosemary Holbrook, assistant general counsel, represented the cabinet.

In response to a question by Co-Chair West, Ms. Bailey stated that this package of administrative regulations did not relate directly to employee compensation.

101 KAR 002:102. Classified leave general requirements.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 3, 5, and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

In response to questions by Co-Chair Hale, Ms. Holbrook stated that an employee who requested voting leave was required to file a voting verification form, which would then be available in the event of an audit. Leave would not be granted to an employee who did not vote. Each employee was required to request the voting leave in advance.

#### **Unclassified**

101 KAR 003:015. Leave requirements for unclassified service.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 3, 5, and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **FINANCE AND ADMINISTRATION CABINET: Department of Revenue**

103 KAR 043:340E. Excise taxes on gasoline and special fuels; average wholesale price of gasoline and annual survey value. Bethany Atkins – Rice, executive director, Legal Services; Travis Mayo, general counsel to Governor Beshear; and Brian Thomas, general counsel, Finance Cabinet, represented the department.

In response to questions by Co-Chair West, Mr. Mayo stated that this administrative regulation had bipartisan support, including support by Representative Jason Nemes. The General Assembly never intended to impose higher gas taxes at a time of soaring prices. This emergency administrative regulation provided relief from rising gas prices by freezing the gas tax rate at the rate from the past seven

(7) years, in order to temporarily prevent automatic increases. Ms. Atkins – Rice stated that the rate was frozen at twenty-six (26) cents for regular automotive fuel and twenty-three (23) cents for diesel. The first increase would have been two (2) cents. Mr. Mayo stated that, prior to the filing of this emergency administrative regulation, Transportation Cabinet Secretary, Jim Gray, stated that there would be no material impact to road projects, and impact to the road fund was estimated to be \$28.2 million July 1 through mid-January. This was approximately one and six-tenths (1.6) percent of the enacted road fund budget estimated for Fiscal Year 2023. Impact to the road fund was considered throughout the development of this emergency administrative regulation. The market remained volatile, and gas prices could still trend back upward as other prices currently were. While there was no anticipated impact from this emergency administrative regulation pertaining to rebuilding efforts related to the eastern Kentucky flooding, the Transportation Cabinet would be a better source for that information. Providing relief during a time of rising costs helped Kentuckians, and that was the purpose for this emergency administrative regulation. Unaware of the specific average savings per customer per gas-tank fill up, Mr. Mayo stated that his office would follow up to this subcommittee with data. Funding needs to repair bridges and other infrastructure damaged during the flooding in eastern Kentucky continued to be assessed. FEMA and other federal funding was expected to be used to repair at least a portion of the damage.

In response to questions by Senator Alvarado, Mr. Mayo stated that Senate Joint Resolution 99 from the 2022 Regular Session of the General Assembly, which gave the Governor authority related to motor vehicle taxes, prompted this emergency administrative regulation, which was similar in nature as pertains to promulgation authority. Senator Alvarado stated that the Governor's Office should have contacted the General Assembly for guidance regarding this issue. There did not seem to be statutory authority for this emergency administrative regulation, which seemed to represent a usurpation of power.

Co-Chair West stated that the General Assembly had intent when it passed gas tax calculation legislation. There was a significant question regarding statutory authority for this emergency administrative regulation. In response to questions by Co-Chair West, Mr. Mayo stated that he had not discussed with the Governor adding this issue to the call for the expected Special Session of the General Assembly. The current surplus might be used for some of the repairs from the flooding in eastern Kentucky.

In response to a question by Co-Chair Hale, Mr. Mayo stated that the Governor was committed to making local governments financially whole.

#### **Kentucky Retirement Systems**

105 KAR 001:450E. Quasi-governmental employer reports on independent contractors and leased employees. Carrie Bass, attorney, and Jessica

Beaubien, policy specialist, represented the systems.

#### **BOARDS AND COMMISSIONS: Board of Architects**

201 KAR 019:035. Qualifications for examination and licensure. Cordelia Harbut, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 019:087. Continuing education.

A motion was made and seconded to approve the following amendment: to amend the material incorporated by reference to make a technical correction. Without objection, and with agreement of the agency, the amendment was approved.

#### **KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Board of Emergency Medical Services**

202 KAR 007:560. Ground vehicle staff. Eddie Slone, interim executive director, and John Wood, counsel, represented the board.

In response to a question by Senator Alvarado, Mr. Slone stated that this administrative regulation decreased requirements for ambulance drivers.

In response to questions by Co-Chair West, Mr. Slone stated that there was insufficient staff, especially in rural areas, to meet the standards prior to this amendment. Kentucky did not have enough paramedics to meet the need. While reduced safety was a concern, this was an attempt to address the current situation that existed.

In response to questions by Senator Yates, Mr. Slone stated that he did not agree that Kentucky's standard of care was lower than other states. While it would be preferable to have a paramedic on every ambulance, there was insufficient staff. Senator Yates stated that public safety should be the highest priority. A request for additional funding would be preferable to a request to decrease standards. Co-Chair West agreed that public safety was important.

#### **TOURISM, ARTS AND HERITAGE CABINET: Heritage Council**

300 KAR 006:011E. Historic rehabilitation tax credit certifications. Sarah Cronan, general counsel; B. R. Masters, director of legislative services; and Craig Potts, executive director, represented the council.

#### **EDUCATION AND LABOR CABINET: Board of Education: General Administration**

702 KAR 001:140. Student records; hearing procedures. Todd Allen, general counsel, represented the board.

In response to questions by Co-Chair West, Mr. Allen stated that this administrative regulation was being clarified because there had been some confusion regarding the application of state and federal laws. If a student was under eighteen (18) years of age, usually the parent had access to student records. Hearings were held if there was a significant challenge to the records. Typically, the subject of the hearings was disciplinary records. The term, "certified", was being removed because it had created confusion.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **Office of Unemployment Insurance**

787 KAR 001:360. Overpayment waivers. Oran McFarlan, deputy general counsel, represented the office.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

#### **Department of Workers' Claims**

803 KAR 025:195E. Utilization review, appeal of utilization review decisions, and medical bill audit. Dale Hamblin, assistant general counsel, and Scott Wilhoit, commissioner, represented the department.

In response to questions by Co-Chair West, Mr. Hamblin stated that changes to this program included treatment guidelines, deadline changes, and peer-to-peer provisions. Mr. Wilhoit stated that changes consisted of cleanup and clarifications.

#### **PUBLIC PROTECTION CABINET: Horse Racing Commission: Medication Guidelines**

810 KAR 008:010. Medication; testing procedures; prohibited practices. Shan Dutta, deputy general counsel, and Jamie Eads, interim executive director, represented the commission.

In response to a question by Co-Chair West, Ms. Eads stated that the commission was responsible for collecting biological samples. This administrative regulation allowed the owner to test a portion of the sample at a lab of the owner's choice. Changes included a new timeline in the interest of transparency.

A motion was made and seconded to approve the following amendments: to amend Sections 16 and 25 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### Hearings and Appeals

810 KAR 009:010. Hearings, reviews, and appeals.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Maternal and Child Health

902 KAR 004:030. Newborn screening program. Julie Brooks, regulation coordinator, represented the department.

In response to questions by Senator Alvarado, Ms. Brooks stated that the request for this change came from local health departments. This amendment removed a layer of approval, giving local health departments more authority in that the department would not first have to approve compensation requests.

In response to a question by Co-Chair West, Ms. Brooks stated that there was no cap on discretionary pay.

### Local Health Departments

902 KAR 008:060. Salary adjustments for local health departments.

A motion was made and seconded to approve the following amendments: to amend Sections 5, 6, 9, and 12 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 008:100. Disciplinary procedures applicable for local health department employees.

A motion was made and seconded to approve the following amendments: to amend Sections 2 through 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### Sanitation

902 KAR 010:140. On-site sewage disposal system installer certification program standards.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement

of the agency, the amendments were approved.

### Early Intervention System

902 KAR 030:120. Evaluation and eligibility.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

### Department for Medicaid Services: Outpatient Pharmacy Program

907 KAR 023:020E. Reimbursement for outpatient drugs. Jonathan Scott, regulation coordinator, represented the department.

In response to questions by Co-Chair West, Mr. Scott stated that this amendment revised the dispensing fee reimbursement frequency for qualifying medications in order to expedite the reimbursement process.

In response to a question by Senator Alvarado, Mr. Scott stated that reimbursement could be every seven (7) days for a qualifying medication.

### Department for Community Based Services: Child Welfare

922 KAR 001:310. Standards for child-placing agencies. Laura Begin, regulation coordinator, represented the department.

In response to a question by Co-Chair Hale, Ms. Begin stated that this change was made for consistency with related administrative regulations.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph and Sections 1 through 8, 10 through 13, and 15 through 19 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 2 to clarify requirements to resume work for an employee under indictment, legally charged with felonious conduct, or subject to a cabinet investigation; and (3) to update material incorporated by reference to clarify information regarding medically complex homes. Without objection, and with agreement of the agency, the amendments were approved.

922 KAR 001:315. Standards for child-placing agencies placing children who are not in the custody of the cabinet.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 5, 13, and 15 for clarity and to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency,

the amendments were approved.

922 KAR 001:340. Standards for independent living programs.

The following administrative regulations were deferred or removed from the August 9, 2022, subcommittee agenda:

### STATE BOARD OF ELECTIONS: Statewide Voter Registration

031 KAR 003:031E. Voting precinct and address of overseas voter whose last place of residence is in the Commonwealth is no longer a recognized residential address.

031 KAR 003:031. Voting precinct and address of overseas voter whose last place of residence is in the Commonwealth is no longer a recognized residential address.

### Forms and Procedures

031 KAR 004:071E. Recanvas procedures.

031 KAR 004:071. Recanvas procedures.

031 KAR 004:131E. Delivery and return of absentee ballots transmitted to covered voters via facsimile or electronically.

031 KAR 004:131. Delivery and return of absentee ballots transmitted to covered voters via facsimile or electronically.

031 KAR 004:141E. Submission of the federal postcard application via electronic mail.

031 KAR 004:141. Submission of the federal postcard application via electronic mail.

031 KAR 004:170. Exceptions to prohibition on electioneering.

031 KAR 004:196E. Consolidation of precincts and precinct election officers.

031 KAR 004:196. Consolidation of precincts and precinct election officers.

031 KAR 004:201E. Chain of custody for records during an election contest.

031 KAR 004:201. Chain of custody for records during an election contest.

031 KAR 004:210E. Establishment of risk-limiting audit pilot program.

031 KAR 004:210. Establishment of risk-limiting audit pilot program.

### Voting

031 KAR 005:011E. Use of the federal write-in absentee ballot.



031 KAR 005:011. Use of the federal write-in absentee ballot.

031 KAR 005:026E. Ballot standards and election security.

031 KAR 005:026. Ballot standards and election security.

**FINANCE AND ADMINISTRATION CABINET:  
Kentucky Retirement Systems**

105 KAR 001:450. Quasi-governmental employer reports on independent contractors and leased employees.

**BOARDS AND COMMISSIONS: Board of  
Pharmacy**

201 KAR 002:015. Continuing education.

**Board of Licensure for Long-Term Care  
Administrators**

201 KAR 006:060. Fees.

**Board of Dentistry**

201 KAR 008:520. Fees and fines.

201 KAR 008:550. Anesthesia and sedation related to dentistry.

**Real Estate Commission**

201 KAR 011:121. Standards of professional conduct.

**TOURISM, ARTS AND HERITAGE CABINET:  
Heritage Council**

300 KAR 006:011. Historic rehabilitation tax credit certifications.

**JUSTICE AND PUBLIC SAFETY CABINET:  
Department of State Police: Concealed Deadly  
Weapons**

502 KAR 011:010. Application for license to carry concealed deadly weapon.

502 KAR 011:060. License denial and reconsideration process.

502 KAR 011:070. License revocation and suspension notice and reinstatement process.

**Law Enforcement Officers Safety Act of 2004**

502 KAR 013:010. Application for certification under the Law Enforcement Officers Safety Act of 2004 (“LEOSA”), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:030. Range qualification for

certification under the Law Enforcement Officers Safety Act of 2004 (“LEOSA”), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:040. Issuance, expiration, and renewal of certification to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 (“LEOSA”), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:050. Replacement of licenses to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 (“LEOSA”), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:060. Change of personal information regarding certification to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 (“LEOSA”), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

502 KAR 013:080. Incomplete application for certification to carry a concealed deadly weapon pursuant to the Law Enforcement Officers Safety Act of 2004 (“LEOSA”), 18 U.S.C. 926C, for honorably retired elected or appointed peace officers.

**EDUCATION AND LABOR CABINET:  
Department of Workforce Investment:  
Employment Services**

787 KAR 002:040. Local workforce development area governance.

**Kentucky Commission on Proprietary Education**

791 KAR 001:010. Applications, permits, and renewals.

791 KAR 001:020. Standards for licensure.

791 KAR 001:025. Fees.

791 KAR 001:027. School record keeping requirements

791 KAR 001:030. Procedures for hearings.

791 KAR 001:035. Student protection fund.

791 KAR 001:040. Commercial driver license training school curriculum and refresher course.

791 KAR 001:050. Application for license for commercial driver license training school.

791 KAR 001:060. Application for renewal of license for commercial driver license training school.

791 KAR 001:070. Commercial driver license training school instructor and agency application and renewal procedures.

791 KAR 001:080. Maintenance of student records, schedule of fees charged to students, contracts and agreements involving licensed commercial driver license training schools.

791 KAR 001:100. Standards for Kentucky resident commercial driver training school facilities.

791 KAR 001:150. Bond requirements for agents and schools.

791 KAR 001:155. School closing process.

791 KAR 001:160. Transfer of ownership, change of location, change of name, revision of existing programs.

**Labor Standards; Wages and Hours**

803 KAR 001:005. Employer-employee relationship.

803 KAR 001:025. Equal pay provisions, meaning and application.

803 KAR 001:060. Overtime pay requirements.

803 KAR 001:063. Trading time.

803 KAR 001:065. Hours worked.

803 KAR 001:066. Recordkeeping requirements.

803 KAR 001:070. Executive, administrative, supervisory or professional employees; salesmen.

803 KAR 001:075. Exclusions from minimum wage and overtime.

803 KAR 001:080. Board, lodging, gratuities and other allowances.

803 KAR 001:090. Workers with disabilities and work activity centers’ employee’s wages.

**Department of Workers’ Claims**

803 KAR 025:195. Utilization review, appeal of utilization review decisions and medical bill audit.

**PUBLIC PROTECTION CABINET: Department  
of Insurance: Health Insurance Contracts**

806 KAR 017:585. Annual report mental health parity nonquantitative treatment limitation compliance.

**Department of Housing, Buildings and  
Construction: Kentucky Building Code**

815 KAR 007:120. Kentucky Building Code.

**Heating, Ventilation, and Air Conditioning  
Licensing Requirements**

815 KAR 008:010. Licensing requirements for

master HVAC contractors and journeyman HVAC mechanics.

### **Standards of Safety**

815 KAR 010:060. Kentucky standards of safety.

### **CABINET FOR HEALTH AND FAMILY SERVICES: Office of Human Resource Management: Administration**

900 KAR 001:050. Child and adult protection employees subject to state and national criminal background checks.

### **Department for Public Health: Communicable Diseases**

902 KAR 002:020. Reportable disease surveillance.

902 KAR 008:120. Leave provisions applicable to employees of local health departments.

### **Department for Medicaid Services**

907 KAR 001:082. Coverage provisions and requirements regarding rural health clinic services.

907 KAR 001:104. Reimbursement for advanced practice registered nurse services.

### **Department for Community Based Services: Child Welfare**

922 KAR 001:290. Background checks for private child-caring or child-placing staff members.

The subcommittee adjourned at 2:10 p.m. The next meeting of this subcommittee was tentatively scheduled for, September 13, 2022, at 1 p.m.

## **GOVERNMENT CONTRACT REVIEW COMMITTEE**

### **Committee Minutes** July 14, 2022

#### **Call to Order and Roll Call**

The Government Contract Review Committee met on Thursday, July 14, 2022, 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 Donald Douglas, Adrienne Southworth, and David Yates; Representatives Adam Bowling, Mark Hart, and Patti Minter.

Guests: Astrud Masterson, Vivian Lasley-Bibbs, Thomas Woods Tucker, Karen Wirth, Rhonda Sims, David Cook, Micki Ray, Sharon Clark, Carmen Hickerson, Elizabeth Meiszer, Brian Thomas, Jason Dunn, Lesa Dennis, Melanie Taylor, Karen Sellers,

Richard House, Taylor Brown, Sue Thomas-Cox, Janet Luttrell, Bob James, Shelley Wood, Gina Brien, and Hilary Dailey.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Representative Hart to approve Minutes of the June 2022, meeting of the committee. Senator Douglas seconded the motion, which passed without objection.

### **JUNE DEFERRED ITEM:**

#### DEPARTMENT FOR PUBLIC HEALTH

Healthfirst Bluegrass, Inc., 2200003059. Astrud Masterson and Vivian Lasley-Bibbs discussed the contract with the committee. A motion was made by Senator Yates to approve the contract. Senator Meredith seconded the motion, which passed with Senator Southworth voting no.

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

A motion was made by Representative Bowling 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 Yates seconded the motion, which passed without objection.

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

A motion was made by Representative Bowling 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 Yates seconded the motion, which passed without objection.

A motion was made by Representative Bowling to consider as reviewed the Kentucky Entertainment Incentive Program Agreements List, with exception of those items selected for further review by members of the committee. Senator Yates seconded the motion, which passed without objection.

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

### **THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:**

#### ADMINISTRATIVE OFFICE OF THE COURTS

Dinsmore & Shohl, LLP, 2200004595; Dentons Bingham Greenebaum, LLP, 2200004702; Dentons Bingham Greenebaum, LLP, 2200004763; Dentons

Bingham Greenebaum, LLP, 2200004780.

#### ATTORNEY GENERAL

Tichenor and Associates, 2200004802.

#### **BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES**

Multi, 2200000093; RCM Training and Consulting, LLC, 2200003826; Symphony Diagnostics Services No1, LLC, 2200003897; Jackson & Coker Locumtenens, LLC, 2200003973; Med Care Pharmacy, LLC, 2200004543.

#### BOARD OF DENTISTRY

McBrayer, PLLC, 2200003649.

#### **BOARD OF EMBALMERS AND FUNERAL HOME DIRECTORS**

Baird and Blevins Law Offices, PLLC, 2200003494.

#### BOARD OF MEDICAL LICENSURE

Multi, 2200000053.

#### BOARD OF OCCUPATIONAL THERAPY

Marisa Neal, 2200002431.

#### BOARD OF OPHTHALMIC DISPENSERS

Marisa Neal, 2200002430.

#### **CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING**

Center for Comprehensive Services, Inc., 2200001558.

#### CHFS - OFFICE OF THE SECRETARY

Susan Gormley Tipton, 2200001403; Tilford Dobbins & Schmidt, PLLC, 2200001411; Thomas J. Hellmann Attorney-At-Law, PLLC, 2200001445.

#### COUNCIL ON POSTSECONDARY EDUCATION

Blue & Company, LLC, 2200003333.

#### DEPARTMENT FOR LOCAL GOVERNMENT

Roy William Brothers, 2200003832; Cathryn A. Figlestahler, 2200003833; ICF, Inc., 2200004488.

#### DEPARTMENT FOR MEDICAID SERVICES

Milliman, Inc., 2200001590; Fairbanks, LLC, 2200003512; Island Peer Review Organization, Inc., 2200003529; Myers and Stauffer, LLC, 2200004041.

#### DEPARTMENT FOR PUBLIC ADVOCACY

Erwin Wayne Lewis, 2200004532; Robert Walker, 2200004533; Jeffrey Sherr, 2200004535.

#### DEPARTMENT FOR PUBLIC HEALTH

Multi, 2200000181; Gail Denise Anderson, 2200003701; Maximus Human Services, Inc., 2200003862; Market Decisions, LLC, 2200004180.

#### DEPARTMENT FOR WORKFORCE INVESTMENT

Tonya D. Westmoreland, 2200003114; Inez Physical Therapy, 2200003116.

#### DEPARTMENT OF CORRECTIONS

American Correctional Association, 2200002402;

Henry County Animal Clinic, 2200003142; Napier Counseling, Inc., 2200003437.

#### DEPARTMENT OF CRIMINAL JUSTICE TRAINING

Calming Waves Therapy, LLC, 2200003675; Innova Counseling, LLC, 2200003676; Jane C. Land, 2200003677.

#### DEPARTMENT OF EDUCATION

Central Kentucky Interpreter Referral, Inc., 2200003386; Hands On Therapy, PSC, 2200003387; Sign Language Network, Inc., 2200003391; Tilford Dobbins & Schmidt, PLLC, 2200003396; Dennis L. Pickett, 2200003397; CN Resource, LLC, 2200003398; Jennifer R. Stocker, 2200003510; Adelaide Services, Inc., 2200003756; Marisa Neal, 2200003775; ACT, Inc., 2200003795; Assessment Solutions Group, 2200003796; Caveon, LLC, 2200003798; NCS Pearson, Inc., 2200003799; Kim Hunt Price, 2200003800; Martha Kay Kennedy, 2200003802; Wade William Honey, 2200003856.

#### DEPARTMENT OF HIGHWAYS

Vaughn and Melton, 2200004339; Palmer Engineering Company, 2200004341; Gresham Smith, 2200004343; QK4, Inc., 2200004345; Stantec Consulting Services, Inc., 2200004347; WSP USA, Inc., 2200004350; Linebach Funkhouser, Inc., 2200004553; HMB Engineers, Inc., 2200004554; WSP USA, Inc., 2200004569; J.M. Crawford & Associates, Inc., 2200004576; GRW Aerial Surveys, Inc., 2200004637; Woolpert, Inc., 2200004654; Quantum Spatial, Inc., 2200004655; Franklin Price, Inc., 2200004656; Linebach Funkhouser, Inc., 2200004658; Corradino Group, 2200004659; HDR Engineering, Inc., 2200004661; Stantec Consulting Services, Inc., 2200004662; Palmer Engineering County, 2200004664; J.M. Crawford & Associates, Inc., 2200004665; HDR Engineering, Inc., 2200004666; Michael Baker International, Inc., 2200004667; HMB Engineers, Inc., 2200004668; HMB Engineers, Inc., 2200004669; DLZ Kentucky, Inc., 2200004671; Stantec Consulting Services, Inc., 2200004672; QK4, Inc., 2200004673; WSP USA, Inc., 2200004675; Horn and Associates, Inc., 2200004677; Stantec Consulting Services, Inc., 2200004678; Geotechnology Exploration, LLC, 2200004682; American Engineers, Inc., 2200004684; S&Me, Inc., 2200004685; Stantec Consulting Services, Inc., 2200004696; Geotechnology, LLC, 2200004697; HDR Engineering, Inc., 2200004698; American Engineers, Inc., 2200004700; S&Me, Inc., 2200004701; Cultural Resource Analysts, Inc., 2200004768; Cardno, Inc., 2200004769; Wood Environment & Infrastructure Solutions, Inc., 2200004770; Aecom Technical Services, Inc., 2200004771; Bureau Veritas North America, Inc., 2200004773.

#### DEPARTMENT OF INSURANCE

K Squared, 2200003273; Kreiter IF, LLC, 2200003274; E&S Regulatory Services, LLC, 2200003275; Prometric, LLC, 2200003516; Financial Analysis Services, LLC, 2200003653; INS Consultants, Inc., 2200003940; Risk & Regulatory Consulting,

LLC, 2200003943; Actuarial Resources Corporation, 2200003994; J.W.G. Financial Examinations, LLC, 2200004167; LMO Consulting, LLC, 2200004171; Michael David Hurt, 2200004174; Highland Clark, LLC, 2200004176; Taylor-Walker Consulting, LLC, 2200004186; Financial and Regulatory Consulting, LLC, 2200004246; Central Analysis Service, LLC, 2200004247; Eldridge Consulting Services, LLC, 2200004248; Renee Hanshaw Consulting, LLC, 2200004249; MDG Examination Consulting, LLC, 2200004251; HBM Consulting Services, LLC, 2200004253; Regulatory Services, LLC, 2200004255; Leduke Financial Consulting, LLC, 2200004256; DK Business Enterprises, LLC, 2200004257.

#### DEPARTMENT OF JUVENILE JUSTICE

Brenda Wilburn, 2200001601; Diamond Drugs, Inc., 2200001605; Jason Hicks, 2200001614; Mid America Health, Inc., 2200001619; National Eye Care, Inc., 2200001620; Necco, Inc., 2200001795; Kinder Haven, 2200002214; American Correctional Association, 2200002472; JAK Correctional Consulting Services, LLC, 2200004487; Keith Hardison, 2200004692.

#### DEPARTMENT OF VETERANS AFFAIRS

Multi, 2200000076; Multi, 2200000083; Multi, 2200000109; Multi, 2200000114; Med Care Pharmacy, LLC, 2200003027; Envivo Health, LLC, 2200003371; Symphony Diagnostics Services NoI., LLC, 2200004292; Baptist Health Deaconess Madisonville, Inc., 2200004393; Baptist Health Deaconess Madisonville, Inc., 2200004430; Mark Tackett MD, 2200004431; Owensboro Health Medical Group, Inc., 2200004437; Guardian Angel Staffing Agency, 2200004542; Worldwide Travel Staffing Limited, 2200004562; Medical Edge Recruitment, LLC, 2200004563; Health Advocates Network, Inc., 2200004564; Hargis & Associates, LLC, 2200004590.

#### DEPARTMENT OF WORKERS' CLAIMS

Blue & Company, LLC, 2200003379; Fair Health, 2200004515; Underwriters Safety and Claims, Inc., 2200004753.

#### EASTERN KENTUCKY UNIVERSITY

PME Kentucky, LLC, 1383-2022; Protocall Services, Inc., 1426-2022; Mountain View Veterinary Services, PLLC, 1430-2022; Crowe, LLP, 1467-2022; Central Kentucky Interpreter Referral, Inc., 1490-2022; Ross Tarrant Architects, Inc., 1496-2022; Omni Architects, 1504-2022.

#### EDUCATION - OFFICE OF THE SECRETARY

Compass Evaluation and Research, 2200004229.

#### FACILITIES & SUPPORT SERVICES

Multi, 2200000106; EOP Architects PSC, 2200004466; Paladin, Inc., 2200004470.

#### FINANCE - OFFICE OF THE SECRETARY

Multi, 2200000061.

#### JUSTICE - OFFICE OF THE SECRETARY

Axis Forensic Toxicology, Inc., 2200003372;

Mark Bernstein, DDS, 2200003445.

#### KENTUCKY COMMISSION ON PROPRIETARY EDUCATION

Dean Dorton Allen Ford, PLLC, 2200004080.

#### KENTUCKY EDUCATIONAL TELEVISION

Dean Dorton Allen Ford, PLLC, 2200004481; Walter D. Crow, 2200004593; Rebecca F. Embry, 2200004632; Roger Bondurant, 2200004633; J. Hill Hamon, 2200004634; William Clint Goins, 2200004679; Rex Hart Consulting, 2200004680; Michelle L. Grant, 2200004681.

#### KENTUCKY EMPLOYERS MUTUAL INSURANCE

KEBCO, Inc., 22-KCO-001; US-Reports, Inc. d/b/a Affirm, 23-AFM-001; KEBCO, Inc., 23-KCO-001; ReEmployAbility, Inc., 23-REA-001.

#### KENTUCKY FISH AND WILDLIFE RESOURCES

Tennessee Technological University, 2200000451-1; United States Fish and Wildlife Service, 2200001707; US Geological Survey, 2200002169; Wood Environment & Infrastructure Solutions, Inc., 2200002572; Barren County Board of Education, 2200002846; University of Kentucky, 2200002851; Murray State University, 2200002856; Tennessee Technological University, 2200002860; University of Kentucky, 2200003041; Ruffed Grouse Society, 2200003045; Office of the Attorney General, 2200004652.

#### KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Morgan Stanley Domestic Holdings, 2200004313; Morgan Stanley Domestic Holdings, 2200004314; Strothman and Company PSC, 2200004316; Strothman and Company PSC, 2200004317; Gabriel Roeder Smith & Company, 2200004320; Libera, Inc., 2200004322.

#### KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

Strothman & Company PSC, 23-001; Dean Dorton Allen Ford, PLLC, 23-002; McGlinchey Stafford, 23-003; Valenti Hanley, PLLC, 23-004; BLX Group, LLC, 23-006; Deloitte & Touche, LLP, 23-008.

#### KENTUCKY PUBLIC PENSIONS AUTHORITY

Reinhart Boerner Vandeuren SC, 2200002493; Sammie Pigg, 2200003085; Umberg Zipser, LLP, 2200003377; Haystackid, LLC, 2200004082; Gabriel Roeder Smith & Company, 2200004391.

#### KENTUCKY STATE FAIR BOARD

Dinsmore & Shohl, LLP, 2200003509.

#### KENTUCKY STATE POLICE

McBrayer, PLLC, 2200003709; Law Enforcement Services, Inc., 2200003948; Powerphone, Inc., 2200003950.

#### KY BOARD OF LICENSURE FOR MASSAGE THERAPY

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Summit 7 Systems, 849; Franklin Covey Client Sales, Inc., 850; Star Educational Programming, LLC, 851; Center for Occupational Research and Development, 852; Myers McRae, Inc., 857; Thorn Run Partners, LLC, 859; Sierra-Cedar Inc., 860; eBusiness Advantage, Inc., 861; E. Clark Toleman, 867; Integra Realty Resources, 868; Bluegrass Valuation Group, LLC, 869; Preston Pulliams, d/b/a Gold Hill Associates, 870; Association of Community College Trustees, Inc., 871; Sign Language Network, Inc., 872; The Center for Accessible Living, Inc., 873; Central Kentucky Interpreter Referral, Inc., 874; Interpreting Services of the Commonwealth, LLC, 875; Language in Motion, LLC, 876; Affordable Language Services, LLC, 878; Lake Cumberland CDL Training School, Inc., 879; Sturgill, Turner, Barker & Moloney, 880; McBrayer, McGinnis, Leslie & Kirkland, PLLC, 881; Walther, Gay & Mack, PLC, 882; Dentons, Bingham, Greenebaum, LLP, 883; Oware Group, 884; AON Consulting, Inc., 885; Statwax, LLC, 886; Northern Kentucky Services for the Deaf, Inc., 887; Dean Dorton Allen Ford, PLLC, 888; FORVIS, 889; Centurion Solutions, LLC, 890; Justify Solutions, 891; The Superlative Group, Inc., 892.

KY TEACHERS RETIREMENT SYSTEM

AC Advanced Cleaning Services, LLC, 2023-0001; SouthEast Printing and Mailing, 2023-0002; Cavanaugh MacDonald, LLC, 2023-0003; Blue and Company, LLC, 2023-0004; Ice Miller, LLP, 2023-0005; McBrayer, PLLC, 2023-0006; Williams and Jensen, PLLC, 2023-0007; Mulloy Borland, LLC, 2023-0008; Vertosoft, LLC, 2023-0010; Stoll Keenon Ogden, PLLC, 2023-009.

LEGISLATIVE RESEARCH COMMISSION

Milliman Solutions, LLC, 2200004608.

MOREHEAD STATE UNIVERSITY

CAPFinancial Partners, LLC, 23-011; Interpreting Service of the Commonwealth, LLC, 23-012.

MURRAY STATE UNIVERSITY

Multi, 001-23; Multi, 002-23; Multi, 003-23; Multi, 004-23; Multi, 005-23; Multi, 006-23; Multi, 007-23; Multi, 008-23; Multi, 009-23; Multi, 010-23; The Segal company (Eastern States), Inc., 017-23; Brailsford & Dunlavey, Inc., 018-23; Capitol Solutions, 019-23; Dean Dorton Allen Ford, PLLC, 020-23; Interpreting Services of the Commonwealth, LLC, 021-23; Collegiate Sports Associates, 022-23; Owen Technologies, LLC, 031-22.

NORTHERN KENTUCKY UNIVERSITY

Manley Burke, LPA, 024-2024; Sigma Systems, Inc., 2023-110; Latiera Brunson Evans, 2023-111; JH Associates, Inc. d/b/a Talent Acquisition Global Group, 2023-112; Moody Nolan, Inc., 2023-114; MPI Consulting, 2023-119; SMG, 2024-102; Multi, 2024-116; Multi, 2024-117; CAPFinancial Partners, LLC,

OCCUPATIONS AND PROFESSIONS

Jeff Knight, 2200002436; PSI Services, LLC, 2200003917; PSI Services, LLC, 2200004288; Dennis Badger & Associates, LLC, 2200004293.

OFFICE OF INSPECTOR GENERAL

Certisurv, LLC, 2200004588.

OFFICE OF THE CONTROLLER

Dressman Benzinger Lavelle PSC, 2200000072; Crown Services, Inc., 2200000118; Management Registry, Inc., 2200000119; AMS Temporaries, Inc., 2200000120; Federal Staffing Resources, LLC, 2200000121; Worldwide Travel Staffing Limited, 2200000122; NR, Inc., 2200000123; RCM Technologies USA, Inc., 2200000124; Cell Staff, LLC, 2200000125; Multi, 2200000134; Home Care Advantage, 2200000184; Ingenesis, Inc., 2200000185; 22nd Century Technologies, Inc., 2200000186; Maxim Healthcare Services, Inc., 2200000187; Tryfacta, Inc., 2200000188.

PERSONNEL - OFFICE OF THE SECRETARY

Premise Health Employer Solutions, LLC, 2200003754.

STATE TREASURER

Discovery Audit Services, LLC, 2200003450; EECS, LLC, 2200003454; Kelmar Associates, LLC, 2200003459; Treasury Services Group, LLC, 2200003460; Duff & Phelps Holdings Corporation d/b/a Kroll Government Solutions, LLC, 2200003463; Innovative Advocate Group, Inc., 2200003464; Specialty Audit Services, LLC, 2200003465.

TOURISM - OFFICE OF THE SECRETARY

Lofthouse Enterprises, 2200003928; The Coraggio Group, Inc., 2200004778.

UNIVERSITY OF KENTUCKY

Lord, Aeck & Sargent, Inc., A221180; Multi, A231000; Multi, A231010; Multi, A231020; Multi, A231030; Multi, A231040; Multi, A231050; Multi, A231060; Multi, A231070; Ologie, LLC, K23-116; The Cornett Group, K23-117; HR Focal Point, LLC, K23-118; Cambridge Associates, K23-119; Labyrinth Solutions, Inc. d/b/a Invenio LSI Consulting, K23-120; Phoenix Business, Inc., K23-121; Dinsmore & Shohl, LLP, K23-122; Born, LLC, K23-123; Karen Billings, K23-124; Kari Maloney, K23-125; Strand Associates, Inc., K23-126; JMIS Kentucky, LLC, K23-127; Ernst & Young, LLP, K23-128; Robert W. Baird & Company, Inc., K23-129; Miller, Canfield, Paddock, and Stone, LLP, K23-130; Kaufman, Hall & Associates, LLC, K23-131; Evora IT Solutions, Inc., K23-132; Impact Advisors, LLC, K23-133; Ankura Consulting Group, LLC, K23-134; Gray Miller Persh, LLP, K23-135; Sturgill Turner Barker & Moloney, PLLC, K23-136; Waller Lansden Dortch and Davis, LLP, K23-137; Judith Jones-Toleman, K23-138; Kriz, Jenkins, Prewitt & Jones, K23-139; Kinkead & Stiltz, PLLC, K23-140; Wyatt Tarrant & Combs, LLP, K23-141; Ware Immigration, K23-142;

Steptoe & Johnson, PLLC, K23-143; Embry Merritt Womack Nance, PLLC, K23-144; Frier & Levitt, LLC, K23-145; Apax Software, K23-146; Baker Donelson Bearman Caldwell & Berkowitz PC, K23-147; Eyman Associates, PC, K23-148; Davis Moore Capital, LLC, K23-149; Blue Cottage Consulting, Inc., K23-150; HealthCare Appraisers, Inc., K23-151; Huron Consulting Services, LLC, K23-152; St. Claire Regional Medical Center, K23-153; Rockcastle Regional Hospital and Respiratory Care Center, Inc., K23-154; Insight Energy, LLC, K23-155; Breakpoint Technology, LLC a division of Dean Dorton Allen Ford, PLLC, K23-156; FORVIS, LLP, K23-157; NAMI Lexington (KY), Inc., K23-158; Milliman, Inc., K23-159; CMTA, Inc., K23-160; Sworn Testimony, PLLC, K23-161; Cenergistic, LLC, K23-162; Stites & Harbison, PLLC, K23-163; Nichols Walter, PLLC, K23-164; Jones Day, K23-165; Oak Ridge Associated Universities, K23-166; Carnegie Dartlet, LLC, K23-167; The Stelter Company, K23-168.

UNIVERSITY OF LOUISVILLE

Learfield Communications, 23-020; 20nine Design Studios, LLC, 23-021; Birdsall, Voss and Associates, Inc., 23-023; Dean Dorton Allen Ford, PLLC, 23-025; Multi, 23-026; Videobred, Inc., 23-027; Meridian Behavioral Health, Inc., 23-028; AGB Search, LLC, 23-029; Greenwood / Asher & Associates, LLC, 23-030; Isaacson Miller, Inc., 23-031; The Spellman Johnson, 23-032; R. William Funk & Associates, 23-033; Sasaki, 23-034; OPM Services, 23-035; Hunton Andrews Kurth, LLP, 23-036; Multi, 23-037; Multi, 23-038; Clifton Larson Allen, LLP, 23-039; Trane U.S., Inc., 23-040; Kaye Bassman International Corporation, 23-042; Multi, 23-043; Multi, 23-044; MooreSauda Technology & Media Group, LLC, 23-045; Prospective Insights, LLC, 23-046; Multi, 23-047; Luckett & Farley Architects, 23-048; CapFinancial Partners, LLC, 23-050; The Segal Company, Inc., 23-057.

WESTERN KENTUCKY UNIVERSITY

Dinsmore and Shohl, LLP, 222324; Kerrick Bachert PSC, 222325; Middleton Reutlinger, 222326; Bowling Green Warren County Community Hospital Corporation d/b/a Medical Center Psychiatry, 222425.

WORKERS' COMPENSATION FUNDING COMMISSION

Deloitte Consulting, LLP, 2200004243.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS

Patrick & Associates, LLC, 2200002674; Kelley Galloway Smith Goolsby, PSC, 2200002675.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Necco, Inc., 2100001972.

DEPARTMENT OF HIGHWAYS

HDR Engineering, Inc., 1000003299; Palmer Engineering Company, 1200000457; URS

Corporation, 1200002258; American Engineers, Inc., 1300002003; HMB Professional Engineers, Inc., 1300002470; Gresham Smith & Partners, 1300002683; URS Corporation, 1500000075; Integrated Engineering, 1500000077; HMB Professional Engineers, Inc., 1500002143; URS Corporation, 1500002149; Cultural Resource Analysts, Inc., 1600003838; HMB Professional Engineers, Inc., 1600003848; Integrated Engineering, 1600004012; Town Branch Tree Experts, Inc., 1700000174; Aecom Technical Services, Inc., 1700002656; Integrated Engineering, 1700002776; DLZ Kentucky, Inc., 1800000372; Garver, LLC, 1800000736; Bluegrass Valuation Group, LLC, 1800001272; QK4, Inc., 1900001905; 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; Aecom Technical Services, Inc., 1900002157; Wood Environment Infrastructure Solutions, Inc., 1900002819; Burgess and Niple, Inc., 1900003425; HDR Engineering, Inc., 1900003978; Integrated Engineering, 1900003980; AECOM Technical Services, Inc., 1900004138; WSP USA, Inc., 1900004146; QK4, Inc., 1900004406; Haworth Meyer Boleyn, Inc., 1900004408; Integrated Engineering, 1900004410; H. W. Lochner, Inc., 1900004969; Palmer Engineering County, 2000002833; Integrated Engineering, 2000002840; Bacon Farmer Workman Engineering & Testing, Inc., 2000004266; WSP USA, Inc., 2000004275; Linebach Funkhouser, Inc., 2000004290; Franklin Price, Inc., 2000004301; Linebach Funkhouser, Inc., 2000004304; Stantec Consulting Services, Inc., 2000004356; HMB Engineers, Inc., 2000004360; Stantec Consulting Services, Inc., 2000004362; HDR Engineering, Inc., 2000004373; Geotechnology, Inc., 2000004374; Geotechnology, Inc., 2000004379; DLZ Kentucky, Inc., 2000004381; WSP USA, Inc., 2000004382; HMB Engineers, Inc., 2000004383; Stantec Consulting Services, Inc., 2000004384; HMB Engineers, Inc., 2000004386; Palmer Engineering Company, 2000004388; Stantec Consulting Services, Inc., 2000004390; HDR Engineering, Inc., 2000004391; Cultural Resource Analysts, Inc., 2000004476; Wood Environment & Infrastructure Solutions, Inc., 2000004477; Cardno, Inc., 2000004478; Bureau Veritas North America, Inc., 2100000546; Gresham Smith, 2100000813; Integrated Engineering, 2100001141; QK4, Inc., 2100003346; KPFF, Inc., 2100003446; Palmer Engineering Company, 2100003447; Stantec Consulting Services, Inc., 2200001125; Haworth Meyer Boleyn, Inc., C-99005065.

DEPARTMENT OF JUVENILE JUSTICE  
Kinder Haven, 2000004316.

FACILITIES & SUPPORT SERVICES

Schnabel Dam Engineering, Inc., 1200002448; Architectural Investments, 2000000358; Omni Architects, 2200001209.

KENTUCKY EMPLOYERS MUTUAL INSURANCE  
HMC Service Company, Inc., 22-HMC-001.

MURRAY STATE UNIVERSITY

Attain Consulting Group, LLC, 014-22; Academic Partnerships, LLC, 019-20; Brailsford & Dunlavey, 021-21; Schmeeckle Research, Inc., 022-22.

OFFICE OF THE CONTROLLER

Dressman Benzinger Lavelle, PSC, 2100000177-1.

UNIVERSITY OF KENTUCKY

K. Norman Berry Associates, PLLC, A201070; Omni Architects, A221130.

UNIVERSITY OF LOUISVILLE

Global Watchmen Associates, LLC, 22-028.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Cumberland River Behavioral Health, Inc., 2200004823; Lifeskills, Inc., 2200004827; Mountain Comprehensive Care Center, 2200004828; New Vista of the Bluegrass, Inc., 2200004831; Green River Regional MHMR Board, Inc., 2200004836.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Multi, 2200000030; Multi, 2200000046; University of Kentucky Research Foundation, 2200001738; University of Kentucky Research Foundation, 2200002013; Baptist Health Care System, Inc., 2200002046; University of Kentucky Research Foundation, 2200002535; Seeds of New Leaf, Inc., 2200002726; Kentucky Alliance of Boys & Girls Clubs, Inc., 2200002754; Lifeskills, Inc., 2200002757; Appalachian Regional Healthcare, Inc., 2200002877; New Vista of the Bluegrass, Inc., 2200002908; New Vista of the Bluegrass, Inc., 2200002968; University of Louisville, 2200003002; University of Kentucky, 2200003457; Green River Regional MHMR Board, Inc., 2200003474; University of Kentucky, 2200003655; New Vista of the Bluegrass, Inc., 2200003810; Young People In Recovery, 2200004182; University of Kentucky Research Foundation, 2200004318.

BOARD OF EXAMINERS OF PSYCHOLOGISTS

Department of Professional Licensing, 2200002254.

BOARD OF LICENSING HEARING AID DEALERS & FITTERS

Department of Professional Licensing, 2200004435.

BOARD OF OPHTHALMIC DISPENSERS

Department of Professional Licensing, 2200002258.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING

Multi, 2200000031; Multi, 2200000032; Multi, 2200000065; Multi, 2200000066; Multi,

2200000067; New Vista Behavioral Healthcare, Inc., 2200002281; University of Kentucky Research Foundation, 2200002396; University of Kentucky Research Foundation, 2200002827; Northern Kentucky Cooperative for Educational Services, Inc., 2200002839; Nursing Home Ombudsman Agency of the Bluegrass, Inc., 2200004259; Green River Area Development District, 2200004261; University of Kentucky Research Foundation, 2200004262; Center for Accessible Living, Inc., 2200004326.

CHFS - OFFICE OF THE SECRETARY

Multi-Vendor, 2200000063; University of Kentucky Research Foundation, 2200003032; Kentucky Personnel Cabinet, 2200003052; University of Kentucky, 2200004045; United Way of Kentucky, Inc., 2200004308; Jefferson County Kipda, 2200004811.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

Hands & Voices of Kentucky, 2200002879; University of Louisville, 2200003028; University of Kentucky Research Foundation, 2200003402; Patient Services, Inc., 2200003419; University of Louisville Physicians, Inc., 2200003421; University of Louisville Research Foundation, 2200003971; Green River Regional MHMR Board, Inc., 2200003987; University of Kentucky Research Foundation, 2200004068; University of Kentucky, 2200004086; La Casita Center, 2200004088; Cerebral Palsy Kids Center, 2200004449.

COUNCIL ON POSTSECONDARY EDUCATION

University of Kentucky Research Foundation, 2200003621; Onegoal, 2200003713; University of Louisville Research Foundation, 2200003995; University of Louisville Research Foundation, 2200004002.

DEPARTMENT FOR COMMUNITY BASED SERVICES

University of Louisville Research Foundation, 2200002523; Kentucky River Community Care, Inc., 2200002566; Youth Villages, Inc., 2200002604; University of Louisville Research Foundation, 2200002742; University of Louisville Research Foundation, 2200002780; Murray State University, 2200002783; University of Kentucky Research Foundation, 2200002801; KVC Behavioral Health Care/Croney & Clark, 2200002885; Childrens Advocacy Centers of Kentucky, 2200002886; Seven Counties Services, Inc., 2200002888; Community Medical Associates, Inc., 2200002899; Center for Human Entrepreneurship Solutions Group, 2200003426; University of Louisville Hospital, 2200003435; Gateway Juvenile Diversion Project, Inc., 2200003712; KVC Behavioral Health Care/Croney & Clark, 2200003776; Seven Counties Services, Inc., 2200003792; Family and Children's Place, Inc., 2200003966; Volunteers of America Mid-States, Inc., 2200004087; Comprehend, Inc., 2200004146; Louisville Jefferson County Metro Government, 2200004282; Kentucky Higher Education Assistance Authority, 2200004361; Kentucky Community and Technical College System,



2200004362.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Kentucky Medical Services Foundation, Inc., 2200003517; Commonwealth Office of Technology, 2200003918.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Multi, 2200000025; Multi, 2200000027; Northern Kentucky Cooperative for Educational Services, Inc., 2200002416; Eastern Kentucky University, 2200003811; American Association of State Service Commissions, 2200004274.

DEPARTMENT FOR INCOME SUPPORT

State of Rhode Island Department of Human Services, 2200002453; Treasurer State of Mississippi, 2200002656.

DEPARTMENT FOR LOCAL GOVERNMENT

Mason County, 2200001636; Harlan County Fiscal Court, 2200002076; City of Morehead, 2200002079; Knott County Fiscal Court, 2200002080; Kenton County Fiscal Court, 2200002118; Christian County, 2200002119; City of Richmond, 2200002122; City of Somerset, 2200003189; Carter County, 2200003409; Henry County, 2200003412; Hart County, 2200004484; Lawrence County, 2200004607; City of Sebre, 2200004624; City of Albany, 2200004651; Barren River Area Development District, 2200004715; Big Sandy Area Development District, 2200004716; Green River Area Development District, 2200004722; Kentuckiana Regional Planning & Development Agency, 2200004724; Lincoln Trail Area Development District, 2200004726; Northern Kentucky Area Development District, 2200004727; Purchase Area Development District, Inc., 2200004729; Eastern Kentucky University, 2200004755.

DEPARTMENT FOR MEDICAID SERVICES

Multi, 2200000077; United Way of the Bluegrass, 2200001417; University of Kentucky Research Foundation, 2200003694; University of Kentucky Research Foundation, 2200003700; Department of Juvenile Justice, 2200003703; University of Kentucky Research Foundation, 2200003707; University of Kentucky Research Foundation, 2200003955; University of Louisville Research Foundation, 2200004066.

DEPARTMENT FOR NATURAL RESOURCES

Kentucky KYTC Capital City Airport, 2200003094.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 2200000042; Multi, 2200000043; Mayo Collaborative Services, LLC, 2200001650; University of Kentucky Research Foundation, 2200002440; University of Louisville Research Foundation, 2200002538; University of Louisville Research Foundation, 2200002562; University of Louisville Research Foundation, 2200002589; University of Louisville Research Foundation, 2200002625; Casey

County Board of Education, 2200002649; University of Louisville Research Foundation, 2200002727; University of Kentucky Research Foundation, 2200002749; University of Louisville Research Foundation, 2200002772; University of Kentucky Research Foundation, 2200002796; University of Louisville Research Foundation, 2200002797; Lincoln Trail Area Development District, 2200002815; University of Kentucky Research Foundation, 2200002816; Brighton Center, Inc., 2200002859; Homeless and Housing Coalition of Kentucky, 2200002881; Community Medical Associates, Inc., 2200002893; Norton Healthcare, 2200003034; Norton Hospital, Inc., 2200003168; Pikeville Medical Center, Inc., 2200003169; University of Kentucky Research Foundation, 2200003170; American Cancer Society, 2200003172; St. Elizabeth Medical Center, 2200003194; University of Kentucky Research Foundation, 2200003196; Center for Human Entrepreneurship Solutions Group, 2200003210; Community Action Kentucky, Inc., 2200003319; Community Medical Associates, Inc., 2200003320; Kentucky Department of Education, 2200003321; Kentucky Cancerlink, Inc., 2200003322; Architects Community Health Coalition, Inc., 2200003428; Foundation for A Healthy Kentucky, 2200003515; University of Kentucky, 2200003635; Norton Healthcare Foundation Department, 2200003638; Pathways, Inc., 2200003639; University of Louisville Research Foundation, 2200003656; University of Louisville Research Foundation, 2200003658; Haven Care Center, 2200003661; Saint Joseph Hospital Foundation, Inc., 2200003695; University of Louisville Research Foundation, 2200003698; Center for Human Entrepreneurship Solutions Group, 2200003704; Kentucky Community and Technical College System, 2200003714; University of Kentucky Research Foundation, 2200003768; University of Kentucky Research Foundation, 2200003772; Community Medical Associates, Inc., 2200003777; University of Kentucky Research Foundation, 2200003781; Healthfirst Bluegrass, Inc., 2200003784; University of Kentucky Research Foundation, 2200003808; University of Louisville Research Foundation, 2200003809; University of Kentucky, 2200003812; Center for Human Entrepreneurship Solutions Group, 2200003834; Healthcare Equipment and Resource Tools, Inc., 2200003837; University of Kentucky Research Foundation, 2200003884; University of Kentucky Research Foundation, 2200003935; University of Louisville Research Foundation, 2200003937; Simon House, Inc., 2200003972; University of Kentucky Research Foundation, 2200003978; University of Kentucky Research Foundation, 2200003979; University of Kentucky Research Foundation, 2200004051; University of Kentucky Research Foundation, 2200004053; University of Kentucky Research Foundation, 2200004055; University of Kentucky Research Foundation, 2200004065; University of Kentucky Research Foundation, 2200004078; University of Kentucky Research Foundation, 2200004154; University of Kentucky Research Foundation, 2200004156; University of Kentucky Research Foundation, 2200004157; University of Kentucky Research Foundation,

2200004183; Norton Healthcare Foundation, 2200004211; University of Louisville Research Foundation, 2200004330; University of Kentucky Research Foundation, 2200004469.

DEPARTMENT FOR WORKFORCE INVESTMENT

Kentucky Valley Education, 2200003953; The Coleridge Initiative, Inc., 2200003965; University of Kentucky Research Foundation, 2200004083; Hope Center, Inc., 2200004201; Kentucky Community and Technical College System, 2200004206; Taylor County Board of Education, 2200004207; Edmonson County Board of Education, 2200004212; Hardin County Board of Education, 2200004213; Jefferson County Board of Education, 2200004215; Jessamine County Board of Education, 2200004216; Kentucky Community and Technical College System, 2200004217; Kentucky Community and Technical College System, 2200004218; Kentucky Community and Technical College System, 2200004220; Kentucky Community and Technical College System, 2200004221; Kentucky Community and Technical College System, 2200004223; Kentucky Community and Technical College System, 2200004225; Kentucky Community and Technical College System, 2200004228; Kentucky Community and Technical College System, 2200004268; Kentucky Community and Technical College System, 2200004271; Kentucky Community and Technical College System, 2200004272; Kentucky Community and Technical College System, 2200004273; Kentucky Community and Technical College System, 2200004275; Kentucky Community and Technical College System, 2200004276; Kentucky Educational Development Corporation, 2200004277; KET Foundation, 2200004278; Laurel County Literacy, Inc., 2200004280; Newport Independent School District, 2200004284; Kentucky Community and Technical College System, 2200004286; The Council of State Governments, 2200004324; Department for Aging and Independent Living, 2200004336; Jobs for Kentucky's Graduates, 2200004338; University of Kentucky Research Foundation, 2200004459; University of Kentucky Research Foundation, 2200004467; University of Kentucky Research Foundation, 2200004468; University of Kentucky Research Foundation, 2200004486; University of Kentucky Research Foundation, 2200004489; University of Kentucky Research Foundation, 2200004490; Center for Accessible Living, Inc., 2200004493; Kentucky Community and Technical College System, 2200004513; Wendell Fosters Campus for Developmental Disabilities, 2200004523; Redwood School and Rehabilitation Center, 2200004524; University of Kentucky Research Foundation, 2200004525; University of Kentucky Research Foundation, 2200004540; University of Kentucky Research Foundation, 2200004541; Jefferson County Board of Education, 2200004565; University of Kentucky Research Foundation, 2200004596; Spalding University, 2200004625; Kentucky Community and Technical College System, 2200004745; Nelson County Board of Education, 2200004756; University of Kentucky Research Foundation, 2200004782.

#### DEPARTMENT OF CORRECTIONS

Multi, 2200000010; Multi, 2200000033; Multi, 2200000132; Hope Center, Inc., 2200001855; Hope Center, Inc., 2200001916.

#### DEPARTMENT OF EDUCATION

Allen County Board of Education, 2200001722; Jefferson County Board of Education, 2200001816; Johnson County Board of Education, 2200001817; Bell County Board of Education, 2200002773; Bullitt County Board of Education, 2200002775; Campbell County Board of Education, 2200002777; Martin County Board of Education, 2200002781; Meade County Board of Education, 2200002917; Meade County Board of Education, 2200002919; Ohio County Board of Education, 2200002920; Paducah Independent School District, 2200002923; University of Louisville Research Foundation, 2200002943; Kentucky Non Public Schools Commission, Inc., 2200003039; University of Louisville Research Foundation, 2200003118; Bullitt County Board of Education, 2200003126; Warren County Board of Education, 2200003272; CHS Department for Public Health, 2200003406; Utah State University, 2200003414; Greenup County Board of Education, 2200003469; KET Foundation, 2200003521; Green River Regional Educational, 2200003600; Augusta Independent School District, 2200003601; Bowling Green Independent School District, 2200003602; Breathitt County Board of Education, 2200003604; The Achievement Network, Ltd., 2200003627; Campbellsville Independent School District, 2200003628; University of Louisville Research Foundation, 2200003652; Morehead State University, 2200003665; Department for Medicaid Services, 2200003717; Nelson County Board of Education, 2200003757; Casey County Board of Education, 2200003758; Henderson County Board of Education, 2200003769; University of Louisville Research Foundation, 2200003814; University of Louisville Research Foundation, 2200003825; University of Kentucky Research Foundation, 2200003835; Kentucky Community and Technical College System, 2200003839; Walton-Verona Independent School District, 2200003854; University of Kentucky Research Foundation, 2200003859; Larue County Board of Education, 2200003906; Leslie County Board of Education, 2200003907; Oldham County Board of Education, 2200003908; Mayfield Independent School District, 2200003916; Russell County Board of Education, 2200003921; Shelby County Board of Education, 2200003925; National Board for Professional Teaching Standards, 2200003931; Madison County Board of Education, 2200003932; Green County Board of Education, 2200003934; Estill County Board of Education, 2200003964; Garrard County Board of Education, 2200003970; Jobs for Kentucky's Graduates, 2200003982; Kentucky Community and Technical College System, 2200003983; Save the Children Federation, Inc., 2200004044; Graves County Board of Education, 2200004054; Kentucky Valley Education, 2200004062; National Center for Families Learning, 2200004064; Kentucky Educational Development Corporation, 2200004081; Kentucky Valley Education, 2200004147; Northern

Kentucky Cooperative for Educational Services, Inc., 2200004148; Southeast/Southcentral Educational Cooperative, 2200004149; Ohio Valley Educational Cooperative, 2200004152; Central Kentucky Educational Cooperative, 2200004155; West Kentucky Educational Cooperative, 2200004158; Western Kentucky University, 2200004168; Bowling Green Independent School District, 2200004175; Williamstown Board of Education, 2200004178; American Institutes for Research In the Behavioral Sciences, 2200004189; Cognia, Inc., 2200004195; Central Kentucky Educational Cooperative, 2200004238; Casey County Board of Education, 2200004241; Nelson County Board of Education, 2200004264; Clay County Board of Education, 2200004267; Boone County Board of Education, 2200004291; Boyd County Board of Education, 2200004311; Madison County Board of Education, 2200004319; Madison County Board of Education, 2200004323; Northern Kentucky Cooperative for Educational Services, Inc., 2200004332; Knox County Board of Education, 2200004342; Corbin Independent School District, 2200004409; Clark County Board of Education, 2200004411; Wayne County Board of Education, 2200004413; Western Kentucky University, 2200004414; Clark County Board of Education, 2200004416; Clark County Board of Education, 2200004417; Shelby County Board of Education, 2200004424; Owen County Board of Education, 2200004425; Perry County Board of Education, 2200004427; Muhlenberg County Board of Education, 2200004428; Eastern Kentucky University, 2200004429; Kentucky School Board Association Educational Foundation, Inc., 2200004432; Murray State University, 2200004436; Fayette County Board of Education, 2200004442; Fayette County Board of Education, 2200004443; Fayette County Board of Education, 2200004444; Fayette County Board of Education, 2200004445; Fayette County Board of Education, 2200004447; Fayette County Board of Education, 2200004448; Fayette County Board of Education, 2200004450; Fayette County Board of Education, 2200004451; Fayette County Board of Education, 2200004452; Kentucky Educational Development Corporation, 2200004454; Kentucky Valley Education, 2200004455; Northern Kentucky Cooperative for Educational Services, Inc., 2200004456; Southeast/Southcentral Educational Cooperative, 2200004457; KET Foundation, 2200004458; Frankfort Independent School District, 2200004460; Fayette County Board of Education, 2200004461; Ohio Valley Educational Cooperative, 2200004462; Fayette County Board of Education, 2200004463; Fayette County Board of Education, 2200004464; West Kentucky Educational Cooperative, 2200004465; Madison County Board of Education, 2200004474; Knox County Board of Education, 2200004475; Bourbon County Board of Education, 2200004477; Warren County Board of Education, 2200004480; Franklin County Board of Education, 2200004485; Montgomery County Board of Education, 2200004491; Robertson County Board of Education, 2200004494; Montgomery County Board of Education, 2200004496; Montgomery County Board of Education, 2200004497; Shelby County Board of Education, 2200004498; Wolfe

County Board of Education, 2200004499; Shelby County Board of Education, 2200004500; Shelby County Board of Education, 2200004501; Pulaski County Board of Education, 2200004502; Woodford County Board of Education, 2200004503; Johnson County Board of Education, 2200004504; Clay County Board of Education, 2200004505; Woodford County Board of Education, 2200004506; Hopkins County Board of Education, 2200004507; Hopkins County Board of Education, 2200004508; Knott County Board of Education, 2200004509; Franklin County Board of Education, 2200004512; University of Kentucky Research Foundation, 2200004519; American Institutes for Research In the Behavioral Sciences, 2200004545; Ohio Valley Educational Cooperative, 2200004547; Marion County Board of Education, 2200004575.

#### DEPARTMENT OF JUVENILE JUSTICE

University of Kentucky, 2200001460; Lexington Fayette Urban County Government, 2200001469; Father Maloney's Boys Haven, Inc., 2200002202; Foothills Academy, Inc., 2200002204; The Methodist Home of Kentucky, Inc., 2200002208; Ramey Estep Homes, Inc., 2200002209; University of Kentucky, 2200002228; Boyle County Board of Education, 2200002357; Bullitt County Board of Education, 2200002370; Calloway County Board of Education, 2200002372; Campbell County Board of Education, 2200002374; Clark County Board of Education, 2200002375; Corbin Independent School District, 2200002376; Franklin County Board of Education, 2200002377; Hopkins County Board of Education, 2200002379; Knox County Board of Education, 2200002381; Laurel County Board of Education, 2200002384; Madison County Board of Education, 2200002386; Mercer County Board of Education, 2200002388; Ohio County Board of Education, 2200002389; Pike County Board of Education, 2200002391; Pulaski County Board of Education, 2200002392; Shelby County Board of Education, 2200002393; Warren County Board of Education, 2200002394; Kentucky Department of Education, 2200003006; University of Kentucky Research Foundation, 2200003197; Kentucky School Boards Association, 2200003829; Franklin County Board of Education, 2200003952.

#### DEPARTMENT OF MILITARY AFFAIRS

Eminence Independent Board of Education, 2200002367; Louisville & Jefferson MSD, 2200004071; Louisville & Jefferson MSD, 2200004073; Louisville & Jefferson MSD, 2200004074.

#### DEPARTMENT OF VETERANS AFFAIRS

North Fork Valley Community Health, 2200002461; North Fork Valley Community Health, 2200002465; Department of Medicaid Services, 2200004810.

#### EDUCATION - OFFICE OF THE SECRETARY

Kentucky Entrepreneurship Education Network, Inc., 2200003681; Allen County Health Department, 2200003866; Anderson County Board of Education, 2200003867; Boyle County Health

Department, 2200003868; Casa of Calloway & Marshall Counties, 2200003869; Center for Rural Development, 2200003870; Child Care Council of Kentucky, 2200003871; Clinton County Board of Education, 2200003872; Community Action Lex/Fayette, 2200003873; Corbin Public Library, 2200003874; Foundation for Appalachian Kentucky, Inc., 2200003875; Hardin County Board of Education, 2200003876; Johnson County Public Library, 2200003878; Kenton County Public Library, 2200003879; Lyon County Board of Education, 2200003880; Metro United Way, Inc., 2200003886; Pikeville Area Family YMCA, Inc., 2200003892; Rowan County Board of Education, 2200003893; University of Kentucky Research Foundation, 2200003960; Shaping Our Appalachian Region, Inc., 2200003962; Western Kentucky University, 2200004298; Williamstown Board of Education, 2200004299; Wolfe County Board of Education, 2200004300.

EDUCATION AND LABOR CABINET

Governors Scholar's Program, Inc., 2200004749.

EMPLOYMENT SERVICES

Multi, 2200000108; University of Kentucky Research Foundation, 2200003617.

JUSTICE - OFFICE OF THE SECRETARY

University of Kentucky, 2200003073.

KENTUCKY ENVIRONMENTAL EDUCATION COUNCIL

Kentucky Association for Environmental Education, 2200003163; Kentucky Association for Environmental Education, 2200004049.

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Kentucky Higher Education Assistance Authority, 2200003277; Kentucky Higher Education Student Loan Corporation, 2200004310; Asset Resolution Corporation, 2200004312.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

Kentucky Higher Education Assistance Authority, 23-005; Asset Resolution Corporation, 23-007.

KENTUCKY HORSE PARK

Georgetown Scott County Parks and Recreation, 2200003351.

KENTUCKY STATE FAIR BOARD

Louisville Jefferson County Metro Government, 2200004294.

KENTUCKY STATE POLICE

Kentucky Medical Services Foundation, Inc., 2200002516.

KY BOARD OF LICENSURE FOR MASSAGE THERAPY

Department of Professional Licensing, 2200002251.

KY BOARD OF LICENSURE FOR PRIVATE INVESTIGATORS

Department of Professional Licensing, 2200002272.

OFFICE OF ADMINISTRATIVE SERVICES

Kentucky Labor Cabinet, 2200002929.

OFFICE OF INSPECTOR GENERAL

University of Kentucky Research Foundation, 2200002934; Altarum Institute, 2200003137; Create Circles Corporation, 2200004240.

PERSONNEL - OFFICE OF THE SECRETARY

Kentucky Medical Services Foundation, Inc., 2200003495.

PUB PROTECTION - OFFICE OF THE SECRETARY

Kentucky Habitat for Humanity, 2200004377; Mayfield Rotary Foundation, 2200004401; Mayfield/Graves County Fuller Center for Housing, 2200004402.

TRANSPORTATION - OFFICE OF THE SECRETARY

Northern Kentucky University Research Foundation, 2200004750.

UNIVERSITY OF KENTUCKY

Southeast Kentucky Community & Technical College, 001-23; Gateway Community & Technical College, 002-23; Murray State University, 006-23.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Communicare, Inc., 2100003231.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

University of Kentucky, 2000002942.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING

New Vista Behavioral Healthcare, Inc., 2000001714.

COUNCIL ON POSTSECONDARY EDUCATION

University of Kentucky Research Foundation, 2000003508; University of Louisville Research Foundation, 2000003761; Central Kentucky Educational Cooperative, 2200002340.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

University of Louisville Research Foundation, 2100002433.

DEPARTMENT FOR LOCAL GOVERNMENT

City of Campton, 1900003659; Bluegrass Area Development District, 2100000393; Lake Cumberland Area Development District, 2100000401; Purchase

Area Development District, Inc., 2100000405; City of Louisa, 2200000233.

DEPARTMENT FOR PUBLIC HEALTH

LivWell Community Health Services, 2000001640; Matthew 25 Aids Services, Inc., 2000002387; University of Kentucky, 2000004104.

DEPARTMENT OF EDUCATION

Indiana University, 2100002292; Eastern Kentucky University, 2100002613; Murray State University, 2100002918; Buck Institute for Education, 2200000208; Morehead State University, 2200000255; Kentucky Science Teachers Association, 2200000692; KET Foundation, 2200001068; Kentucky Authority for Educational Television, 2200001240; Save the Children Federation, Inc., 2200001877; Green River Regional Educational, 2200002222; KET Foundation, 2200002766.

DEPARTMENT OF JUVENILE JUSTICE

Father Maloney's Boys Haven, Inc., 2000003276.

THE FOLLOWING KENTUCKY ENTERTAINMENT INCENTIVE PROGRAM AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ECON DEV - OFFICE OF THE SECRETARY

M30 Oxy Movie, LLC, 2200004636; Coury Deeb, 2200004640; Jagged Little Pill Tour, LLC, 2200004670; Look Both Ways Productions, LLC, 2200004744; Muzzle Productions, Inc., 2200004779.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF EDUCATION

Human Resources Research Organization, 2200003905. Karen Wirth and Rhonda Sims, and Thomas Wood Tucker 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.

DEPARTMENT OF EDUCATION

Engage! Learning, LLC, 2200004139. Thomas Woods-Tucker and Karen Wirth discussed the contract with the committee. A motion was made by Senator Southworth to disapprove the contract. The motion failed due to the lack of a second. A motion was made by Senator Yates to consider the contract as reviewed. Representative Minter seconded the motion, which passed with Senator Southworth and Representative Hart voting no.

DEPARTMENT OF INSURANCE

Lewis & Ellis, Inc., 2200003939; Lewis & Ellis, Inc., 2200003942. Sharon Clark discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Minter seconded the motion, which passed.

#### NORTHERN KENTUCKY UNIVERSITY

Sturgill Turner Barker & Moloney, PLLC, 020-2024; Stites & Harbison, PLLC, 021-2024; Dressman Benzinger & Lavelle, 022-2024; Ziegler & Schneider, PSC, 023-2034; Dinsmore and Shohl, LLP, 025-2024. Carmen Hickerson and Elizabeth Meiszer discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Bowling seconded the motion, which passed.

#### OFFICE OF THE CONTROLLER

Goldberg Simpson, LLC, 2200000085; McBrayer, PLLC, 2200000097; Vanantwerp Attorneys, LLP, 2200000098; Logan & Gaines PLLC, 2200000099. Brian Thomas discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Minter seconded the motion, which passed.

#### THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

#### OFFICE OF THE CONTROLLER

Wayne County Board of Education, 2200000005. Brian Thomas and Hilarye Dailey discussed the contract with the committee. A motion was made by Representative Koch to withdraw contract PON2 540 2200000005, Wayne County Board of Education and insert PON3 758 2200000005, Diamond Drugs and defer the contract to the August 2022 committee meeting. Senator Southworth seconded the motion, which passed.

#### THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

#### BOARD OF ELECTIONS

Barren County Treasurer, 2200003440; Graves County Treasurer, 2200004344. Karen Sellers, Richard House, and Taylor Brown discussed the contracts with the committee. A motion was made by Representative Bowling to consider the contracts as reviewed. Senator Douglas seconded the motion, which passed with Senator Southworth voting no.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

Third Sector Capital Partners, Inc., 2200001845; University of Louisville Research Foundation, 2200003025. Jason Dunn, Lesa Dennis, and Melanie Taylor discussed the contracts with the committee. A motion was made by Senator Yates to consider the contracts as reviewed. Representative Minter seconded the motion, which failed with Senator Douglas, Senator Southworth, Representative Bowling, Representative Hart, Senator Meredith and Representative Koch voting no.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

Third Sector Capital Partners, Inc., 2200001845. Jason Dunn, Melanie Taylor, and Lesa Dennis

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 Senator Douglas, Senator Southworth, and Senator Meredith voting no.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

University of Louisville Research Foundation, 2200003025. Jason Dunn, Melanie Taylor, and Lesa Dennis discussed the contract with the committee. A motion was made by Representative Bowling to disapprove the contract. Senator Southworth seconded the motion, which passed with Senator Yates and Representative Minter voting no.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

National Council on Crime and Delinquency, 2200003121. Jason Dunn, Melanie Taylor, and Lesa Dennis discussed the contract with the committee. A motion was made by Senator Yates to consider the contract as reviewed. Representative Bowling seconded the motion, which passed.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

University of Louisville Research Foundation, 2200004577. Jason Dunn, Lesa Dennis, and Melanie Taylor discussed the contract with the committee. A motion was made by Senator Yates to consider the contract as reviewed. Senator Southworth seconded the motion, which passed.

#### DEPARTMENT FOR PUBLIC HEALTH

University of Louisville Research Foundation, 2200002457. Sue Thomas-Cox and Janet Luttrell discussed the contract with the committee. A motion was made by Senator Southworth to consider the contract as reviewed. Senator Yates seconded the motion, which passed.

#### DEPARTMENT FOR PUBLIC HEALTH

St. Joseph Catholic Orphan Society, 2200003711. Vivian Lasley-Bibbs discussed the contract with the committee. A motion was made by Senator Yates to consider the contract as reviewed. Senator Meredith seconded the motion, which passed.

#### DEPARTMENT FOR PUBLIC HEALTH

University of Kentucky Research Foundation, 2200003719. Bob James 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 Southworth voting no.

#### DEPARTMENT FOR PUBLIC HEALTH

Community Health Centers of Western Kentucky, Inc., 2200003787. Shelley Wood and Gina Brien 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 Southworth voting to pass.

#### DEPARTMENT FOR PUBLIC HEALTH

Lewis County Primary Care Center, Inc., 2200003863. Shelley Wood and Gina Brien discussed the contract with the committee. A motion was made by Senator Southworth to consider the contract as reviewed. Senator Yates seconded the motion, which passed with Senator Southworth voting to pass.

#### DEPARTMENT FOR PUBLIC HEALTH

Foundation for A Healthy Kentucky, 2200004327. Bob James 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 Southworth and Representative Hart voting no and Senator Douglas and Representative Bowling voting to pass.

#### DEPARTMENT FOR PUBLIC HEALTH

Western Kentucky University, 2200004539. Vivian Lasley-Bibbs 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 Senator Douglas and Senator Southworth voting to pass.

#### DEPARTMENT OF EDUCATION

Central Kentucky Educational Cooperative, 2200003773. Karen Wirth and Thomas Woods Tucker 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 OF EDUCATION

Green River Regional Educational, 2200003912. Karen Wirth and David Cook discussed the contract with the committee. A motion was made by Representative Minter to consider the contract as reviewed. Representative Bowling seconded the motion, which passed.

#### DEPARTMENT OF EDUCATION

Shelby County Board of Education, 2200004423. Karen Wirth and Micki Ray discussed the contract with the committee. A motion was made by Representative Bowling to consider the contract as reviewed. Senator Douglas seconded the motion, which passed.

There being no further business, the meeting adjourned at 10:53 AM.

## **GOVERNMENT CONTRACT REVIEW COMMITTEE**

### **Committee Minutes**

August 9, 2022

### **Call to Order and Roll Call**

The Government Contract Review Committee met on Tuesday, August 9, 2022, 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; Senators Donald Douglas, and Adrienne Southworth; Representatives Adam Bowling, Mark Hart, and Patti Minter.

Guests: Brian Thomas, Hilarye Dailey, Les Forsythe, Jennifer Breiwa Smith, Mary Bailey, Karen Sellers, Taylor Brown, Jacob Fouts, Michael Bowman, Oran McFarland, Karen Wirth, Thomas Woods-Tucker, Damien Sweeney, Greta Hylton, Christina Weeter, Kelly Foster, Carol Ann Morrison, and Lona Brewer.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Representative Bowling to approve Minutes of the July 2022, meeting of the committee. Senator Douglas seconded the motion, which passed without objection.

### **JULY DEFERRED ITEM:**

#### **OFFICE OF THE CONTROLLER**

Diamond Drugs, Inc., PON3 758 2200000005. Brian Thomas and Hilarye Dailey 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.

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 Minter 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 Minter 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 Minter 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 Minter seconded the motion, which passed without objection.

A motion was made by Representative Koch to consider as reviewed the Kentucky Entertainment Incentive Program Agreements List, with exception of those items selected for further review by members of the committee. Representative Minter seconded the motion, which passed without objection.

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

### **THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:**

#### **ADMINISTRATIVE OFFICE OF THE COURTS**

MCM CPAS & Advisors, LLP, 2200004579; Dentons Bingham Greenebaum, LLP, 2200004704; University of Kentucky, 2200004817; Emergency Shelter of Northern Kentucky, 2300000081; Northkey Community Care, 2300000268.

#### **BOARD OF EXAMINERS OF SOCIAL WORK**

Goldberg Simpson, LLC, 2300000036; Scanlan Associates, LLC, 2300000172.

#### **DEPARTMENT FOR PUBLIC ADVOCACY**

Bode Cellmark Forensics, Inc., 2200004537.

#### **DEPARTMENT FOR PUBLIC HEALTH**

Milliman, Inc., 2300000011.

#### **DEPARTMENT OF CORRECTIONS**

Napier Counseling, Inc., 2200004622.

#### **DEPARTMENT OF HIGHWAYS**

Vaughn and Melton, 2300000047; Prime AE Group, Inc., 2300000049; Aecom Technical Services, Inc., 2300000190; QK4, Inc., 2300000192; Michael Baker International, Inc., 2300000194; Prime AE Group, Inc., 2300000195.

#### **DEPARTMENT OF JUVENILE JUSTICE**

Gateway Juvenile Diversion Project, Inc., 2200002213; Necco, Inc., 2200002215; Shannon L. Smith-Stephens DNP APRN-BC, PLLC, 2200003503; Shannon L. Smith-Stephens DNP APRN-BC, PLLC, 2200004190; Angela Jessie, 2200004193; Brenda Wilburn, 2200004194; Shannon L. Smith-Stephens DNP APRN-BC, PLLC, 2200004522; Raymond F. Debolt, 2200004690; Paul L. Whalen, 2200004691; Shannon L. Smith-Stephens DNP APRN-BC, PLLC, 2300000001; Shannon L. Smith-Stephens DNP APRN-BC, PLLC, 2300000002.

#### **DEPARTMENT OF VETERANS AFFAIRS**

360care, LLC, 2300000017.

#### **FACILITIES & SUPPORT SERVICES**

Strand Associates, Inc., 2200004839.

#### **KENTUCKY EMPLOYERS MUTUAL INSURANCE**

Casualty Actuarial Consultants, Inc., 23-CAC-001; IIA Quality Services, LLC, 23-IIA-001.

#### **KENTUCKY FISH AND WILDLIFE RESOURCES**

University of Louisville Research Foundation, 2200002171; University of Georgia Research Foundation, Inc., 2200002855; Kentucky Hunters for the Hungry, Inc., 2200002857; University of Kentucky Research Foundation, 2200004829; University of Kentucky Research Foundation, 2200004830.

#### **KENTUCKY PUBLIC PENSIONS AUTHORITY**

CEM Benchmarking, Inc., 2200004544.

#### **LEGISLATIVE RESEARCH COMMISSION**

CGI Technologies and Solutions, Inc., 22/23-45.

#### **MURRAY STATE UNIVERSITY**

Ruffalo Noel Levitz, LLC, 023-23.

#### **NORTHERN KENTUCKY UNIVERSITY**

Ruffalo Noel Levitz (RNL), 2023-120.

#### **PERSONNEL - OFFICE OF THE SECRETARY**

Aon Consulting, Inc., 2200003957.

#### **UNIVERSITY OF KENTUCKY**

THP Limited, A231080; Advanced Fiber Technologies, Inc., K23-169; Cornerstone Government Affairs, K23-170; William O. Cleverley Associates, Inc., K23-171; APAX Software, K23-172; Dinsmore & Shohl, LLP, K23-173; Benson Law Offices, K23-174; Powers Pyle Sutter & Verville, PC, K23-175; Stoll Kennon & Ogden, PLLC, K23-176.

#### **UNIVERSITY OF LOUISVILLE**

Multi, 23-051; Multi, 23-052; Multi, 23-053; Multi, 23-054; Multi, 23-058; Husch Blackwell, LLP, 23-060.

#### **WESTERN KENTUCKY UNIVERSITY**

The Scorer's Table, 222328; Sublime Media Group, 222329; codelab303, 222330; Bowling Green Warren County Community Hospital Corporation d/b/a Medical Center Psychiatry, 222430.

### **THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:**

#### **BOARD OF MEDICAL LICENSURE**

Multi, 2200000053.

#### **DEPARTMENT OF HIGHWAYS**

Tunnel Management, Inc., 1000002437; Palmer Engineering Company, 1300001582; GRW Engineers, Inc., 1300002158; Stantec Consulting Services, Inc., 1400000824; Palmer Engineering Company, 1500001636; Stantec Consulting Services, Inc., 1800001566; GRW Engineers, Inc., 1900002525; Burgess and Niple, Inc., 2200001433; Peraton, Inc., 2200001543; Strand Associates, Inc., 2200002111.

#### **EASTERN KENTUCKY UNIVERSITY**

Charles River Discovery Research Services, 1400-2022.

#### **FACILITIES & SUPPORT SERVICES**

Stantec Consulting Services, Inc., 1700001105; Paladin, Inc., 2100001812; Biagi Chance Cummins London Titzer, Inc., 2100002891.

### **THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:**

#### **BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES**

Appalachian Regional Healthcare, Inc., 2200004639.



COUNCIL ON POSTSECONDARY EDUCATION  
Floyd County Board of Education, 2200004549;  
Daviess County Board of Education, 2200004617;  
Board of Control for Southern Regional Education,  
2200004683.

DEPARTMENT FOR FAMILY RESOURCE  
CENTERS & VOLUNTEER SERVICES  
Jefferson County Board of Education,  
2200003019.

DEPARTMENT FOR LOCAL GOVERNMENT  
City of Manchester, 2200002541; Menifee  
County Fiscal Court, 2200002910; Rowan County  
Fiscal Court, 2200003499; Pike County Fiscal  
Court, 2200003858; Livingston County Fiscal  
Court, 2200004626; Todd County, 2200004686;  
Clark County Fiscal Court, 2200004689; Bluegrass  
Area Development District, 2200004717; Buffalo  
Trace Area Development District, 2200004718;  
Cumberland Valley Area Development District,  
2200004719; Fivco Area Development District,  
2200004720; Gateway Area Development District,  
2200004721; Kentucky River Area Development  
District, 2200004723; Lake Cumberland Area  
Development District, Inc., 2200004725; Pennyryle  
Area Development, 2200004728; Boyd County Fiscal  
Court, 2200004767; City of Hazard, 2200004809; The  
Appalachian Wildlife Foundation, Inc., 2200004812;  
Montgomery County, 2200004814; Paducah  
Symphony Orchestra, 2300000041; Backroads of  
Appalachia, Inc., 2300000042; Rough River Business  
& Tourism Association, Inc., 2300000048; City of  
Murray, 2300000058; Volunteers of America Mid-  
States, Inc., 2300000182.

DEPARTMENT FOR PUBLIC HEALTH  
Kentucky Rural Health Associates, 2200004784.

DEPARTMENT FOR WORKFORCE INVESTMENT  
University of Kentucky Research Foundation,  
2200004818.

DEPARTMENT OF EDUCATION  
Laurel County Board of Education, 2200004306;  
Jefferson County Board of Education, 2200004331;  
Jefferson County Board of Education, 2200004397;  
Jefferson County Board of Education, 2200004398;  
Fayette County Board of Education, 2200004616;  
Eastern Kentucky University, 2200004618;  
Indiana University, 2200004620; Central Kentucky  
Educational Cooperative, 2200004688; Anderson  
County Board of Education, 2200004731; Ashland  
Board of Education, 2200004732; Calloway County  
Board of Education, 2200004733; Simpson County  
Board of Education, 2200004734; Kentucky Valley  
Education, 2200004735; Kentucky Educational  
Development Corporation, 2200004754; The  
National Center for the Improvement of Education.  
Assess, Inc., 2200004804; Fayette County Board of  
Education, 2300000005; West Kentucky Educational  
Cooperative, 2300000046; Kentucky Educational  
Development Corporation, 2300000051; Green  
River Regional Educational, 2300000052; Pulaski  
County Board of Education, 2300000055; Kentucky  
Valley Education, 2300000061; Northern Kentucky

Cooperative for Educational Services, Inc.,  
2300000062.

DEPARTMENT OF JUVENILE JUSTICE  
Volunteers of America Mid-States, Inc.,  
2200003418; Youth Advocate Programs, Inc.,  
2200004609; Youth Advocate Programs, Inc.,  
2200004612; Youth Advocate Programs, Inc.,  
2200004619.

DEPARTMENT OF MILITARY AFFAIRS  
Scott County Fiscal Court, 2200004089;  
University of Kentucky Research Foundation,  
2200004743.

EDUCATION AND LABOR CABINET  
Madison County Public Library, 2200003881;  
McLean County Board of Education, 2200003883;  
Heuser Hearing Institute, 2300000107.

KENTUCKY FISH AND WILDLIFE RESOURCES  
Tennessee Technological University,  
2200003279.

KENTUCKY HERITAGE COUNCIL  
American Battlefield Trust, 2200004759.

UNIVERSITY OF KENTUCKY  
Northern Kentucky University, 013-23; Bluegrass  
Community & Technical College, 015-23.

THE FOLLOWING MEMORANDA OF  
AGREEMENT AMENDMENTS WERE  
REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR LOCAL GOVERNMENT  
City of Vanceburg, 2000001482.

DEPARTMENT OF EDUCATION  
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; University of Kentucky Research  
Foundation, 2200000693; Bowling Green  
Independent School District, 2200004175; Kentucky  
Educational Development Corporation, 2200004305;  
Ohio Valley Educational Cooperative, 2200004547.

JUSTICE - OFFICE OF THE SECRETARY  
Volunteers of America Mid-States, Inc.,  
2200003340.

TRANSPORTATION - OFFICE OF THE  
SECRETARY  
Kentucky Community and Technical College  
System, 2200002112.

UNIVERSITY OF KENTUCKY  
Murray State University, 012-23.

THE FOLLOWING KENTUCKY  
ENTERTAINMENT INCENTIVE PROGRAM  
AGREEMENTS WERE REVIEWED WITHOUT  
OBJECTION:

ECON DEV - OFFICE OF THE SECRETARY  
Dandelion, LLC, 2300000200; Love At the  
Lake House, LLC, 2300000201; Sunshine Films  
Florida, LLC, 2300000205; Sunshine Films Florida,  
LLC, 2300000206; Prosper Media Group, Inc.,  
2300000207.

THE FOLLOWING PERSONAL SERVICE  
CONTRACTS WERE SELECTED FOR  
FURTHER REVIEW:

WESTERN KENTUCKY UNIVERSITY  
Contemporary Services Corporation, 222331.  
Les Forsythe and Jennifer Breiwa Smith discussed  
the contract with the committee. 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.

THE FOLLOWING PERSONAL SERVICE  
AMENDMENTS WERE SELECTED FOR  
FURTHER REVIEW:

PERSONNEL - OFFICE OF THE SECRETARY  
Korn Ferry (US), Inc., 2200002760. Mary  
Bailey discussed the contract with the committee. A  
motion was made by Senator Southworth to defer the  
contract to the September 2022 committee meeting.  
Representative Bowling seconded the motion, which  
passed.

THE FOLLOWING MEMORANDA OF  
AGREEMENTS WERE SELECTED FOR  
FURTHER REVIEW:

BOARD OF ELECTIONS  
Shelby County Treasurer, 2200002648. Karen  
Sellers and Taylor Brown discussed the contract  
with the committee. A motion was made by Senator  
Southworth to disapprove the contract. The motion  
failed due to the lack of a second. A motion was made  
by Representative Koch to consider the contract as  
reviewed. Representative Minter seconded the motion,  
which passed with Senator Southworth voting no.

DEPARTMENT FOR WORKFORCE INVESTMENT  
West Kentucky Educational Cooperative,  
2200004222; Morehead State University,  
2200004281; National Center for Families Learning,  
2200004283; Thorn Hill Education Center, Inc.,  
2200004285; University of Kentucky, 2200004805;  
Morehead State University, 2200004807. Jacob Fouts,  
Michael Bowman, and Oran McFarland discussed the  
contracts with the committee. A motion was made  
by Representative Koch to consider the contracts  
as reviewed. Senator Douglas seconded the motion,  
which passed with Senator Meredith voting no.

DEPARTMENT OF EDUCATION  
Jefferson County Board of Education,

2200004348; Jefferson County Board of Education, 2200004352; Jefferson County Board of Education, 2200004353; Jefferson County Board of Education, 2200004354; Jefferson County Board of Education, 2200004355; Jefferson County Board of Education, 2200004356; Jefferson County Board of Education, 2200004357; Jefferson County Board of Education, 2200004358; Jefferson County Board of Education, 2200004368; Jefferson County Board of Education, 2200004369; Jefferson County Board of Education, 2200004370; Jefferson County Board of Education, 2200004372; Jefferson County Board of Education, 2200004376; Jefferson County Board of Education, 2200004378; Jefferson County Board of Education, 2200004380; Jefferson County Board of Education, 2200004390; Jefferson County Board of Education, 2200004392; Jefferson County Board of Education, 2200004395; Jefferson County Board of Education, 2200004396; Ohio Valley Educational Cooperative, 2300000019. Karen Wirth, Kelly Foster, Thomas Woods-Tucker, Damien Sweeney, Greta Hylton, Christina Weeter, and Carol Ann Morrison discussed the contracts with the committee. A motion was made by Senator Southworth to consider the contracts as reviewed. Representative Bowling seconded the motion, which passed.

#### DEPARTMENT OF EDUCATION

Jefferson County Board of Education, 2200004360; Jefferson County Board of Education, 2200004366; Northern Kentucky Cooperative for Educational Services, Inc., 2200004598; Kentucky Educational Development Corporation, 2200004613. Karen Wirth, Thomas Woods-Tucker, and Damien Sweeney discussed the contracts with the committee. A motion was made by Senator Southworth to disapprove the contracts. Representative Hart seconded the motion, which passed with Representative Minter voting no.

#### DEPARTMENT OF EDUCATION

Jefferson County Board of Education, 2200004364; Jefferson County Board of Education, 2200004367; Jefferson County Board of Education, 2200004387; Jefferson County Board of Education, 2200004388. Karen Wirth discussed the contracts with the committee. A motion was made by Senator Southworth to consider the contracts as reviewed. Representative Minter seconded the motion, which passed.

#### EDUCATION AND LABOR CABINET

Kentucky Chamber Foundation, Inc., 2300000031. Oran McFarland and Michael Bowman discussed the contract with the committee. A motion was made by Representative Koch to consider the contract as reviewed. Representative Minter seconded the motion, which passed.

#### OFFICE OF ENERGY POLICY

Bluegrass Greensource, Inc., 2200004375. Lona Brewer 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 with Senator Meredith voting no.

#### EXEMPTION REQUESTS:

##### ENERGY AND ENVIRONMENT CABINET:

The Energy & Environment Cabinet, Division of Abandoned Mine Lands (DAML) requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the biennium and an exemption from routine Government Contract Review Committee process for the AML Bipartisan Infrastructure Law Program. A motion was made by Representative Koch to grant the request to December 31, 2027. Representative Minter seconded the motion, which passed without objection.

##### ENERGY AND ENVIRONMENT CABINET:

The Energy & Environment Cabinet, Division of Abandoned Mine Lands (DAML) requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the biennium and an exemption from routine Government Contract Review Committee process for the AML Water Supply Restoration Program. A motion was made by Representative Koch to grant the request to December 31, 2025. Representative Minter seconded the motion, which passed without objection.

##### ENERGY AND ENVIRONMENT CABINET:

The Energy & Environment Cabinet, Division of Abandoned Mine Lands (DAML) requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the biennium and an exemption from routine Government Contract Review Committee process for the AML Economic Revitalization Program. A motion was made by Representative Koch to grant the request to December 31, 2025. Representative Minter seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 11:04 AM.

## **MEDICAID OVERSIGHT AND ADVISORY COMMITTEE**

### **Minutes**

July 7, 2022

#### **Call to Order and Roll Call**

The Medicaid Oversight and Advisory Committee meeting was held on Thursday, July 7, 2022, at 9:00 AM, in Room 131 of the Capitol Annex. Representative Daniel Elliott, 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 Steve Sheldon, and Lisa Willner.

Guests: Dr. Jonathan Rich, DMD, President, Kentucky Dental Association; Ronnie Coleman, Vice President, Government and External Affairs, Benevis; Lisa Lee, Commissioner, Leslie Hoffmann, Deputy

Commissioner, and Alisha Clark, Assistant Director, Division of Community Alternatives, Department for Medicaid Services, Cabinet for Health and Family Services; Jeb Duke, Region President, Kentucky Medicaid; Kristan Mowder, Director, Population Health Strategy; and Liz Stearman, Director, Behavioral Health, Humana.

LRC Staff: Chris Joffrion, Becky Lancaster, and Eric Rodenberg.

### **Approval of Minutes**

A motion to approve the June 22, 2022, minutes was made by Senator Meredith, seconded by Senator Alvarado, and approved by a voice vote.

### **Medicaid Reimbursement for Dental Services**

Dr. Jonathan Rich, DMD, President, Kentucky Dental Association (KDA), discussed how Kentucky Medicaid dental providers are facing challenges with staffing shortages, rising labor and supply costs, and low Medicaid reimbursement rates. He discussed how untreated oral health conditions negatively affect a person's overall health. He discussed how regular oral health care can prevent other physical conditions and reduce healthcare costs.

In response to questions and comments from Representative Elliott, Dr. Rich stated that he is no longer taking Medicaid patients because it is not feasible for his office. He stated there are many providers that are enrolled in the Kentucky Medicaid program, but believes the number of providers that are actively seeing new Medicaid patients is lower.

In response to questions and comments from Senator Meredith, Dr. Rich stated that his office had up to 10 percent Medicaid patients in previous years. He stated there is a shortage of dental hygienists with a 15 percent reduction in returning professionals after the COVID-19 pandemic. He stated that new providers may not move to a rural area due to student loan debt, unknown reimbursement payments, and fewer safety nets typically offered by urban area offices.

Ronnie Coleman, Vice President, Government and External Affairs, Benevis, testified that 25 to 30 percent of dental providers participate in Medicaid nationally, however there is a lower percentage of providers that actively see Medicaid patients. He discussed Benevis Dental Practice Management Services and its affiliated dental offices serving Kentucky Medicaid patients, the challenges to recruit and retain dentists, staffing shortages, and the rising labor and supply costs. He compared Medicaid reimbursement rates in Kentucky versus the in-network rates of four large commercial dental plans and Medicaid reimbursement rates paid in Virginia and Massachusetts. He discussed various dental reimbursement rate increases in nine other states and five recommendations for the legislature to take action to increase dental reimbursements to Kentucky providers.

In response to questions and comments from Senator Alvarado, Mr. Coleman stated that there is a low risk of the Lexington Ruby Dental office closing, but there are still shortages of health care staff.

In response to questions and comments from Senator Carroll, Mr. Coleman stated that the managed care organizations (MCOs) have a negotiated rates

with dentists. He stated that MassHealth was able to increase rates by 7.3 percent without legislative participation.

In response to questions and comments from Senator Meredith, Senator Alvarado stated that the proposed 2022 Regular Session Senate Bill 87 appropriation factored the cost of dental reimbursements and the cost of requiring reimbursement rates to be at least equal to the state's fee-for-service rates.

#### **Update on 1915(c) and 1115 Waiver Applications**

Alisha Clark, Assistant Director, Division of Community Alternatives, Department for Medicaid Services (DMS), Cabinet for Health and Family Services (CHFS), gave an overview of the six 1915(c) Home and Community Based Services (HCBS) waivers, an update on the waivers' renewal progress, a timeline of the 1915(c) HCBS rate study, the rate study survey response, and an update on the American Rescue Plan Act of 2021 (ARPA) funds and provider increase.

Leslie Hoffmann, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, discussed the Kentucky 1115 waiver authority, the pending Substance Use Disorder (SUD) 1115 incarceration amendment timeline for approval. She gave an update on the Serious Mental Illness (SMI) and Serious Emotional Disability (SED) waiver development steps completed and projected next steps.

In response to questions and comments from Senator Carroll, Ms. Clark stated that the rate study will continue and be completed. She stated that federal Appendix K funds allow CHFS to distribute rates to the providers faster, but when the waivers are renewed the rates will be set and sent to the Centers for Medicare & Medicaid Services (CMS) for approval. She stated that the increase to the rates would not be less than 10 percent, the federal Appendix K funds are temporary, and the projection on the rates are 60 percent or more over the current rates. She stated the rate study should be completed winter of 2022 with submission of information in early 2023.

In response to questions and comments from Representative Willner, Ms. Hoffman stated that the waiver requests will try to address all the needs of each different population. She stated that CHFS is reviewing housing supports in a collaboration with Kentucky Health Cooperation and a third party administrator. She stated CHFS is looking for other options in the 1915(c) waiver related to housing supports and options for a member needing a multiple staff residence versus minimal staffing needs. She stated that other than funding, more providers are needed to care for members.

In response to questions and comments from Senator Higdon, Ms. Clark gave an example of the disparity in reimbursements between the waivers for the same services. She stated that CHFS will provide the proposed rates to the committee members.

In response to questions and comments from Senator Alvarado, Ms. Clark stated that there are waitlists for the Michelle P. and the Supports for

Community Living (SCL) waivers. She stated CHFS is looking at ways to revise regulations related to waiver applications. She stated that CHFS would need more funding from the legislature to serve the people on the waitlists and as people fall off the waiver, CHFS will reallocate the slot to the next person on the waitlist.

In response to questions and comments from Representative Elliott, Ms. Clark stated that the rate increases to the waivers will be permanent and that CHFS is looking at additional increases.

In response to questions from Senator Carroll, Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, stated that the budgets are a biennium budget, funding is based on current and projected expenditures, and there is not enough money to cover all members on the waiver waiting lists. She stated almost half of individuals on the Michelle P. waiver waiting list are children, the eligibility is based on income, and if a child is not on Medicaid, then their family makes too much money. She stated that commercial carriers need to be held more accountable to cover more services because many children on waiver programs primarily use therapy services. She stated that reviewing rates and the assessments of the children for the waiver programs is very important, and the waiver redesign was halted because of concerns from stake holders and the rate study will be a large component of the redesign. She stated that the Appendix K funds are separate from the rate increases and allowed during the public health emergency.

Medicaid Managed Care Organizations' Efforts to Improve Health Outcomes, Network Adequacy, and Access to Care – Part 2

Jeb Duke, Region President, Kentucky Medicaid, Humana, discussed Humana's focus on network adequacy and the tools used for monitoring and expanding network access for providers and members. He discussed supporting rural health providers, communities, and Humana investments to ensure healthcare equity across Kentucky. Kristan Mowder, Director, Population Health Strategy, Humana, discussed four areas that Humana used to identify needs for the Kentucky Medicaid population, the initiatives implemented to improve health outcomes, and the assessment of the those outcomes. Liz Stearman, Director, Behavioral Health, Humana, discussed how Humana is measuring the effectiveness of SUD Treatment and outcomes demonstrating the success of SUD treatment.

In response to questions and comments from Senator Meredith, Mr. Duke stated that Humana has not turned a profit from Medicaid in the past three years, the urban and rural medical loss ratios (MLRs) have been above 90 percent, but Humana is committed to partnering with providers. He stated that in the rural market, MLR is following trends with the entry of new health plans and as the new market begins to settle, the regions will begin to equalize. He stated that the high rural MLR is mostly due to utilization patterns.

In response to questions and comments from Representative Willner, Mr. Duke stated that there is a struggle to convert commercial providers to become

Medicaid dental providers. He stated that there are some dental codes that do pay above the fee schedule. Ms. Stearman stated that Humana is contracted with all psychiatric residential facilities, hospitals, and community health centers but there are parts of the state where access is limited.

In response to questions and comments from Senator Carroll, Ms. Stearman stated that if a SUD treatment provider is enrolled with Kentucky Medicaid, then Humana will cover all levels of SUD treatment. Commissioner Lee stated that a being a faith-based provider is not a disqualifier for a provider in Medicaid and that they must meet the Medicaid criteria for enrollment. Mr. Duke stated that Humana negotiates rates according to the market but the standard for most services is the fee schedule.

In response to questions and comments from Senator Higdon, Ms. Stearman stated that CHFS does have a special investigations unit to look into concerns if a provider's address is in-state, but the building and services are listed as being out-of-state. Mr. Duke stated that DMS determines eligibility for members, and that if Humana has a concern that an out-of-state resident is participating in Kentucky Medicaid, it is reported and investigated but it not a trending issue. Ms. Mowder stated that most members have smart phones to access Humana's digital application and other internet services. Mr. Duke stated that the members using Humana's digital application may be dependent on the clinical program, some programs are focused around members that may be more digital savvy. Mr. Duke stated that in regards to administered COVID-19 vaccinations, Kentucky has performed well among neighboring states, but has under-performed nationally. He stated that CHFS has offered various rewards programs, created communications, and worked in partnerships with providers to encourage members to get vaccinated.

In response to questions and comments from Representative Willner, Mr. Duke stated that he can follow up with information regarding implementation of 2021 Regular Session House Bill 48.

#### **Medicaid Presumptive Eligibility**

Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, discussed the definition of Kentucky Medicaid Presumptive Eligibility (PE), the total of members enrolled by PE, the number of individuals that qualified for PE during the pandemic, and the number of individuals that qualified for traditional PE. She discussed some of Medicaid's requirements during a public health emergency and the maintenance of eligibility requirements of enrollment. She gave an overview of the mandates from the 2022 Regular Session House Bill 7 related to PE.

#### **Adjournment**

There being no further business, the meeting was adjourned at 11:15 AM.

# MEDICAID OVERSIGHT AND ADVISORY COMMITTEE

## Minutes

August 11, 2022

### Call to Order and Roll Call

The Medicaid Oversight and Advisory Committee meeting was held on Thursday, August 11, 2022, at 10:00 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 Daniel Elliott, Co-Chair; Senators Ralph Alvarado, Danny Carroll, Jimmy Higdon, and Morgan McGarvey; Representatives Jim Gooch Jr., and Lisa Willner.

Guest Legislators: Representative Kimberly Moore Moser.

Guests: Betsy Johnson, President and Executive Director, Kentucky Association of Health Care Facilities and the Kentucky Center for Assisted Living; Emily Weber, Director of Communications, Marketing, and Public Affairs, Kentucky Association of Health Care Facilities; Krista Hensel, Chief Executive Officer, Greg Irby, Chief Operations Officer, and Dr. Lisa Cook, Behavioral Health Director, UnitedHealthcare Group of Kentucky; Molly Lewis, Interim Chief Executive Officer, Kentucky Primary Care Association; Tara Stanfield, Chief Integrated Care Officer; and Dr. John Landis, DMD, Chief Dental Officer, Healthfirst Bluegrass.

LRC Staff: Chris Joffrion, Lead Staff, DJ Burns, Becky Lancaster, and Eric Rodenberg.

### Approval of Minutes

A motion to approve the July 7, 2022, minutes was made by Senator Alvarado, seconded by Representative Elliott, and approved by a voice vote.

### The Impact of Federally Mandated Staffing Ratios for Nursing Facilities

Betsy Johnson, President and Executive Director, Kentucky Association of Health Care Facilities and the Kentucky Center for Assisted Living, discussed the Centers for Medicare and Medicaid Service's proposal for minimum staff ratio mandates in skilled nursing facilities and the impact it will have on facilities in the commonwealth. She discussed the current labor shortage, the cost associated with meeting proposed staff ratios, as well as possible incentive policies that may assist in hiring and retaining employees in the future.

In response to questions and comments from Senator Meredith, Ms. Johnson stated that staffing ratios should not be a one-size-fits-all model as each facility differs in size, shape, and acuity of residents.

In response to questions and comments from Senator Carroll, Emily Weber, Director of Communications, Marketing, and Public Affairs, Kentucky Association of Health Care Facilities, stated that the association has conducted two studies on the workforce shortages reported by its members. The

studies found a multitude of factors that contributed to the shortages including retirement, burnout due to Covid stress, child care issues, and transportation.

In response to comments from Senator Alvarado, Ms. Johnson stated that employees of Letcher Manor Nursing and Rehabilitation Facility stayed at the facility during the recent flooding to help with evacuating residents to other facilities instead of worrying about their own homes and families and that shows the dedication and passion all facility employees have for the care of the residents.

In response to questions and comments from Representative Willner, Ms. Johnson stated that many perspective employees are met with too many barriers when applying to work at a facility, which leads to them giving up and accepting a job outside of the field.

### Medicaid Managed Care Organizations' Efforts to improve Health Outcomes, Network Adequacy, and Access to Care – Part 3

Krista Hensel, Chief Executive Officer, UnitedHealthcare Group of Kentucky, discussed initiatives UnitedHealthcare has developed to improve the health of the Medicaid population in Kentucky, the adequacy and appointment availability of the Medicaid provider network, and grants to rural communities for oral and mental health. Dr. Lisa Cook, Behavioral Health Director, UnitedHealthcare Group of Kentucky, discussed the tools UnitedHealthcare is using to measure the effectiveness and efficacy of Substance use disorder treatment. Greg Irby, Chief Operations Officer, UnitedHealthcare Group of Kentucky, discussed strategies for ensuring equity in healthcare delivery across Kentucky.

In response to questions and comments from Senator Meredith, Ms. Hensel stated that the impediment to improving health across Kentucky is based locally in each community in terms of what barriers citizens face when accessing healthcare services.

In response to questions and comments from Senator Alvarado, Mr. Irby stated that the network adequacy audits are based on secret shopper calls placed to network providers, asking for an appointment with that specific provider to determine the average appointment availability timeframe. Ms. Hensel stated that UnitedHealthcare is continuing to innovate and expand the capacity of the workforce by investing in telehealth programs and scholarships.

In response to questions and comments from Senator Higdon, Ms. Hensel stated that when a new member is assigned to UnitedHealthcare, both clinical and non-clinical staff will make multiple attempts by telephone and mail to contact that member. She stated that if their attempts are unanswered, staff will then use claim information to contact pharmacies and provider offices to ask for updated contact information for the member. She stated that UnitedHealthcare is conducting studies to understand member's hesitation to get vaccinated for Coronavirus.

In response to questions and comments from Representative Moser, Ms. Hensel stated that UnitedHealthcare employs community health workers (CHW) who help identify the most critical cases that can be connected with a nursing professional.

She stated UnitedHealthcare has partnered with the University of Kentucky Center for Excellence in Rural Health and sponsored CHW interns during the summer in Hazard County, Kentucky.

### Update from the Kentucky Primary Care Association

Molly Lewis, Interim Chief Executive Officer, Kentucky Primary Care Association, discussed the level of care provided to Kentuckian's by association members. She stated members provide whole patient, community based, consumer informed, quality, and cost effective care. Tara Stanfield, Chief Integrated Care Officer, Healthfirst Bluegrass, discussed the integrated care model of services provided to its' patients. She discussed examples of patients being treated by the integrated care team. Dr. John Landis, DMD, Chief Dental Officer, Healthfirst Bluegrass, discussed dental services at Healthfirst Bluegrass and the increase in extractions due to the lack of restorative procedures during the pandemic. He discussed and provided examples of the integrated care model.

In response to questions and comments from Senator Meredith, Ms. Lewis stated that KPCA is starting a community health center learning center in northeastern Kentucky that will have opportunities for residency programs to help grow the primary care provider workforce.

In response to questions and comments from Representative Moser, Ms. Stanfield stated that the biggest billing challenge for integrated care is the lack of reimbursement for two different visits in the same day at the same facility. Ms. Lewis stated that KPCA has ideas on how to innovate the billing issues with the integrated care model.

In response to questions and comments from Senator Alvarado, Ms. Stanfield stated that Healthfirst Bluegrass has one fulltime adult psychiatrist and one part-time child psychiatrist. They have made the shortage work by stabilizing patients with the psychiatric team and then passing the patient back to primary care. Ms. Lewis stated that the Federal Tort Claims Act Program is limited in application to community health centers and Kentucky has 26 programs.

### Adjournment

There being no further business, the meeting was adjourned at 12:00 PM.

## LEGISLATIVE OVERSIGHT & INVESTIGATIONS COMMITTEE

### Minutes of the 2nd Meeting

#### of the 2022 Interim

July 14, 2022

### Call to Order and Roll Call

The 2nd meeting of the Legislative Oversight & Investigations Committee was held on Thursday, July 14, 2022, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Danny Carroll, 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, Reginald Thomas; Representatives Lynn Bechler, John Blanton, Ken Fleming, Joni L. Jenkins, Steve Riley, and Scott Sharp.

Guests: John Hicks, State Budget Director, Office of State Budget Director; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; and DJ Wasson, Chief of Staff, Public Protection Cabinet.

LRC Staff: Gerald W. Hoppmann, Committee Staff Administrator; Committee Analysts William Spears, Jacob Blevins, Joel Thomas, Jeremy Skinner, Shane Stevens, Chris Hall, Ryan Brown, Taylor Johnston, McKenzie Ballard; and Ashley Taylor, Committee Assistant.

#### **Minutes for June 16, 2022**

Upon motion by Representative Blanton and second by Representative Nemes, the minutes for the June 16, 2022, meeting were approved without objection.

#### **Staff Report: Broadband In Kentucky**

Legislative Oversight staff members Joel Thomas and Jeremy Skinner presented the staff report “Broadband In Kentucky,” which provided a background and a review of broadband development nationally and in Kentucky. Included in the presentation was a discussion of the methodology, findings, and recommendations of the report. Staff’s full presentation is available on the Legislative Oversight and Investigations Committee Webpage.

In response to a series of questions from Senator Howell related to the administration of the KentuckyWired project and the requirements for quarterly reporting by Accelecom, Mr. Thomas and Skinner explained that the Kentucky Communications Network Authority (KCNA) is administrating the KentuckyWired project. Accelecom is the wholesaler partner regarding 50 percent of the network and is responsible for providing quarterly reports to KCNA. Mr. Thomas also noted that, while KCNA is responsible for overall administration of the KentuckyWired middle-mile, the Kentucky Infrastructure Authority (KIA) and its newly created Office of Broadband Development is responsible for considering broadband best practices. Mr. Thomas confirmed that Accelecom facilitates the last-mile connection of the KentuckyWired middle-mile to internet service providers and business customers.

In response to a question from Representative Bechler regarding staff’s use of the term “should consider” in recommendations, Mr. Thomas noted that the language was used for two reasons. First, with respect to employing national best practices, there are multiple sources that the agency might use and, while the report notes best practices from the PEW Research Center, there are other sources such as the Benton Institute or the Brookings Institute that might prove equally useful. Second, with respect to Recommendation 3.2, Mr. Thomas noted that the statutory language related to the promulgation of regulations for the broadband deployment fund is permissive, so the recommendation only suggests additional regulations.

Representative Bechler asked for the total amount

of money spent on broadband in Kentucky. Mr. Skinner and Thomas both stated that trying to account for dollars spent outside of what is tracked in the state’s accounting system would be difficult, but that staff could provide a figure for the KentuckyWired project since it is tracked in the accounting system. Representative Bechler also requested staff to provide a best estimate of Kentucky tax dollars spent on broadband deployment to date.

Senator Carroll called Kathryn Robertson, Director of Business Development for Accelecom and Rich Lockard, Chief Revenue Officer for Accelecom to the testimony table.

In response to a question from Senator Carroll regarding the overall purpose and role of Accelecom, Ms. Robertson stated that Accelecom is contracted with the state of Kentucky to sell KentuckyWired excess capacity to internet service providers (ISPs) to help bring last-mile service to residents, as well as directly to some enterprise businesses. Last-mile enterprise services are focused on businesses that are not able to obtain the broadband service they need in their current location or those who would save substantially by switching to Accelecom. She explained that Accelecom sales to businesses that have a very high need of connectivity and that they sell to local ISPs, which in turn, sell to residential customers. Ms. Robertson noted that Accelecom does not sell directly to residential customers.

In response to a question from Senator Carroll, Mr. Lockard explained that Accelecom is investing additional money from private funds to expand and construct more fiber out to businesses that have high capacity needs and to expand the network out to neighborhoods that are underserved. Once Accelecom expands broadband infrastructure out to underserved neighborhoods, a local ISP can then provide the last-mile of infrastructure to connect homes to the internet via the KentuckyWired network. This lowers the cost for the local ISPs. Mr. Lockard said that Accelecom is approaching various businesses in Kentucky which currently have high costs associated with using broadband or have poor broadband speeds. Accelecom is using the KentuckyWired network to provide more capacity at a more affordable rate for these businesses.

In response to a question from Representative Blanton, Ms. Robertson stated that Accelecom does not have a residential division. She explained that to service residential neighborhoods, Accelecom partners with local ISP’s. This allows ISP’s to then connect to Accelecom’s network, which lowers costs for the ISPs.

In response to Representative Blanton’s concern that Accelecom was “cherry-picking” higher-paid companies, which might drive up the cost to residential customers, Ms. Robertson clarified that Accelecom was not “cherry picking” businesses. Rather, Accelecom is focusing on businesses who do not have service or do not have enough service to meet their needs. Mr. Lockard explained that when Accelecom expands their middle-mile infrastructure to reach an underserved region, it lowers the cost for local ISP’s and the savings get passed along to residential customers. Since Accelecom has direct access to the KentuckyWired infrastructure, they are

able to offer much higher speeds and cheaper access than other national or global middle-mile internet providers. He noted that the cost Accelecom sets for its customers is governed by market value.

Senator Carroll asked for further clarification on how Accelecom ended up with 50 percent of KentuckyWired network, yet there are still local utility companies who do not yet have access to the network. Ms. Robertson and Mr. Lockard explained that local utility companies typically provide their residential and business customers internet access by contracting with a national company for middle-mile access. Accelecom is providing those local utilities the opportunity to connect to existing KentuckyWired infrastructure middle-mile at a large savings from what they are paying the national companies. Mr. Lockard said their competitors are the national companies, not local utilities. Ms. Robertson commented the faster Accelecom can grow and acquire customers, the faster Kentucky will have a return on its KentuckyWired investment.

Senator Howell asked whether Accelecom provides service to businesses that are already being served by other internet providers. Ms. Robertson responded that Accelecom has provided service to businesses that were previously being served by another provider and used a local health department as an example. She restated that by being serviced by Accelecom and connecting to the KentuckyWired network, local ISP’s are able to offer their customers more bandwidth at a much lower cost.

Senator Howell asked if there is a set fee schedule or if prices are negotiated on a one by one basis in relation to contracts and ratings set with local ISP’s. Mr. Lockard stated Accelecom is not regulated like a local utility company, but they have developed a “unified program” for ISP’s and local utilities. It will negotiate fee-schedules to provide more cost effective offers to potential customers than they are receiving from national providers. He further noted that those rates can be modified during contract negotiations on a case-by-case basis or to conform to market conditions.

In response to a question from Senator Howell regarding types of things that govern prices, Mr. Lockard explained that it is typical in the industry to sell “price per bandwidth purchased.” He further noted that when Accelecom contracts directly with a “high-end user” business to provide that business with internet access, its impact on local ISP profit is negligible.

Ms. Robertson addressed Senator Howell’s earlier question regarding the lack of quarterly reporting from Accelecom by noting that required reporting is strictly financial and is intended to let KCNA know how much money to expect. She offered to include a narrative detailing Accelecom’s work each quarter. Senator Howell requested them to break it down by contracts with ISP’s and with businesses directly. He said that he would be more interested in what is being done on rollout more than on revenue. Ms. Robertson stated she heard the legislators’ concerns about being uninformed regarding what is going on, so in the near future legislators will receive personalized reports that detail work in their districts. Mr. Lockard stated that the reports will include contracts by ISP’s



and businesses, purchases from ISP's, as well as agreements with municipal providers or local utilities for payment of facilities and partnering with local loops.

In response to a question from Senator Carroll regarding why quarterly reporting has not occurred despite being required since 2017, Ms. Robertson stated she has only held her position for 4 months, but was told that the hold-up was due to disagreements regarding quarterly reporting format and content.

In reference to Senator Howell's comment that he was more interested in what is being done on rollout more than on revenue, Representative Nemes commented that there are districts in Kentucky that are very concerned about cost, not just whether certain regions are being served. He noted that he does not want the message conveyed to Accelecom that cost is not an issue, because it is the most important issue in his area.

Senator Thomas stated that he is very pleased to hear that Accelecom is providing the lowest cost possible to the end user based upon competitive rates with main content providers. Ms. Robertson and Mr. Lockard agreed that the dollars invested in KentuckyWired first-mile infrastructure will save the customer a considerable amount of money for services.

Ms. Robertson and Mr. Lockard confirmed Representative Bechler's understanding that Accelecom is providing last-mile services directly to businesses and ISP's but not to residential customers.

In response to a question from Representative Bechler, requesting clarification of the financial relationship between Accelecom and KCNA and asking if Accelecom was a subsidiary of KCNA, Mr. Lockard explained that Accelecom is not a subsidiary but that they have a wholesaler agreement with KCNA. The agreement is a public document and it could provide further clarification on their relationship. Representative Bechler asked for a list to be provided of the ISP's with whom Accelecom has partnered. Ms. Robertson said she would provide a list to the committee.

In response to a question from Senator Howell regarding prior negotiations and delays regarding quarterly reporting, Ms. Robertson stated Accelecom had been negotiating with their parent company Macquarie Capital. She said that she was not sure who was involved in those delays but that she would find out and provide that information to the committee.

Senator Carroll called John Hicks, State Budget Director, and Sandy Williams, Executive Director for the Kentucky Infrastructure authority to the testimony table. Mr. Hicks commended LOIC staff on the quality of the broadband report and noted that it provided a good historical record of the events that have taken place around the public policy of getting broadband out to as many Kentuckians as possible. In particular, Mr. Hicks noted that staff had done an excellent job of characterizing the legislation passed specifically related to HB 315, noting that the bill was one of the most specific pieces of broadband legislation passed in the country.

Mr. Hicks noted that the federal government is about to provide a large influx of funding to states, specifically for the purpose of lowering the capital

cost of providing broadband service to underserved areas of Kentucky. Kentucky is now at a nexus point where things are moving forward with funding. As an example, he discussed the \$300 million discussed in the staff's presentation from the American Rescue Plan Act, \$89 million of which has been awarded to 47 projects covering about 36 counties, including some dollars for fiscal courts.

Mr. Hicks then addressed the findings and recommendation of the staff report, stating that he found the staff's recommendations and findings to be solid. He agreed with the staff report finding regarding the importance of a statewide strategic broadband plan and explained that the strategic plan mandated by HB 315 will allow the state to better meet federal requirements for infrastructure funding. Mr. Hicks also agreed with the staff finding that there is not currently an accurate map of broadband and underserved areas for the state, but noted that they plan to create one in the near future.

In response to LOIC staff recommendations regarding regulations and policies related to the National Telecommunications Information Administration (NTIA), Mr. Hicks noted that the NTIA is responsible for the \$42.5 billion that the Infrastructure Investment and Jobs Act has appropriated to states for broadband. He noted that they are in communication with that agency monthly. These dollars will be appropriated to states based on a map of underserved areas that the Federal Communications Commission (FCC) is currently working to complete. Outside entities have estimated Kentucky could get as much as \$700 million of these funds, and HB 315 dictates where these dollars will be spent. Regions with no service will come first, then unserved, and finally underserved.

Mr. Hicks explained that Kentucky will be operating from three pots of federal dollars: American Rescue Plan Act Funds (ARPA), Coronavirus Capital Projects Fund, and the Infrastructure Bill. The Infrastructure Bill requires a five-year action plan before that money will be allocated. Kentucky will receive a planning grant in order to create that five-year action plan.

In response to a question from Senator Carroll, Mr. Hicks clarified that the KentuckyWired project and Accelecom's work as a wholesaler for excess fiber and the large amount of federal funding on the horizon are separate matters. KentuckyWired created a middle-mile infrastructure to serve state government and post-secondary education institutions. The system was intentionally built with excess capacity so that companies like Accelecom could come in and lower the cost to local ISP's. Separate from that, the federal dollars that are starting to flow are going to be used for those local ISP's to connect underserved areas. Kentucky is in a position where there is the opportunity for ISP's to choose which middle-mile vendor to use.

In response to a question from Senator Carroll, Mr. Hicks stated that the broadband deployment fund first-round applications were nearly complete. They are currently in the process of finalizing the grant agreement terms and conditions. Once signed, they can start their construction and implementation and will receive reimbursements for expenses related to

their awards.

In response to a question from Representative Blanton, Mr. Hicks explained KentuckyWired's purpose was to bring service to a combination of both unserved businesses and residential areas. The idea was to have an open-access middle-mile network that other providers could utilize to bring broadband to unserved areas. The question of whether the ISP chooses to serve a residence or business is up to that ISP.

Representative Blanton questioned how much the state of Kentucky has invested in the KentuckyWired project as a whole and how much of that total was for penalties and fines. Mr. Hicks said he came to respond to the report so he does not have that information with him but he will provide it to the committee.

Representative Nemes questioned whether there was inherent unfairness regarding Accelecom acting as a wholesaler for the KentuckyWired network, which was built with taxpayer dollars, and acting as a private internet service provider by selling service directly to some businesses. Mr. Hicks explained that the concept of selling excess fiber bandwidth from the KentuckyWired project to ISPs was part of the original goal of the project. The goal was to make available to ISPs the middle-mile infrastructure that the state had invested in order to lower the ISPs costs, so it would be commercially feasible for them to provide service to underserved areas. This is why the broadband infrastructure was built with excess bandwidth. Mr. Hicks noted that, with respect to Accelecom selling directly to a business, sometimes there are market failures where it is not economically feasible for a local ISP to provide service to some locations.

Representative Nemes also asked whether allowing the wholesaler to become the retailer and the wholesaler harms the interest of the legislature to provide last-mile service. Mr. Hicks responded that it is a "but for" question of where an ISP would provide that service. Representative Nemes responded that his fear is that Accelecom may not have an interest to provide services to those in need in Kentucky, whereas the co-ops have an interest in getting services to local communities.

In response to a question from Senator Carroll, Mr. Hicks said he believes there is potential for Kentucky to see increased profit from the KentuckyWired project and the wholesaler agreement with Accelecom as increasing amounts of federal dollars become available.

Senator Carroll transitioned to the topic of tornado relief funds and noted the calls he has been receiving of unmet needs within Western Kentucky. He noted that the Public Protection Cabinet would be providing a brief update on how these funds have been spent, following up on the terms of legislation that was passed during the session, and providing an update on where things now stand financially.

DJ Wasson, Chief of Staff for the Public Protection Cabinet introduced herself for the record. She explained that the Public Protection Cabinet is in charge of administering the Team Western Kentucky Tornado Relief Fund, which consists of private donations. As of July 6th, 2022 the fund contains just under \$52 million, which can be used by those impacted by the tornadoes for life necessities but

cannot be used for administrative costs. Ms. Wasson noted that there was no application process for these initial assistance payments because many people did not have access to internet or their documentation and were in immediate need. As a result, other verified sources were used for identification.

Ms. Wasson shared that the Public Protection Cabinet has issued payments focused on three programs. First, the cabinet made 81 payments directly to families who lost loved ones in the amount of \$10,000 per deceased person for funeral assistance. Second, the cabinet focused on uninsured homeowners and renters to provide them with an additional 20 percent of the amount they were awarded by the Federal Emergency Management Agency (FEMA). Third, the cabinet worked with insurance companies to identify home owners and renters who had been awarded a claim. The cabinet then made payments to those individuals (maximum of \$2,500) to help cover their deductible.

Ms. Wasson stated that the cabinet also committed funds in response to a proposal submitted by three non-profit entities. They include the Habitat for Humanity, Fuller Center for Housing, and Homes and Hope. These entities are set to build 300 homes for those affected by the storm through an application process. She noted that Habitat for Humanity and the Fuller Center for Housing uses those funds as a mortgage down payment, while Homes for Hope uses the money for building supplies. The cabinet has also committed funding for the Graves County Grain Assistance Program. This is to help defray the cost of farmers having to transport their grain to other areas since the local grain elevator was destroyed during the tornado. There is an online application process where individuals can apply for funds of 50 cents per net bushel.

The final program Ms. Wasson discussed was local long-term recovery groups that submitted proposals to address the unmet needs of those affected by the tornado. She stated that \$12 million has been allocated to each long-term recovery group for essentials for living such as furniture, appliances, and vehicles. Ms. Wasson noted that there is still funding available and proposals are still being accepted. She shared contact information for those that would like to see if they are eligible for any of the funding programs.

Senator Carroll commented on concerns from his district of Marshall County. They have reported waiting on funding to start building. Ms. Wasson stated that, as soon as their applications are complete, the funding becomes available. She also said that she had heard some questions regarding how affected areas can access funding so her office has reached out to all mayors and county judge executives to provide them with contact information.

In response to a question from Senator Carroll, Ms. Wasson noted that of the \$51 million of the tornado relief funds, roughly \$10.8 million has been paid out and \$31.25 million has been committed. The remaining dollars will be used to fund proposals that are still being submitted. She noted that the function of the long-term recovery groups is to connect people to available resources.

In response to a question from Senator Carroll regarding underinsured homeowners, Ms. Wasson

stated that some additional funds are paid out in addition to the amount paid by the Insured Homeowner and Renter Assistance program. Some of the money dedicated can assist with increased costs due to inflation. Ms. Wasson confirmed Senator Carroll's assertion that there has been a limit placed on such spending per family, but that the cabinet is currently discussing if the limit needs to be increased. Ms. Wasson agreed to look into expanding what is being offered to those underinsured homeowners, related to the remaining \$10 million.

Senator Thomas noted that according to the financial numbers provided, there are still \$9.9 million of unallocated funds available.

Senator Howell shared appreciation for all that Ms. Wasson and the cabinet has done and will do to help those affected by the tornado. He questioned if there is anything being done to address the 2022 Grain Crop. Ms. Wasson explained that the cabinet used the 2021 delivery to the Mayfield Grain Company as a verifiable way to calculate the assistance payments that will be used for the 2022 Grain Crop. The cabinet will document use of those payments using delivery slips. To date the cabinet has 115 applications. They have started reviewing those and plan to send out payments over the next week.

In response to a question from Senator Carroll about whether the cabinet was able to coordinate efforts of so many relief organizations so that fraud does not occur, Ms. Wasson stated that they have weekly coordination meetings with local case managers and other entities helping with the relief efforts to avoid duplication and fraud as much as possible. She noted that the discernment payments that have already been made were verified through various sources. She also noted that, for those payments currently being made, the cabinet has put controls in place to avoid fraudulent claims.

In response to a question from Senator Carroll regarding what is included in the budget offices mandated reports, Mr. Hicks used the example of the \$200 million that the General Assembly allocated to the Safe Fund. He explained that his office is responsible for roughly \$170 million of those funds and that he provides monthly reports to the Interim Joint Committee on Appropriations and Revenue. Those reports detail who received the funds, how much was spent, and for what purpose. Mr. Hicks also discussed reporting related to the \$30 million that went to the Kentucky Department of Education, the \$9 million administered by the University of Kentucky, regarding damage to the Princeton facility and the funds that went to the Department of Military Affairs, Division of Emergency Management. The division manages the agreements with recipients and controls disbursement of funds. In response to a question from Senator Carroll regarding whether a fund has been established, Mr. Hicks explained that in the accounting system the funds are established as the legislature appropriated. For example, the legislature created the SAFE fund, but then allocates monies using the accounting system as appropriated to various purposes and locations. The OSBD considers this process as the establishment of a fund.

In response to a question from Senator Carroll, Ms. Wasson shared the most significant need she is

seeing is the need for new homes, housing repairs, and certain essential things within the home.

She responded in the affirmative to Senator Carroll's question of whether the cabinet is working with the Department of Insurance. She stated that they not only work with the department to verify claims and payments, but also to discuss issues such as whether a payment was enough to cover inflated costs.

Senator Carroll expressed thanks to Mr. Hicks and the Public Protection Cabinet for all of the work they have completed. He mentioned that he would like to have them come to the Western Kentucky Caucus to address questions as things move into the latter phases.

Senator Carroll stated that the co-chairs are still discussing new study topics. For now though, a study of Child Protective Services as it relates to foster care has been assigned to staff. Once the other topics have been decided, they will be discussed at the next meeting.

Upon motion by Senator Howell and Second by Representative Nemes the Broadband In Kentucky staff report was adopted with a roll-call vote of nine yes votes and zero no votes.

Co-Chair Carroll adjourned the meeting.

## **PUBLIC PENSION OVERSIGHT BOARD**

### **Minutes of the 5th Meeting of the 2022 Interim July 19, 2022**

#### **Call to Order and Roll Call**

The 5th meeting of the Public Pension Oversight Board was held on Tuesday, July 19, 2022, at 3:00 PM, 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 Jimmy Higdon, Co-Chair; Representative James Tipton, Co-Chair; Senators Robby Mills, Gerald A. Neal, Michael J. Nemes, Damon Thayer, and Mike Wilson; Representatives Ken Fleming, Derrick Graham, Jerry T. Miller, Jason Petrie, Phillip Pratt, Russell Webber, and Buddy Wheatley; Mike Harmon, John Hicks, and Victor Maddox.

Guests: Jim Carroll, President, Kentucky Government Retirees, Larry Totten, President, Kentucky Public Retirees; David Eager, Executive Director, Erin Surratt, Executive Director of Benefits, Kentucky Public Pensions Authority.

LRC Staff: Brad Gross, Jennifer Black Hans, and Angela Rhodes.

#### **Approval of Minutes**

Representative Pratt moved that the minutes of the May 23, 2022, meeting be approved. Senator Neal seconded the motion, and the minutes were approved without objection.

Representative Tipton informed the members that a memorandum confirming the approval of a contract for the actuarial audit of all the systems was in their folders. Milliman Solutions, LLC, will be

conducting a Level 1, full-scope audit of the actuarial work performed by the plan actuaries for the fiscal year 2021 valuation for each of the systems, over a six-month term at a total fixed rate of \$190,000.

### **Kentucky Public Pensions Authority Cost of Living Adjustments Discussion**

Jim Carroll, President, Kentucky Government Retirees (KGR), an organization representing nearly 16,000 members of the Kentucky Public Pensions Authority (KPPA) discussed retiree cost of living adjustments (COLA). KPPA retirees are facing sky-high costs for essential goods and services, and the most recent COLA adjustment was granted a decade ago on July 1, 2011.

Mr. Carroll read messages from retirees who are struggling without any COLAs.

Mr. Carroll stated that as the Public Pension Oversight Board (PPOB or Board) reviews recommendations for the 2023 legislative session, KGR hopes that it will recommend a prefunded COLA for KPPA retirees with a goal to provide an amount that would help defray some portion of the loss of real income over the past decade. KGR calls this a “catch-up COLA.”

KGR believes that the most impactful way of providing this benefit would be a one-time lump sum amount to each retiree, which KGR believes is the simpler, less expensive, and more impactful approach. A couple of ideas that have been discussed are one extra monthly or “13th” pension check or a lump sum payment determined or stratified by benefit level.

Mr. Carroll closed by stating that a General Fund investment in a COLA is an investment in Kentucky’s economy and hopes the Board will consider this critical need.

Larry Totten, President, Kentucky Public Retirees, discussed that the retiree COLA should be the number one item discussed at the 2023 General Assembly. Two-thirds of KPPA pension recipients receive less than \$20,000 a year and need relief from the consumer price index and the effects of inflation over the past decade.

Mr. Totten mentioned two possible benefit increase scenarios that were presented at a PPOB meeting in October 2021, for which the costs ranged from \$171 million to just over \$6 billion. Included were a one-time permanent 1.5 percent increase with an estimated cost of \$352 million and a single lump sum payment of a retiree’s current monthly benefit or so-called “13th check” with an estimated cost of \$188 million.

Mr. Totten closed by stating retirees are relying on the realization of the General Assembly that a decade is far too long and that the time is right to help mitigate this situation.

Representative Tipton wanted to remind everyone that the Teachers’ Retirement System has an automatic COLA that is prefunded in the contributions, which is not the case in the KPPA system.

Representative Miller commented that Mr. Carroll’s statement regarding prefunding a COLA is exactly right and that the General Assembly cannot afford to be generous without prefunding a COLA in order to maintain the funding improvement it has been achieving with Kentucky Employers Retirement

System (KERS) and County Employee Retirement System (CERS).

Representative Wheatley recommended that the General Assembly find a way to increase the opportunities for COLAs without putting the retirement system at risk.

In response to a question from Senator Higdon, Mr. Totten stated that the \$188 million estimated cost for the single lump sum payment to retirees is for all five KPPA systems.

Representative Graham indicated his support for the single lump sum payment for retirees in the short-term and continuing bi-partisan efforts going forward to build a system capable of future consistent COLAs. He commented on the struggles that retirees face.

Senator Thayer commented that thanks to SB 2 (2013), which he sponsored, the retirement systems are going down the correct path with the new hybrid cash balance plan and the General Assembly paying the ARC every year. The COLAs have to be considered in the broad spectrum of the overall financial stability of the fund.

David Eager, Executive Director, KPPA, began by providing the National Association of State Retirement Administrators’ definition of the COLA issue as one of competing elements: benefit adequacy versus plan sustainability and cost. The topic is complex and, nationally, there are many different approaches.

Mr. Eager explained that there are different types of COLAs: ad hoc, automatic, and then simple or compounded. Next, he discussed the Kentucky Statutes, KRS 61.691 and 78.5518, that pertain to COLAs, that provide COLAs will only be granted in the future if: (1) assets of the system(s) are greater than 100 percent of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or (2) the General Assembly fully prefunds the COLA for KERS or State Police Retirement System (SPRS); or (3) in the case of CERS directs payment of employer contributions in the year the COLA is provided. Mr. Eager noted that new COLAs are not a part of the inviolable contract.

Mr. Eager provided a summary of the plan funding status from the actuarial valuation results as of June 30, 2021, for each of the retirement systems under KPPA. The summary included actuarially determined contribution rates and funded status as of the valuation date. Mr. Eager discussed each of the funding ratios on actuarial value of assets for each of the systems.

Mr. Eager provided estimates of the appropriation necessary to fully prefund a 1.5 percent COLA for current retirees of the following systems as of July 1, 2023: \$116 million for CERS nonhazardous; \$50 million for CERS hazardous; \$162 million for KERS nonhazardous; \$12 million for KERS hazardous; and \$12 million for SPRS.

In response to a question from Representative Tipton, Mr. Eager stated that typically CERS COLAs would come from employer contribution rate increases. For example, the \$116 million cost for the CERS nonhazardous COLA would be a 4.5 percent increase to the employer contribution rate and the \$50 million cost for CERS hazardous COLA would be an 8.5 percent increase.

Mr. Eager discussed costs to fully fund benefit increases for all systems. He listed five different increase scenarios with possible costs, including a one-time “13th check” option to all current retirees for all systems at a cost of \$188 million. Mr. Eager also provided an example of a one-time COLA costing a total of \$25 million for KERS and SPRS retirees adjusted based on the number of years retired.

In response to a question from Representative Tipton, Mr. Eager stated the one-time COLA example is based on number of years retired but could also be based on years of service earned. The scenarios could be run as an iterative process based on criteria submitted.

In response to a question from Auditor Harmon, Mr. Eager stated that the one time COLA example could also be based on benefit level.

In response to a question from Representative Tipton, Mr. Eager stated that it is prohibited by statute to spread a COLA across an amortization period and, if the statute were to change, he believes the actuary would find it an unhealthy financial approach.

### **Overview of Statutory Pension Spiking Provisions**

Erin Surratt, Executive Director, Office of Benefits, KPPA, began her presentation by defining pension spiking. Pension spiking occurs when there is an increase in creditable compensation of more than 10 percent in a fiscal year when compared to the previous fiscal year during the member’s last five years of employment. However, exemptions apply.

Ms. Surratt discussed the pension spiking legislation, enacted as part of SB 2 during the 2013 Regular Session and codified as KRS 61.598. When created, it was effective for retirement dates beginning on or after January 1, 2014, and remained applicable for retirements through June 30, 2017, when new legislative amendments took effect. The member could use the full value of the spike in calculating creditable compensation, but the last participating employer was responsible for paying the actuarial cost of the pension spike. The employer has twelve months to pay the invoice without interest and may appeal a bona fide career advancement or promotional determination made by the KPPA.

Ms. Surratt also discussed SB 104 enacted during the 2017 General Assembly which made significant amendments to KRS 61.598, particularly shifting the cost of the spike from the employer to the member. Effective for retirement dates on or after January 1, 2018, a member’s creditable compensation is reduced as a result of the pension spike and will not be used to determine the member’s retirement benefit. Creditable compensation earned prior to July 1, 2017, is not considered for reduction. If the member’s creditable compensation is reduced, the KPPA refunds the employee contributions and interest attributable to the reduction in compensation, but employer contributions are not refunded and are used to pay down the unfunded liability. Members may appeal the pension spiking determination. Pension spiking provisions do not apply to Tier 3 members.

Ms. Surratt then discussed the multiple exemptions from pension spiking and the year the exemption was enacted, including: a bona fide promotion or career advancement (2013); a lump-sum compensatory

payment at termination (2013); a lump-sum payment for alternate sick leave at termination (2017); leave without pay (2017); overtime worked as a result of a state or federal grant (2017); overtime performed during and as a result of a state of emergency declared by the President of the United States or Governor of the Commonwealth of Kentucky (2017); increases in the monthly retirement benefit of less than \$25 (2021); the first 100 hours of mandatory overtime worked in a fiscal year (2022); overtime performed during and as a result of a state of emergency declared by a local government in which the Governor authorizes mobilization of the Kentucky National Guard during such time as the National Guard is mobilized (2022, retroactive to May 28, 2020); pay raises for public defender specified attorney and staff positions are exempt. (2022 – HB 1). Ms. Surratt also noted that the 2021 amendment that exempted spikes that increase the monthly benefit by less than \$25 reduced the number of spikes by 80 percent while only losing 20 percent of the savings to the retirement systems, and saved a great deal of administrative time.

In response to a question from Representative Tipton, Ms. Surratt agreed that the 2022 RS HB 1 budget provision will only be in effect for two years.

Ms. Surratt discussed how KPPA makes a pension spiking determination. At retirement, the last five fiscal years of employment are evaluated for increases greater than 10 percent. If a spike occurs, notice and a form is sent to the last employer to verify any exemptions that may apply, and, after the form is returned, any applicable exemptions are keyed into the system. A post retirement audit is performed and the last five years are reevaluated to determine if a spike still exists after exemptions have been entered. A letter is sent to the member advising the final determination has been made and that the member has 30 days from the date the letter is mailed to appeal.

Lastly, Ms. Surratt provided member pension spiking statistics for fiscal years 2017 through 2022. Over that period, 3,210 retirees have spiked for an average of nine percent of retirees.

In response to questions from Representative Tipton, Ms. Surratt stated that the SPRS salary increases along with other lump sum salary payments in addition to across-the-board raises in the current budget are not exempted from the pension spiking provision. In response to a follow up question, she advised that the KPPA did not have a calculation of the cost to the systems were those salary increases to be exempted from spiking, but she would supply those figures to the Board once they were available.

In response to a question from Representative Graham, Ms. Surratt reviewed the steps of the appeal process.

In response to questions from Senator Higdon, Ms. Surratt stated that the many pension spiking exemptions has caused administrative issues with the staff, members, and legal staff. Possible legislative changes to satisfy the original intent of the pension spiking law to prevent egregious salary spikes without all of the exemptions is being discussed internally with KPPA staff and the actuaries. As a follow up, Senator Higdon commented that legislative changes that may have “no meaningful cost” concern him. Therefore, any legislation having to do with pensions

should be reviewed by the PPOB around October and November.

In response to a question from Mr. Hicks, Ms. Surratt stated that the most common item that has resulted in pension spiking is overtime worked.

Representative Miller commented that he agrees with Senator Higdon that pension legislation should be reviewed by the Board before introduced during the Regular Session. Additionally, he wanted to assure the Board that the overtime subject to emergency National Guard mobilization was reviewed by the Board during the 4th quarter of last year.

In response to a question from Representative Wheatley regarding the cost to the system when there is perceived pension spike, Mr. Eager stated that the actuary could provide comment on the question.

Senator Higdon commented that spiking occurs anytime an employee retires with a higher than anticipated final salary. When spiking occurs, there is a cost to the system.

With no further business, the meeting was adjourned.

## **TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes of the 3rd Meeting of the 2022 Interim August 11, 2022**

### **Call to Order and Roll Call**

The 3rd meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Thursday, August 11, 2022, 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: Representative Myron Dossett, Co-Chair; Senators Robin L. Webb and Whitney Westerfield; Representatives George Brown Jr., Kim King, Phillip Pratt, Brandon Reed, and Rachel Roberts.

Guests: Brian Lacefield, Executive Director, Kentucky Office of Agricultural Policy (KOAP); Bill McCloskey, Deputy Executive Director, KOAP; and Martin Richards, Executive Director, Community Farm Alliance (CFA).

LRC Staff: Stefan Kasacavage, Hillary Abbott, Kelly Ludwig, and Rachel Hartley.

The minutes from the meeting of June 16, 2022, were approved by voice vote.

### **Kentucky Office of Agricultural Policy Report**

Brian Lacefield stated 85 percent of county funds are used to administer the County Agricultural Investment Program (CAIP). The Kentucky Association of Conservation Districts is the second largest partner that administers programs throughout Kentucky. The Kentucky Agricultural Development Fund offers loans at a fixed rate, which have become more attractive as commercial rates have increased.

In July 2022, Mr. Lacefield was invited to the

United States Congress to testify regarding the success of the Tobacco Master Settlement Agreement and regenerative agriculture.

Bill McCloskey described the Agricultural Development Board's (ADB) projects. Mr. McCloskey highlighted programs including CAIP, Next Generation Farmer, Deceased Farm Animal Removal, the Shared-Use Equipment Program, and the Youth Agriculture Incentives Program.

The requested program amendments discussed included:

Whitley County Cattlemen's Association requested an additional \$3,000 in Whitley County funds for CAIP. The board recommended approval, which would bring the program total to \$35,726.

Owsley County Conservation District requested an additional \$122,500 in Owsley County funds for CAIP. The board recommended approval, which would bring the program total to \$277,500.

Lee County Conservation District requested an additional \$40,000 in Lee County funds for CAIP. The board recommended approval, which would bring the program total to \$90,000.

Washington County Cattlemen's Association requested an additional \$127,500 in Washington County funds for CAIP. The board recommended approval, which would bring the program total to \$268,700.

Washington County Cattlemen's Association requested an additional \$10,000 in Washington County funds for YAIIP. The board recommended approval, which would bring the program total to \$40,350.

Taylor County Cattlemen's Association requested an additional \$95,423 in Taylor County funds for CAIP. The board recommended approval, which would bring the program total to \$205,423.

Marion County Conservation District requested an additional \$60,000 in Marion County funds for CAIP. The board recommended approval, which would bring the program total to \$195,000.

### **The following were approved for funds through the On-Farm Energy Program:**

Barr Farms Organic Produce, LLC in Breckinridge County was approved for \$9,268.

Wade Road Poultry in Christian County was approved for \$10,150.

Lee's Plant Farms, Inc. in LaRue County was approved for \$10,150.

Sustainable Harvest Farm, LLC in Laurel County was approved for \$10,150.

Jodie King in Muhlenberg County was approved for \$10,150.

Edge Brothers Poultry, LLC in Ohio County was approved for \$10,150.

Nathaniel Daugherty in Ohio County was approved for \$10,150.

Jerry Gentry in Pulaski County was approved for \$2,640.

Lancaster Poultry in Webster County was approved for \$10,150.

### **The following were approved for funds through the On-Farm Water Program:**

Jarrod Brent Cornett in Laurel County was

approved for \$10,000.

**The projects discussed included:**

Daviess County Conservation District was approved for \$20,000 in Daviess County funds to administer the Youth Agricultural Production Cost-Share Program.

Daviess County 4-H was approved for \$1,036 in Daviess County funds to purchase livestock-based learning lab materials for youth livestock clubs.

Jessamine County Future Farmers of America Alumni Association was approved for \$8,000 in Jessamine County funds to provide cost-share assistance on projects.

Grayson County Farm Bureau was approved for \$5,000 in Grayson County funds to purchase grain bin rescue equipment.

Goldy's Custom Meats was approved for \$1,129 in state funds and up to \$10,000 in multi-county funds to purchase refrigeration equipment.

Ed Mar Farms, LLC was approved for \$85,446 in county funds to relocate and expand farm infrastructure for an agritourism event barn.

Meade County Fair, Inc. was approved for \$27,000 in Meade County funds to construct a new multi-species covered wash rack for livestock shows.

Twin Lakes Veterinary Services was approved for \$9,500 in Wayne County funds to construct haul-in large animal servicing facilities.

Trackside Butcher Shoppe was approved for \$25,000 in state funds and \$25,000 in multi-county funds to expand its carcass cooler.

Kentucky Association of Meat Processors was approved for \$95,940 in state funds to hire staff to build a foundation for the organization and to expand outreach to grow the association membership.

Green River Meats was approved for \$250,000 in state funds and county funds as a cost-reimbursement grant to establish a United States Department of Agriculture (USDA) certified custom meat processing facility.

Lincoln County Fire Protection District was

approved for \$2,150 in Lincoln County funds to purchase grain bin rescue equipment.

Elliott County Board of Education was approved for \$15,000 in Elliott County funds for constructing a new greenhouse.

The University of Kentucky Research Foundation was approved for \$352,145 in state funds over two years to support the Viticulture and Enology Extension Program. The project will continue research on vineyard management and winery techniques specific to varieties known to thrive in Kentucky.

In response to Senator Webb, Mr. McCloskey stated members of the Kentucky Association of Meat Processors (KAMP) are also members of other state and national associations, which are funded by dues and sponsorships. There are approximately 80 meat processors in Kentucky that are benefitting from the KAMP.

**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.

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. One-third of the farmers markets in Kentucky participate in KDD, and there has been an expansion in participation in the retail market.

Fresh Rx for MOMs is a fruit and vegetable prescription program for mothers on Medicaid with 11 participating farmers markets in 2022. Fresh Rx is currently 100 percent funded by the USDA.

Since 2016, the Kentucky Agricultural Development Fund has supported the Farmers Market Manager Cost-Share Program (FMMCSP), KDD, and FMSP. For every dollar, there has been a combined

return on investment of \$8.18.

There are currently 80 farmers markets in Kentucky and 71 accept benefits from the Supplemental Nutrition Assistance Program (SNAP) and KDD. There was an increase of 123 percent in SNAP redemptions at Kentucky farmers markets between 2013 and 2020.

In 2022, CFA received a three-year, \$599,913 grant from the USDA's Farmers Market Promotional Program to support the Farmers Market Resiliency Project (FMRP). FMRP is a customized training and support program to increase long-term resiliency at Kentucky farmers markets.

CFA has been accessing their strategy to assist those impacted by the flooding in eastern Kentucky. There have been issues with moving product from farmers to the markets because of impassable roadways.

CFA submitted a new two-year application to USDA to continue the expansion of Kentucky-grown fruits and vegetables by SNAP participants at farmers markets, eight retail sites, and a pilot matching incentive model. CFA will also submit a new proposal to KADF to support seniors and the Women, Infants, and Children program.

In response to Representative King, Mr. Richards stated CFA reaches out to all farmers markets in Kentucky and the farmers market decides if they will participate. There is a required federal match of the dollars, which could impact a farmers market's decision to participate. CFA has been willing to assist in fundraising for those farmers markets that have not been participating.

In response to Representative Dossett, Mr. Richards stated KDD is a tool used to keep inflation low. The prices at the local farmers markets have not increased as much as the retail market. The added transportation costs to move products within the retail market has increased prices.

There being no further business, the meeting was adjourned.





2022 Interim

## LEGISLATIVE RECORD

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Director

Legislative Research Commission

Carla Montgomery

Deputy Director for Committee and Staff Coordination

Mike Wynn

Public Information Officer

Joe Cox

Publications and Printing Officer

Dana Kelley

Jennifer Ellen Noran

Publications and Design Specialists

Public Information Staff:

Jeff Fossett

Steve Gatewood

Jordan Hensley

Susan Kennedy

Bud Kraft

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# LEGISLATIVE RECORD

KENTUCKY GENERAL ASSEMBLY

700 Capital Avenue

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