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Education committee receives update on academic standards for social studies

by Nancy Royden - LRC Public Information

FRANKFORT — The Interim Joint Committee on Education received an update on Nov. 1 about the state's plan to implement new academic standards related to social studies under Senate Bill 1.

SB 1, which received approval from the General Assembly earlier this year, calls for the Kentucky Department of Education (KDE) to incorporate fundamental American documents and speeches into middle and high school social studies standards. State officials expect to finalize the implementation by August.

The 24 fundamental documents and speeches named in the legislation include, among others, The Mayflower Compact, The Declaration of Independence, The Gettysburg Address, the Atlanta Exposition Address by Booker T. Washington, A Time for Choosing by Ronald Reagan, and The Monroe Doctrine by James Monroe.

Micki Ray, chief academic officer at KDE, said the standards were already scheduled for review in 2025, but that SB 1 called for an accelerated timeline.

"We moved very quickly with the passage of the law to reconvene the social studies advisory panel and review committee to come together to discuss how they were going to incorporate the required documents into the Kentucky academic standards for social studies," she said.



Senate Minority Caucus Chair Reginald Thomas, D-Lexington, speaks about new academic standards for social studies during a meeting of the Interim Joint Committee on Education on Nov. 1.

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Academic standards for social studies,

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Ray added that the upcoming changes will not impact the timeline for the full-scale review in 2025.

Signed into law last April, advocates for SB 1 say it ensures core concepts are taught in social studies. But opponents say it limits important teachings and stifles free speech in the classroom.

State officials held a public comment period on the standards in September, and another public comment period is scheduled in January 2023.

Four hundred respondents participated during the first comment period, representing 59% of all Kentucky counties. They included teachers, retired teachers, administrators, parents/guardians, students and stakeholders from higher education and business, according to KDE.

Rep. James Tipton, R-Taylorsville, asked how those who are not educators and more people in general can become involved in the process.

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Commission discusses need for state to study causes of gun injuries, prevention

by Jordan Hensley - LRC Public Information

FRANKFORT— One issue lawmakers may consider tackling in the 2023 legislative session is the need for more research on gun injuries and prevention.

Rep. Keturah Herron, D-Louisville, spoke before the Commission on Race and Access to Opportunity on Nov. 15 about a bill she's working on to establish an Office of Gun Violence Prevention within the Kentucky Department for Public Health.

"The office will also collect and disseminate data and make recommendations related to gun violence policy and community-based gun violence intervention and prevention programs," Herron said.

The office would also be able to apply for alternative funding, such as federal grants. Herron said it would be similar to the Office of Drug Control Policy.

Herron told the commission this bill is not seeking to ban guns or place any new restrictions on gun ownership.

"I do fully support the Second Amendment, and I am a legal gun owner," Herron said. As someone who has lost people she loves to gun injuries, Herron said this cause is important to her.

Sabrina Brown, the core director and an investigator for the Kentucky Injury and Prevention Research Center, said six out of 10 deaths in the U.S. in 2019 were firearm-related suicides, and 109 people died a firearm-related death every day in 2019.

Kentucky is one of the states with a high rate of firearm-related fatalities, Brown added.

Monique Williams, an associate professor in the School of Public Health and Information Sciences at the University of Louisville, studies a public health approach to gun violence.



Rep. Keturah Herron, D-Louisville, discusses a possible bill to establish an Office of Gun Violence Prevention during the Commission on Race and Access to Opportunity on Nov. 15.

"Public health approaches allow for us to treat violence like the disease it is, and we see it becoming an epidemic," she said.

Sen. Karen Berg, D-Louisville, said that as a doctor, this issue is important to her and she supports the legislation because, in order to address the issue of gun violence, lawmakers need an idea of what is causing it.

"Until we understand what's bringing this forward, what's precipitating this, what can we do to address it? We're helpless," Berg said. "We don't have a way of addressing this without that data."

Commission co-chairs Rep. Samara Heavrin, R-Leitchfield, and Senate President Pro Tempore David P. Givens, R-Greensburg, thanked Herron and her guests for their presentation.

"You eloquently stated that this is complex, multifaceted and it's not going to have a single answer that's going to solve the problem," Givens said.

The Commission on Race and Access to Opportunity is a 13-member statutory committee tasked with conducting studies and research on issues where disparities may exist in education equity, child welfare, health, economic opportunity, juvenile justice, criminal justice and other sectors that are deemed relevant in improving services and opportunities for minority communities. The commission is comprised of legislative and citizen members.

As of the time of publication on Nov. 16, Herron had not officially submitted an interim working draft related to gun injury or gun violence prevention for the 2023 legislative session. During the interim, the Kentucky General Assembly cannot take any action on legislation. The 2023 legislative session begins Jan. 3.

Legislators continue to consider gray machines

by Nancy Royden - LRC Public Information

FRANKFORT — The Interim Joint Committee on Licensing, Occupations, and Administrative Regulations on Nov. 17 heard ardent comments and testimony regarding gambling machines known as “gray machines.”

This isn't the first time lawmakers have heard about the machines, as a measure to prohibit the machines in Kentucky failed during the last legislative session. Supporters of the machines say they bring in much-needed income, while opponents view them as illegal.

Frank Fina Sr., of Georgia-based Pace-O-Matic, testified that the company has a unique business model and operates legally. He explained several components of legislation he and others are pursuing.

“Last session, we received many, many questions regarding our business and the legal skill game industry,” he said. “This session, we’re working with Senator Howell and other legislators to introduce and hopefully pass legislation that will further define, regulate and tax the legal skill game industry here in Kentucky.”

Fina said the measure would lead to strict rules on the skill game marketplace. It would eliminate illegal skill game operators and distributors, provide the state and the localities with additional tax revenue and offer sustainable income to small businesses, he said.

The measure would also designate the Kentucky Department of Revenue as the regulator and the Kentucky State Police as the enforcement arm. In addition, it would levy a 6% tax on game revenue and provide funding for both agencies, he said.

“We bear the costs of putting this business into the state. We don’t ask for any assistance. And it is a win-win opportunity for both operators, locations and the state,” he said.



Rep. Killian Timoney, R-Lexington, speaks during the Interim Joint Committee on Licensing, Occupations and Administrative Regulations meeting.

Wes Jackson, owner of The Cue Club in Lexington, spoke in favor of the machines.

“One of the things that has greatly helped me over the last year has been adding skill games to my location,” he said. “These games have become very popular with my customers, just like our billiards, our darts, and our shuffleboard. These machines are games of skill.”

Speaking against the machines was Malcolm Cherry, commander of American Legion Post 23 in Bowling Green. He spoke about the thousands of dollars of taxes the organization has paid and the numerous instances in which the group has helped others.

“We run a real good organization. We do it legally with the legal gaming machines that are out there,” he said.

Senate Majority Floor Leader Damon Thayer, R-Georgetown, said he would continue to support Rep. Killian Timoney’s bill that would make them illegal. He said three forms of legalized wagering exist in Kentucky – pari-mutuel, the lottery and

charitable gaming.

“You talked about having a unique business model. Yeah, it’s unique. It’s illegal. You talked about being disruptive. Yeah, it’s disruptive,” Thayer said.

Rep. Ruth Ann Palumbo, D-Lexington, said she has been involved with many charitable fundraisers throughout the years, and asked Fina if Pace-O-Matic has approached charities such as the Veterans of Foreign Wars (VFW) to host the machines. She also asked if they told those charities they might lose their tax status if they install the machines.

Fina said the machines are already in use at “a number” of VFWs and other fraternal clubs that are charitable organizations.

Palumbo asked again about the tax status of the organizations, that they could lose their charitable licenses.

“I’m afraid, representative, I respectfully disagree. I don’t see any avenue in which they would lose their charitable status while operating legal skill games,” he said.

Timoney, R-Lexington, said that more needs to be done to establish the legality of the machines.

“There is something legal that has to occur here. Until that, they are ‘gray.’ They are not games of skill,” he said.

He also expressed concern about charitable gaming.

“We have charitable gaming organizations that are closing. They are losing their licenses every day. I helped. I proposed legislation so that charitable gaming could keep their doors open. Our charities, our VFWs, our bingo parlors, our school booster clubs, everything is closing. And they’re directly giving back to charity.”

Lawmakers share plan with legislative committee to criminalize hazing

by Jordan Hensley - LRC Public Information

FRANKFORT — Two Kentucky lawmakers plan to file legislation in 2023 to make hazing a crime in the Commonwealth.

Sen. Robby Mills, R-Henderson, and Rep. Jonathan Dixon, R-Corydon, testified before the Interim Joint Committee on Judiciary on Oct. 20 alongside the parents of 18-year-old Lofton Hazelwood. Hazelwood, a University of Kentucky student and Henderson native, died of alcohol toxicity at a fraternity house last year. The bill will be known as Lofton's Law.

"We believe that intentional, wanton and reckless participation in the act of hazing needs to be stopped in Kentucky," said Mills. "And the only way for organizations and people who operate these organizations to understand the severity of hazing is to attach a crime to this behavior in Kentucky."

Mills and Dixon's proposed anti-hazing legislation defines hazing as an action which endangers the mental or physical health of a minor or student for the purpose of recruitment, initiation into, affiliation with or enhancing or maintaining membership or status within any organization.

Activities that would be considered hazing under this law include causing, coercing or forcing a minor or student to violate federal or state law; consume any food, liquid, alcoholic beverage, drug, tobacco product or other controlled substance; endure physical brutality, endure sexual brutality and other activities that endanger the person's physical and mental health.



Sen. Robby Mills, R-Henderson, speaks about possible anti-hazing legislation during a meeting of the Interim Joint Committee on Judiciary while Rep. Jonathan Dixon, R-Corydon, looks on.

Under this proposed legislation, a person would be guilty of first-degree hazing, a class D felony, if he or she intentionally or wantonly participates in hazing that results in serious physical injury or death. A person would be guilty of second-degree hazing, a class A misdemeanor, if he or she recklessly participates in the act of hazing.

"We believe the activity of hazing is not something we should turn a blind eye to because it can lead death, injury and destruction of Kentucky families and friends," Mills said.

Lofton Hazelwood's mother, Tracey Hazelwood, shared her son's story with the committee. She said the hazing at the fraternity her son was attempting to join began weeks before his death, with members forcing her son to drink alcohol, participate in vandalism, chew tobacco until he vomited and more.

After an investigation, it was reported Lofton died after consuming 18 pours of bourbon in a plastic cup on Oct. 18, 2021. He was left alone while extremely intoxicated, and by the time he was discovered unresponsive, it was too late, Tracey Hazelwood said.

"I beg that you please consider this bill," she said. "We need Lofton's Law in place as soon as possible. It's not going to bring my son back, but it might save somebody else's son."

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"We appreciate the feedback because that makes the process better and they, like us, want this to be something that's useful to the field and also helpful to students as they go through that K-12 progression for social studies," Ray said.

Feedback from all types of people is welcome, she said.

Senate Minority Caucus Chair Reginald Thomas, D-Lexington, asked about specific information

teachers shared on the survey, including possible comments related to critical race theory.

Beth Ratway of the American Institutes for Research said educators supported the adjustments based on the statute and saw the explicit connections to the documents.

"They really did not bring up the concepts of CRT within their comments, but they did give some really good suggestions to support the 2025

review, so we definitely captured those and have those for our future work as well," she said.

Sen. Adrienne Southworth, R-Lawrenceburg, questioned if the standards will be taught throughout multiple grades rather than just during a single year.

"Are we really rotating around the cycles correctly, or do we still have more or less holes," she asked.

Ray said that all of the pieces are included over the scope of both middle school and high school.

Legislators learn how funding supports cannabis research

by Nancy Royden - LRC Public Information

FRANKFORT — House Bill 604 established the Kentucky Center for Cannabis Research at the University of Kentucky earlier this year. On Oct. 26, members of the Interim Joint Committee on Health, Welfare, and Family Services learned more about its mission.

Center Director Shanna Babalonis told the committee that experts will use a \$2 million appropriation over the next two years to support a multitude of projects.

That includes examining vaporized cannabis as a treatment for opioid use disorder; researching edible cannabis doses for cancer patients, and examining cannabis involvement in opioid overdose deaths, injuries and driving fatalities.

The center will also conduct an analysis of cannabidiol (CBD) products, pilot a growing project with other UK personnel, study how inhaled cannabis affects driving compared to alcohol, and look at medical cannabis' impact on prescription opioid use.

"We are also planning a cancer trial with the Markey Cancer Center to look at edible cannabis doses for patients with cancer, and I would just like to highlight that this is going to be one of the first studies of its kind," Babalonis said. "You would think that cancer and cannabis have been really well researched. Unfortunately, that's not the case."

Babalonis said the center is benefiting from the expertise of those who serve on an executive committee and an advisory committee.

The executive committee is tasked with establishing the research priorities and the budget of the center, and the advisory committee advises the executive committee and offers feedback on the center's progress and direction, Babalonis said.

Rep. Lisa Willner, D-Louisville, said she supports learning more about the center's research and asked about similar centers.

"I mainly just want to express my appreciation and enthusiasm for the center and the project," she said. "And I just want to have clear in my mind, is



Sen. Ralph Alvarado, R-Winchester, speaks during a meeting of the Interim Joint Committee on Health, Welfare and Family Services.

this the only center like this in the country, and is Kentucky really leading the way on this research?"

Babalonis said it's one of several in the United States, and California has a huge cannabis research center due to the large amount of money from medical marijuana sales in the state.

"I'd say there's only a handful of other places that are able to do this. But I would like to highlight that Kentucky, UK, is one of the only places in the world that can do an inpatient trial, placebo-controlled cannabis trial on an inpatient basis, meaning that we admit people to the hospital and have them live there and can control their drug intake," she said.

Sen. Ralph Alvarado, R-Winchester, who is also co-chair of the committee, said the center's work is positive.

"I think that there's a lack of research on a lot of this topic. And the fact that you stated that we have a lack of that, I think it's important," he said. "I want to let the members of the press who are here, who always seem to report that there's all of these studies and all of this proof, I don't know that we have that proof. So I'm encouraged to get the proof, either show it yes or no."

Rep. Kimberly Poore Moser, R-Taylor Mill, who is co-chair of the committee and was the lead sponsor of HB 604, said those at the center are doing a great job, and it's being noticed.

"Thank you for all your work. I think it's incredible that you have already secured a \$2 million NIH grant, which was exactly what I thought would happen," she said. "You know you create this focused center for research, and the money will follow. And I think that's probably the first of many grants that we'll see."



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Hazing, from page 4

Dixon said while he believes fraternities and sororities are an important part of the college experience, those who engage in hazing need more accountability.

“I hope that by starting this conversation today about the risks and the potential outcomes that have come from hazing, we can potentially add a stiffer penalty to those who engage in that behavior and result in saving many, many lives,” Dixon said.

Rep. Patrick Flannery, R-Olive Hill, suggested the sponsors consider enhancing the first-degree hazing penalty to a class C felony.

“Or just find ways to be more punitive to discourage this type of criminal behavior, or maybe even have some sort of aggravated offensive if it involved some sort of fraternity or sorority hazing practice,” he added.

Sen. Karen Berg, D-Louisville, asked if the fraternity was disbanded and if there were any legal actions taken against the organization. Tracey Hazelwood said it was and that there is a pending lawsuit.

Sen. Alice Forgy Kerr, R-Lexington, advocated for an educational component to be added to the bill. Mills liked the idea.

As of Oct. 20, Mills and Dixon have not submitted an interim working draft related to anti-hazing for the 2023 legislative session. During the interim, the Kentucky General Assembly cannot take any action on legislation. The 2023 legislative session begins Jan. 3.



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Committee Meetings

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 573rd Meeting

November 9, 2022

Call to Order and Roll Call

The 573rd meeting of the Legislative Research Commission was held on Wednesday, November 9, 2022, at 11:30 AM, in Room 125 of the Capitol Annex. Senator Robert Stivers, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

LRC Staff: Jay Hartz and Christy Glass.

There being a quorum present, Senator Stivers called for a motion to approve the minutes of the August 10, 2022, meeting; accept as indicated items A. through K. under Staff and Committee Reports; approve items A. through I. under New Business; and accept and refer as indicated items 1. through 51. under Communications.

A motion was made by Representative Osborne and seconded by Senator Parrett, to approve, accept, or refer the following items and a roll call vote was taken.

DISPOSITION of minutes of the August 10, 2022, MEETING

STAFF AND COMMITTEE REPORTS

Committee reports since August 2022.

Reports of the Administrative Regulations Review Subcommittee meetings on August 9, September 13, and October 11, 2022.

Committee review of administrative regulations by the Interim Joint Committee on Energy during its meeting on August 18, 2022.

Committee review of administrative regulations by the Senate Standing Committee on Health and Welfare during its meeting on August 25, 2022.

Committee review of administrative regulations by the House Standing Committee on Health and Family Services during its meeting on August 25, 2022.

Committee review of administrative regulations by the Interim Joint Committee on Education during its meeting on September 20, 2022.

From Jennifer Hays, CSA of the Interim Joint Committee on Appropriations and Revenue: July, August, and September 2022 Staff study on Electric

Vehicles and Transportation Funding. (Staff committee referrals: Transportation and Appropriations and Revenue.) (Copy of attachments available upon request.)

Committee review of administrative regulations by the Interim Joint Committee on Health, Welfare, and Family Services during its meetings on September 28 and October 26, 2022.

Committee review of administrative regulations by the Interim Joint Committee on State Government during its meeting on September 27, 2022.

Committee review of administrative regulations by the Interim Joint Committee on Agriculture during its meeting on October 20, 2022.

From Tom Hewlett, Deputy Director for Research and Communications: Report of ARM staff study.

NEW BUSINESS

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum appointing Representative Patrick Flannery to the Interim Joint Committee on Judiciary.

From Senator Whitney Westerfield and Representative C. Ed Massey, Co-chairs of the Interim Joint Committee on Judiciary: Memorandum requesting approval to meet outside the interim on December 15 at 11:00 a.m. in order to receive testimony. There are no known conflicts.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum approving the 2023 Regular Session Calendar.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum appointing commissioners to the National Conference on Uniform State Laws for a term of four years.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum appointing Senator Stephen Meredith to serve as Co-chair of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection for the remainder of the 2022 Interim.

From Senator Danny Carroll and Representative Samara Heavrin, Co-chairs of the Early Childhood Education Task Force: Memorandum requesting approval to meet on November 17, rather than the regularly scheduled meeting date of November 3, and to request an additional meeting date on November 21 to review and vote on the final findings and recommendations of the task force. There are no apparent conflicts.

From Senator David Givens and Representative Samara Heavrin, Co-chairs of the Commission on Race and Access to Opportunity: Memorandum requesting approval to meet on October 27 at 2:00 p.m., rather than the regularly scheduled meeting date of October 26, and on November 16 at 11:00 a.m., rather than the regularly scheduled meeting date of November 17. This request is to avoid a

potential conflict. The only known conflict would be if the Interim Joint Committee on Local Government meeting goes over an hour.

From Senator Ralph Alvarado and Representative Kimberly Poore Moser, Co-chairs of the Interim Joint Committee on Health, Welfare, and Family Services: Memorandum requesting approval to meet on November 15, at 11:00 a.m., rather than the regularly scheduled meeting date on November 16. There are two known conflicts.

From Senator David Givens and Representative Ken Fleming, Co-Chairs of the Emergency Medical Services Task Force: Memorandum requesting approval for an additional meeting on November 15 at 1:30 p.m. to review and vote on the final findings and recommendations of the task force. There is one known conflict.

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 1, 2, and 3, and year-to-date activity for the period of July 1, 2022, through September 30, 2022.) Pursuant to KRS 42.190.

From the Office of the Attorney General: Constitutional Challenge Reports for the months of October, November, and December 2021. Pursuant to 418.075(3).

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarter ending September 30, 2022. Pursuant to KRS 154.20-150.

From the Kentucky Personnel Cabinet: Quarterly Report as of March 31, 2022, which lists the number of all full-time classified (merit) and

unclassified (non-merit) employees. Pursuant to KRS 61.392.

From Kentucky Employers' Mutual Insurance: Quarterly Statement as of June 30, 2022, and second quarter 2022 solvency statements. Pursuant to KRS 342.821.

From the Finance and Administration Cabinet: 2022 Kentucky Licensed Property Insurance Premiums Surcharge.

From the Justice and Public Safety Cabinet: FY22 2nd, 3rd, and 4th Quarters County Jail Incentive Program Report.

From the Justice and Public Safety Cabinet: FY22 4th Quarter, and FY23 1st Quarter Population Management Reports.

From the Justice and Public Safety Cabinet: Prison Industries Enhancement Certification Program (PIECP) Annual Report. Pursuant to KRS 196.704.

From the Justice and Public Safety Cabinet: Department of Corrections Annual Report. Pursuant to KRS 196.031.

From the Justice and Public Safety Cabinet: FY22 4th Quarter, and FY23 1st Quarter Substance Abuse Treatment and Job Training Pilot Reports.

From the Justice and Public Safety Cabinet: 2022 Education Program on AIDS Annual Report. Pursuant to KRS 197.055.

From the Justice and Public Safety Cabinet: 2022 Lee Adjustment Center Annual Report. Pursuant to

KRS 197.515.

From the Justice and Public Safety Cabinet: FY22 Kentucky State Corrections Commission Annual Report. Pursuant to KRS 196.736.

From the Justice and Public Safety Cabinet, Office of the State School Security Marshall: 2021-22 Annual Report.

From the Justice and Public Safety Cabinet, Department of Corrections: 2021 Certificate of Employability Report. Pursuant to KRS 196.281 (3).

From the University of Kentucky: 2022 Annual Technical Report and Addenda, Collaborative Center for Literacy Development: Early Childhood through Adulthood. Pursuant to KRS 164.0207(3).

From the Cabinet for Health and Family Services: 2022 Child Abuse and Neglect Annual Report of Child Fatalities and Near Fatalities. Pursuant to KRS 620.050(12).

From the Tourism, Arts and Heritage Cabinet: FY22 1 Percent (1%) Statewide Lodging Tax. Pursuant to KRS 142.406.

From the Auditor of Public Accounts: FY22 Report of the Audit of the Kentucky Reclamation Guaranty Fund.

From the University of Kentucky College of Social Work: 2022 Citizen Review Panel Annual Report.

From the Cabinet for Health and Family Services: FY22 Response to Citizen Review Panel Annual Report. Copy available upon request.

From the Auditor of Public Accounts: FY22 Report of the Audit of the Cabinet for Health and Family Services' Breast Cancer Research and Education Trust Fund.

From the Finance and Administration Cabinet: FY22 Disaster Relief Sales and Use Tax Refund Totals.

From the Kentucky Department of Fish and Wildlife: 2022 Status of Hunting Land Access in Kentucky. Pursuant to KRS 150.0241(6).

From the Kentucky Legislative Ethics Commission: 2022 Recommended Changes to the Code of Legislative Ethics.

From the Kentucky Board of Medical Licensure: 2022 Annual Report.

From the Cabinet for Health and Family Services: 2022 Child Care Assistance Program (CCAP) data and assessments pursuant to HB 7, 22 RS.

From the Cabinet for Health and Family Services, Office of the Inspector General: 2022 Audit of Required Abortion-related Information Reported to the Vital Statistics Branch for Calendar Year 2021. Pursuant to KRS 213.101(11).

From the Commonwealth Office of Technology: 2021 Personal Information Security and Breach Notification Annual Report. Pursuant to KRS 42.726(5) and KRS 61.931-61.934.

From the Cabinet for Health and Family Services: 2022 DCBS Relative and Fictive Kin Caregiver Placements Annual Report. Pursuant to KRS 605.120(5).

From the Teachers' Retirement System: FY22 In-State Investment Report. Pursuant to KRS 161.430.

From the Department for Local Government: 2022 Special Purpose Governmental Entity (SPGE) compliance status. Pursuant to KRS 65A.

From the Cabinet for Health and Family Services: 2022 Stroke Encounter Quality Improvement Project (SEQIP) Annual Report. Pursuant to KRS 211.575.

From the Personnel Cabinet: Kentucky Employees' Health Plan Twenty-Second Annual Report. Pursuant to KRS 18A.226(5)(b).

From the Auditor of Public Accounts: 2022 Report of the Audit of the Kentucky Heritage Land Conservation Nature License Plate Fund.

From the Auditor of Public Accounts: 2021-2022 Report of the Audit of the Kentucky Lottery Corporation.

From Kentucky Employers' Mutual Insurance: 2023 Administrative Budget Pursuant to KRS 342.813(3)(b).

From Kentucky Council on Postsecondary Education: October 2022 Monthly Financial Update for Kentucky State University.

From the Finance and Administration Cabinet: FY 22 Report on Use of Energy-Efficient Measures in State Government. Pursuant to KRS 56.782.

From the Cabinet for Health and Family Services: FY22 Pediatric Cancer Research Trust Fund Annual Report. Pursuant to KRS 211.597(4).

From the Kentucky Higher Education Assistance Authority: FY22 Actuarial Valuation for Kentucky's Affordable Prepaid Tuition. Pursuant to KRS 164A.708.

From the Kentucky Department of Fish and Wildlife Resources: 2022 Annual Report of Law Enforcement Professional Standards. Pursuant to KRS 235.312.

From the Cabinet for Health and Family Services: 2022 Annual Report of Victims of Female Genital Mutilation. Pursuant to KRS 620.032.

From the Cabinet for Health and Family Services: 3rd Quarter Social Service Worker Caseload Averages Reporting. Pursuant to KRS 199.461(4).

From the Cabinet for Health and Family Services: 2022 Child Victims of Human Trafficking Annual Report. Pursuant to KRS 620.029(2)(b).

From the Cabinet for Economic Development: 2022 Annual Reports on the following programs: Office of Entrepreneurship and Small Business Innovation, Bluegrass State Skills Corporation, Economic Development Fund, Kentucky Investment Fund Act, Kentucky Enterprise Initiative Act, Incentives for Energy-related Business Act, Tax Increment Financing, Kentucky Angel Investment Tax Credit, Kentucky Small Business Credit Initiative, Kentucky Rural Hospital Loan Program, and Kentucky Reinvestment Act. Pursuant to KRS 154.12-2035.

From the Kentucky Department of Education: 2021-2022 Physical Activity and Nutrition Report. Pursuant to KRS 160.345(11).

From the Kentucky Office of Homeland Security: 2022 Annual Report.

From Kentucky Council on Postsecondary Education: Management Improvement Plan for Kentucky State University.

From the Kentucky Department of Fish and Wildlife Resources: 2022 Status of Chronic Wasting Diseases and Other Wildlife Disease Report. Pursuant to KRS 150.740(6).

The motion passed unanimously with Senator

McGarvey abstaining from voting pursuant to Section 57 of the Kentucky Constitution.

Representative Osborne and Senator Stivers thanked those LRC members who were retiring or leaving the General Assembly for their service to the state of Kentucky.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 4th Meeting of the 2022 Interim

October 20, 2022

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Agriculture was held on Thursday, October 20, 2022, at 9:00 AM, in Room 154 of the Capitol Annex. Representative Richard Heath, 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, and Max Wise; Representatives Jonathan Dixon, Daniel Fister, Kelly Flood, Derrick Graham, Mark Hart, Keturah Herron, Mary Beth Imes, Kim King, Matthew Koch, Nima Kulkarni, Michael Sarge Pollock, Phillip Pratt, Josie Raymond, Cherlynn Stevenson, Nancy Tate, Walker Thomas, and James Tipton.

Guests: Steve Morris, CFO, Hemisphere Limited; Matt York, Financial Analyst, Hemisphere Limited; and Jamie Guffey, Executive Director, Kentucky Poultry Federation.

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

The July 7, 2022 and August 25, 2022, minutes were approved, by voice vote, without objection upon motion made by Senator West and seconded by Senator Parrett.

Overview of Biodiesel Blending Facility

Steve Morris, CFO, Hemisphere Limited and Matt York, Financial Analyst, Hemisphere Limited gave an overview of the Continental Refining Company project located in Somerset. Mr. Morris explained that the biodiesel blending facility is a \$33 million dollar project. It involves purchasing soybeans from local producers to make blended biodiesel. The biodiesel plant will be able to produce up to 5 million gallons per year. In addition, crushing the soybeans and soy hulls will provide soybean meal that can be used as animal feeds. Continental Refining is in the process of building a soy crush plant which should be operational January 1, 2024. The biodiesel plant should be up and running within the next 30 days. Mr. Morris asked that the General Assembly consider changing the purchasing statutes to include a preference of alternative fuels.

In response to Representative Tipton, Mr. Morris said there are several variables relating to the prices

between gas and diesel fuels. There are more vehicles using clean diesel fuel, there is a dire heating market in Europe, and inventories are down. Manufacturers are experimenting with higher blended biodiesel fuel for use in tractors.

In response to Senator Hornback, Mr. Morris said Continental Refining hopes to start purchasing local soybeans within a month.

In response to Representative Thomas, Mr. Morris stated that diesel exhaust fluid (DEF) tanks would still need to be used. The goal is to sell blended diesel fuel for less than it costs now.

In response to Representative Kulkarni, Mr. Morris said the plans are designed for expansion. Farmers have been converting to grain production and there should continue to be a slight increase in soybean production.

In response to Senator Wise, Mr. Morris said they would be reaching out to high schools and community colleges to help design training programs for students.

In response to Representative Heath, Mr. Morris stated that there had been times when the diesel fuel supply was tight, and it could get tighter during the winter months.

In response to Senator Hornback, Mr. Morris said that all the diesel/petroleum products they receive for blending are trucked from Knoxville.

Update from Kentucky Poultry Federation

Jamie Guffey, Executive Director, Kentucky Poultry Federation, said that the poultry industry has experienced some tough challenges the past year. Mr. Guffey said that the poultry industry dropped from being the number one commodity in Kentucky to the number two spot. He said that egg birds and meat birds are being raised in organic pastures which has opened doors to marketing opportunities. Growers are looking to expand their facilities but building materials have increased from \$15 per square foot to \$20 per square foot. Mr. Guffey said that there are a couple of companies interested in building stand-alone facilities in Kentucky, but the lack of a labor force is holding them back. He said that the 2021 tornado destroyed 26 poultry houses across Kentucky. Companies/competitors stepped up to help hatch eggs in order to sustain the poultry industry, but the rebuilding process is still an issue. Mr. Guffey said that High Pathogenic Avian Influenza was detected in Kentucky in February that resulted in a temporary lock down for international trade stock.

Mr. Guffey said that in order for the poultry industry to expand there has to be a strong labor market. The State Veterinarian's Office needs more trained employees to help when disasters occur, such as tornados, flooding, and diseases that attack animal industries. He also encouraged support for a proposed Meats and Food Workforce Development Center to be built at the University of Kentucky - Woodford County farm. The proposal is supported by many of the commodity groups.

Mr. Guffey noted that Kentucky lost out on three different facilities that were looking to locate in Kentucky.

Senator Webb said it is important to look at pay scales across other states for recruiting and keeping veterinarians in the state.

In response to Representative Tipton, Mr. Guffey said the Avian Influenza would be the main factor of increasing retail prices for poultry products.

In response to Representative Kim King, Mr. Guffey stated that the detection of High Pathogenic Avian Influenza in Fayette County was a wakeup call. It went so far as to impact international trade.

In response to Senator West, Mr. Guffey said that poultry litter is currently selling for \$45 to \$50 a ton. It is a huge part of the poultry industry. He said that the industry is not seeing any Environmental Protection Agency (EPA) regulations that would affect poultry.

In response to Representative Stevenson, Mr. Guffey said that in addition to the Kentucky State Veterinarian's Office, the Kentucky Department of Agriculture stepped up to assist with the High Pathogenic Avian Influenza case. The Cabinet for Economic Development could be beneficial in facilitating new agricultural facilities interested in locating to Kentucky. An increase in communication with any government office is always beneficial.

In response to Representative Kulkarni, Mr. Guffey said that because the poultry industry is a year-round operation, it is not eligible for the H2A Visa Program. He said that the poultry industry is very interested in Ag Technology. The most important thing for Ag Technology and automation is access to broadband.

In response to Representative Heath, Mr. Guffey said that the United States Department Agriculture (USDA) has an indemnity program related to High Pathogenic Avian Influenza. There is an Avian Influenza insurance policy that farmers can purchase, but it has limitations.

In response to Senator Webb, Mr. Guffey explained that some new companies who are interested in locating in Kentucky, reach out to the industry or county extension agents. He said that there needs to be better communication between everyone involved, including the Cabinet for Economic Development.

Meeting adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Education

Minutes of the 4th Meeting of the 2022 Interim

October 19, 2022

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, October 19, 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; Senator Christian McDaniel; Representatives Kim Banta, Ken Fleming, Kelly

Flood, Derrick Graham, Bobby McCool, and Charles Miller.

Guests: Dr. Aaron Thompson, President, Kentucky Council on Postsecondary Education; Lee Nimocks, Senior Vice President and Chief of Staff, Kentucky Council on Postsecondary Education; Dr. Amanda Ellis, Vice President of K-12 Policies and Programs, Kentucky Council on Postsecondary Education; Dr. Ronald A. Johnson, Interim President, Kentucky State University; Dr. Daarel Burnette, Interim Chief of Staff, Kentucky State University; Dr. Gerald Shields, Interim Chief Financial Officer, Kentucky State University; Bridgett Goleman, Interim Vice President of Student, Engagement and Campus Life, Kentucky State University.

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

Council on Postsecondary Education (CPE)

Representatives from CPE testified regarding the council's administrative and financial needs. Dr. Thompson expressed the need for additional agency operating funds to support the growth in CPE's duties and to meet the objectives of the state's strategic agenda.

In response to a question from Representative Riley, Dr. Thompson said that only 3-4% of people know about the Work Ready Kentucky Scholarship Program. He stated that CPE secured grant money to promote the program. Dr. Thompson added that B. Stille, of the music group Nappy Roots, became the spokesperson after returning to Kentucky to get his degree. Ms. Nimocks said that it is important to focus on educating employers on the Work Ready program.

In response to a question from Senator McDaniel, Dr. Thompson said that the increased demand for an online learning experience requires additional wrap-around services for students. He added that while conversations are ongoing about the increase in virtual learning, employers want employees to have a physical work-based learning experience.

In response to a question from Representative Graham, Dr. Thompson said that CPE has been at the forefront of economic development projects in Kentucky. He said that the needs of companies coming into the Commonwealth are ever-growing and that education and training programs must be adaptable to meet these needs.

In response to a question from Chair Tipton, Dr. Ellis said the Commonwealth Education Continuum is a cradle-to-career initiative to strengthen Kentucky's education pipeline. She said a weak spot for Kentucky was the transition from secondary to postsecondary. Dr. Ellis said the most significant needs were academic preparedness and college and career advising. She said that the Kentucky Advising Academy was created with COVID Relief funding. The Kentucky Advising Academy assists counselors and school staff in advising families and students. Dr. Thompson said that roughly \$50 million of federal funding was left on the table by students who did not fill out the Free Application for Federal Student Aid (FAFSA).

In response to a question from Senator West, Dr. Ellis said that the grade level in which counseling starts varies between districts. She added that advising for families and students should be early and often.

Dr. Ellis said that all sixth graders must complete an individual learning plan.

Kentucky State University (KSU)

KSU representatives testified regarding declining enrollment, retention rates, and the status of the new dormitory. The presentation also addressed delinquent student balances and the emergency declaration for campus facilities.

In response to a question from Chair Tipton, Dr. Burnette anticipates that KSU's Fiscal Year 2021 audited financials will be available in four to six months.

In response to a question from Senator West, Dr. Shields said that KSU has approximately 400 employees. He said 20-25 of those employees are custodial staff. Dr. Burnette added that maintenance and custodial services are outsourced. Dr. Shields and Senator West discussed the possibility of writing language to remove some restrictions on deferred maintenance funds.

There being no further business before the subcommittee, the meeting adjourned at 12:22 P.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement Minutes of the 5th Meeting

of the 2022 Interim

November 2, 2022

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, November 2, 2022, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representatives John Blanton, Co-Chair, and Myron Dossett, Co-Chair; Senators Adrienne Southworth, Reginald Thomas, and Stephen West; Representatives Jeffery Donohue, Jim Gooch Jr., Derrick Graham, Mark Hart, Adam Koenig, Jerry T. Miller, Phillip Pratt, Josie Raymond, Nancy Tate, and Buddy Wheatley.

Guests: Will Metcalf, Associate Vice President, Office of Research and Innovation, University of Louisville (UofL); Adel Elmaghraby, Professor, Computer Science and Engineering, Speed School of Engineering, UofL; Andrew Wright, Assistant Professor and Chair, Information Systems, Analytics, and Operations, UofL; Rick Halbleib, President, Global Watchmen Associates; Brian Gupton, CEO, Datastream; Captain Ryan Hogsten, Rescue Company #1, Lexington Fire Department, and Lt. Doug Hargraves, Executive Office of Special Operations, Lexington Fire Department.

LRC Staff: Emma Mills, Liz Columbia, Ethan Williams, and Spring Emerson.

Approval of Minutes

A motion was made by Representative Gooch to approve the minutes of the October 19, 2022 meeting. The motion was seconded by Representative Tate, and the minutes were approved without objection.

Urban Search and Rescue

Captain Hogsten and Lt. Hargraves joined Representatives Hart and Wheatley at the testimony table to provide information on Urban Search and Rescue (USAR) operations in Kentucky. They emphasized the need for an organized All-Hazards Team that follows Federal Emergency Management Agency (FEMA) guidelines.

Co-Chair Blanton commented that the search and rescue teams did outstanding work in Eastern Kentucky during the recent flooding, performing rescue operations in conjunction with the Kentucky Army National Guard. He said the USAR team is necessary.

Senator Thomas expressed his pride in the Lexington Fire Department, which is in his legislative district. He thanked them for their service to the area and agreed that implementation of these certified teams is necessary.

Representative Hart suggested that the program had not been implemented earlier due to budgetary constraints.

Representative Tate expressed her appreciation for the fire departments and the important work they do. She commented that, as a former disaster recovery manager for a large corporation, it was learned after the September 11, 2001 attacks that communication between federal, state, and local governments is a large factor to consider. There had been a breakdown in communication between the public and the private sector, which led to the implementation of the National Information Management System (NIMS), a communication and reporting mechanism that was supposed to have been adopted throughout private, public, local, state, and federal arenas. This program would be the beginning of that communication process, and she expressed her support for the proposed legislation.

University of Louisville – Regional Cybersecurity Center

Representatives of UofL presented information relating to the Regional Cybersecurity Center.

In response to a question from Senator Southworth regarding the use of biometrics, Mr. Elmaghraby said it is strictly for security purposes and is only a small part of the National Security Agency (NSA) grant. Mr. Metcalf said they are very conscious of the ethics implications. Mr. Halbleib added that biometrics can be used in a careful way to deter illicit computer usage. According to the NSA, insider threats are the biggest problem.

In response to a question from Senator West regarding the use of state funds, Mr. Metcalf said the first funding would be used to hire staff to address the critical needs of the state. Mr. Halbleib said the state of Georgia has a similar program that is very successful in generating revenue and provides unbiased political advice through a three-way partnership.

In response to a question from Senator West

regarding ethical issues involved with sharing information, Mr. Metcalf replied that grants require data use agreements that provide protection of the state's critical assets.

In response to a question from Representative Miller regarding how far behind Kentucky is, Mr. Metcalf said we are at the bottom of the list for federal funding. We would have to invest in the infrastructure now in order to compete on a national level.

In response to a question from Representative Koenig, Mr. Metcalf said demand for the plan already exists and there are over four thousand unfilled jobs at this time. Every company relies on technology now, which increases the demand for this plan. Mr. Halbleib added that the return on investment would involve metrics that affect a variety of sectors. One of the metrics to consider is the development of the workforce through educating our children, beginning in grades K-12, and on through high school. Another thing to consider is the attraction of new industry. The cybercenter in the state of Georgia is profitable now and no longer needs state funding.

In response to a question from Representative Graham regarding communication with K-12 students, Mr. Metcalf replied that exposure should be expanded. Mr. Elmaghraby said most of the NSA grant funds received so far have been used to train high school teachers. Mr. Metcalf added that these high school training programs are the pipeline to success. Not all cybersecurity jobs require college degrees, even though they are high-paying positions.

In response to a question from Chair Nemes regarding entities working at the center, Mr. Metcalf said it is important to attract the companies that are interested in being located at the site where connections can be made. Mr. Halbleib said states that have built cyber centers have learned that they quickly outgrew their spaces due to high demand. Demand will exceed capacity and the center will become self-sustaining. Chair Nemes said there are several entities that have already expressed interest in the new cybercenter.

Dataseam

Mr. Gupton provided information on Dataseam – Research and Innovation through Education and Workforce Development.

Chair Nemes commented that the Registered Apprenticeship Program allows students to earn while they learn.

In response to a question from Chair Nemes regarding the contract with the Department of Education (KDE), Mr. Gupton said they had been advised by their attorneys not to sign the contract that was presented to them by the KDE.

In response to a question from Senator West regarding the problem with the contract, Mr. Gupton said the contract, as presented to them, was unconscionable due to a requirement relating to assignment of copyrights that they cannot adhere to.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:18 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE Budget Review Subcommittee on Human Resources Minutes of the 3rd Meeting of the 2022 Interim September 21, 2022

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, September 21, 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, Karen Berg, and Danny Carroll; Representatives Adam Bowling, Deanna Frazier Gordon, Kimberly Poore Moser, Russell Webber, and Susan Westrom.

Guests: Lisa Lee, Commissioner, Department for Medicaid Services (DMS), Cabinet for Health and Family Services (CHFS); and Steve Bechtel, Chief Financial Officer, DMS, CHFS

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

Approval of Minutes

Senator Alvarado made the motion to approve the minutes of the August 17, 2022 meeting of the subcommittee. Senator Meredith seconded the motion, and the minutes were approved without objection.

Medicaid Budget Update: Fiscal Year 2022 Year-End Report and Fiscal Year 2023 Outlook

Commissioner Lee and Mr. Bechtel provided an overview of the Medicaid budget.

In response to a question from Chair Bentley, Mr. Bechtel noted that the Department for Medicaid Services (DMS) would begin working on cost and enrollment projections for 2023 in October of 2022 and expects those projections to be ready sometime in November.

In response to a question from Representative Frazier Gordon, Commissioner Lee stated that the DMS had not begun work on an assisted living waiver.

In response to questions from Senator Carroll, Commissioner Lee said that DMS anticipates a study on reimbursement rates to be completed in November, 2022. Commissioner Lee confirmed that over half of the children in Kentucky are on Medicaid. Commissioner Lee noted that Oldham County is the only county in Kentucky with lower than five percent of the population enrolled in Medicaid.

In response to questions from Senator Alvarado, Mr. Bechtel noted the DMS had anticipated the expanded Medicaid population to fall off of the rolls in March of 2022, but the federal government extended the state of emergency for COVID-19.

In response to questions from Representative Moser, Commissioner Lee said that twelve month continuous eligibility for Medicaid enrollees is one

option that the federal government allows, but is not a requirement. Some states use the 12 month continuous eligibility option for certain populations, such as children. Commissioner Lee confirmed that an individual will be disenrolled from Medicaid if their pay exceeds the set limit.

There being no further business before the subcommittee, the meeting was adjourned at 11:53 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE Budget Review Subcommittee on Justice and Judiciary Minutes of the 4th Meeting of the 2022 Interim October 19, 2022

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, October 19, 2022, at 9:00 AM, 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 Joseph M. Fischer, Co-Chair; Senator John Schickel; Representatives McKenzie Cantrell and Jennifer Decker.

Guests: Rebecca Norton, Finance Director, Justice & Public Safety Cabinet (JPSC); Roberta McCann, Staff Assistant, Office of Financial Management Services, JPSC; Mike McKinney, Director, Administrative Services, Department of Corrections (DoC); and Tonya Hunter, Assistant Director, Administrative Services, DoC.

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

Department of Corrections

Ms. Norton, Mr. McKinney, and Ms. Hunter provided an update on various capital projects within the Department of Corrections (DoC), as well as information regarding new fleet vehicles for both jail inspectors and the Office of Probation and Parole.

In response to questions from Chair Carroll, Mr. McKinney confirmed that DoC continues to utilize probation and parole officers to offset staffing shortages in many facilities. Ms. Norton noted that the raises for correctional officers in juvenile facilities mean those employees now have the same rate of pay as correctional officers in adult facilities.

In response to a question from Senator Schickel, Ms. Norton stated that juvenile detention facilities are operated by the Department for Juvenile Justice, rather than the DoC.

In response to questions from Chair Carroll, Mr. McKinney stated that two facilities have had to close dormitories in order to keep a safe staffing ratio. Mr. McKinney noted that DoC actively recruits in an attempt to address staff shortages. Security and staff safety are the top priorities when the DoC is considering its budgetary needs.

In response to a question from Senator Schickel, Mr. McKinney confirmed that all but two DoC facilities utilize twelve hour shifts for staff.

In response to questions from Chair Carroll, Mr. McKinney stated that the bid for the Little Sandy Correctional Complex expansion project came in at one percent over what was budgeted. Mr. McKinney noted that all new vehicle purchases for both jail inspectors and probation and parole officers were powered by gasoline engines.

There being no further business before the subcommittee, the meeting was adjourned at 9:31 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Justice and Judiciary

Minutes of the 5th Meeting

of the 2022 Interim

November 2, 2022

Call to Order and Roll Call

The 5th meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, November 2, 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 John Schickel, Robin L. Webb, and Whitney Westerfield; Representatives McKenzie Cantrell, Jennifer Decker, and Jason Nemes.

Guests: Col. Phillip Burnett, Jr., Commissioner, Kentucky State Police.

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

Update – Impact of Increase in Salary Schedule on State Police Recruitment and Retention

Col. Burnett provided testimony regarding changes in the salary schedule for the Kentucky State Police (KSP).

In response to a question from Chair Fischer, Col. Burnett confirmed that the new KSP salary schedule is competitive with other police agency salaries.

In response to question from Senator Carroll, Col. Burnett noted that Trooper Rs are typically assigned patrol duty and are paid at the same rate as a trooper with five years' experience. Col. Burnett stated that there are no school resource officers in the KSP ranks, citing various issues such as uncertainty over workman's compensation insurance eligibility as the reason. Col. Burnett said that the KSP is such a large entity, a change in upper leadership doesn't affect the average officer in their mission of law enforcement.

Approval of Minutes

Senator Westerfield made the motion to approve the minutes of the October 19, 2022 meeting of the subcommittee. Senator Carroll seconded the motion,

and the minutes were approved without objection.

There being no further business before the subcommittee, the meeting was adjourned at 9:44 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Transportation

Minutes of the 4th Meeting

of the 2022 Interim

November 2, 2022

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, November 2, 2022, at 10:30 AM, in Room 131 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Sal Santoro, Co-Chair; Senators Brandon J. Storm and Johnnie Turner; Representatives Randy Bridges, Chris Fugate, Samara Heavrin, Thomas Huff, Phillip Pratt, Cherlynn Stevenson, and Ken Upchurch.

Guests: Jim Gray, Secretary, Transportation Cabinet (KYTC); Tracy Hyatt, Executive Director, Office of Human Resource Management, KYTC; Jeremy Edgeworth, Coordinator, Freight, Rail, and Waterways, Division of Planning, KYTC; John Moore, Deputy State Highway Engineer, KYTC; Justin Harrod, Project Manager, National Electrical Vehicle Infrastructure (NEVI) Program, KYTC; and, Bobbi Jo Lewis, Commissioner, Rural and Municipal Aid, KYTC.

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

Approval of Minutes

A motion was made by Senator Turner to approve the minutes of the September 21, 2022 meeting. The motion was seconded by Representative Pratt, and the minutes were approved without objection.

KYTC Hiring and Retention

Secretary Gray and Ms. Hyatt presented information relating to the hiring and retention of employees within the Kentucky Transportation Cabinet.

In response to a question from Chair Higdon, Secretary Gray said there are currently 300 vacancies. Chair Higdon asked about utilizing the savings to provide pay raises to others within the Cabinet, Ms. Hyatt said it had not been discussed because existing employees would be required to take on additional duties to make up for the loss of 300 vacancies.

In response to a question from Chair Higdon regarding the work week, Secretary Gray said the 37.5-hour work week has been an incentive to recruit and retain employees. Chair Higdon commented that

engineers in the private sector are required to work forty hours per week or more.

In response to a question from Representative Fugate regarding hiring former coal miners as equipment operators in the Jackson office, Secretary Gray said experienced coal miners would be an asset. He suggested that Representative Fugate reach out to Corbett Caudill, Executive Director of the Department of Highways in the Jackson area.

In response to a question from Senator Turner regarding the job class with the most retention issues, Ms. Hyatt said the entry-level position of Highway Technician Assistant I within the Department of Highways has the highest number of vacancies.

In response to a question from Representative Bridges regarding scholarships, Secretary Gray said recruitment is intense, especially in the engineering and construction sectors.

In response to a question from Representative Pratt regarding the reason some employees are on a 40-hour week while others are on a 37.5-hour week, Ms. Hyatt said she does not know a specific reason. Secretary Gray said he thinks the 37.5-hour work week was used as an incentive to recruit and retain personnel at one time.

In response to a question from Co-Chair Santoro regarding individuals from the private sector coming to work for the KYTC, Ms. Hyatt said it happens, but not often. Co-Chair Santoro said we cannot compete with the private sector. Secretary Gray commented that there is a need to balance the competitive conditions and job requirements.

In response to a question from Chair Higdon regarding the delay in recruitment activities, Secretary Gray said they are trying to improve the cycle time.

In response to a question from Chair Higdon regarding an update on grants, Secretary Gray said they had received many more applications and requests for the \$12 billion in the Bridges of National Significance and Mega Projects grants than expected. The Brent Spence Bridge is the poster child for this federal legislation, and those grants are expected to be awarded by the end of this year.

Resolution for Co-Chair Santoro

Chair Higdon presented a resolution to Co-Chair Santoro to thank him for his work on this subcommittee, and expressed his congratulations on Representative Santoro's upcoming retirement.

Representative Heavrin commented that Representative Santoro has been her best friend in the General Assembly and expressed her appreciation for his assistance.

Representative Stevenson said Representative Roberts could not be present today, but sent words of thanks to Co-Chair Santoro.

Representative Fugate also expressed his thanks to Co-Chair Santoro for his leadership and assistance.

Chair Higdon thanked Co-Chair Santoro for his dedication.

Railroad Funding Overview

Mr. Edgeworth provided an overview of railroad funding within the Transportation Cabinet. There were no questions.

NEVI Program Update

Deputy Moore and Mr. Harrod provided an update on the National Electrical Vehicle Infrastructure (NEVI) Program.

In response to a question from Chair Higdon regarding selection of and funding for locations of charging stations, Mr. Moore said selection criteria have not been finalized. He said they are asking for a twenty percent applicant funding match.

In response to a question from Senator Turner regarding corridors in Eastern Kentucky, Mr. Moore replied that the requirement was to identify and nominate all alternative fuels corridors first for localized access. Eastern Kentucky should be completed by mid-2024.

In response to a question from Representative Pratt regarding the placement of charging stations, Mr. Moore said no commercial activity is permitted in rest areas. They will be situated just off the exit ramps along the interstates and parkways.

In response to a question from Representative Pratt regarding the electric grid requiring an upgrade, Mr. Moore said they may need a higher distribution of power in the future, but according to the utility operators, there should be enough capacity on the network to deploy the initial startup. Mr. Harrod added that with approximately eighty to ninety percent of charging taking place in consumer's homes, it should allow time for any necessary upgrades to the system.

In response to a question from Representative Upchurch regarding Tesla charging stations, Mr. Harrod said there were approximately twenty to thirty Tesla stations at the first of this year.

In response to a question from Representative Upchurch regarding the cost of each unit and number of chargers per unit, Mr. Moore replied that each station deployment would cost \$800,000 and would include four 150-kilowatt chargers per station.

In response to a question from Co-Chair Santoro regarding the hours of operation of charging stations, Mr. Moore said it is anticipated that they will be available twenty-four hours per day, seven days per week; however, the federal rule on that has not yet been finalized. Co-Chair Santoro commented that since electric vehicles use the roads, they should contribute to the Road Fund.

In response to questions from Senator Storm regarding length of charging times and cost to consumers, Mr. Moore said it is anticipated to take approximately twenty to thirty minutes to charge an electric vehicle from empty to full. The utility companies will most likely regulate the cost to consumers. Mr. Harrod added that the Public Service Commission will provide guidance for utility rates for electric vehicles.

In response to a question from Chair Higdon regarding commercial activity at highway rest areas, Mr. Moore said vending machines are run by not-for-profit entities, but he will find out if there are exceptions.

TAP Program Update

Commissioner Lewis provided an update of the Transportation Alternatives Program (TAP) within the Department of Rural and Municipal Aid.

Senator Turner requested additional information on the thirty-one projects that were awarded in 2022. Ms. Lewis agreed to provide the information later.

Co-Chair Santoro expressed his appreciation for the work Commissioner Lewis does, and Chair Higdon concurred.

In response to a question from Chair Higdon regarding the number of applications received in a typical cycle, Ms. Lewis replied there were 62, totaling over \$42 million in Federal funds. Chair Higdon asked if the Federal funds are intermingled with state funds, and Ms. Lewis replied they are not. She mentioned that an increase in the discretionary account would be very beneficial.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 12:15 PM.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE Minutes of the 4th Meeting

of the 2022 Interim
October 18, 2022

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, October 18, 2022, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Jared Carpenter, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Justin Malcolm Burse, Deputy Commissioner, Department of Financial Institutions; Sharon Clark, Commissioner, Department of Insurance; Tara Purvis, President and CEO, Big I Kentucky; Wes Bissett, Senior Counsel, Government Affairs for IIABA; Mark Treesh, Executive Director, Insurance Institute of Kentucky; and Chris Nolan, Government Affairs Consultant, Insurance Institute of Kentucky.

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

Approval of September 20, 2022, Minutes

Representative Lockett moved to approve the September 20, 2022, minutes, Senator Douglas seconded the motion, and the minutes were approved by unanimous voice vote.

Department of Financial Institutions Update

Deputy Commissioner Justin Malcolm Burse,

Department of Financial Institutions, discussed the economy, departmental updates, a cryptocurrency case study, and a potential reorganization of the department.

Inflation affects industries regulated in each division of the department. Deputy Commissioner Burse discussed the US Treasury yield and its use in predicting economic conditions. Community bankers do not have a positive outlook for the banking community based on the community bank sentiment index of 84, the lowest rank ever for the index.

The number of state-chartered banks has decreased because of bank mergers. For the first time in department history, the number of banks with assets over \$1 billion exceeds the number of banks with assets under \$100 million. Overall, the department is regulating more complex and bigger institutions. Deputy Commissioner Burse provided information relating to bank loan volume, net interest margin, adjustable rate loan interest rates, and overall bank performance. Additionally, information was provided on credit union net worth ratio, net interest margin, and return on average assets.

Deputy Commissioner Burse provided updates on licensing in the non-depository division. There has been an increase in money transmitter licensees and a decrease in deferred deposit licensees. While there has been a large increase in mortgage loan originators, there are indicators that these licensees will be reduced by approximately 25 percent in 2023. Interest rates are the highest since 2007 and median home prices throughout the nation are declining. In the securities division, there has been growth for broker dealers and investment advisors.

Deputy Commissioner Burse discussed regulatory action the department took against Celsius, a company involved with cryptocurrency. The department identified certain cryptocurrency deposits with the company as securities, which are required to either be registered or have an exemption from registration. Due to the regulatory action taken, the department saved roughly \$15 million in Kentucky investor funds on the Celsius platform.

Lastly, the department wants to undergo a reorganization during the next legislative session. The reorganization would rename the non-depository division and set up a new division that focuses solely on information technology and cybersecurity.

In response to Senator Howell, Deputy Commissioner Burse explained that the reduction in state-chartered banks is due to several factors, including regulation and succession. Additionally, many banks had extra capital in 2020 and 2021 and were looking for merge partners. Senator Carpenter commented that the environment for smaller banks has been difficult and that the issue should be monitored.

Representative Meredith commented on the federal regulatory burden on smaller banks and noted that the median price decrease for new houses sold is likely less in Kentucky than nationally. Deputy Commissioner Burse stated that he would gather Kentucky-specific information. Senator Carpenter commented that Kentucky did not see as dramatic of a home price increase as the national level, so the current market slow down for prices should not be as dramatic.

Representative Meredith commented on the status of fixed rates and also stated that the decrease in mortgage loan originator licensing is to be expected because people are not refinancing anymore.

In response to Representative Smith, Deputy Commissioner Burse stated that he believes cryptocurrency is here to stay, but the question for regulators is where it belongs. He discussed cryptocurrency regulation in the areas of money transmission, banking, and securities. The department wants to ensure that cryptocurrency and related products are in an appropriate regulatory environment and on an even playing field.

Department of Insurance Update

Commissioner Sharon Clark, Department of Insurance, provided updates on the department and the Kentucky insurance market. The department issued a significant number of new certificates of authority for insurers, many of which are insurtech, resulting in a significant workload increase for the property and casualty division. The department does not want to stand in the way of innovators, but does want to ensure data privacy for insureds, which the new data privacy bill passed during the 2022 session will support.

Commissioner Clark discussed the insurance market, stating that health insurance rates increased, but the increases are lower in Kentucky than nationally. This is the seventeenth year in a row the workers' compensation rates decreased. Surface coal mining rates decreased, but underground coal mining rates increased. For insurance professionals, such as brokers and adjusters, licenses have increased 29 percent in the last two and half years, indicating that people want to do business in Kentucky.

Insurance fraud continues to be an issue, costing businesses and consumers \$308.6 billion a year, which is \$400 to \$700 for the average family. The department investigates insurance fraud and assists local jurisdictions with prosecution. Most cases end with a guilty plea, probation, and restitution. The trending types of fraud are associated with catastrophes, chiropractic complaints, roofing complaints of manmade damage, slip and fall, and workers' compensation. Last year, the department investigated 8,970 complaints and recovered over \$13 million.

Commissioner Clark discussed the department's storm response efforts. The department continues to make site visits and perform data research relating to the December 2021 Western Kentucky tornadoes. From the 12,443 claims made, the department only received 44 complaints, showing that insurance companies and agents really stepped up. The department has also been involved in the comprehensive automobile/motor vehicle claims resulting from the flooding in Eastern Kentucky. In addition to these big storms, many smaller storms have impacted Kentucky, which is resulting in rate increase filings.

Lastly, Commissioner Clark provided updates on the department's implementation of SB 140, HB 91, HB 370, and HB 474, passed during the 2022 Regular Session.

In response to Representative Rowland, Commissioner Clark stated that insurance fraud is

currently an issue of enforcement and prosecution, but that criminals are innovative and fraud continues to be on a large scale, despite a decrease in numbers.

In response to Representative Hatton, Commissioner Clark explained that the National Association of Insurance Commissioners is working with the federal government on the National Flood Insurance Program. She noted that much of the area impacted in Eastern Kentucky was not considered to be in a flood plain. She also explained that she does not have the exact number of claims from the Eastern Kentucky floods because most insurance companies allow up to a year to file a claim.

Senator Carpenter commented that mortgage lenders generally require insurance on property in a flood plain.

Senator Girdler commented that he believes personal injury protection (PIP) is one of the biggest reasons for fraud and that most surrounding states have insurance that is less expensive. In response to Senator Girdler, Commissioner Clark explained that the department sees fraud involving staged automobile accidents in Jefferson County. Additionally, she explained the department's role in reviewing rate increase filings and that some rates may be increasing due to inflation.

Discussion of NCOIL Issues from Agent Perspective

Tara Purvis, President and CEO, Big I Kentucky, provided information about the work of Big I, the oldest and largest independent insurance agents' association in Kentucky, which includes education and advocacy. Big I supported the data security and rebate reform legislation from the 2022 session. It does not have a legislative agenda for the 2023 Regular Session, but future issues they would like to address are apprenticeship incentives and PIP reform.

Wes Bissett, Senior Counsel, Government Affairs for IABA, highlighted and urged support of two pending National Council of Insurance Legislators (NCOIL) Model Acts. First, the Delivery Network Company Insurance Act, sponsored by Representative Rowland, would address a coverage gap by establishing insurance requirements for delivery network companies such as DoorDash, GrubHub, and UberEats. Second, the Insurance Underwriting Transparency Act, would bring transparency to the increasingly complex personal lines insurance underwriting and rating process.

Representative Rowland expressed gratitude to be part of insurance innovation legislation and thanked Mr. Bissett.

Insurance Institute of Kentucky Legislative Priorities

Chris Nolan and Mark Treesh discussed the Insurance Institute of Kentucky's (IIK) upcoming legislative agenda. IIK's number one priority is distracted driving. It's a safety issue, and IIK supports the hands free legislation previously discussed before the committee, which constituents support. With respect to the proposed NCOIL Insurance Underwriting Transparency Act, IIK believes the legislation is not necessary for several reasons, but could support the model act if certain amendments were made. IIK also strongly opposes the third-

party civil litigation funding legislation introduced last session and discussed during the interim. The legislation provides inadequate transparency and control over a problematic industry and discourages the settlement of lawsuits. Lastly, the IIK supports the proposed NCOIL Delivery Network Company Insurance Act and model legislation that would allow autonomous vehicles on Kentucky roadways, which could dramatically improve safety.

Senator Alvarado requested data to help inform tort reform efforts. In response to Senator Alvarado's suggestion about distracted driving, Mr. Treesh explained that there are applications that prevent cellphone use while driving, but there are potential issues with cellphone jamming. Mr. Nolan referenced legislation passed last session that allows insurers to incentivize the use of technology.

In response to Representative Smith, Mr. Treesh stated that their organization does not deal with health insurance.

There being no further business, the meeting was adjourned.

BOURBON BARREL TAXATION TASK FORCE

Minutes of the 5th Meeting

of the 2022 Interim
October 21, 2022

Call to Order and Roll Call

The 5th meeting of the Bourbon Barrel Taxation Task Force was held on Friday, October 21, 2022, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Chad McCoy, 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 Jimmy Higdon and Christian McDaniel; Representatives Jennifer Decker, Thomas Huff, and Cherlynn Stevenson.

Guests: Mark Kopp, Superintendent, Franklin County Public Schools, Dr. Jim Masters, Superintendent, Henry County Public Schools; Christopher Brady, Superintendent, Marion County Public Schools; Brooklyn Leep, Director, Marion County Economic Development; David Daugherty, Judge Executive, Marion County; John Logan Brent, Judge Executive, Henry County; Dan Ison, Judge Executive, Shelby County; Jerry Summers, Judge Executive, Bullitt County; Eric Gregory, President, Kentucky Distillers' Association; Chris Nolan, Kentucky Distillers' Association; Ashli Watts, President/CEO, Kentucky Chamber of Commerce; Frank Jemley, Executive Director, Kentucky Association of Manufacturers; Dr. Paul Coomes, Emeritus Professor of Economics; and Dave Jeurgens, Chairman of the Southeast Bullitt Taxing District.

LRC Staff: Jennifer Hays, Hunter Branham, Sarah Watts, and Maurya Allen.

Approval of Minutes

Upon motion and second, the minutes from the September 23, 2022, meeting were approved without

objection.

Open Discussion Regarding Solutions

Chair McCoy opened the meeting to any presenters from relevant industries and public jurisdictions who had thoughts on a solution to the barrel tax. Following this invitation, representatives from various school districts, county judge executives, economic development groups, and the bourbon industry presented their concerns and ideas to the task force.

Mark Kopp, Superintendent, Franklin County Public Schools, Dr. Jim Masters, Superintendent, Henry County Public Schools; and Christopher Brady, Superintendent, Marion County Public Schools testified on the positive impact that the barrel tax has had on their school districts and the negative impact that would result from repealing this tax.

In response to a question from Chair McCoy, Mr. Kopp testified that Buffalo Trace's expansion in Franklin County has been immensely helpful to the Franklin County Public School District.

Dr. Masters testified that, if the barrel tax were to be abolished, it would become the taxpayers' responsibility to account for the lost revenue.

In response to a question from President Stivers, Dr. Masters clarified that Henry County receives more than \$50,000 in annual revenue from the barrel tax, but this revenue is expected to drastically increase by 2030. Mr. Kopp added that Franklin County is in favor of the growing bourbon industry, with the assumption that there will be continued revenue from the barrel tax.

In response to a question from Senator McDaniel, Mr. Kopp testified that the Franklin County tangible property tax rate has decreased over the last two years. Mr. Brady added that Marion County receives more than \$1.8 million in annual revenue and that the local options for making up lost revenue are limited.

In response to a question from Chair McCoy, Dr. Masters explained that his goal in testifying before the task force was to remind members that this is a cooperative effort between the industry and local jurisdictions. Mr. Kopp explained that a graduated elimination of the tax could act as a solution.

In response to a question from President Stivers, Dr. Masters testified that Henry County currently houses 250,000 barrels. This number is expected to increase to 1.8 million by 2035.

Brooklyn Leep, Director, Marion County Economic Development; David Daughtery, Judge Executive, Marion County; John Logan Brent, Judge Executive, Henry County; Dan Ison, Judge Executive, Shelby County; and Jerry Summers, Judge Executive, Bullitt County testified in favor of different solutions to transition away from the barrel tax that would mitigate the negative impact the absence of this tax would have on local jurisdictions.

Mr. Ison testified that bourbon distilleries do not employ enough workers for the occupational tax to provide counties with significant revenue increases. A lot of the contracts between counties and distilleries were entered into with the understanding that there would be revenue from the barrel tax. Mr. Ison testified that, in Shelby County, it is written into distilleries' contracts that any existing tax exemption

will be eliminated if the barrel tax is abolished. If a solution is needed, he advocated for a sunset on the barrel tax.

Mr. Logan Brent testified that the barrel tax expected to be collected upon completion of the new Angel's Envy warehouses would be around \$7 million. He claimed that because this total is such a small amount of the distillery's profits, he does not believe that a solution is needed. However, if the General Assembly finds that a solution is needed, he supports exempting a distillery's first 10,000 barrels from the barrel tax.

Ms. Leep testified that the barrel tax is not impeding the industry's growth in Kentucky, and thus does not believe that a solution to this issue is needed. Mr. Daughtery added that repealing this tax may prevent counties from conducting business with the bourbon industry.

In response to a question from President Stivers, Mr. Summers testified that each county has an insurance rating that can impact business and homeowners' insurance premiums.

Eric Gregory, President, Kentucky Distillers' Association; Chris Nolan, Kentucky Distillers' Association; Ashli Watts, President/CEO, Kentucky Chamber of Commerce; Dr. Paul Coomes, Emeritus Professor of Economics; and Frank Jemley, Executive Director, Kentucky Association of Manufacturers testified on behalf of solutions to the barrel tax that would incentivize the bourbon industry to continue its growth in Kentucky.

Mr. Gregory testified that the bourbon industry has been advocating for a transition away from this tax since 2008. The barrel tax revenue has increased from \$14 million in 2014 to \$40 million in 2022. He added that the Kentucky Distillers' Association is committed to working with all stakeholders to resolve this issue.

In response to a question from Representative Decker, Mr. Gregory testified that distilleries pay property tax in most other states. However, the barrels are not considered to be taxable anywhere else in the world. He added that most of the distilleries in the United States are distilling some form of whiskey.

Mr. Nolan provided multiple solutions to the issue, including: making the income tax credit fully refundable, expanding the use of tax credits, eliminating the tax and allowing local entities to use a compensating rate for property taxes, and sunseting the tax for warehouses not in an Industrial Revenue Bond (IRB) contract.

Ms. Watts testified that the distilling industry has been successful in Kentucky, but that the barrel tax has become a deterrent to new distilleries. She explained that sunseting the barrel tax would allow local jurisdictions to plan for adjustments in tax revenue, citing 2022 RS HB 8 as an example of how to structure this transition.

Mr. Jemley advocated for the elimination of the barrel tax for tax fairness and economic development purposes.

In response to a question from Senator McDaniel, Mr. Nolan testified that the Kentucky Distillers' Association has talked with distillers who feel that Kentucky's tax structure is hostile towards the industry. Mr. Gregory added that the distillers are

growing their presence in Kentucky to meet consumer demand.

In response to a question from President Stivers, Mr. Gregory testified that some distilleries are building 1-2 warehouses a year. He reiterated that this tax makes new distillers hesitant to choose to conduct business in Kentucky. Mr. Nolan added that he believes the distilleries currently in an IRB could negotiate the contract to account for a portion of the loss in revenue if the barrel tax were to be repealed.

In response to a question from Representative Decker, Dr. Coomes testified that the amount of real and tangible property taxes paid by distilleries has increased from 2014 to 2020. He suggested that school systems shift their reliance away from the barrel tax to local real property taxes.

Dave Jeurgens, Chairman of the Southeast Bullitt Taxing District, testified that the revenue from the barrel tax is crucial to funding the fire department in Bullitt County. He suggested that, if the barrel tax is going to be repealed, the state should advocate for more tourists to the area, as an effort to account for lost revenue.

With there being no further business, the meeting was adjourned at 12:10 p.m.

BENEFITS CLIFF TASK FORCE

Minutes of the 4th Meeting

of the 2022 Interim

October 20, 2022

Call to Order and Roll Call

The 4th meeting of the Benefits Cliff Task Force was held on Thursday, October 20, 2022, at 3:00 PM, in Room 129 of the Capitol Annex. Senator Jason Howell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Eric Friedlander, Secretary, Cabinet for Health and Family Services; Carrie Banahan, Deputy Secretary, Cabinet for Health and Family Services; Veronica Judy-Cecil, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Kelsey Underwood, Product Manager, Georgia Center for Opportunity; Eric Cochling, Chief Program Officer and General Counsel, Georgia Center for Opportunity; Erik Randolph, Director of Research, Georgia Center for Opportunity; Buzz Brockway, Vice President of Public Policy, Georgia Center for Opportunity; Lesa Dennis, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Todd Trapp, Assistant Director, Division of Family Support, Department for Community Based Services, Cabinet for Health and Family Services; and Laura Begin, Staff Assistant, Department for Community Based Services, Cabinet for Health and Family Services.

LRC Staff: Janine Coy, Chris Joffrion, Kirk

Smith, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the September 22, 2022 meeting was made by Representative Dixon, seconded by Senator Nemes, and approved by voice vote.

Cabinet for Health and Family Services Update on the Basic Health Program:

What is it and what is the status of development?

Eric Friedlander, Secretary of the Cabinet for Health and Family Services (CHFS); Carrie Banahan, Deputy Secretary of CHFS; and Veronica Judy-Cecil, Deputy Commissioner of the Department for Medicaid Services, gave an overview of a Basic Health Plan (BHP) that would be designed to cover low-income individuals through state contracted health plans that offers limited low-cost options for consumers with incomes over Medicaid eligibility limits. According to Cabinet leadership, CHFS formulated a BHP as a result of House Joint Resolution 57 from the 2021 Regular Session that directed CHFS to establish a working group to assess the feasibility of implementing a bridge insurance program. A BHP would be used to provide coverage for individuals between 139 and 200 percent of the federal poverty level. Federal funding is available, and states choosing to implement a BHP can receive 95 percent of the amount of the premium tax credit that would have been provided to an individual if the individual would have enrolled in a Marketplace plan. The Cabinet has estimated the projected cost of coverage for a BHP would be \$238.9 million with \$232.2 million in projected federal BHP funding. Approximately 40,000 to 75,000 individuals are expected to be eligible for the BHP if implemented.

Responding to questions from Senator Wheeler, Cabinet leadership explained that a BHP would be attractive to individuals in various situations such as those who are uninsured, those who are transitioning off Medicaid due to an income increase, individuals who do not have an employer coverage option, or individuals who have unaffordable employer coverage. In response to follow up questions, Secretary Friedlander discussed the potential for increased premiums for those remaining in the Exchange if a BHP is implemented, the potential for individuals participating in the BHP losing access to certain providers, and the future of funding for a BHP when federal subsidies are exhausted.

Answering a question from Representative Bray, Secretary Friedlander reiterated the groups of Kentuckians that could take advantage of a BHP and the eligibility requirements for the Cabinet's proposed BHP. In response to a follow up, the Secretary discussed how an outpatient Hospital Rate Improvement Program (HRIP) for Medicaid patients could benefit rural hospitals. The Secretary said several managed care organizations have expressed interest in a BHP and several have expressed they would not participate.

Addressing questions from Senator Howell, Secretary Friedlander described alternatives to a BHP, and said the options were discussed with the Cabinet's consultant group.

Replying to comments made by Representative

Webber, the Secretary stated the Cabinet proceeded with developing a BHP due to the language contained in the budget passed during the 2022 Regular Session.

Addressing the Benefits Cliff in Kentucky

Kelsey Underwood, Product Manager for Georgia Center for Opportunity (GCO), and Erik Randolph, the Director of Research for GCO, discussed a benefits cliff calculator that was developed by GCO that utilizes a computational model to convert tax and program eligibility requirements in benefit amounts. The nonprofit organization has produced studies on all 50 states and developed a benefits cliff model that will include 12 states by the end of 2022.

Representative Dixon requested more information on GCO's job search tool platform be provided to the task force.

In response to a question from Senator Howell, Buzz Brockway, Vice President of Public Policy at GCO, discussed economic development and combining workforce programs in Georgia and the delivery of workforce services in Utah.

Cabinet for Health and Family Services Update on the Kentucky Transitional Assistance Program and the Kentucky WORKS Program

Lesa Dennis, Deputy Commissioner for the Department for Community Based Services, Todd Trapp, Assistant Director for the Division of Family Support, and Laura Begin, Staff Assistant for the Department for Community Based Services, gave an overview on the Kentucky Transitional Assistance Program (KTAP) and the Kentucky WORKS Program (KWP), which are fully funded through federal Temporary Assistance for Needy Families (TANF) funds. In order to receive the full amount of TANF funds, states must contribute maintenance of effort dollars. There are federal categories that TANF funds are allowed to be allocated to such basic assistance, child care, work supports and supportive services. KTAP provides financial and medical assistance to needy dependent children, and the KWP's goal is assisting work-eligible individuals in supporting their families through self-efficacy. Ms. Begin discussed the eligibility requirements for KTAP and KWP, the decline in the number of families receiving TANF program benefits, and the amendment of administrative regulations relating to TANF programs due to expiration. According to Ms. Begin, the KTAP and KWP proposed amendments include changes aimed to specifically help two parent families more than in the past, increasing benefit amounts, and attempting to address the benefits cliff. Mr. Trapp and Ms. Begin discussed all proposed amendments to the related administrative regulations that will eventually be presented to the appropriate legislative committee.

Answering questions from Representative Dixon, Ms. Begin confirmed that there are 400 individuals participating in KWP, and Mr. Trapp discussed the 3,360 adults and 17,287 children participating in KTAP. The decline in participation during the COVID-19 pandemic was highlighted. Sanctions are imposed on work-eligible program participants for nonparticipation, but those were suspended during the pandemic.

In response to Senator Howell, Mr. Trapp detailed

the sanctioning process for individuals that have been deemed to be nonparticipating. Addressing a follow up, Mr. Trapp and Ms. Begin discussed child care assistance program participants that are not receiving KTAP benefits.

There being no further business before the committee, the meeting adjourned at 4:56 p.m.

CHILD WELFARE OVERSIGHT AND ADVISORY COMMITTEE

Minutes

October 12, 2022

Call to Order and Roll Call

The Child Welfare Oversight and Advisory Committee meeting was held on Wednesday, October 12, 2022, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Julie Raque Adams, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Senators Karen Berg and Whitney Westerfield; Representatives Kim Banta, Josie Raymond, and Nancy Tate.

Guests: Shannon Moody, Chief Officer of Strategic Initiatives and Terry Brooks, Executive Director, Kentucky Youth Advocates; Norma Hatfield, President, Kinship Families Coalition of Kentucky; and Michelle Sanborn, President, Children's Alliance.

LRC Staff: Samir Nasir, Logan Bush, Becky Lancaster, and Eric Rodenberg.

Kinship Care in Kentucky

Shannon Moody, Chief Officer of Strategic Initiatives, Kentucky Youth Advocates, discussed the three types of kinship care in Kentucky and the amount of children in the care of relatives. Norma Hatfield, President, Kinship Families Coalition of Kentucky, discussed progress made regarding kinship care from 2014 to 2021. Dr. Moody discussed the findings from five focus groups at the 2021 Kinship Summit, ongoing case advocacy, and prioritizing the guardianship assistance program. Ms. Hatfield discussed the Kentucky Transitional Assistance Program (K-TAP) child support cooperation issue, and the need for increased and clear communication from the Department for Community Based Services. Dr. Moody recommended more respite care supports for relative and fictive kin caregivers and to continue the report related to kinship placements.

In response to questions and comments from Senator Adams, Dr. Moody stated there was a kinship placement report in 2020 but more consistent access to the report is important for the committee. The child support component of K-TAP is a federal level requirement but the hope is to not put the burden of pursuing the child support onto the relative caregivers but another entity.

Approval of Minutes

A motion to approve the minutes of the September 14, 2022, meeting was made by Senator Westerfield, seconded by Representative Banta, and approved by voice vote.

Presentation on the KIDS COUNT Data Book

Terry Brooks, Executive Director, Kentucky Youth Advocates, discussed the history of the KIDS COUNT data book, an overview of Kentucky's data profile progress, the ongoing county-based KIDS COUNT conversations, providing aide to communities to create specific, measurable, and attainable goals, and the need for a review of the Kentucky A6 school program structure. Shannon Moody, Chief Officer of Strategic Initiatives, Kentucky Youth Advocates, discussed recommendations to transfer the presentation of the permanency case from the county attorney's office to the office of legal services with allocated resources, have an external Ombudsman's Office for transparency, and agency abuse reports be reported to an outside agency rather than staying within the same agency accused of the abuse.

In response to questions and comments from Senator Adams, Mr. Brooks stated that the issue of disruptive juveniles in Jefferson County is a state problem. Treatment should be available and trauma-informed care provided for young people. There is a lack of transparency in governance and the program should and cannot be governed by parties of self-interest. He stated that Kentucky is close to having all children covered with health insurance.

Status of Child Welfare in Kentucky

Michelle Sanborn, President, Children's Alliance, discussed the decline of children in out-of-home and residential care, the need for more foster parents, and a national comparison of the top four reasons for exiting foster care in 2020. She discussed the implementation of the federal Family First Prevention and Services Act, the various levels in the child welfare continuum, the average cost per child in foster care, and a graph that shows the investment into prevention is lowering the out-of-home care costs. She talked about the increasing intensity of behaviors in youth with high acuity needs, and the workforce crisis and high turnover rates in residential care.

In response to questions and comments from Senator Adams, Ms. Sanborn stated that if children cannot be serviced by in-state psychiatric hospitals they would go to an out-of-state hospital or residential care facility.

Ms. Sanborn discussed the pay rate of residential direct care staff compared to various entry level retail positions and the need for residential facilities to have enough resources for staff to keep children safe. She discussed a workforce crisis in behavioral health care involving long waiting list times for behavioral health services, increasing therapist turnover rates, and low payment rates by Medicaid. She talked about the burden of increased administrative audits and staff required with multiple managed care organizations (MCOs) and gave a recommendation of a 25 percent increase in behavioral health rates. She gave an overview of three success stories of children in out-of-home care receiving the behavior health resources needed and three recommendations for legislators to support alternative services.

In response to questions and comments from Senator Berg, Ms. Sanborn stated that the Children's Alliance has been working with various state boards on reciprocity for out-of-state degrees to be accepted

in Kentucky.

Adjournment

There being no further business, the meeting was adjourned at 11:34 AM.

EARLY CHILDHOOD EDUCATION TASK FORCE

Minutes of the 5th Meeting

of the 2022 Interim

October 20, 2022

Call to Order and Roll Call

The 5th meeting of the Early Childhood Education Task Force was held on Thursday, October 20, 2022, at 3:00 p.m., in Room 149 of the Capitol Annex. Senator Danny Carroll, Co-chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Juanita M. Webb, Child Care Council of Kentucky.

LRC Staff: Ben Payne, Logan Bush, and Maurya Allen.

Approval of Minutes – September 22, 2022

Senator Wilson made a motion to approve the minutes of the September 22, 2022, meeting of the task force. Senator Schroder seconded and the motion was approved by voice vote.

National Perspective – Early Childhood Education Government Structures

Present from the National Conference of State Legislatures were Alison May, Policy Specialist, Children and Families Program, and Jill Yordy, Senior Policy Specialist, Children and Families Program, provided a national overview of early childhood education governance structures.

Ms. May briefly introduced NCSL and discussed the supports offered to state legislatures. Ms. Yordy defined commonly used organizational terms in children and family programs to clarify how different states use terms such as cabinet, department, agency, office, and division. She also said that research is mixed regarding whether centralized or decentralized governance structures are more effective. Ms. May said states examine governance and administrative structures for many reasons including the need to address fragmentation, improve sustainability, increase efficiency, ensure public accountability, promote quality, and draw attention to the importance of early childhood care and education.

Ms. Yordy said there is increased attention on preventing child abuse and maltreatment, which brings the policy for early childhood education into the spotlight because these are areas where child abuse prevention can be implemented most effectively. Several states have policies that encourage collaboration and coordination across different agencies to align rules, processes, and funding requirements. Thirteen states have a governance

structure of consolidation that combines existing programs and divisions into one state agency. The final approach, used in eight states, is the creation of a dedicated early childhood agency that reports directly to the governor's office. They explained these models with more detail by highlighting the specific examples of Georgia, New Mexico, Florida, Missouri, and Hawaii.

The presenters briefly covered some recent legislative attempts at early childhood agency creation and unification from 2021-2022, some of which were successful, some failed to get final passage, and others are pending. While unification would result in a more holistic approach to child and family services, it poses logistical challenges and a lengthy transition process. Ms. May presented several policy considerations that the Kentucky legislature should keep in mind going forward including having clear priorities, engaging a wide range of stakeholders, weighing the pros and cons of making a change, and maintaining clear communication about the impact of change. Ms. Yordy added that they should also keep in mind personnel considerations, the configuration of any new governance strategy, what success will look like, and performing a cost-benefit analysis. Ms. May directed members to NCSL resources and reports that would cover the research presented today in more depth.

In response to a question from Co-chair Carroll, Ms. May said states are entering into these conversations for many reasons including the rising costs of childcare, but also the impact of the pandemic on whether the existing childcare structure is working for families. Ms. Yordy said in her experience legislation is frequently filed in response to a problem identified by a legislature, such as rising cost, workforce development, or need to improve access or quality.

Responding to further questions from Co-chair Carroll, Andrea Day, Assistant Director, Division of Child Care, Cabinet for Health and Family Services, and Dr. Sarah Vanover, Policy and Research Director, Kentucky Youth Advocates, came forward and said distribution of the Child Care Development Block Grant was easy to fold into the Cabinet for Health and Family Services, but the current system isolates early childhood care from the Department of Education and makes it difficult to form partnerships without unified systems, while staying true to individualized funding mandates.

In response to a question from Representative Raymond, Amy Neal, Executive Director, Governor's Office of Early Childhood said the Governor's Office of Early Childhood and the Early Childhood Advisory Council serve an advisory function to coordinate the Division of Early Childhood, Cabinet for Health and Family Services; Kentucky Department of Education; and the Education, Workforce, and Development Cabinets. This is a coordinated system with great relationships that serve as the only office thinking about the entire early childhood continuum, but it does not administer any services directly. This allows the office to neutrally consider what it takes for each child to have a high-quality early childhood experience. The Early Childhood Advisory Council meets quarterly and the individual departments and cabinets then

make individual decisions about priorities.

In response to a question from Senator Wilson, Ms. Day said the Department of Regulated Childcare does inspections, investigates complaints, and serves as enforcement for health and safety standards. Ms. Neal added there is a need for neutral data collection on kindergarten readiness, accountability, and safety.

Co-chair Carroll clarified that this was simply a discussion, and members of the public should not assume from this meeting that the legislature was considering legislation to create a new early childhood agency in Kentucky at this time.

The Federal Child and Adult Care Food Program

Elizabeth Fiehler, Child and Adult Care Food Program Manager, Division of School and Community Nutrition, Kentucky Department of Education (KDE), gave an overview of the Federal Child and Adult Care Food Program (CACFP) and how it is implemented in childcare centers, day care homes, head starts, at-risk after school programs, and shelters that take in children and families.

The program is administered by the KDE and reimburses for meals up to age 12, or children of migrant workers up to age 15, and disabled persons up to age 18. Reimbursement rates are determined by household income and change annually. After school programs are eligible if they provide enrichment activities afterschool, on weekends, holidays, or school vacations during the school year. All meals at these programs are reimbursed at the free rate but must be in a school area where at least 50 percent of the student population qualifies for free or reduced-price lunch.

In response to a question from Co-chair Carroll, Ms. Fiehler said all the family day care homes are eligible if they are licensed and certified. The department does not look at whether they are for profit or not.

There are two options for participation, a sponsor organization serves as an intermediary between the center and the state agency or the center can contract directly with the state agency. Sponsoring organizations provide training, technical assistance, monitoring, and filing of claims for the center. This can provide some support to the center, but it also can result in the sponsoring organization taking up to 15 percent of the reimbursement for administrative expenses. For day care homes, the sponsoring organization receives a separate administrative allowance and day care homes are not allowed to contract directly with the state agency due to federal regulations. The department is federally required to approve any center directly applying for the program that has the financial capability and adequate administration.

Ms. Fiehler briefly illustrated the impact of the pandemic on average daily attendance and the number of centers participating in the CACFP. Andrea Day, Assistant Director, Division of Childcare, Cabinet for Health and Family Services, said that less than half of the certified childcare centers participate in the program, but the data does not include Headstart programs or school based preschool programs that may be participating. Funding was briefly overviewed, but following questions, Ms. Fiehler said she would get a more detailed breakdown of funding based on

center type for the members.

In response to questions from Co-chair Carroll, Dr. Sarah Vanover, Policy and Research Director, Kentucky Youth Advocates, said the centers that do not qualify for the CACFP still have to be in alignment with the dietary components of the program. However, they do not get the same level of reimbursement. Headstarts must participate in the CACFP and the inspectors of certified programs are ensuring that they are in alignment. Ms. Fiehler said centers decline to participate because of the feasibility of completing the necessary paperwork. Programs that do not participate require parents to provide a meal for the child, but still must ensure the child has all the required food elements.

Responding to further questions from Co-chair Carroll, Dr. Vanover said that centers do not understand how much support they can get from KDE in administration and what is offered. Ms. Fiehler said there is a dedicated staff at KDE to help new centers complete the paperwork for their initial claims to ensure that it is done properly. While it will not provide any additional profit to centers, it can help reduce costs, and the KDE staff occasionally reaches out to those centers that are not participating to encourage them to consider it. There have been expansions to the federal funding for national school lunch programs, which may trickle down into early childhood and at-risk afterschool programs, but at this time it is unclear if or when that will go into effect. Most funding that has come from the federal government for childcare has been to keep the centers operational rather than expanding quality.

Senator Thomas said he appreciated the discussion today and looks forward to further discussions on both topics with the subject matter experts.

Co-chair Heavrin said Mandy Simpson, Chief Policy Officer, Metro United Way, had extended an offer to the task force to facilitate conversations between members and care providers in order for members to get local perspective and input.

Adjournment

With no further business to come before the task force, the meeting adjourned at 5:00 p.m. The next meeting of the task force will be Thursday, November 3, 2022 at 3:00 p.m.

EARLY CHILDHOOD EDUCATION TASK FORCE

**Minutes of the 6th Meeting
of the 2022 Interim
November 3, 2022**

Call to Order and Roll Call

The 6th meeting of the Early Childhood Education Task Force was held on Thursday, November 3, 2022, at 3:00 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: John Montjoy, Kentucky Head Start.

LRC Staff: Ben Payne, Logan Bush, and Becky Lancaster.

Approval of Minutes – October 20, 2022

Senator Carroll made a motion to approve the minutes of the October 20, 2022, meeting, seconded by Senator Wilson. The motion passed by voice vote.

Child Care Provider Business Coaching

Jessica Cain, Program Manager for ARPA Funding, Division of Child Care, Kentucky Cabinet for Health and Family Services; Cathi Arwood, Manager, Child Care Program Policy, Texas Workforce Commission; and Chelsea Reddic, Policy Analyst, Child Care Program Policy, Texas Workforce Commission, spoke to the innovative approaches being taken to assist child care providers in establishing successful businesses.

Ms. Cain said that while many child care providers have a passion for caring for children, many do not have the business acumen necessary to run a successful child care business. Over the last ten years, child care providers have been in decline, largely due to the lack of business skills. Sustainability is a key requirement to making the industry viable when ARPA funding is exhausted.

Through the Kellogg grant, Kentucky was the first state to be trained on the Strengthening Business Practices series. Year-long Strengthening Business Practice academies are held for credentialed trainers across the state, and participation is a requirement to qualify for start-up grants or the infant/toddler contracted slots pilot project. Facilitated by the Governor's Office of Early Childhood and funded with \$2 million of ARPA dollars, the Administrator Director Apprenticeship program incorporates the Strengthening Business Practices program, as well as specific training on payroll, reporting, records keeping, hiring practices, early childhood programming ethics, and career readiness trainings.

In response to a question from Co-chair Heavrin, Ms. Cain said the Kellogg grant was received by the Prichard Committee to address family childcare services. Most of the work funded by the grant has been researching the field of family child care in Kentucky and providing special supports to family child care providers.

Ms. Arwood spoke to the statewide childcare coaching program being implemented in Texas. Texas is one of a small number of states that has its child care division within their workforce commission, which has been beneficial in terms of supporting child care providers as businesses. In addition to the child care relief funding, awarded directly to providers, the state saw the need to provide coaching to ensure the funds were spent wisely and created sustainable businesses. The coaching is a combination of three parts; a center-based or home-based program, a one-on-one specialized program, and a video series. The focus is to meet providers where they are and design a customized approach based on existing strengths.

Ms. Reddic explained the six core modules that define the coaching pathway, and providers can start at any point along the pathway. Coaches assist providers

in each area and provide in-depth resources in each module. The goal is to provide a strong foundation to providers and at any time during the pathway, providers can be referred to specialists. Ms. Arwood shared demographic data regarding the participation rates among providers and showed that providers who received coaching were highly satisfied. Participation in the program dramatically improved the number of home-based providers who viewed themselves as business owners.

Responding to a question from Representative Raymond, Ms. Arwood said there have been many instances where the providers had not raised their rates in many years. But the coaches assisted in performing market research and how to initiate conversations among families regarding rate raises. It has also been beneficial for providers to have discussions about rate reimbursements available from the state.

Responding to a question from Senator Carroll, Ms. Arwood said the program is currently funded entirely with ARPA funds and it is not anticipated that the one-on-one business coaching will continue when those funds are depleted. The commission's focus will be on the business training program which is funded separately. Additionally, there are specific training modules, developed in conjunction with Texas A&M University.

In response to further questions from Senator Carroll, Dr. Sarah Vanover, Policy and Research Director, Kentucky Youth Advocates, said Child Care Aware does provide a training for anyone who applies for a license or certification to provide child care. Prior to the pandemic, the Child Care Aware program was used to direct individuals to the Strengthening Business Practices program. Kentucky has since established a permanent Family Child Care Network, which took on the task of training and provides the modules to providers. Ms. Cain said the Strengthening Business Practices series is free for coaches, but those coaches may charge a minimal fee to child care providers. The Family Child Care Network also is specifically tasked to assist providers with expert assistance in things such as tax filing and other business needs. Additional funding support will be needed to continue these programs when ARPA funds expire.

Responding to additional questions from Senator Carroll, Ms. Arwood said common struggles for centers and home-based providers revolve around budgets and knowing what their expenses are.

Child Care Educator Shortage Solutions

Stephanie Akers, Director, Educational Unit for Child Care Services, Morehead State University; Dr. Bridget Murray, Professor/IECE Program Coordinator, Henderson Community College; Ariel Ford, Director, Division of Child Development & Early Education, North Carolina Department of Health and Human Services; and Gwen Laaser, Director of Child Care Services, Division of Child Care and Community Services, Tennessee Department of Human Services were present to discuss various methods of addressing child care educator shortages.

Ms. Ford explained that the North Carolina Early Care and Learning Network has a mission to support the healthy development of children. Many child care

providers and teachers want to stay in the profession, but their salaries and benefits force them to look elsewhere. One-third of these providers and teachers work full time, but their wages are so low, they have relied on public assistance in the last three years. Emergency funding from the federal government in response to COVID-19 closures has helped struggling teachers, but without increased, sustained, long-term investment, many fear the end of the federal funding will also mean the end of their early education programs.

The Child Care WAGE\$ program provides education-based salary supplements to low-paid teachers, directors, and family child care providers that work with children birth to age five. Participants must work at least six months in the same child care program to be eligible and the average supplement increases the typical hourly rate by \$1.16. A participant study found that WAGE\$ supplements help ease financial stress for 98 percent of respondents and 96 percent said it increased their job satisfaction. North Carolina also has a similar program specifically for infant-toddler educators, called the AWARD\$ program, which increases education, retention, and compensation of teachers and family child care educators working with the youngest group of children. The average supplement in the AWARD\$ program increased the typical hourly rate by \$1.24 and has had similar positive feedback from participants in the program.

Ms. Laaser gave a brief overview of the structure of the Tennessee Department of Human Services Division of Child Care and Community Services. The department has been focusing on transforming the industry from babysitters to professionals and improving the quality of child care and access throughout the state. They provide many supports to teachers and administrators including the WAGE\$ program, certifications, business academies, and many other resources. Educators apply directly for the WAGE\$ program. In order to be eligible, they must work in a licensed child care program, earn less than \$20 an hour, meet an education level, and work at least six months in the same child care program with children birth to age five for at least 10 hours per week.

In response to questions from Senator Carroll, Ms. Laaser said participants in the WAGE\$ program have a turnover rate less than 1.4 percent. Ms. Ford said their program has been in effect for a longer period, but it has also had a significant impact on reducing turnover. Ms. Laaser said the funding was provided through Child Care Development Fund monies from the department, and Ms. Ford said North Carolina uses a blended funding model with the state covering administrative costs and local non-profit organizations providing funding for local recipients. This allows all money raised in communities to go back into those same communities.

Dr. Murray gave a brief overview of Kentucky's Early Childhood Initiative which funded the original Kids Now scholarship program. It was an innovative approach to early childhood education. In 2002, the scholarship amount was \$1,500 and could cover tuition for eight classes per year at a community college. Scholars were limited to nine credit hours per term and students could earn an associate's degree in

three years. An additional non-college scholarship was available from the Child Development Associate's (CDA) National Credentialing Program. This credential represents approximately three college classes and meets 50 percent of the requirements for the Kentucky Directors Credential.

Over time, participation in the scholarship has decreased, largely due to the lack of funds and students needing to submit the FAFSA. By filing the FAFSA some students were eligible for Pell Grants and those could not be combined with the scholarship. The scholarship has not increased to keep pace with the cost of college education, and does not fund as many courses as it previously did. Tobacco settlement dollars are no longer being allocated to the Kids Now Initiative and the Division of Child Care has had to find alternative funding for the program. Dr. Murray provided a comparison of the original scholarship with the current ARPA funded college scholarship.

Ms. Akers discussed the Kentucky Early Childhood Development Scholarship with the task force. Recipients of the scholarship either complete two courses and an independent study component to meet the training requirements of the CDA credential process or complete four courses to meet the educational requirements to earn their Kentucky Directors credential. Prior to the ARPA fund increase, Morehead State University had some limited funds to cover additional tuition costs for scholars. Morehead State University offers a bachelors in child development, which does not include necessary education to receive a teaching certificate, as well as bachelors and master's degree programs for interdisciplinary early childhood education.

In response to questions from Senator Carroll, Ms. Akers said there are required courses for early child care at Morehead State University, but Dr. Murray said there are not required courses at Henderson Community College, except for those leading to the director's credential. Dr. Murray said there is a path for an associate's degree with some business coursework incorporated, and Ms. Akers said Morehead State offers an associate's degree but no business classes are specifically required before the master's level.

With no further business to come before the task force, the meeting adjourned at 4:55 p.m. The final meeting of the task force will be Monday, November 21, 2022, at 1:00 p.m.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 5th Meeting

of the 2022 Interim

October 27, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, October 27, 2022, at 9:00 AM, in Room 149 of the Capitol Annex. Senator Wil Schroder, 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 Rick Girdler, Christian McDaniel, Adrienne Southworth, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Shane Baker, Kim Banta, George Brown Jr., Josh Calloway, McKenzie Cantrell, Chris Freeland, Al Gentry, Mark Hart, Thomas Huff, DJ Johnson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Scott Sharp, and Timmy Truett.

Guests: Jamie Link, Secretary, Education and Labor Cabinet; Sam Flynn, Chief of Staff and General Counsel, Education and Labor Cabinet; Matt Berry, Research Director, Kentucky Center for Statistics; and Michael W. Clark, Director of the Center for Business and Economic Research, Gatton College of Business and Economics, University of Kentucky.

LRC Staff: Janine Coy, Audrey Ernstberger, Kirk Smith, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the September 29, 2022, meeting was made by Senator Wilson, seconded by Senator Girdler, and approved by voice vote.

Report and Update from the Education and Labor Cabinet

Jamie Link, Secretary of the Education and Labor Cabinet, gave an update on the Cabinet, which was created through enacted legislation that combined the Education and Workforce Development Cabinet and the Labor Cabinet, effective July 14, 2022. The Cabinet is now comprised of 10 major organizational units and 1,539 employees with federal, general, restricted, Workers' Compensation Funding Commission, and Tobacco Settlement funds totaling \$853,095,408. The Secretary pointed out that the Department of Education is administratively attached to the Cabinet but is governed by the Commissioner of the Department of Education and the Kentucky Board of Education.

Funds were allocated during the 2022 Regular Session to allow the Education and Labor Cabinet to study the effectiveness of the state's sponsored workforce development programs. Sam Flynn, Chief of Staff and General Counsel for the Education and Labor Cabinet, and Matt Berry, Research Director for the Kentucky Center for Statistics, discussed the status of the study which is being conducted in collaboration with the Kentucky Center for Statistics and the Center for Business and Economic Research at the University of Kentucky. Mr. Flynn summarized the established guidelines to define a state sponsored workforce development program as determined by the study thus far. Moving forward, the Cabinet, Kentucky Center for Statistics, and Center for Business and Economic Research will set recurring meetings to further analyze data available and will have the scope and programs determined by January 2023.

Addressing questions from Senator Schroder, Mr. Flynn explained that, according to the language of the budget passed in the 2022 Regular Session, the Cabinet must present a report to the General Assembly by December 1, 2023. The Cabinet is

willing to discuss extending the time frame with the General Assembly, if necessary, once the breadth of the study is fully explored.

Responding to Senator Wilson, Secretary Link clarified that the Department of Education is statutorily attached to the Education and Labor Cabinet but governed by the Commissioner of the Department of Education and the Kentucky Board of Education, but a collaborative relationship is imperative for workforce development in the state.

Answering follow up questions from Senator Schroder, Mr. Flynn stated the Cabinet is willing to discuss workforce development programs that receive less than half of their funding from general funds with the General Assembly.

What We Can Learn by Evaluating Workforce Training Programs

Michael W. Clark, Director of the Center for Business and Economic Research with the Gatton College of Business and Economics at the University of Kentucky, discussed the advantage of studying workforce training programs in the Commonwealth. The evaluation of workforce training programs looks at two primary metrics, the program's effect on labor market outcomes and if the benefits of the program exceed the costs including the return on investment. Mr. Clark explained how these factors are analyzed through comparing outcomes of workforce training program participants and non-participants. Examining these factors aid policy makers in identifying weaknesses in the workforce development system and allocating resources to programs that yield the largest benefits.

Responding to questions from Senator Schroder, Mr. Clark confirmed that the state is well positioned to study the outcomes of workforce training programs with historical data, and the Kentucky Center for Statistics has a robust data system to utilize.

Answering questions from Representative King, Mr. Clark said that researchers recognize the challenges faced by individuals in the workforce during the COVID-19 pandemic and acknowledge that the data collected from 2020 and 2021 could affect study outcomes.

Replying to Senator Southworth, Mr. Clark stated he did not have information regarding the effectiveness of programs of the Kentucky Council on Postsecondary Education, but he is aware of past studies done on the return on investment for individuals obtaining postsecondary degrees.

There being no further business before the committee, the meeting adjourned at 9:54 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 5th Meeting of the 2022 Interim

October 18, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Education was held on Tuesday, October 18, 2022, at 11:00 a.m., in Room 154 of the Capitol Annex.

Representative Regina Huff, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Regina Huff, Co-Chair; Senators David P. Givens, Stephen Meredith, Adrienne Southworth, Reginald Thomas, Stephen West, and Mike Wilson; Representatives Shane Baker, Kim Banta, Tina Bojanowski, Jennifer Decker, Jeffery Donohue, Mark Hart, Scott Lewis, Bobby McCool, Chad McCoy, Charles Miller, Melinda Gibbons Prunty, Steve Riley, Killian Timoney, James Tipton, Russell Webber, and Lisa Willner.

Guests: Brian Melton, MSgt., USMC (Ret.), NJROTC Naval Science Instructor, Pendleton County High School; Dr. Rhonda Caldwell, Executive Director, Kentucky Association of School Administrators; Larry Holland, Senior Consultant, Office of the Chairman, Scholastic Inc.; Michael Haggen, Senior Vice President, General Manager, Literacy Pro & Collections, Scholastic Education Solutions, Scholastic Inc.; Micki Ray, Chief Academic Officer, Office of Teaching and Learning, Kentucky Department of Education (KDE); Rhonda Sims, Associate Commissioner, Office of Assessment and Accountability, KDE; Chrystal Rowland, Director, Division of Program Standards, KDE; and Dina Lemmer, American Institute of Research.

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

Chair Huff shared some remarks and reflections on her years of service, as this was her final meeting as chair before her retirement from the legislature.

Approval of Minutes – September 20, 2022

Representative Riley made a motion, seconded by Representative Timoney, to approve the minutes of the September 20, 2022, meeting. The motion passed by voice vote.

Anti-Vaping Efforts in Schools

Representative Mark Hart introduced Brian Melton, M.Sgt., USMC (Retired), NJROTC Naval Science Instructor, Pendleton County High School. Popularity of vaping devices is on the rise, beginning in middle school, and retired M.Sgt. Melton reached out to Representative Hart to discuss ways the legislature can help address this issue in schools.

Use of vaping products leads to addiction and disruptions to attention and learning for young people. The devices have deceptive designs that allow them to hide in plain sight among highlighters, make-up products, flash drives, and hoodie strings. Kentucky's anti-vape law is not strong enough to protect youth and needs to be addressed, specifically the loophole in House Bill 215 of the 2022 Regular Session, which only addressed the use of fentanyl laced vape devices by adults. He said statutory penalties for youth are needed to serve as an adequate deterrent. He also recommended training for school personnel to assist with vape-induced medical emergencies. Examples of legislation enacted by other states, such as Florida, Texas, and Michigan, were presented as model legislation. Several Kentucky school districts were part of the class action lawsuit against vape manufacturer JUUL that resulted in the dissolution

of that company. However, there are many more manufacturers, and Kentucky can be a leader in combatting this epidemic.

In response to a question from Representative Tipton, Representative Hart said he is working on legislation to be introduced at the next regular session and he welcomes co-sponsors.

In response to a question from Representative Willner, retired M.Sgt. Melton said he does not currently have data on the impact of increased legislative penalties from other states.

Responding to a question from Representative Gibbons Prunty, retired M.Sgt. Melton said he does not have data on the impact of classifying vaping devices as drug paraphernalia, but he is confident it is serving as a deterrent to adults.

Representative Timoney said there also needs to be increased education for parents and staff on the impact of vaping and the negative impact on students.

Senator Meredith asked for the perspective of young people on how they recommend addressing this issue among their peers.

Improving Literacy Outcomes: The Importance of Home Libraries

Dr. Rhonda Caldwell, Executive Director, Kentucky Association of School Administrators; Larry Holland, Senior Consultant, Office of the Chairman, Scholastic Inc. and Michael Haggen, Senior Vice President, General Manager, Literacy Pro & Collections, Scholastic Education Solutions, Scholastic Inc., were present to discuss the impact an expanded home literacy program could have for school-aged children.

Mr. Holland spoke about his experience with literacy improvement programs in Mississippi, working with Scholastic, and ways to improve literacy in low-performing states. One of the most important lessons he learned was the necessity of science-based curriculum taught by well-trained educators and supported by engaged parents and families with home libraries. Time spent with families, guided by good advice from educators, even when parents themselves struggle with literacy, improves outcomes. Mr. Haggen presented data to support the impact that home libraries, comprised of high-quality materials, have on creating the environment of literacy that science shows is fundamental. He illustrated how impactful the Read to Succeed Act has been in Kentucky and said having books at home aligned with the instruction they receive in schools could build upon the work already being done. The presenters proposed institutionalizing home libraries for all students in Kentucky, as Scholastic has assisted other states, such as Florida and Louisiana, in doing. The programs in those states include robust family support, as many of the parents also struggle with literacy.

Chair Huff said this was well timed as the test results from the state's assessments were published today and many educators will be looking for strategies to improve literacy and reading scores.

In response to questions from Representative Bojanowski, Mr. Holland said he intended to say students should strive for 20 minutes of independent reading, either at school or at home, and expansion of the home library will assist in attaining that goal,

but the books are designed to meet readers where they are. He said Scholastic works with the Dolly Parton Imagination Library and expands access beyond the birth to preschool age demographic to the 5th grade.

Responding to questions from Senator West, Mr. Haggen said a science-based curriculum would start with the LETRS program offered by Scholastic. The program helps teachers learn how to teach sounds that are foundational for learning literacy and teaching comprehension. Mr. Holland said that Florida, Louisiana, and Tennessee all use a program with physical books mailed directly to the child. However, in Mississippi they are developing a model that delivers physical books, e-books, and magazines so children have a wider variety of material.

Representative Donohue spoke in favor of having physical books because while technology can be a positive, it also contains a lot of negatives due to the distractions posed by the internet. Mr. Holland agreed, as he is an advocate for rural schools and those communities may not have adequate internet access. Physical books help address that gap.

In response to questions from Representative Tipton, Mr. Holland said the Mississippi legislation to address literacy was passed in 2013 and teacher training was the first element. After two years, the program was fully implemented and results began to show a positive shift at that time. Funding was also a critical element. Representative Tipton shared some of the test score data that was recently published and his concerns about math and literacy declines, and he asked what was recommended to help rebound from the pandemic. Mr. Haggen said it would be critical to help support teachers and give them the appropriate training in their postsecondary education tracts so they have the skills necessary to teach literacy effectively in the classroom. Mr. Holland said the funding necessary to create a Scholastic program in Kentucky, like Florida's, depends on how many students would be served and how frequently the books would be shipped.

Responding to a question from Representative Decker, Mr. Holland said he would be happy to share data from other states to illustrate the impact of the program. He would like to see this program expand to all households throughout the nation, regardless of which company states partner with. However, Scholastic is the largest publisher and distributor of books for children and has the knowledge and resources to know how best to reach students.

In response to questions from Senator Wilson, Mr. Holland said the books are curated by Scholastic and selected because they meet state standards. In the Florida example, educational professionals have the final approval, and rarely ask for modifications to the proposed list. Mr. Haggen said his group reads the books and provides written recommendations and summaries of the books to the state officials, as well as following up with families to see what children and families enjoy and want from the books. This creates a feedback system to encourage engagement from families.

In response to questions from Senator Thomas, Mr. Haggen said he did not mean to give the impression that families should not be engaged. Independent reading begins with whole class instruction, followed

by small group instruction from the teacher. Those skills are then taken home, where students read with their families and are still supported as they strive toward independent reading. Universal preschool was valuable for Mississippi because it eased the transition for students from pre-literacy to early literacy in kindergarten, and the state addressed training for teachers accordingly. Mr. Holland said there was no one program that was the single solution for Mississippi, but a collection of programs addressing family engagement, teacher training, home libraries, and creating a science-based literacy curriculum in schools.

Responding to a question from Senator Southworth, Mr. Holland said the ideal situation would give students choice among a curated list of age- and reading-level appropriate books. However, there is not time and resources to give the maximum amount of choice. Instead, parents identify which themes would be most appreciated by their students, and then one of nine books from that theme is sent to the student. Mr. Holland said that digital book options improve choice but can be a problem for students who do not have access to technology.

Revised Kentucky Academic Standards (KAS) for Science

Micki Ray, Chief Academic Officer, Office of Teaching and Learning, Kentucky Department of Education (KDE); Rhonda Sims, Associate Commissioner, Office of Assessment and Accountability, KDE; Chrystal Rowland, Director, Division of Program Standards; and Dina Lemmer, American Institute for Research, were present to give the committee an overview of the process of development of the new Kentucky Academic Standards (KAS) for science.

Ms. Ray spoke briefly to the statutory requirement for the department to review standards, respond to the public, and create a draft document. The process took longer for the science standards than is typical, due to the pandemic as well as the impact of the West Kentucky tornado and Eastern Kentucky flooding natural disasters. There will be a final public comment period in the next month before new standards are finalized and distributed to schools. Ms. Lemmer gave an overview of the data acquired during the public comment periods and the work of the review committees. Eighty-seven percent of respondents agreed with the recommendations from the committee, and 83 percent found the new layout clarified standards and made them easier to understand and implement. The layout was a highlight of the new standards and is organized into four sub-categories. She gave an example of the layout to illustrate how they will be used by educators. The assessment alignment process utilized the same review committees to ensure alignment and the assessment blueprint was also submitted for public comment. Review committee members made some recommendations based on comments and included hyperlinks to the assessment blueprint for increased understanding.

Responding to a question from Representative Gibbons Prunty, Ms. Ray said the department used multiple channels to communicate about opportunities

for public comment, but other forms of feedback were used to account for low engagement during the public comment period. Ms. Rowland said further information about the membership of the focus groups was in the electronic binder shared with members.

In response to a question from Representative McCool, Ms. Ray said the electronic binder includes all the feedback received during the public comment period.

Responding to questions from Senator Southworth, Ms. Ray said the committees were composed according to statutory requirements, and KDE attempted to include parties from all demographic areas including rural, suburban, and urban regions. Ms. Sims said the performance on assessments has declined for all subjects, including science, largely because of the break in testing due to the pandemic. The summative assessment this year will also be different and will make it difficult to create any kind of direct link between the change in the standards and impact on test scores. Ms. Sims said she would try to get some data together to illustrate the impact of the standards change but cautioned to remember the impact of the pandemic on the data.

Adjournment

Chair Huff announced the next meeting of the committee would be on November 1, 2022. With no further business to come before the committee, the meeting adjourned at 12:55 p.m.

EMERGENCY MEDICAL SERVICES TASK FORCE

Minutes of the 4th Meeting of the 2022 Interim October 18, 2022

Call to Order and Roll Call

The 4th meeting of the Emergency Medical Services Task Force was held on Tuesday, October 18, 2022, at 3:00 PM, in Room 171 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 Ken Fleming, Co-Chair; Senator Donald Douglas; Representatives Mark Hart, Michael Meredith, and Lisa Willner.

Guests: Lisa Lee, Commissioner, Department for Medicaid Services; Shellie Hampton, Director of Government Affairs, Kentucky Association of Counties; Casey Ellis, Owen County Judge/Executive; Harry Clark, Rowan County Judge/Executive; Jim Musser, Senior Vice President of Policy and Government Relations, Kentucky Hospital Association.

LRC Staff: DeeAnn Wenk and Logan Schaaf.

On a motion and second, the September meeting minutes were approved.

Department for Medicaid Services

Lisa Lee, Commissioner of the Department for Medicaid Services, provided an overview of Medicaid in Kentucky and discussed coverage for

emergency medical services in depth. Medicaid covers ambulance services to and from emergency rooms in the medical service area for emergency situations. In nonemergency situations, Medicaid covers ambulance services if the following set of conditions are met: member's medical condition warrants transport by stretcher, member is traveling to or from a Medicaid-covered service, excluding pharmacy, and the service is the least expensive available for the member's needs.

The Ambulance Provider Assessment Program (APAP), created by 20RS HB 8, authorizes enhanced payment programs for ground ambulance services and reimburses up to available provider tax funding. The provider tax funding is five and a half percent of cash collections for emergency ground transports from all payors, and all Class I-III ground ambulance providers will be taxed regardless of Medicaid utilization.

Several other states have Medicaid coverage for treatment without transportation, including Indiana, Minnesota, and West Virginia, and more are exploring the idea. To cover treatment without transportation, Kentucky would need to create a State Plan Amendment (SPA) or an 1115 waiver. SPAs describe how states will administer the Medicaid program. The 1115 research and demonstration waiver requests to bypass certain federal Medicaid requirements. It must be budget neutral, and there is a five year limitation with renewal periods.

Responding to questions from Senator Givens, Commissioner Lee emphasized the importance of maintaining flexibility, and said that the implementation of a State Plan Amendment for treatment without transport would be preferable to an 1115 waiver. She also noted that the Department for Medicaid Services has had conversations with managed care organizations about their willingness to participate in new programs.

Challenges and Proposed Solutions for EMS in Rural Counties

Shellie Hampton, Director of Government Affairs for the Kentucky Association of Counties, Casey Ellis, Owen County Judge/Executive, and Harry Clark, Rowan County Judge/Executive, explored the role of counties in EMS.

Judge Ellis discussed the role of public transportation in relieving some of the pressure on ambulance services. He highlighted the potential for more EMS training in the counties. Judge Clark covered some of the transportation issues during the pandemic. He emphasized the importance of workforce issues and a shortage of manpower.

Responding to questions from Representative Hart, Judge Clark said that Rowan and surrounding counties have discussed the potential for reforming recruitment and certification to address their shortage of EMTs and paramedics.

Responding to questions from Representative Meredith, Judge Ellis estimated that paramedics in Owen County earn approximately \$70,000 per year. Since salaries have risen, they have still struggled with workforce issues, because they are competing with other regions that are also raising salaries.

Responding to questions from Representative Fleming, Judge Ellis said that resource sharing

partnerships between counties could help alleviate some of the issues faced by counties. Judge Clark discussed some of the pre-pandemic recruiting efforts in high schools.

Representative Fleming highlighted the idea of a public-private partnership for EMS recruitment.

Responding to questions from Senator Givens, Ms. Hampton said that data is not available on where licensed EMS providers who are not working for an EMS service are working. Judge Ellis said that in Kentucky, an ambulance is required to respond to a 911 call for a medical emergency.

Representative Hart encouraged the gathering of data on jobs that licensed EMS providers who are not working for EMS services are doing.

Challenges and Proposed Solutions for EMS and Hospitals

Jim Musser, Senior Vice President of Policy and Government Relations for the Kentucky Hospital Association, discussed issues facing hospitals and some of their potential solutions. Mr. Musser said that rules restricting who can teach EMTs and paramedics could be examined. Classes are not available in many areas of the state. Mr. Musser highlighted the importance of recruitment efforts and positive messaging.

Mr. Musser suggested minor adjustments to the Certificate of Need process to address issues surrounding the transportation of behavioral health patients. He proposed the adoption of a new ambulance licensure category for behavioral health transportation, and the updating of Medicaid rules for nonemergency situations.

Responding to a question from Senator Douglas, Mr. Musser said that he could provide a list of the recommendations from his presentation.

With no further business before the task force, the meeting was adjourned at 4:15 PM. The next meeting of the Emergency Medical Services Task Force will be Tuesday, November 1, 2022 at 3:00 PM.

EMERGENCY MEDICAL SERVICES TASK FORCE

Minutes of the 5th Meeting of the 2022 Interim November 1, 2022

Call to Order and Roll Call

The 5th meeting of the Emergency Medical Services Task Force was held on Tuesday, November 1, 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: Representative Ken Fleming, Co-Chair; Senator David P. Givens, Co-Chair; Senators Donald Douglas and Robin L. Webb; Representatives Mark Hart, Michael Meredith, and Lisa Willner.

LRC Staff: DeeAnn Wenk and Logan Schaaf.

The October 18, 2022, meeting minutes were approved.

Co-Chairs Fleming and Givens praised the work of the EMS Task Force, the draft of the task force findings and recommendations, and the stakeholder

input.

The meeting was recessed for discussion of the draft of findings and recommendations.

The meeting reconvened and was adjourned at 5:00 PM. The next meeting of the Emergency Medical Services Task Force will be Tuesday, November 15, 2022, at 1:30 PM in Annex Room 169.

EXECUTIVE BRANCH EFFICIENCY TASK FORCE

Minutes of the 5th Meeting

of the 2022 Interim

October 24, 2022

Call to Order and Roll Call

The 5th meeting of the Executive Branch Efficiency Task Force was held on Monday, October 24, 2022, at 1:00 PM, 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 Jerry T. Miller, Co-Chair; Senators Michael J. Nemes, Whitney Westerfield, and David Yates; Representatives Shane Baker and Bobby McCool.

Guests: Secretary Jim Gray, Deputy Secretary Mike Hancock, Kenny Bishop, Matt Cole, Heather Stout, Sarah Jackson, Brad Webb, and Ron Rigney, Transportation Cabinet.

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

Approval of Minutes

The minutes of the September 26, 2022, meeting were approved without objection, upon the motion by Senator Nemes, and seconded by Representative Miller.

Charge of the Task Force

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

Transportation Cabinet – Organizational, Operational, and Budgetary Overview

Presenting for the Transportation Cabinet were Secretary Jim Gray; Deputy Secretary Mike Hancock; Kenny Bishop, Legislative Director; Matt Cole, Director, Division of Driver Licensing; Heather Stout, Executive Director of Information Technology; Sarah Jackson, REAL ID Project Manager; Brad Webb, Administrative Branch Manager, Office of Human Resources; and Ron Rigney, Division of Program Management, Department of Highways.

Secretary Gray testified that the Transportation Cabinet is the logistics and operations backbone of the state, with maintenance facilities in every county. Secretary Gray explained the Transportation

Cabinet's role in providing support in response to the tornado disaster in western Kentucky and flooding in eastern Kentucky. The cabinet repaired and reopened over 100 roadways and bridges, cleaned debris, and transported water, food, cleaning supplies, portable buildings, heavy equipment, and temporary shelters for those who lost their homes. In the two weeks after the flood, the cabinet (with the help of consultants) inspected over 1,098 bridges, and found that almost 200 were in need of significant repair or full replacement. Contracts have been approved for repair or replacement of 30 bridges, and approval for repair and replacement of an additional 30 are expected by the end of the year. The process involved designing, engineering, and creating estimates.

Obstacles endured by the cabinet include severe snow and ice storms, adhering to COVID-19 protocols, shortage of contract plow operators, the Brent Spence bridge closing, and the launch of a new drivers licensing system, REAL ID.

Secretary Gray explained how the Transportation Cabinet has improved efficiency and cost-cutting measures. To increase efficiency, the cabinet created a consultant portal to improve their procurement processes. The portal has decreased the amount of time to contract with a consultant from nine months to 100 days, with most contracts. The portal has reduced costs by allowing consultants to focus on engineering services over administrative tasks. It has also reduced the amount of time to amend or modify a contract; from months to days. The cabinet has also created a portal for commercial vehicle drivers where they can submit their application for commercial driver's licenses.

Secretary Gray stated the vision and mission of the cabinet, and its functional responsibilities, which include providing highway safety, maintaining and upgrading highways and bridges, administering rural and municipal aid programs, coordinating transit funding with local agencies, aviation funding, water boat and ferry boat funding, and coordinating railroad funding. The cabinet employs approximately 4,120 employees, an 11 percent decrease from 10 years ago. Of those, over 3,600 employees are with the Department of Highways. They currently have approximately 300 job postings, and filling those positions has been a challenge. The private sector still offers better salaries and benefits than the cabinet. As a result, there has been an upward trend of outsourcing, particularly in the areas of bridge inspection, design services, construction inspection services, and bridge load raters.

The cabinet is responsible for inspecting over 14,000 state and county owned bridges and for maintaining over 9,000 state owned bridges. Secretary Gray stated that project management needs to come from the cabinet, and low staffing levels affect the ability of the cabinet to fulfill its responsibilities.

In response to questions from Senator Westerfield, Secretary Gray stated that the cabinet has contract employees for REAL ID and professional services, such as consulting engineers and legal.

Secretary Gray testified that total budget of the Transportation Cabinet of both state and federal dollars is \$3.769 billion. Budget appropriations within the Transportation Cabinet include general

administration and support, Department of Highways, Department of Aviation, Department of Rural & Municipal Aid, public transportation, debt service, and capital.

Within general administration and support, there are approximately 222 employees, including 80 contract employees in the IT division, with a budget of over \$171 million. Approximately \$90 million was appropriated by the General Assembly for funding for electric vehicles (EVs).

The Department of Highways employs approximately 3,628 employees across the state, with a budget just over \$2.796 billion, coming from the road fund and state and federal funds. The cabinet received an appropriation of approximately \$230 million from the federal infrastructure law.

In response to questions from Senator Mills, Secretary Gray responded that the funds are appropriated for five years, and typically with federal funds, the appropriation has not decreased.

In response to questions from Representative McCool, Secretary Gray stated the funding discrepancies and deficits were for maintenance, where there is a significant backlog. Federal dollars provide annual aid to many projects, but typically maintenance is funded by state dollars.

Secretary Gray testified that the Department of Rural and Municipal Aid has a budget of approximately \$372 million, which is primarily used to repair county roads. There is a backlog of approximately \$30 million in county repair projects, but only \$10 million annually is allotted for discretionary funds. There is an internal process to allocate discretionary funds for county road repairs.

The Department of Vehicle Regulation has a budget of approximately \$68 million, and employs 219 employees, plus 150 contract employees for REAL ID. There are 32 regional REAL ID offices across the state.

The Department of Aviation has a budget of over \$36 million, which includes a one-time fund of \$11 million provided by the General Assembly.

In response to questions from Senator Mills, Secretary Gray stated that the normal appropriation for the Department of Aviation is about half a million a year in state funds.

In response to questions from Senator Westerfield, Deputy Secretary Hancock testified that there are categories of restricted fund use, and restrictions may vary. The cabinet keeps record through their budget office of the different restricted funds and how those funds may be used.

In response to a question by Senator Mills, Deputy Secretary Hancock testified that restricted funds are funds generated from a source for a designated use, and there may be different uses. Some examples include sales tax for aviation jet fuel, funds to purchase highway equipment, and various fees for investment income.

Secretary Gray stated that Public Transportation contains approximately 15 employees, with a budget of over \$98 million, and it also administers over \$150 million in non-emergency Medicaid funds.

Deputy Secretary Hancock addressed how the cabinet allocates debt service and capital. Debt service is what the cabinet pays for past bonds sold through

the Kentucky Turnpike Authority. The cabinet has used bonds since 1984, and have used over \$4.1 billion in Kentucky Turnpike and federal guaranty bonds. Debt service for fiscal year 2023 is approximately \$135 million. The capital plan is funded to maintain building and physical infrastructure owned by the cabinet across the state. The budget for the capital plan is approximately \$35 million.

In response to a question from Senator Mills, Deputy Secretary Hancock stated that the capital budget is mostly allocated for minor repairs, county maintenance facilities and other costs, and there is a significant backlog for major repairs that would require more than the current budget.

Secretary Gray explained the funding sources received by the cabinet. Most funding comes from state road funds, federal funds, and state general and restricted funds. Their primary funding partners are the General Assembly, U.S. Dept of Transportation, Federal Transit Administration, Federal Aviation Administration, and Federal Rail Administration. State road fund revenue mostly comes from motor fuels tax receipts and motor vehicle usage tax receipts. Total revenue from federal fund sources is approximately \$1.548 billion, most of which is coming from the Federal Highway Funding formula.

In response to questions from Representative Miller, Secretary Gray stated that electronic vehicle (EV) stations are currently in development. There will be a cost for using EV stations, but is unsure of what it will cost to charge an EV. Approximately 70 EV stations will be in place during the first round, which would mostly be near interstates and parkways. Deputy Secretary Hancock added that the Kentucky plan was approved by the federal government.

Secretary Gray explained reporting protocols and requirements for the cabinet. They report to several different state and federal agencies; in addition to their own internal audits. The Auditor of Public Accounts also performs an annual financial audit.

Secretary Gray updated the members on REAL ID. In April 2020, 120 clerks transferred driver's license issuance to regional offices. In June 2022, there were approximately 350 employees, including temporary staff serving 5,000 to 6,000 Kentuckians daily. Over 240,000 have been served through online renewals and 25,000 through mail. REAL ID offices were set up in counties affected by tornadoes and flooding. There are now 32 regional offices. Mr. Cole added that year-to-date, 23 percent of licenses issued were REAL IDs. There is a 16 percent adoptance rate of REAL ID, with a goal of having a 35 to 45 percent adoptance rate. The national rate is approximately 51-52 percent. Applicants are not required to adopt REAL ID.

In response to questions from Representative Miller, Mr. Cole testified that Kentucky State Police handles driver testing, and on July 6 all testing could be conducted in the regional offices. There have been problems with staffing and they used partners to streamline processes.

In response to questions from Senator Westerfield, Mr. Cole stated that the cabinet has engaged in a campaign with the Transportation Security Administration (TSA) to encourage people to adopt REAL ID. The campaign will start in November and

last through the enforcement date. Ms. Jackson added that the changes to driver licensing were significant and the cabinet has been working to ensure that the changes are efficient and streamlined. The cabinet is working with other agencies and nonprofits to make sure their members are aware of the changes. TSA also has secondary screening, for those who do not have REAL ID, but there is no guarantee that the person will receive a pass that day. They are starting to see 35 percent issuance of REAL ID on some days.

In response to questions from Senator Mills, Mr. Cole stated that all credentialing has been removed from the clerk's offices to the regional offices. Costs and potential savings from the move are not like comparisons. Some cost increases were incurred with the move, but there is also revenue coming in; the Department of Vehicle Regulation brings in \$320 million a year, and as long as the agency has money allocated for upcoming costs, they can make adjustments as needs arise.

In response to questions from Senator Westerfield, Ms. Stout testified that she has approximately 110 IT staff, of which 80 are contract employees. They have consistently moved to contract employees due to the difficulty in finding skilled resources to perform needed tasks. The salaries are closer to matching the private sector, and are becoming more competitive. Challenges have been due to the IT profession being increasingly competitive after COVID, making it difficult to find qualified talent. Projects that used to take a few weeks to complete, now take months. They work with COT daily, and use all of COT's infrastructure and security services. Their budget with COT is approximately \$18-20 million. The cabinet has moved some storage into the cloud via AWS and Google. All real-time data and sensors and real-time intelligence data are stored domestically with Google cloud.

Ms. Stout added that the IT department has over 120 applications they maintain and support and will add or transition to new applications. She was unsure of the map of life cycles for all applications, and they are trying to separate many applications away from the mainframe. Approximately 80 applications are .net and have their own life cycles. If she had more resources, she would add more applications. Because of limited resources there is backlog, and the team can only manage up to eight large projects at a time, forcing them to prioritize requests.

Ms. Stout added that she wanted to have KAVIS finished by the end of this year, but it is not likely that it will be completed until next summer. There have been many implementations with KAVIS already, including a boat titling and registration system, disabled placard, and migration of all county clerks to a standard point of sale solution. One of the issues includes interfacing with the national motor vehicle system. Some challenges with legislation include mandated effective dates and being involved too late in the legislative process.

In response to questions from Representative Miller, Ms. Stout testified that the cabinet uses Kentucky Interactive frequently and is very satisfied with their performance. Online renewal applications for vehicles are handled through Kentucky Interactive to help the cabinet comply with HB 284.

Senator Mills thanked the Transportation Cabinet representatives for their testimony, and the meeting adjourned at 2:29 p.m.

INTERIM JOINT COMMITTEE ON HEALTH, WELFARE, AND FAMILY SERVICES

Minutes of the 4th Meeting of the 2022 Interim October 26, 2022

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Health, Welfare, and Family Services was held on Wednesday, October 26, 2022, at 11:00 AM, in Room 149 of the Capitol Annex. Representative Kimberly Poore Moser, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senators Julie Raque Adams, Karen Berg, Danny Carroll, Denise Harper Angel, Jason Howell, Alice Forgy Kerr, Stephen Meredith, Michael J. Nemes, and Max Wise; Representatives Danny Bentley, Tom Burch, Ryan Dotson, Daniel Elliott, Ken Fleming, Deanna Frazier Gordon, Melinda Gibbons Prunty, Josie Raymond, Steve Riley, Scott Sharp, Steve Sheldon, Nancy Tate, Russell Webber, Susan Westrom, and Lisa Willner.

Guests: Shanna Babalonis, PhD, Director, Kentucky Cannabis Center; Bart Hardin, Director of Government Relations, University of Kentucky; Nancy Galvagni, President, Kentucky Hospital Association; Monalisa Taylor, MD, President, Kentucky Medical Association; Cori Meadows, Deputy Vice President, Director of Advocacy, Kentucky Medical Association; Tim Mullett, MD, Medical Director, Markey Cancer Center Network Development, Markey Cancer Center, University of Kentucky HealthCare; Jill Kolesar, PharmD, Professor, College of Pharmacy, University of Kentucky; Michael Gieske, MD, Director, Lung Cancer Screening, St. Elizabeth Healthcare; Tony Remington, MBA, Chief Executive Officer, Gravity Diagnostics; Leah Phillips, Lung Cancer Patient Advocate, Louisville, Kentucky; Matt Holder, MD, Founding Director, Lee Specialty Clinic; Jeff Allen, Kentucky Board of Dentistry; Julie Brooks, Policy Specialist, Department for Public Health, Cabinet for Health and Family Services; Jonathan Scott, Executive Advisor, Department for Medicaid Services, Cabinet for Health and Family Services; and Maria Lewis, Assistant Director, Department for Income Support, Cabinet for Health and Family Services.

LRC Staff: DeeAnn Wenk, Ben Payne, Logan Bush, Chris Joffrion, Samir Nasir, Becky Lancaster, D. J. Burns, and Eric Rodenberg.

Approval of Minutes

A motion to approve the minutes of the September 28, 2022, meeting was made by Senator Berg, seconded by Senator Alvarado, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration: **201 KAR 008:550 Proposed** - Anesthesia and sedation related to dentistry; **202 KAR 007:701 Emergency** - Scope of practice matters; **902 KAR 008:120 Proposed** - Leave provisions applicable to employees of local health departments; **907 KAR 001:065 Emergency** - Payments for price-based nursing facility services; **907 KAR 023:020 Proposed** - Reimbursement for outpatient drugs; and **921 KAR 001:380 Proposed** - Child Support Enforcement Program application and intergovernmental process. The listed administrative regulations were reviewed by the committee.

Update on the Kentucky Center for Cannabis - 2022 Regular Session House Bill 604

Shanna Babalonis, PhD, Director, Kentucky Cannabis Center, gave a brief history of establishing the Kentucky Center for Cannabis and discussed the executive committee members and the advisory committee members. She discussed the center's initial progress with studies regarding opioid use disorder, cancer, driving under the influence of CBD quality, a pilot growing project, and a collaboration with the Pennsylvania medical cannabis program. She gave an example of a general timeline of a trial, listed areas the executive committee is exploring, and discussed faculty grant programs and funding decisions.

In response to questions and concerns from Representative Moser, Dr. Babalonis stated that the vetoes on 2022 Regular Session House Bill 604 did not change what the center is working on structurally. Bart Hardin, Director of Government Relations, University of Kentucky (UK), stated that the veto had no impact on research, the boards are now determined by the president of the university, and funding was set on a biennial basis.

In response to questions and comments from Senator Alvarado, Dr. Babalonis stated that the amount of Tetrahydrocannabinol (THC) in the cannabis is controlled in the edible doses that are used in the cancer trial. She stated that all plant material is highly regulated by the United States Drug Enforcement Administration (DEA) and Food and Drug Administration (FDA).

In response to questions and concerns from Representative Willner, Dr. Babalonis stated that the Kentucky Center for Cannabis is one of several research laboratories in the country but UK is one of the only places in the world that can do an inpatient, placebo-controlled, cannabis trial.

In response to questions and concerns from Representative Bentley, Dr. Babalonis stated that there are many unregulated products that are available for anyone to purchase online with many derivatives of THC and the center has not analyzed any of those products.

In response to questions and concerns from Representative Sheldon, Dr. Babalonis stated that the center was required to have only UK faculty on the boards but all studies go through FDA and DEA review before a trial is launched.

In response to questions and comments from

Senator Carroll, Dr. Babalonis stated that the center focused on the components in HB 604, but is starting a program to determine if the UK College of Agriculture can grow cannabis that matches federal and international standards.

In response to questions and concerns from Representative Moser, Dr. Babalonis stated that it would be helpful to reschedule marijuana to a Schedule II drug so that researchers could start testing and using marijuana in the research studies.

The Importance of Biomarker Testing in Health Care

Tim Mullett, MD, Medical Director, Markey Cancer Center Network, Development Markey Cancer Center, University of Kentucky HealthCare, discussed the leading types of cancer, risk factors, and health inequities. He discussed the rates of cancer and mortality, decline in lung cancer death rates, success of lung cancer screenings, reduction of late-stage lung cancer diagnoses, genetic discoveries to control cancer cell growth, causes of cancer-related genetic changes, progression of biomarkers with drug targets, biomarker guidelines, and policy changes to decrease barriers to obtaining biomarker testing.

Jill Kolesar, PharmD, Professor, College of Pharmacy, University of Kentucky, discussed somatic versus inherited germline biomarker testing, sequencing for non-small cell lung cancer (NSCLC) patients, survival rates of NSCLC patients after genomics, current drug treatments for different mutations, cancer mutation testing, implementation and strategy of the Molecular Tumor Board, and the design and outcomes of the control study of NSCLC cases.

Michael Gieske, MD, Director, Lung Cancer Screening, St. Elizabeth Healthcare, discussed the different terminology relating to biomarkers, the Integrative Analysis of Lung Cancer Etiology and Risk U19 Program, Multi-Cancer Early Detection (MCED) tests for early detection and lower mortality rates, targeted therapy with nine genes with driver mutations, immunotherapy drugs, ongoing research and therapeutic trials, and the need for a better risk prediction model.

Matt Holder, MD, Founding Director, Lee Specialty Clinic, discussed the range of diagnoses of the clinic's Intellectual and Developmental Disabilities (IDD) patients, diagnostic overshadowing for IDD patients, and the use of pharmacogenetics testing with IDD patients to streamline prescription drug care for a better quality of health.

Leah Phillips, Lung Cancer Patient Advocate, Louisville, Kentucky, shared her personal experience with biomarker testing when diagnosed with lung cancer. She discussed the cost and the progression of biomarker testing.

Tony Remington, MBA, Chief Executive Officer, Gravity Diagnostics, discussed the capabilities of Gravity Diagnostics to do pharmacogenetic testing, the benefits and evidence to support pharmacogenetic tests, and reviewed an example of a testing report given to patients.

In response to questions and comments from Representative Moser, Mr. Remington stated that the pharmacogenetic test is usually a one-time test.

In response to questions and comments from Senator Berg, Mr. Remington stated that utilizing pharmacogenetics testing may be possible to predict an addiction to alcohol. Gravity Diagnostics is working on algorithms with patient demographics and zip codes to determine if pharmacogenetic testing may one day lead to information regarding addiction to alcohol. Mr. Remington stated that the cost of testing is going down from previous years with the hope that testing becomes more affordable for patients.

In response to questions and comments from Senator Kerr, Dr. Mullett stated that there are genetic drivers present for many tumors and Kentucky has a high population with lynch syndrome. This is a genetic driver of colon cancer. The new recommended age for colon cancer screening is 45 years old, and there are risks associated with moving that screening to an earlier age. He stated genetic testing was not done 20 years ago because it took far too long to get the results back from the genetic testing.

In response to questions and comments from Representative Bentley, Dr. Kolesar stated that the advertised testing turn-around time is two weeks but can take longer depending on pathology. Several commercial providers offer standard care and are paid for by Medicare. The number of genes vary with each test but ranges from 350 on the Foundation Medicine test and up to 500 on a Caris test, and the trend is to test every gene available and report on the ones with mutations.

In response to questions and comments from Representative Burch, Dr. Mullett stated that all the tests that can be done for patients, do not make up for a lack of care by a physician for his or her patients. Dr. Gieske stated that listening to patients is key to their health and getting a second opinion is never unreasonable.

Hospital Price Transparency

Nancy Galvagni, President, Kentucky Hospital Association (KHA), discussed the determinants of patients out-of-pocket (OOP) costs, hospitals' support to help patients anticipate and pay for OOP costs, the federal hospital price transparency tool to post standard charges, the machine-readable files, federally required shoppable services, estimates of expected charges, eligibility for a federal dispute resolution, new processes for providers to generate estimates, and the different factors in hospital pricing.

In response to questions and comments from Representative Moser, Ms. Galvagni stated that machine-readable files were not designed for consumers, but KHA believes shopping tools will be created from those files and will be helpful for patients to figure out the costs of treatment.

In response to questions and comments from Representative Raymond, Ms. Galvagni stated that the advance explanation of benefits (EOB) for insured patients will consolidate the charges by the hospital and providers for the services rendered.

Eligibility Criteria and Requirements Relating to Prior Authorization – 2022 Regular Session House Bill 343

Monalisa Tailor, MD, President, Kentucky Medical Association (KMA), discussed the

background of prior authorizations, the 2021 American Medical Association annual survey results regarding prior authorizations causing care delays, abandonment of treatment, adverse clinical outcomes, federal and state reform efforts to improve timely access to care, and the 2023 Regular Session legislative priority for KMA to reduce the administrative burden and ensure patients have timely access to care.

In response to questions and comments from Representative Fleming, Dr. Tailor stated that KMA is waiting on information from Texas to provide a cost savings analysis.

Adjournment

There being no further business, the meeting was adjourned at 1:29 PM.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 5th Meeting of the 2022 Interim

October 20, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Judiciary was held on Thursday, October 20, 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, Alice Forgy Kerr, Johnnie Turner, Stephen West, and Phillip Wheeler; Representatives Kim Banta, John Blanton, Kevin D. Bratcher, McKenzie Cantrell, Jennifer Decker, Daniel Elliott, Joseph M. Fischer, Patrick Flannery, Samara Heavrin, Nima Kulkarni, Savannah Maddox, Kimberly Poore Moser, Jason Nemes, and Jason Petrie.

Guests: Chief Justice John D. Minton, Kentucky Supreme Court; Deputy Chief Justice Lisabeth T. Hughes, Kentucky Supreme Court; Kirk Hazelwood; Tracey Hazelwood; Van Ingram, Executive Director, Office of Drug Control Policy; Pam Darnall, Chair, Recovery Ready Community Advisory Council; Jennifer Hancock, President and CEO, Volunteers of America Mid-States; Natalie Pasquenza, Vice President of External Relations, Volunteers of America Mid-States; and Dallas Hurley, Senior Policy Director, Volunteers of America Mid-States.

LRC Staff: Roberta Kiser, Matt Trebelhorn, Michelle Spears, Lexington Souers, Stacy Byrns Taulbee, and Sasche Allen.

A motion was made by Representative Fischer and seconded by Representative Nemes to approve the minutes of the September 22, 2022 meeting. Minutes were approved by voice vote without objection.

State of the Judiciary

Justice Minton commemorated recently deceased Judge Tom Emberton, a former judge on the Court of Appeals. Justice Minton in the 2022 State of the Judiciary address discussed the challenges of

the courts during his 14 year tenure, including the Great Recession and the COVID-19 pandemic. Key achievements during this same time period include eFiling, eWarrants, eEPOs, new trial and appellate case management, and the use of additional technology to improve access to justice and make the courts more user friendly. Additional changes demonstrate the court's commitment to operating in an ethical and transparent manner and being a good steward of taxpayer dollars. While the creation of the Kentucky Access to Justice Commission and the Racial, Ethnic and Equity Disparities initiative were both instituted under Justice Minton, there is more to be done by the courts in these areas.

Justice Minton expressed appreciation to the General Assembly for appropriating funds to facilitate virtual hearings between county jails and courts, and to improve pay parity for court employees and elected judicial officials while stating that inadequate pay for judges remains a concern. Justice Minton concluded by saying that he hoped the relationship of the General Assembly with his successor will be as productive and as cordial as it has been with him.

In response to a question from Senator West, Justice Minton said that the judiciary is much better prepared to deal with any emergencies that may arise in the future.

Senator Turner expressed his appreciation to Justice Minton for his hard work and wished him enjoyment in his retirement.

In response to a question from Senator Wheeler, Justice Minton stated that the role of the judiciary in an emergency is to respond quickly and to be prepared to deal with the effects of natural disasters both fiscally and physically.

In response to comments from Representative Moser, Justice Minton said that Kentucky's jails and its prisons are the largest mental health institutions in the state and the Judicial Commission on Mental Health was created for this reason. Work on this issue is hoped to continue.

In response to comments from Senator Berg, Justice Minton stated that telehealth has benefited the work of the courts as in many instances it makes treatment of individuals possible.

Representative Flannery said he appreciated the technological changes that have improved efficiency, and he looks forward to additional advances in this area.

In response to a question from Senator Carroll, Justice Minton stated that the separation of powers under which all three branches of government operate was not built for our comfort, but was rather built for tension. The balance of power must be maintained and there is no easy answer as to how this could be accomplished.

In response to a question from Representative Nemes, Justice Minton said that Kentucky's unified court system continues to be a work in progress to better serve the public.

Chairman Massey expressed concerns about civility in the practice of law and stated that he appreciated the efforts of the Chief Justice in this regard.

In response to a question from Representative Bratcher, Justice Minton stated that decision-making

is difficult, and the court is attempting to relieve delays in the final adjudication of court cases by adding opportunities for efficiency.

Representative Petrie thanked Justice Minton for his public service, and wished the Chief Justice the best in his retirement.

Chairman Westerfield stated it had been an honor to work with the nationally recognized Justice on various matters, was thankful for his service, and wished him well in his future endeavors. Chairman Westerfield wished Deputy Chief Justice Lisabeth T. Hughes well in her retirement.

Hazing Prevention

Senator Robbie Mills stated that he and Representative Dixon are sponsoring proposed legislation which he summarized to address the issue of hazing. He wanted feedback from the members of the Committee. He provided the reasons he believes the legislation is necessary and recounted other states that have criminal anti-hazing statutes.

Tracey Hazelwood said she appreciated the opportunity to speak on a subject of which her family is most passionate. Her son Lofton enrolled at the University of Kentucky to pursue a degree in agricultural economics and joined a fraternity. Upon receiving his bid card from this fraternity, the hazing began. On October 18, 2021, five weeks into pledging, Lofton passed away. The family was later told Lofton had become intoxicated in preparation for a fraternity activity and was carried to a bedroom in the fraternity house. Members of the fraternity soon left for the planned activity. Another member returned to the house following class and found Lofton unresponsive. While a call for help was made, it was too late. Ms. Hazelwood believes the passage of a law against hazing is needed so no family experiences what their family has experienced in the loss of their son.

Representative Dixon discussed the difficult impact of Lofton's death on the Henderson community. The incident has raised concerns about hazing activists, and it is hoped that by adding criminal penalties for those engaged in hazing many lives will be saved.

In response to a question from Representative Blanton, Senator Mills said that Representative Blanton's concerns are appreciated, that he would follow up with the representative regarding those concerns.

Representative Flannery expressed his sympathy and appreciation for the family sharing their story but stated that much of this could fall under the offenses of assault or wanton endangerment. Engaging in hazing behavior could be enhanced to a Class C felony to help deter this activity.

Representative Heavrin also expressed her appreciation to the family and their desire to turn their pain into helping others.

In response to a question from Senator Berg, Mrs. Hazelwood stated that the fraternity involved no longer had a presence with the University of Kentucky and the fraternity house had been closed and sold.

In response to a question from Representative Bratcher, Senator Mills stated that he did not know unequivocally that alcohol was banned from all fraternities on college campuses in Kentucky but

that it was clearly discouraged. A purpose of this legislation is to provide a consequence for violation of alcohol policies.

In response to Senator Kerr, Senator Mills said that including an educational component on the law and the consequences of violation of the law was an appreciated suggestion.

Representative Decker thanked the Hazelwood family for the courage they have shown in sharing their story. She would study this proposed legislation further to ensure that the actions are not covered under other statutes. This is an important issue.

Recovery Ready Communities

Senator Westerfield said the Committee would hear an update regarding Representative Adam Bowling's bill creating the Recovery Ready Communities Act.

Van Ingram introduced Pam Darnall and Dallas Hurley and said that the legislation set up a council of individuals from all across the spectrum of agencies and organizations as well as other stakeholders. Numerous communities would soon receive opioid abatement funds. All communities expressed needs for transportation, transitional housing, and child care.

Mr. Ingram said that the Office of Drug Control Policy contracted with Volunteers of America Mid-States to help develop the protocol for recovery ready communities, to educate cities and counties about what it takes to be a recovery ready community, and then to certify those communities as they apply.

Pam Darnall said that she had seen first-hand the need for communities to develop local, strategic responses to substance use disorder as Kentucky families and children are facing an unprecedented crisis in terms of overdose deaths, children in foster care, and other issues. Substance misuse in the home was a factor in almost one-half of child fatality and near fatality cases in Kentucky. Substance misuse in the home also creates a greater risk of child abuse and neglect.

Ms. Darnall said that the Recovery Ready Advisory Council's role is to develop a certification that will be used across the state. The criteria used will include evidence-based practices and interventions geared toward supporting existing and creating new recovery systems of care. The framework will be flexible so that communities can pursue the proven strategies that work best for them.

Dallas Hurley said the project was designed to increase recovery capital as well as strengthen and develop recovery oriented systems of care leading to decreased overdose deaths, increased workforce participation, and healthier and safer communities for all.

He discussed the involvement of various stakeholders from all 120 counties and provided an outline for the community certification process focused on prevention, treatment, and recovery support.

In response to a question from Senator Westerfield, Mr. Ingram said that cities and counties are very interested in this program. The program is also receiving greater than anticipated interest from employers for training to become recovery ready employees.

In response to a question from Representative Bratcher, Mr. Ingram said that drug issues will be solved community by community although substance abuse will never be eradicated.

In response to a question from Senator Carroll, Mr. Ingram stated that the Kentucky Opioid Response Effort (KORE) is assimilating claims data with efforts being made to merge that data with Department of Corrections' data to see where people are after treatment.

In response to a question from Representative Moser, Mr. Ingram said that while the certification process has not yet been set by the Council, communities would have to meet various criteria that will be verified by site visits. This process would help identify any gaps in the system. Additionally, the Council would provide oversight. It is anticipated that recertification will be required on a periodic basis.

Representative Banta discussed concerns that have been brought to her by her constituents, particularly grandparents who are caring for their grandchildren, regarding the impact of various messages presumably designed to reduce stigma relating to a genetic link to substance abuse. Children of parents who have substance use disorder frequently ask if they themselves will have a substance abuse issue like their parents.

There being no further business, the meeting adjourned at 12:57 P.M.

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS

Minutes of the 2022 Interim

October 27, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Thursday, October 27, 2022, at 11:00 AM, in Room 154 of the Capitol Annex. Senator John Schickel, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Julie Raque Adams, Donald Douglas, Jimmy Higdon, Jason Howell, Christian McDaniel, Gerald A. Neal, Michael J. Nemes, Damon Thayer, and Reginald Thomas; Representatives Kim Banta, Kevin D. Bratcher, Tom Burch, Patrick Flannery, Al Gentry, Keturah Herron, Thomas Huff, Matthew Koch, Michael Meredith, Jerry T. Miller, Kimberly Poore Moser, Ruth Ann Palumbo, Phillip Pratt, Sal Santoro, and Susan Westrom.

Guests: Mary Harville, President & CEO, Rick Kelley, Vice President of Finance and Administration, T.H. Morris, Vice President & Chief Technology Officer, and Ingram Quick, Vice President of Internal Audit, Kentucky Lottery Corporation; Dr. Brittney Welch, DNP, RN, Director of Clinical Education, Galen College of Nursing; Steve Shannon, Executive Director, Dr. Sheila Schuster, Policy Consultant,

Kentucky Association of Regional Programs, Inc.; and Julie Campbell, Board Administrator, Kentucky Board of Cosmetology.

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

Approval of the Minutes from September 29, 2022, Meeting

Representative Flannery motioned to approve the minutes from the September 29, 2022, meeting and Senator Howell seconded the motion. Motion carried and the minutes were approved by voice vote.

Kentucky Lottery Update

Rick Kelley, Vice President of Finance and Administration, Kentucky Lottery Corporation (KLC), provided a financial update. In Fiscal Year 2022, there were record ticket sales of \$1.677 billion and record transfers of \$360.8 million. He said 69 percent of every sales dollar sold on lottery tickets goes back to the winners, 21 cents is transferred to the Commonwealth, 5 cents is transferred to the retailers, and 5 cents transfers to administration expenses. There have been \$425.2 million in sales in the first quarter of Fiscal Year 2022, and a total net income of \$91.2 million.

Mary Harville, President and CEO, KLC, said since 1989, the Kentucky Lottery has turned over \$6.4 billion to the Commonwealth. Since 1999, KLC has provided more than \$4.4 billion for college scholarships, grants, and education programs. The specific allocations are set by legislation, KRS 154A.130 and biennial state budget (HB 1 for FY 23-FY24). The Kentucky Higher Education Assistance Authority (KHEAA) administers lottery funded scholarship and grant programs, including the Kentucky Educational Excellence Scholarship (KEES), College Access Program (CAP), Kentucky Tuition Grant (KTG), Work-Ready Kentucky Scholarship, National Guard Tuition Award, and Teacher Scholarship. It was noted that 98 cents of every \$1 in student financial aid awarded by the Commonwealth comes straight from the sales of Kentucky Lottery tickets. Over 820,000 Kentucky students have received a grant or scholarship paid for by Kentucky Lottery proceeds.

Responding to a question from Senator Howell regarding KEES scholarship funds and the inflation of college costs, Ms. Harville recommended that he speak with KHEAA. KHEAA is directed in statute to administer all Kentucky scholarships. Senator Howell said KEES was designed to keep Kentucky's high performing students in the Commonwealth. The amount of KEES dollars is not significant in providing true financial assistance with the rising cost of higher education. Ms. Harville said all excess dollars are turned in, and 55 percent of the lottery funds are administered to need-based scholarships and 45 percent goes to merit-based scholarships. The budget bill controls where the rest of the lottery proceeds are distributed.

Co-Chair Koenig thanked Ms. Harville for the KLC's hard work and its contribution to the Commonwealth. He said when KEES was implemented it would almost cover the entire college

cost for in-state tuition for a Kentucky student. Moving forward KES dollars should be utilized efficiently and increased to keep the brightest Kentucky students in the Commonwealth.

Representative Koch said there is a strong stereotype in high schools that push students to obtain a standard four-year college degree. He believes KES funding should be accessible for students pursuing two-year vocational degrees.

Responding to a question from Senator Thayer regarding minimum requirements to obtain KES funding, Ms. Harville said KHEAA determines the qualifications for scholarship funds. KHEAA's handout states a student must earn at least a 2.5 GPA per year at a certified Kentucky high school. ACT bonus award based on at least a 15 composite ACT score (or equivalent SAT score). Senator Thayer said the KHEAA requirements need to be increased as the current standards barely qualify as student participation. This would allow more funding to be available to the students who are deserving of merit scholarships and he believes the requirements should be changed in statute.

Responding to a question from Senator Higdon regarding online lottery ticket sales, Ms. Harville said online lottery tickets sales accounted for 13 percent of revenue in Fiscal Year 2022. She noted the KLC pays a higher percentage of 16.99 percent to online vendors for providing online ticket sales. Senator Higdon said retailers deserve a higher percentage of lottery proceeds for services provided.

Responding to numerous questions from Co-Chair Schickel regarding how the lottery numbers are selected, Ms. Harville explained Kentucky utilizes a digital drawing system (DDS) known as a random number generator (RNG), certified by a third party. A RNG generates a number by a process where the outcome is inherently unpredictable, and cannot be reliably repeated. She noted 44 of 46 lotteries in the United States responded to a survey as using an RNG for drawings. RNGs are regularly used in lottery operations in addition to drawings, when players select "quick picks" to choose numbers when wagering. The Kentucky Lottery has been using an RNG for drawings for 18 years. Before April 2020 and the Covid-19 pandemic, only three Kentucky draw games were drawn using balls and machines. Multi-state games, Powerball and Mega Millions, continue to be drawn using balls and machines, but may go to RNG in the future.

Senator Thomas asked Ms. Harville to talk to other states about lottery numbers that statistically appear in drawings more than others. Co-Chair Schickel said he is not worried about the integrity of the game, but the perception and appearance of impropriety. Ms. Harville said people quit watching the lottery balls being drawn on television and TV stations no longer wanted to give it air time. Sponsorships for live drawings no longer exist.

Responding to a question from Senator Thayer, Ms. Harville said she is not aware of the KLC getting involved in any form of pari-mutuel games. She said there have been no bans passed on "gray machines" and the KLC will continue to run the lottery and compete.

Responding to a question from Representative

Bratcher, Ms. Harville said cheating does exist within lottery games worldwide. She said the KLC is constantly reviewing and updating the controls. She encouraged members to contact Mr. Ingram Quick, Vice President of Internal Audit, KLC, who is charged with keeping Kentucky's lottery games free from scandal and cheating.

Regional Mental Health Centers

Dr. Sheila Schuster, Policy Consultant, Kentucky Association of Regional Programs, Inc., said the Community Mental Health Center Act was signed by President John F. Kennedy in 1963, shortly before his assassination. It moved thousands of individuals out of psychiatric institutions into treatment within their home communities.

Kentucky was the first state to implement the federal law by establishing the statewide system of Regional Community Mental Health Centers (CMHC) in statute and guaranteeing that each of Kentucky's 120 counties would receive services for mental illness, addictions, and intellectual disabilities. CMHCs were established in statute in 1964 and there are currently 14 serving all 120 counties of Kentucky.

Mr. Steve Shannon, Executive Director, Kentucky Association of Regional Programs, Inc., said the CMHCs are recognized as licensed regional entities by: statute reference, regulatory reference, Medicaid Manual reference, and the Department for Behavioral Health, Developmental, and Intellectual Disabilities contract reference. CMHCs are quasi-governmental organizations.

Mr. Shannon said one mental health service provider has been providing services in the designated service regions of eight other CMHCs. They are now identifying themselves as a CMHC in 56 counties outside of their service region. They are functioning as a Behavioral Health Service Organization (BHSO), providing a limited mental health service in a single location and not providing all of the other availabilities and services required of CMHCs. They are billing these services at the CMHC rate, not at the BHSO rate, although they are functioning as a BHSO. House Bill 359 in the Regular Session of the General Assembly attempted to address the problem. New legislation will be filed in the 2023 RS to put the counties in each region in statute, to designate CMHCs as having reached the status of BHSO and requiring any provider identifying as a CMHC, providing services outside their region, to do so as a BHSO.

Responding to a question from Representative Banta regarding needing more mental health providers, Dr. Schuster explained the providers identifying as a CMHC are receiving higher rates of pay for providing more limited services. It is not a matter of personnel, but what mental health services the license allows them to provide when operating outside of their region.

Responding to a question from Representative Santoro, Mr. Shannon said it is not about limiting access to mental health services, but protecting access to services in all 120 counties. Mental health providers have an obligation to get the appropriate licensing and then provide services.

Representative Meredith said the key point is not

about limiting mental health services, but about not receiving the CMHC increased reimbursement rate when operating outside their region for increased pay while not providing 24-hour wrap-around services. If they provide services outside the region, they should operate as BHSOs.

Responding to a question from Senator Howell, Mr. Shannon said the BHSO can provide whatever services they wish. This does not force them to provide all wrap-around services. Dr. Schuster said there are thin margins for the CMHCs and this loophole can weaken the CMHCs operating at full capacity within the region.

Responding to a question from Senator McDaniel, Mr. Shannon will discuss with him steps taken to rectify the situation with the Cabinet. Senator McDaniel suggested looking at ways to make modifications without doing a complete statutory change that may have unintended ramifications.

Responding to a question from Representative Moser, Mr. Shannon said the amended version of the bill that passed the Kentucky House of Representatives during the last regular session was being discussed. Representative Moser said there were several variations of the bill before different committees.

ABC Licensing Fees

Senator Higdon discussed the resolution provided in members' folders to work with the Alcoholic Beverage Control Board (ABC) in the upcoming session to review how licensing fees are determined. He commended Commissioner Taylor and looks forward to working with them and obtaining feedback and suggestions on how to improve the process of determining licensing fees.

Senator Higdon and Julie Campbell, Executive Director, Kentucky Board of Cosmetology, discussed a cosmetology compact being requested by the Kentucky Cosmetology Board, the Kentucky National Guard, and the Army. Ms. Campbell said the draft language is being reviewed and will be ready for committee members in the near future. She said this a military friendly compact and the Board is very supportive of getting legislation passed in the upcoming session.

Nursing Shortage in Kentucky

Dr. Brittney Welch, DNP, RN, Director of Clinical Education, Galen College of Nursing, said nurses comprise the largest profession throughout Kentucky. She is representing 90,080 Kentucky nurses, but there is still a 36 percent shortfall. This shortfall did not start with the pandemic, but was exacerbated by it, and needs to be addressed now. People are living longer, and more nurses are needed to care for future generations. The October 2021 KNA survey indicated 25 percent of nurses reported being likely to leave their job in the next 3 months. It is noted that 26 percent of respondents cited physical exhaustion as a reason for the nursing shortage. The average age of a nurse is 42. Many are leaving due to retirement. She also cited pay incentives as a primary contributor to the nursing shortage in Kentucky.

Dr. Welch said turnover of nurses is very costly, and it is estimated that it costs \$46,000 to replace and train a new nurse. Doctors and top administrations

should utilize nurses in decision-making, in order to retain experience and eliminate job burnout and keep sufficient numbers of nurses in the job pipeline.

Responding to a question from Representative Moser, Dr. Welch said she would provide committee members with the survey and results so they can review responses in-depth. Dr. Welch said there is a multi-faceted problem causing the nursing shortage in Kentucky. She said an aging population and a pipeline issue are two huge contributing factors.

Responding to a question from Senator Douglas, Dr. Welch will provide committee members with the percentage of nurses who actually left their jobs in the 3 month time period indicated on the survey. He said education levels and competency should never be questioned with Kentucky nurses.

Music Therapy – Other Business

Senator Gerald Neal and Katie Cowan, MT-BC, NICU MT, Music Therapist, said music therapy is the clinical and evidence-based use of music interventions to accomplish individualized goals within a therapeutic relationship by a credentialed professional who has completed an approved music therapy program. A volunteer task force of music therapists in Kentucky, along with a representative from the American Music Therapy Association (AMTA) and the Certification Board for Music Therapists (CBMT), are working to increase recognition of the music therapy profession and the MT-BC credential in the commonwealth of Kentucky. He said 15 other states have implemented this to date.

Ms. Cowan, Co-Chair of the Kentucky Music Therapy Task Force, said music therapists work in hospitals, hospice agencies, and schools. Music therapy helps with feeding hospitalized premature infants, recovery of military veterans, and helps decrease pain and nausea for Kentuckians battling cancer. Currently, the University of Louisville and the University of Kentucky provide a music therapy program. She noted 57.89 percent of music therapists, who completed a survey about Kentucky music therapists, receive funding through their facility budget, while 31.38 percent receive funding through private pay.

Senator Thomas discussed the medical centers providing music therapy and the patient benefits. He is a strong supporter of the program and said it does work.

Responding to a question from Senator Nemes, Ms. Cowan said insurance does cover music therapy costs if providers get a state license.

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

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 5th Meeting of the 2022 Interim October 25, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Local Government was held on Tuesday, October

25, 2022, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Michael Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representative Michael Meredith, Co-Chair; Senators Ralph Alvarado, Christian McDaniel, Morgan McGarvey, Michael J. Nemes, Adrienne Southworth, Brandon J. Storm, Damon Thayer, and Phillip Wheeler; Representatives Danny Bentley, Josh Bray, George Brown Jr., Jeffery Donohue, Ken Fleming, Deanna Frazier Gordon, Keturah Herron, DJ Johnson, Adam Koenig, Matt Lockett, Jerry T. Miller, Brandon Reed, Rachel Roberts, and Walker Thomas.

Guests: Mayor Jim Hamberg, City of Southgate; Mayor Michael Hughes, City of Auburn; J.D. Chaney, Bryanna Carroll, and Michele Hill, Kentucky League of Cities; Tammy Vernon and David Gibson, Department for Local Government; Bruce Roberts and Chuck Bonta, Kentucky Fire Commission; and Tony Wilder, Kentucky Council of Area Development Districts.

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, Christopher Jacovitch, and Cheryl Walters.

Approval of Minutes

Upon the motion of Senator Mills, seconded by Senator Storm, the minutes from the September 27, 2022, meeting were approved.

Special Purpose Governmental Entity (SPGE) Reports

Mr. Bruce Roberts, Deputy Executive Director, and Mr. Chuck Bonta, Training Records and Compliance Specialist, Kentucky Fire Commission, discussed fire department compliance reporting. At the time of the submitted report on October 21, 2022, 33 of 36 fire departments were compliant equating to 92 percent of the total. There should be 100 percent compliance shortly.

The average revenues based on year-end actuals from the 2022 form was \$83,988. The average revenues based on current year estimates from the 2022 form was \$61,534.

There are 29 Chapter 75 fire departments that report to the Fire Commission. There are seven fire tax districts that are pass-through and contract for firefighting services. There are 440 Chapter 273 fire departments reporting to the Fire Commission that are reviewed annually under KRS 95A.055. There are 771 total fire departments in the state, which include: 20 Chapter 67 that are county fire departments; 111 Chapter 75 fire taxing districts; 196 Chapter 95 city fire departments; 440 Chapter 273 non-profit fire departments; and four others, such as those based at airports or military installations.

There have been 345 compliance reviews completed. Sixteen fire commission investigations required a follow up. One in Johnson County was turned over to the county attorney and Kentucky State Police. One in Ballard County was turned over to the sheriff's department, with one person arrested. In Hart County, one was turned over to the Attorney General's Office, and in Harlan County one was turned over to the Attorney General's Office.

In response to a question from Representative Bentley, Mr. Roberts stated that DuPont is an industrial fire department. Industrial fire departments do not report to the Fire Commission. The Fire Commission only tracks their training.

In response to a question from Representative Bray, Mr. Bonta said fire departments are reported to law enforcement, if the Commission detects suspicious financial activity.

In response to a question from Representative Meredith, Mr. Bonta replied that if the Fire Commission initiates the investigation, they will refer suspicious activities to the Attorney General or the State Auditor.

Ms. Tammy Vernon, Cities and Special Districts Branch Manager with the Department for Local Government (DLG), said that SPGEs are independent political subdivisions of the state, which are government entities, that exercise less than statewide jurisdiction and are organized for the purpose of performing specific services within limited boundaries.

DLG's statutory responsibility is to create and maintain an online central registry, reporting and public access portals, and to monitor compliance by tracking status changes when notified, prepare statutorily required reports, and activate noncompliance procedures.

Ms. Vernon explained that the new SPGE automated system project start date was January 1, 2021, with the estimated project end date of December 31, 2024. The project is on schedule. There are six phases: Phase I is the SPGE reporting portal, which was the foundation for Phases III, IV, and VI; Phase II includes the public portal beginning the second quarter of 2023, which will encompass the public interface for searching, reporting, downloading, and comparing; Phase III includes the DLG dashboard and is used internally to process status changes, record administration, and communications; Phase IV encompasses compliance which includes statute-driven deadlines and reporting; Phase V consists of reporting and includes bringing on-demand report making; and Phase VI is the training portal which will include group training, webinars, interactive training, and classroom signups. Ms. Vernon detailed DLG's progress and timetables in completing the various projects included in the phases.

Ms. Vernon said that in regard to the LRC Compliance Report, data is updated as of October 21, 2022. Compliance is based on all active SPGEs. The audits feature is currently being tested by the cities and special districts branch. The branch is also performing a data integrity audit. In the case of budgets submitted with no data, tasks are being reopened for the SPGE to remedy. Regarding municipal utilities, each federal and public form needs to be reviewed to determine the audit requirements and load the new system. Fire district management regarding reporting to the Fire Commission or DLG and status is currently under development.

Overall SPGE compliance with KRS Chapter 65A DLG reporting is at 82 percent. There are 1,177 SPGEs that are active and compliant. There are 256 SPGEs that are active yet noncompliant. SPGEs still have time to respond before the statutory response

timeframe ends for this year's cycle. The compliance numbers are expected to change as a result.

Ms. Vernon detailed a compliance report based on SPGE type, which is a new feature of the system and can be used to target SPGEs for additional training conducted by DLG.

In response to a question from Representative Miller, Ms. Vernon stated that the Commonwealth Office of Technology (COT) designs DLG's programs.

In response to a question from Representative Johnson, Ms. Vernon said DLG's report has a county based listing of SPGEs.

In response to a question from Senator Mills, Ms. Vernon stated that COT's billing statements are based on hourly fees.

Kentucky League of Cities' Legislative Platform for the Upcoming 2023 Session of the General Assembly.

Mr. J.D. Chaney, Executive Director and CEO of the Kentucky League of Cities (KLC), stated that KLC consists of a 65 member board that represents every size of city and version of government. Some of KLC's issues are continued from last year. He then introduced City of Southgate Mayor Jim Hamberg, KLC President, and City of Auburn Mayor Michael Hughes, KLC First Vice President, to discuss the League's priorities for 2023.

Mayor Hamberg stated that more than half of Kentucky's population lives within a city. About 75 percent of all economic activity in the Commonwealth occurs in cities. Four out of five jobs in Kentucky are in cities, and about 40 percent of Kentucky cities operate a public drinking water utility, 45 percent operate a municipal sewer system, and dozens operate either an electrical or natural gas system.

The League's top priority for 2023, is to equalize and modernize city revenue options. Cities are revenue limited and must have the ability to generate the funds required to pay for the services its residents expect. House Bill 8, from the 2022 Session, began the process with a focus on state taxes. Section 181 of the constitution limits cities to raising necessary revenue primarily through a few options: property taxes, occupational taxes, and some franchise fees and user fees. Productivity taxes constitute a large part of city revenue. Passing a constitutional amendment would not in and of itself give cities any new taxing authority—that would be up to the General Assembly. Nothing would be automatic, and local governments would not be able to implement any new taxes on their own. In addition, cities that do not at present have the ability to impose a restaurant tax want to be able to have this important revenue option.

Prioritizing transportation and modernizing Kentucky's funding mechanisms for local streets and bridges is another KLC priority. Cities spend more than \$340 million a year to build and maintain streets. Cities maintain more than 10,000 miles of streets within the Commonwealth. Currently, motor fuel taxes are the only portion of the Road Fund shared with local governments, with 48.2 percent going to city, state, and rural roads. Most of that is divided through the formula of fifths established in 1948. The calculation heavily favors rural areas. The formula does not account for the higher cost of building and

maintaining city streets, as well as increasing city populations. While the state will charge electric vehicle owners additional fees to ensure they pay their fair share for the maintenance of roads, none of that money will go into the Municipal Road Aid Program. An agreement reached between cities and counties would update the state's road funding mechanism and acknowledge the growth in cities. Funds over the 2014 high mark of \$825 million would be evenly split between the municipal and county road aid programs at 13 percent each.

Economic development remains a top priority for cities because most businesses are located within incorporated cities. KLC is asking the legislature to address protecting tax increment financing (TIF) agreements that use state income tax revenues for development. House Bill 8 established a series of incremental tax cuts to the personal income tax rate if Kentucky hits specific benchmarks. The first cut takes effect in January—reducing the rate to 4.5 percent. KLC supported this transition to make Kentucky and communities more competitive, with the caveat that the General Assembly would address the adverse impact on already negotiated and approved TIF agreements with state participation. As the individual income tax declines, it will leave several cities without the state revenue that was anticipated when the agreements were entered and leave those cities without a way to pay for the debt or satisfy other obligations that were contemplated as part of those contracts.

Modernization of publication requirements is an issue of concern. The state's antiquated publication requirement costs city taxpayers around \$1.4 million a year. Publicly owned city websites are available to anyone, without the need to buy a newspaper, and it allows documents to be available for a much longer period of time. 2020 House Bill 195 allows local governments in counties that have a population of 80,000 or more to publish documents on their website. It covers 145 cities in nine counties, but smaller communities, which often deal with the most limited budgets, must continue to redirect tax dollars to local newspapers. The rest of Kentucky cities are seeking equality so they can use alternative options to keep their citizens informed.

Mayor Hughes told the committee that substance abuse is an issue of concern for KLC. Treatment, rehabilitation, training, and workforce reentry needs to be prioritized, while addressing the criminal aspects of drug trafficking.

Regarding property tax notifications and rate settings, ownership information from PVAs need to be updated, as well as streamlining the process for cities proposing property tax changes.

Pension issues remain to be a priority for the League. In regard to the County Employees Retirement System (CERS), KLC seeks to have the Kentucky Public Pensions Authority (KPPA) auditor placed under the auspices of the KPPA board of trustees instead of the executive director. It would improve reporting and monitoring. A deferred retirement option plan (DROP) should be pursued for CERS to help with recruitment and retention.

KLC would like to see legislation to permit city governments to include unpaid code enforcement liens on property tax bills, as well as amend the mass

foreclosure statutes to include code liens.

Regarding alcohol licensure, only cities with a population of less than 20,000 impose a regulatory license fee to help offset additional policing and regulatory expense. KLC wants the authority expanded to all cities to ensure taxpayers do not incur an unfunded burden.

The Kentucky Board of Emergency Medical Services (KBEMS) moved paramedic training into more of an academic setting instead of a vocational one. The League would like KBEMS to change how it certifies paramedics and emergency medical technicians to make it easier to find qualified candidates.

Cities need help to address when homeowners' associations go defunct or planned-unit developments do not adequately cover the maintenance of common areas.

KLC would like cities to be removed from the residential bidder preference requirement and to exempt contracts with community-based, charitable organizations from the bidding requirements in the Local Model Procurement Code.

Municipal utilities should be allowed to escrow, rather than lose, the proposed rate increase during an appeal to the Public Service Commission for a new wholesale water rate between municipal and regulated utilities.

KLC would like safeguards created for local governments when utilities violate franchise agreements. In addition, KRS 96.010 needs to be amended to reduce the current 18-month notification period for the sale of a new franchise to six months or less.

A city representative should be included in the Kentucky Education and Workforce Collaborative. Cities are vital to implementing effective workforce development programs.

Regarding city elections, the League would like to clarify that county clerks are not required to post the party affiliation of nonpartisan candidates. It would also seek to eliminate the requirement for city candidates without a primary to file primary finance reports. Lastly, it would seek to clarify when a city may enact an ordinance that modifies the number of council members, how a city official may resign through e-mail, and when a city may enact an ordinance impacting a nonpartisan primary election.

KLC would like for master commissioners to file a deed after a commissioner's sale to address city-held liens.

KRS 67.790 should be amended to allow the sharing of tax-related information among governments for auditing purposes. Counties are presently prohibited from sharing tax information with cities.

Cities should be allowed to apply occupational license taxes to historical horse racing (HHR) facilities located at a racetrack, like HHR facilities not at a track.

Regarding Entertainment Destination Centers (EDC), patrons should be allowed to carry alcoholic beverages into retail shops, if authorized by a city and approved by a business. Further, the League would seek to allow licensed mobile unit caterers and brewers to be able to operate within the EDC.

Lastly, KLC would like to see a reorganization of the State Fire Marshal's Office.

Mayor Hughes invited the committee to City Night, scheduled for Wednesday, February 22, 2023, at 4:30 p.m. at the Kentucky History Center.

In response to a question from Representative Lockett, Mr. Chaney replied that of around 407 cities in Kentucky, only six conduct partisan elections. The League would like to clarify that if a city does not have a primary election, it does not have to file a candidate report dealing with the primary election. About half of all cities in Kentucky have eliminated the primary election.

In response to a question from Senator Alvarado, Mayor Hamberg stated that private common area maintenance defaults to cities when homeowner associations cease functioning. It impacts city financial resources.

In response to another question from Senator Alvarado, Mr. Chaney said KLC is not advocating to get rid of the compensating rate factor in setting property taxes. By the time recapitulations are finished, the property valuation administrator's work is complete, and taxpayers receive their bills, there is not enough time to get the petition, when required, to the county clerk and conduct the election for the excess rate within specified timelines, if the tax rate is set at a level to produce revenues in excess of four percent. It is a matter of timeline scheduling.

Representative Donohue commented that he agreed that all city election races should be nonpartisan. It is about helping people and electing the most qualified candidates.

In response to a question from Senator Southworth, Mr. Chaney stated that the road fund reformulation proposal is not a money grab for cities. It is a city, state, and county issue where all are in agreement for the formula to be more balanced.

Senator Southworth commented that she would like to see a long-term road funding policy solution.

Representative Fleming commented that the Emergency Medical Services Task Force is addressing the paramedic and EMT training issue, and the Kentucky education and workforce collaborative issue is being discussed.

In response to a question from Representative Roberts, Mr. Chaney said KLC is interested in ensuring that substance abuse facilities located in cities have to meet credentialing criteria set by the Recovery Ready Board.

Senator McDaniel commented that inflation is the leading issue at present, and the legislature is sensitive to that issue in relation to tax policy.

Senator Thayer commented that all city election races should be partisan. He noted that any future pension change proposals need to be fully vetted by the Public Pension Oversight Board. Senator Thayer pointed out historical horse racing did not bring in \$6.8 billion. That amount was what was wagered. Ninety two percent of wagers is returned to the wagerers. He urged KLC not to pursue applying occupational licenses taxes to horse racing, as race tracks are taxed enough. He lastly urged discretion in bill traffic during the short session cycle.

Representative Meredith announced that the last meeting of the interim would be November 15, 2022.

There being no further business, the meeting was adjourned at 11:25 a.m.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 5th Meeting

of the 2022 Interim

October 20, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Natural Resources and Energy was held on Thursday, October 20, 2022, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Brandon Smith, 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 John Schickel, Adrienne Southworth, Robin L. Webb, and Phillip Wheeler; Representatives John Blanton, Randy Bridges, Tom Burch, Ryan Dotson, Patrick Flannery, Chris Fugate, DJ Johnson, Norma Kirk-McCormick, Mary Lou Marzian, Suzanne Miles, Melinda Gibbons Prunty, Bill Wesley, and Richard White.

Guests: David Carter, Chief Information Security Officer, Kentucky Commonwealth Office of Technology; Dr. Brian Houillion, Program Coordinator for MS of Global Business with Blockchain Technology, Assistant Professor, Hutton School of Business, University of the Cumberlands; John Lyons, Deputy Secretary, Energy and Environment Cabinet (EEC); Gordon Slone, Commissioner, Department for Natural Resources, EEC; Kenya Stump, Executive Director, Office of Energy Policy, EEC; and Rich Storm, Commissioner, Kentucky Department of Fish and Wildlife Resources.

LRC Staff: Stefan Kasacavage, Kayla Carroway, Tanya Monsanto, and Rachel Hartley.

The committee adopted a citation in memory of Senator C.B. Embry, Jr.

The minutes from the meeting of September 22, 2022, were approved by voice vote.

Report and Update from the Kentucky Blockchain Technology Working Group

David Carter stated the Kentucky Blockchain Technology Working Group (KBTWG) has nine statutory members as defined in KRS 42.474 and submits its annual report every December. The mission of the KBTWG is to evaluate the feasibility and efficacy of using blockchain technology to enhance the Commonwealth by identifying opportunities for the adoption, utilization, and/or regulation of blockchain technology.

Blockchain is an encrypted, secure, and distributed ledger system that maintains a digital record of transactions. Blockchain has many applications including: scalable technology used for recording transactions made with cryptocurrencies, supply chain and logistics monitoring, data sharing, digital voting, real estate and auto title transfer

tracking, and energy trading.

Mr. Carter provided a brief overview of the highlights from the KBTWG's 2021 report relating to utilizing blockchain technology in the sectors of finance, records management, public utilities, logistics and supply chain management, and healthcare. The legislation that created the KBTWG should be amended to expand the role and mission to encompass a broader field of view. Kentucky should also explore the benefits of creating a state blockchain leadership position to aid in the research and management of potential implementation of blockchain technology in state government.

Dr. Brian Houillion provided a brief preview of the KBTWG's 2022 report by discussing how other states and the federal government are utilizing blockchain technology. Dr. Houillion presented the potential recommendations from the upcoming 2022 report of the KBTWG, which were similar to the 2021 report recommendations including: an expanded scope, amended membership, and a state advisor office and/or working group administrator.

In response to Senator Southworth, Dr. Houillion stated the current scope of the KBTWG is focused on utilizing blockchain technology in public utilities and public infrastructure. The scope of the KBTWG should be expanded to include finance, records management, logistics and supply chain management, healthcare, and emerging technology.

Update on the Kentucky Coal Market and Discussion of Kentucky's response to anticipated high energy prices due to the federal Inflation Reduction Act's green energy policies

John Lyons stated nearly 100 percent of Kentucky's power generation mix comes from fossil fuels including coal and natural gas. Mr. Lyons stated the anticipated high energy prices are due to the Covid-19 pandemic, the war between Russia and Ukraine, and other global issues that are beyond the control of Kentucky's state government. So far this year, the EEC has issued fewer permits for new mines in Kentucky than last year.

The EEC has not been able to compete with the federal government when hiring and retaining mine safety specialists. The starting salary for a mine safety specialist in the federal government is \$10,000 higher than the average salary in Kentucky.

Gordon Slone stated coal employment in Kentucky has increased. In 2020, there were 3,914 employees and in 2022, there are 4,675 employees working in the coal industry. Due to the Covid-19 pandemic, the coal severance tax receipts decreased in 2020, but they have increased in 2022. For the first quarter of fiscal year 2023, the coal severance tax receipts increased 72 percent from the first quarter of fiscal year 2022. In 2019, coal production was at 36.1 million tons, but decreased to 24.2 million tons in 2020. Kentucky coal production has increased since the Covid-19 pandemic. In 2021, coal production increased to 26.4 million tons. There is only data for the first three quarters of fiscal year 2022 and Mr. Slone anticipates production to be at least 28 million tons. In 2022, there are currently 81 actively producing coal permits and 154 licensed coal mines. In 2021, there were 202 coal mining permits issued and in 2022,

there were 155 coal mining permits issued.

In response to Senator Webb, Mr. Slone stated there are currently 41 mine safety specialists in Kentucky. Senator Webb stated the General Assembly should review the budget for mine safety specialists during the next budget session.

In response to Senator Smith, Mr. Slone stated if a mine has 36 or more miners, the mine must field their own mine safety team. Mr. Slone stated there are 154 mines operating in the state of Kentucky. Mr. Lyons stated he will determine and report to the committee members the number of companies that operate mines in Kentucky. Mr. Slone provided a brief overview of the permit renewal process.

In response to Representative Burch, Mr. Slone stated six months of data is required before an application can be submitted for clean-up of a coal mining site through the federal Surface Mining Control and Reclamation Act. The Kentucky Reclamation Guaranty Fund is designed to cover the excess costs of reclamation for a coal mining site.

In response to Senator Smith, Mr. Lyons stated the EEC's Kentucky Pollutant Discharge Eliminations Systems program has one water permit pending.

Kenya Stump stated about 95 percent of Kentucky's coal stays in the United States. About 42 percent of Kentucky's coal consumption is met with production within the state. The remaining coal consumed is from Illinois, Wyoming, and West Virginia.

Consumption of natural gas in Kentucky is almost five times greater than the state's production. There are several interstate natural gas pipelines that supply Kentucky. Kentucky has 22 underground natural gas storage facilities that can hold nearly 222 billion cubic feet, which is about 2 percent of the total storage capacity in the United States.

United States coal exports for the second quarter of 2022 increased by 13.9 percent from the first quarter of 2022. The average price of coal exports during the second quarter of 2022 was \$231.68 per short ton.

Coal and natural gas are global commodities that face similar supply chain issues and market influences as other commodities. Pandemics, weather events, world economic policies, and geopolitical events impact demand, price, and production. Coal and natural gas prices should be lower in 2023, as supply and demand seek an equilibrium; however, prices are not anticipated to return to pre-covid-19 pandemic levels. Consumers will bear the additional fuel costs as the fuel adjustment charges are expected to increase.

Referred Administrative Regulations

Rich Storm provided a brief overview of the administrative regulations on the agenda.

In response to Senator Smith, Mr. Storm stated bear season in Kentucky started on October 17, 2022.

In response to Senator Schickel, Mr. Storm stated the regulation regarding bear season will remove the quota for female bears.

In response to Representative Burch, Mr. Storm stated there are approximately 50 bears hunted every season in Kentucky.

There being no further business, the meeting was adjourned.

CHFS ORGANIZATIONAL STRUCTURE, OPERATIONS & ADMINISTRATION TF

Minutes of the 6th Meeting

of the 2022 Interim

November 2, 2022

Call to Order and Roll Call

The 6th meeting of the CHFS Organizational Structure, Operations & Administration TF was held on Wednesday, November 2, 2022, at 11:00 AM, in Room 171 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, Keturah Herron, and Kimberly Poore Moser.

Guests: Eric Friedlander, Secretary, Cabinet for Health and Family Services.

LRC Staff: Samir Nasir, Eric Rodenberg, and Mariah Derringer-Lackey.

Approval of the minutes from the October 19, 2022, meeting

With a motion from Senator Meredith, second from Senator Berg, the minutes from the October 19, 2022, meeting were approved.

Findings and Recommendations Memorandum

With a motion from Senator Meredith and a second by Senator Raque Adams, the findings were approved by voice vote.

Senator Meredith and Representative Meade, co-chairs, alternated reading each recommendation individually. Each recommendation received a motion, second, and passed by voice vote.

In response to a question from Senator Berg regarding the second recommendation, Secretary Friedlander thanked the committee for opportunity to present information on the Cabinet and its departments and gave a blanket statement that he would have no opinion regarding the recommendations until further discussions had occurred.

In response to a question from Representative Moser regarding the fourth recommendation and the Commission on School Safety, Senator Meredith believed that was going to have to be part of the continued dialogue with the cabinet.

Representative Herron made comments regarding the fourth recommendation and the educational system. She believed the Family Resource and Youth Services Centers (FRYSC) should stay within the cabinet. Senator Meredith made several comments regarding the creation of FRYSC and how it is an educational function.

In response to a question from Senator Berg regarding the seventh recommendation and whether a year was too long to wait for the report, Representative Meade gave details on why he thought that length of time was okay. He referenced that the problem had been going on for a while and the detail needed to put

the report together. Senator Raque Adams believed the time given aligned with Department for Community Based Services (DCBS) plans as well.

Senator Meredith made comments about the ninth recommendation and why it was in the recommendations. There may be a need to restructure legislative committees to help with the growing responsibilities due to the dissolution of the statutory Medicaid Oversight and Child Welfare Oversight and Advisory committees.

Senator Raque Adams made comments about the task force and if the cabinet's processes can be improved, then the treatment of the citizens of Kentucky will be improved.

Representative Moser made comments about the importance of looking at the Cabinet for Health and Family Services and the ongoing discussions.

Senator Meredith made final comments by thanking the committee members, the cabinet, and the staff.

Representative Meade appreciated the in-depth information and testimony given by the cabinet. He reminded the committee members and public that the findings and recommendations will be presented to the Legislative Research Commission and to the General Assembly. The General Assembly will have the final decision on policies.

With no further discussion, the meeting adjourned.

COMMISSION ON RACE & ACCESS TO OPPORTUNITY

Minutes of the 5th Meeting

of the 2022 Interim

October 27, 2022

Call to Order and Roll Call

The 5th meeting of the Commission on Race & Access to Opportunity was held on Thursday, October 27, 2022, at 2:00 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; Hannah Drake, OJ Oleka, and Erwin Roberts.

Guests: Dr. Kelly McCants, Executive Director, Institute for Health Equity, a part of Norton Healthcare; Dana Quesinberry, JD, DrPH, & Assistant Professor, University of Kentucky Department of Health Management and Policy; Terrance Sullivan, JD, Executive Director, Kentucky Commission on Human Rights; and Dr. Edward Miller, Division Director, Maternal Fetal Medicine, Chief Diversity Office, University of Louisville Health.

LRC Staff: Brandon White and Brett Gillispie.

Norton Healthcare's Institute for Health Equity

Dr. Kelly McCants, Executive Director, Institute for Health Equity, a part of Norton Healthcare, presented to the commission. Norton Healthcare established its Institute for Health Equity in order to promote equitable healthcare access to historically

disadvantaged groups, focusing in particular on black residents of Louisville. Dr. McCants stated that Louisville is one of the most segregated cities in the United States due to aggressive and racist redlining. He demonstrated that there is a significant life expectancy gap between majority white residents of affluent east Louisville and majority black residents of west Louisville, with white residents living an average of 12 years longer than their black counterparts.

Dr. McCants said that health and wealth are directly linked, and the poverty experienced by the black residents of west Louisville has a disparate impact on the community's health. This is a direct result of the racist redlining policies of the early 1900s. He added that healthcare and wealth are also tied to secure housing, citing that black veterans of WWII did not have access to the same housing loan opportunities as their white counterparts. Additionally, less than 1 percent of west Louisville is green space, while east Louisville has significantly higher amounts of green space. This has a direct relationship to air pollution, with greener spaces experiencing less air pollution. Dr. McCants said that in Louisville and in cities that were redlined in similar fashion such as Savannah, GA, the racist zoning affects food security as well, with much higher numbers of households experiencing food insecurity in poor, majority black neighborhoods. Additionally, these neighborhoods are often food deserts that lack access to grocery stores. These neighborhoods also experience the highest rates of hypertension, heart disease, and diabetes. He demonstrated a correlation between homicide, workforce participation, cardiovascular disease, and unemployment levels in these neighborhoods. Racial segregation in housing is directly tied to health outcomes.

Dr. McCants stated that Norton Healthcare believes that, as a large healthcare provider, they can use their resources to bring about positive change in Louisville. Community members have identified that Louisville patients need access to care, access to primary care, transportation assistance, and specialty providers. Cancer, heart disease, and stroke occur at noticeably higher levels in west Louisville than east Louisville. As a result, Norton is planning a site-based investment in west Louisville to improve access to both primary and specialty care. They are constructing the first new hospital in west Louisville in 150 years. Additionally, this will be the only hospital operating in that area since the United States Marine Hospital closed in 1933. Currently, it is a \$100 million investment by Norton. It will be a fully functioning hospital with 20 inpatient beds, an ER, adult and pediatric primary care, outpatient care, and specialty care.

In response to a question from Senator Givens, Dr. McCants said that west Louisville residents need to look to good community examples such as Senator Neal and himself in order to not reinforce negative behavior and have necessary community conversations.

In response to a question from Dr. Oleka, Dr. McCants said that the negative reinforcement that west Louisville children are receiving comes from their peers, and most of his mentorship came from outside the community. Additionally, 60 percent

of the families in the community are single-parent female-led households, so positive male leadership is often lacking. He said that Norton Healthcare needs to be aware of the community factors and aware that the social context in the community they will be serving is different than that of a more affluent, majority white community.

In response to Representative Kulkarni, Dr. McCants said that new healthcare facilities should have been constructed in west Louisville a long time ago. He added that Norton serves 50 percent of black residents in Louisville, and that they are engaging with west Louisville because their leadership team understands that they are accountable to the black community.

In response to a question from Representative Kulkarni, Dr. McCants said that Norton is intentional about working with community partners on mental health. Additionally, he said that Norton needs to target communities of color with technological literacy and education.

Representative Brown thanked Dr. McCants for presenting and for the work that Norton is doing towards health equity in Louisville's black community.

Dr. McCants commented that the health outcomes linked to poverty and lack of access to care in Louisville are also experienced in rural Kentucky.

In response to a question from Representative Heavrin, Dr. McCants said that the new hospital will have a pharmacy, and he is not concerned about pharmacy closures in west Louisville because he believes that the new hospital will attract industry to the area.

In response to a question from Representative Heavrin, Dr. McCants said that Norton is primarily focused on the attitude of candidates being hired to work in the new hospital, but that they are partnering with HBCUs to attract people of color to work in the facility.

Senator Neal said that he is impressed with Norton's intentionality in its commitment to racial equity in healthcare access in Louisville. He added that the negative health outcomes experienced by the black community in Louisville is by design due to segregation. He thanked Dr. McCants for the work that Norton is doing to correct this.

In response to a question from Senator Berg, Dr. McCants stated that black patients are more compliant when they have black providers, and this holds true for the Hispanic community, as well.

Overdose Mortality Trends among Black Kentuckians

Dana Quesinberry, JD, DrPH, & Assistant Professor, University of Kentucky Department of Health Management and Policy, presented before the commission on drug overdose trends among black Kentuckians. Dr. Quesinberry stated that there was a 50 percent increase in overdose deaths in Kentucky in 2020, reversing a three year decline in deaths. She said that while the number of overdose deaths among black Kentuckians is currently smaller than that of white Kentuckians, the number is increasing at a rate that is higher than the white population. 2021 is the first year that the age-adjusted rate of drug overdose deaths among black Kentuckians exceeds that of

white Kentuckians. This is largely being driven by fentanyl and methamphetamines. Age-adjusted rates of nonfatal overdoses among black Kentuckians are also exceeding that of white Kentuckians.

In response to a question from Senator Givens, Dr. Quesinberry said that prior to the outbreak of the COVID-19 pandemic, Kentucky was experiencing overdose deaths at a rate of 100-125 per month. This began to spike in September of 2019 and hit its peak in May of 2020 with approximately 250 overdose deaths. As the pandemic restrictions have been lifted, she stated that there is now a new endemic level of overdose death in Kentucky at approximately 150-175 deaths per month.

In response to a question from Senator Givens, Dr. Quesinberry said that the data does not address causation. However, she believes that the disruption by COVID-19 caused endemic despair that resulted in a higher average overdose rate.

In response to a question from Senator Neal, Dr. Quesinberry stated that she believes that the increased rates of overdoses in the black community are likely because the black community was largely opioid naïve before the introduction of fentanyl within the last few years.

In response to a question from Senator Neal, Dr. Quesinberry said that she has no information on whether the people introducing fentanyl into the community are manufacturing it in such a way that the lethality of the drug has increased. She added that fentanyl is often present with other drugs such as methamphetamines in the toxicology reports of deceased users.

In response to a question from Ms. Drake, Dr. Quesinberry stated that access to addiction treatment is a significant problem in Kentucky, and is likely more significant than other health disparities due to the stigma against substance abuse. She added that the data does not speak directly to incidents of racial injustice in 2020, but that 2020 was a historically significant year in both public health and racial justice.

In response to a question from Mr. Roberts, Dr. Quesinberry stated Find Help Now KY provides a comprehensive list of providers offering treatment services for substance abuse. The providers will update their availability on the website to let patients know where they can go to seek treatment immediately. She added that the Appalachian Regional Commission produced a report that found that Kentucky was providing the best care for substance abuse out of any state in the region.

In response to a question from Mr. Roberts, Dr. Quesinberry stated that they are doing research into the best opportunities to intervene with patients suffering from addiction and substance abuse.

In response to a question from Dr. Oleka, Dr. Quesinberry stated that marital and educational status were linked to overdose death rates in men, with single and less educated men suffering higher rates of overdose deaths.

In response to a question from Senator Berg, Dr. Quesinberry stated that KASPER is a wonderful tool and served the purpose of addressing overdose deaths by prescription opioids. She added that there is a large population in Kentucky that is opioid dependent, and that opioid deaths will continue to be a problem as

long as that remains true.

In response to a question from Representative Kulkarni, Dr. Quesinberry stated that the drug crisis in the black community has transitioned from being driven by stimulants to being driven by combination use of both stimulants and opioids. She added that the University of Kentucky will be investing \$0.5 million in drug prevention marketing in the next 10 months.

Maternal Health

Dr. Edward Miller, Division Director, Maternal Fetal Medicine, Chief Diversity Office, University of Louisville Health, presented before the commission. Dr. Miller stated that health outcomes are multifactorial and are affected by social and economic factors, physical environment, behaviors, and clinical care. Life expectancy in Kentucky ranks 45th in the U.S. at 75.8 years, while the national average is 78.6 years. He added that Kentucky ranks 1st in cancer deaths, 3rd in adult overweight/obesity, 4th in drug overdoses, 9th in heart disease deaths, 13th in liver-related deaths, and 21st in suicides, and said that this heavily affects young women of child-bearing age.

Dr. Miller discussed how numerous conditions disproportionately affect the black community and shorten black lives, including septicemia, kidney disease, stroke, cancer, heart disease, and homicide. He added that 86 percent of these discrepancies would be avoidable with early access to medical care. Dr. Miller stated that maternal mortality rates rose in the US across almost all demographics from 2018-2020, but this rise disproportionately affected black women, who already have significantly higher rates of maternal mortality than other groups in the US. He added that it is well documented that black women have higher elevated levels of stress when compared to white women. Kentucky ranks 42nd in the nation for social and economic status factors among women due to higher rates of poverty, food insecurity, and intimate partner violence.

Dr. Miller stated that drug overdose is the leading cause of maternal mortality in Kentucky. He added that the amount of providers that a woman has access to during her pregnancy, especially if she lives in a low income or rural area, is slashed dramatically. He said that black women are more than twice as likely to experience maternal death as white women in Kentucky. This issue was exacerbated by the COVID-19 pandemic. The maternal death rate for black women was 44.0 per 100,000 live births in 2019, but has risen to 55.3 in 2020 and 6.9 in 2021. Early preterm births is also significantly higher for black women in Kentucky than other demographics. Dr. Miller stated that these disparities are due to racism rather than race.

In response to a question from Senator Givens, Dr. Miller said that minorities in Kentucky have worse rates of common disorders such as diabetes and hypertension than the national average and rheumatological conditions such as lupus. He stated that this is due to lack of access to care, and cited that there are only six OBGYN providers handling high risk pregnancies in Louisville. He added that black women have difficulty accessing care in the first place due to institutional racism in the medical system.

In response to a question from Representative Kulkarni, Dr. Miller stated that pregnancy is extremely hard on the body, but that deaths from health complications more than a year after pregnancy are not statistically listed as pregnancy-related. He added that black women may come to the doctor later for treatment including distrust of the medical system and lack of access to care.

In response to a question from Ms. Drake, Dr. Miller stated that access to food stamps and other resources during pregnancy would be extremely helpful to disadvantaged women, and that the University of Louisville provides a food pantry for pregnant patients who may be food insecure. He believes that this will help alleviate negative health outcomes.

Representative Heavrin thanked Dr. Miller for his presentation, stating that maternal health is an issue that is very important to her.

In response to a question from Dr. Oleka, Dr. Miller stated racism in the healthcare system is the system that is promoted that leads to inequitable outcomes for patients of color. He provided the example that the risk of having elevated kidney markers is higher for black men, and rather than addressing that equitably, the healthcare system assumed an entirely different acceptable risk for black men than their white counterparts. Additionally, more C-section births are performed on black women due to systemic racism in the way successful births are measured by the healthcare system.

Proposed Legislation/C.R.O.W.N. Act

Senator Westerfield and Terrance Sullivan, JD, Executive Director, Kentucky Commission on Human Rights, presented before the commission on the C.R.O.W.N. Act. The C.R.O.W.N. Act would amend Civil Rights Act chapter 344 and KRS 158 to protect children from discrimination based on hairstyles in order to protect children whose hairstyles have cultural significance. Senator Westerfield credited the student volunteers in attendance at the commission meeting as well as Representative Scott, who was the first to introduce this legislation. Senator Westerfield stated that he is the Senate sponsor for the C.R.O.W.N. Act and is hoping for a House sponsor. He discussed how children across the country have been discriminated against due to having culturally significant hairstyles.

Mr. Sullivan stated that it is important to keep black children from becoming involved with the justice system at school due to their hairstyles. He added that hairstyle discrimination also happens to people of color in the workplace as well as to children in schools. He said that hairstyle discrimination is being used as a proxy for racial discrimination, and continued hair straightener use by women of color to attempt to overcome this discrimination puts them at elevated risk of uterine cancer.

In response to a question from Representative Heavrin, Mr. Sullivan stated that the C.R.O.W.N. Act is not a mandate on businesses, and that human resources representatives and corporate executives would actually prefer to have this issue codified and clarified in the law, as current statutes are unclear. He added that there are exceptions to hairstyle discrimination for certain lines of employment as

long as the policy is applied equally across all racial groups. Senator Westerfield added that he does not believe it is a burden on companies to ask them not to racially discriminate.

In response to a question from Senator Givens, Mr. Sullivan reiterated that as long as there is a legitimate safety concern for employers about the styling of the employees' hair, that their regulations would not be considered discriminatory.

Ms. Drake expressed frustration that black people are still being discriminated against on the basis of their natural hair, and that hair-based discrimination is actually an issue of racism rather than hairstyle. She said that if the commission is serious about race and access to opportunity, then the C.R.O.W.N. Act needs a House sponsor.

Dr. Oleka thanked the student guests brought by Senator Westerfield for participating in the discussion and process surrounding the C.R.O.W.N. Act.

Mr. Roberts stated that if the U.S. Army has implemented changes in their regulations to reduce hair-based discrimination, then the Kentucky General Assembly should be able to do so.

Representative Brown thanked the chairs and staff for putting this month's meeting together, the student guests brought by Senator Westerfield for participating in the process, and Senator Westerfield and Mr. Sullivan for presenting on the C.R.O.W.N. Act. He offered to co-sponsor the C.R.O.W.N. Act in the House.

With there being no further business, the meeting was adjourned at 4:15 p.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Minutes of the 5th Meeting of the 2022 Interim October 25, 2022

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on State Government was held on Tuesday, October 25, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Kevin D. Bratcher, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representatives Jerry T. Miller, Co-Chair, and Kevin D. Bratcher, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Christian McDaniel, Michael J. Nemes, Adrienne Southworth, Brandon J. Storm, Damon Thayer, and Phillip Wheeler; Representatives John Blanton, McKenzie Cantrell, Jennifer Decker, Jim DuPlessis, Joseph M. Fischer, Kelly Flood, Jim Gooch Jr., Richard Heath, Samara Heavrin, Keturah Herron, 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: Representative Mark Hart; Representative William Lawrence; Karen Sellers and Richard House, State Board of Elections; Jennifer Morrell, The

Elections Group; Phil Adkins, Morehead Utility Plant Board; Cindy Batson, RN; John Kall, DMD; Mary Ann Burch, Kentucky Dental Hygienists' Association; and Jonathan Rich, DMD, Kentucky Dental Association.

LRC Staff: Alisha Miller, Daniel Carter, Shannon Tubbs, Alaina Spence, and Peggy Sciantarelli.

A motion to approve the minutes of the September 27 meeting was seconded and passed without objection by voice vote.

Water Fluoridation

Representative Mark Hart discussed his 2023 proposed legislation (BR 278), relating to water fluoridation programs. He stated that the bill would not prohibit the use of fluoride, but it would allow the governing bodies of water systems subject to regulation by the Cabinet for Health and Family Services to decide whether to participate in water fluoridation programs. He noted that the committee has been provided copies of HB 361, identical legislation that was filed during the 2022 Regular Session. Representative William Lawrence spoke briefly about why he supports the legislation.

Mr. Adkins stated that the chemicals used to fluoridate Kentucky's tap water are not pharmaceutical grade quality. Fluorosilicic acid and other fluoridation chemicals are considered hazardous by the Occupational Safety and Health Administration (OSHA), as noted in the "Hawkins Safety Data Sheet," provided to the committee. Another drawback to fluoridation is the cost. It is an unfunded mandate, and the Morehead utility's projected cost for the current budget year will be close to \$30,000—almost 10 percent of the chemical feed budget for the entire year. Mr. Adkins stated that he and others in the water industry also object to fluoridation on ethical grounds. It serves no purpose in water treatment and does not improve water quality.

Dr. Kall provided his personal letter to the committee, explaining his opposition to water fluoridation. He acknowledged, for the record, that the committee has also received letters from organizations that advocate for water fluoridation—the Kentucky Public Health Association, the Kentucky Dental Association, and others.

Dr. Kall stated that a 2015 review of water fluoridation by the international organization Cochrane [a global independent network of researchers, professionals, patients, careers, and people interested in health] indicated that there is little contemporary evidence evaluating the effectiveness of water fluoridation to prevent cavities and that available data is predominantly from studies conducted prior to 1975. A 2016 McLaren study showed an increase in decay rate in Calgary, Canada, after fluoridation ceased, but in a subsequent study, scientists were critical of the broad study. Dental decay had been trending upward in years prior to Calgary's cessation of fluoridation. Charts adapted from Harvard Public Health Magazine show a decrease in tooth decay from 1975 to 2014 in countries that do not fluoridate their water, as well as in countries that do fluoridate.

Concluding his presentation, Dr. Kall stated that studies from the past five years, published in peer-reviewed medical scientific journals, and which were funded by the National Institutes of Health (NIH),

have shown a decrease in the IQ of children who live in communities with fluoridated water. The mandate to fluoridate water is ignoring cautionary principles that should be in the forefront of health care. Fluoridation is mass medication without informed consent.

Responding to Representative Tipton, Dr. Kall stated that studies relating to fluoride have been conducted by PhD-level scientists at various institutions and have been published in peer-reviewed journals, including JAMA, the Journal of the American Medical Association. Miss Batson stated that Dr. Bruce Lanphear recently gave federal testimony about the toxicity of fluoride in drinking water. He was also instrumental in setting global policy regarding lead poisoning. Another notable published source of information is Dr. Linda Birnbaum, former chief of NIH.

Responding to questions from Representative Bratcher, Ms. Batson confirmed that Kentucky is one of only 13 states that require fluoride to be added to drinking water. Other states have various types of fluoridation regulation, but Kentucky's is the most stringent. She noted that bottled water is not as closely regulated as tap water and that most bottled water does not contain fluoride.

Representative Blanton voiced his concerns about the addition of fluoride to community tap water. He stated that he fully supports BR 278 and would like to co-sponsor the legislation.

Representative Heath stated that he grew up in an area where wells were the source of drinking water. He believes that people who relied on well water have fared just as well as those who had access to treated water.

Responding to Representative Decker, Dr. Kall stated that the general theme of the Harvard Public Health Magazine article about the downward trend in tooth decay, was that the trend was downward regardless of whether the water was fluoridated. Generally, the downward trend was due to improvements in personal hygiene and diet and the introduction of antibiotics. Dental education of the public also helped, and some studies have suggested that the primary factor was the use of fluoridated toothpaste, which grew tremendously worldwide during the 1970s and 1980s.

Responding to Representative Wheatley, Mr. Adkins stated that whether fluoride residue is present in water line blockage would depend on an individual system's water chemistry, and it would differ throughout the state. When Representative Wheatley asked whether states are trending toward more or less use of fluoride, Ms. Batson said there is not a good answer. Some states are adding fluoridation and some are moving away from fluoridation.

Senator Southworth spoke in support of BR 278. She said the information provided to the committee about fluoridation—and also the toxicity of chlorine—is extremely helpful to her. Representative Hart stated that he has been working on the 2023 legislation with Senator West and expects that a companion bill will be filed in the Senate.

Senator Alvarado contended that BR 278 would not allow decisions regarding fluoridation to be made at the local level. He represents Bath County, one of the eight counties served by the Morehead

Utility Plant Board. Participation in optional water fluoridation programs in those eight counties would be decided only by the water system's governing body in Rowan County.

Representative Hart stated that Kentucky counties currently do not have a say regarding water fluoridation. Under BR 278, decisions about fluoridation would be made by local governing bodies of individual water systems instead of on a statewide basis. Local referendums and community forums to receive feedback from counties might also be involved. The bill does not specify how local water producing bodies would determine their decisions.

Senator Alvarado questioned some of the study references that were mentioned. He pointed out that many nationally recognized medical organizations support the use of fluoride in drinking water—for example, the Harvard School of Medicine, the Harvard School of Dental Medicine, The American Academy of Pediatrics, the World Health Organization, and the American Medical Association. Dr. Kall stated that he believes cautionary principles are being ignored, and it can take a long time to undo indoctrination that has occurred in medical and dental training. The adequacy of data and the design of studies in the 50s, 60s, and 70s are legitimate concerns, according to Cochrane. Although Cochrane acknowledges there is evidence that water fluoridation can provide some benefit, the evidence is questionable. Senator Alvarado countered that there are many smart people who know how to interpret studies and data, and they have differing views. He named several contemporary studies and stated that there is a lot of current and modern data that recognizes the benefit of fluoridation.

Ms. Burch, a representative from the Kentucky Dental Hygienists' Association, said that she was a practicing dental hygienist for 42 years. Her main focus was prevention of dental disease in her patients. Community water fluoridation has been a cost effective tool in prevention of dental decay. Fluoride in water systems is monitored daily by the state Department of Public Health. She is advocating for the dental health of all Kentuckians, but especially those in poor communities who are not able to afford regular dental care. Water fluoridation is a consistent means to provide prevention of dental decay. Community water fluoridation has been a safe, reliable, and cost effective preventive measure to keep teeth strong and reduce cavities by at least 25 percent. Providing consistent fluoride access in the water supply is the best use of taxpayer dollars to maintain dental health in Kentucky communities.

Dr. Rich stated that he is immediate past president of the Kentucky Dental Association and has been practicing dentistry in Grant County for 20 years. Patients' oral and overall health is a dentist's top priority, and preventing disease before it starts is the number one goal. Water fluoridation is considered one of the top 10 public health measures in the 20th century and, by some measures, has decreased the cost of dental care as much as 50 percent. The most conservative estimates indicate that every dollar spent on water fluoridation yields \$38 in reduced dental cost. This single public health measure has done more than any other to level disparities in oral health.

Dr. Rich discussed naturally occurring sources of

fluoride, the systemic and topical effects of fluoride, and fluoride use in other countries. He acknowledged that dental fluorosis and illness or disease can result from excessive fluoride use, but he noted that large studies and systemic reviews do not support the association of those diseases with fluoride water consumption.

Dr. Rich stated that his patients who live in rural areas without access to a public water system—as well as those who drink only bottled water—demonstrate a higher cavity rate. Tooth decay is the number one chronic disease in American children. Studies have demonstrated the cost savings afforded by water fluoridation, even in small communities. The ability of water fluoridation to improve the lives of Kentuckians is perhaps immeasurable.

Risk Limiting Audit Pilot Program

Karen Sellers, Executive Director, State Board of Elections; Richard House, Assistant Executive Director, State Board of Elections; and Jennifer Morrell, Partner, The Elections Group presented on risk limiting audits.

Ms. Morrell provided an overview of risk-limiting audits (RLAs). She stated that RLAs are nationally recognized as a reliable method to validate the integrity of voting equipment, verify the accuracy of results, and detect and correct outcome-changing errors in vote tabulation. An RLA is a post-election tabulation audit that examines a random sample of voted ballots to provide a statistical level of confidence that the outcome of an election is correct. All ballots—from every precinct, every machine—have an equal chance of being selected for audit. Unlike traditional audits, RLAs are designed to escalate to additional rounds of auditing, and ultimately a full hand recount, if discrepancies are discovered.

Under the leadership of the State Board of Elections, a working group for the RLA pilot project was formed and has been meeting since the beginning of the year. The participating counties are Anderson, Fayette, Henderson, Johnson, Kenton, and Madison. In addition to the State Board of Elections staff, the working group includes a member of the Secretary of State's office, representatives from voting systems used in Kentucky, and former secretary of state Trey Grayson.

Ms. Morrell explained in detail the mechanics of an RLA. She noted that the "risk limit" is the maximum possible chance that the audit will fail to detect and correct an incorrect election outcome. It is often expressed as a percentage, usually 1-10 percent. A ballot manifest is a spreadsheet or paper log that documents how many ballot cards the voting system has scanned and where they are located. It is created independent of the voting system.

Concluding her overview, Ms. Morrell stated that the goals of Kentucky's RLA pilot program are to create a safe environment for county officials to learn how RLAs work; to become familiar with RLA terms, definitions, and procedures; to develop an RLA method that works in Kentucky; and to develop specific RLA procedures and a ballot manifest that will work in every county.

Responding to Representative Nemes, Ms. Morrell briefly spoke about her involvement with

recounts in Colorado and the potential impact of recounts that occurred after Kentucky's 2022 primary election.

In response to Representative Johnson, Mr. House discussed procedures for the post-election audit that will take place after the November general election. He stated that the pilot program will be examining the U.S. Senate race, since it will appear on every ballot.

Responding to questions from Senator Southworth regarding pages 14, 16, and 23 of the slide presentation, Ms. Morrell explained in detail how ballot manifests and other documents are created and interpreted as part of a post-election audit.

In response to a question from Representative Miller on what is anticipated for the future after completion of the pilot program, Mr. House stated the State Board of Elections will compile a report of the results and then provide the report and recommendations to the General Assembly. The process is new. One possible direction in the future might be to conduct another RLA or to have all 120 counties participate in an RLA. Ms. Morrell said that some states—Ohio, for example—make RLAs optional. There are a variables to consider when determining a target contest, such as geographic proximity or whether a race is close or highly contested.

Responding to questions from Senator Mills, Mr. House stated that the RLA will take place within each participating county's jurisdiction. Ms. Morrell said that the length of time to complete an RLA can vary. If the target race is close and requires a lot of ballots to be examined, it may require from two days to a full week. Under the best of circumstances it can be done in one day. The risk limit percentage, which impacts sample size, is another variable that could impact the time needed to complete an RLA.

When asked by Representative Bratcher, Mr. House confirmed that the pilot program will be conducted by staff in the county clerks' offices.

When Representative Smith questioned the terminology for requesting an absentee ballot on the portal, Ms. Sellers confirmed that the absentee voting excuses listed on the portal—as they are currently worded—would permit a voter to obtain an absentee ballot, and the ballot could be voted via a drop box. Ms. Morrell stated that early absentee voting and use of drop boxes worked well in elections which she administered in Utah and Colorado. Mr. House said that thus far approximately 70,000 of the 3.5 million Kentucky voters have applied for absentee ballots—fewer than in recent years.

Representative Nemes stated that 70,000 absentee ballot requests seems to be a high number, when compared to pre-COVID years. He requested that the State Board of Elections provide him with the number of absentee ballot requests from 2018 to the present. Ms. Sellers said she would be happy to get that information for Representative Nemes.

Ms. Sellers and Mr. House agreed with Representative Decker when she stated that the excuse terminology for requesting an absentee ballot via the online portal had been written to comply with the Americans with Disabilities Act (ADA). They also agreed with her that the bar codes assigned to absentee ballot requests act as a safeguard against

ballot harvesting, which would be a felony according to previous elections enactments.

Responding to questions from Representative Decker, Mr. House stated that the reason the State Board of Elections announced in advance which counties would participate in the RLA pilot program was in order to be transparent about the process. He also confirmed that the Attorney General's audit would take place as scheduled, separate from the RLA. Ms. Morrell pointed out that the RLA is an unofficial audit and will be nonbinding. It is simply a learning exercise, with the potential to eventually become an official auditing method.

When Representative Decker asked whether it would be possible for the counties participating in the RLA to skew the findings in order to have a good result, Ms. Morrell explained how the pseudorandom number generator helps to ensure transparency and legitimacy in the RLA process.

Representative Blanton stated his biggest concern is the possible fraudulent use of mail-in absentee ballots. A clerk in one of the counties he represents told him that over 400 mail-in ballots have been received, which is a high number for a small county. He believes mail-in ballots would be easier to manipulate, and he recommended stringent examination of that voting option. He said everyone should have the opportunity to vote, but it needs to be done safely and fairly.

Representative Gooch said he believes there was definitely fraud in the 2020 presidential election. There were reports in other states that the number of persons voting in some precincts was greater than the number of registered voters. There were also reports that votes by absentee ballot exceeded the number of ballots that were mailed out. Ms. Morrell discussed her personal experience in jurisdictions where she has worked with canvass boards. She said she is not aware of any state or local canvass boards that were able to identify the type of discrepancies mentioned by Representative Gooch.

With no further business, the meeting was adjourned at 2:54 p.m.

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 5th Meeting

of the 2022 Interim

October 27, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, October 27, 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: Representatives Kim King, Co-Chair, and Phillip Pratt, Co-Chair; Senators Alice Forgry Kerr, Adrienne Southworth, Phillip Wheeler, and Mike Wilson; Representatives Shane Baker, Lynn

Bechler, Josh Branscum, George Brown Jr., Josh Calloway, Jeffery Donohue, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Chris Freeland, Chris Fugate, David Hale, Thomas Huff, Norma Kirk-McCormick, William Lawrence, Ruth Ann Palumbo, Michael Sarge Pollock, Josie Raymond, Brandon Reed, Rachel Roberts, Cherlynn Stevenson, Ashley Tackett Laferty, Nancy Tate, Timmy Truett, Bill Wesley, and Richard White.

Guests: Curtis Hansen, Broadband Program Manager, Appalachian Regional Commission; Brian Gupton, CEO, Daseam; Damian Johnson, Superintendent, Jenkins Independent Schools; and Representative Giovanni Capriglione, State Representative, District 98, Texas House of Representatives.

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

Approval of Minutes

A motion to approve the minutes of the September 29, 2022, meeting was made by Representative Frazier Gordon, seconded by Representative Huff, and approved by voice vote.

Broadband and Device Access in Appalachia: Challenges and Opportunities

Curtis Hansen, Broadband Program Manager for the Appalachian Regional Commission, gave an update on the importance of universal, high quality, and affordable broadband access, specifically in the Appalachian region. Access to adequate broadband in the Appalachian areas of the Commonwealth is well below the national average. Numerous factors affect access to broadband including county economic status and access to computer devices. Data indicates Kentucky has a higher participation rate in the Federal Communications Commission's Affordable Connectivity Program than other areas of Appalachia. Mr. Hansen said the Appalachian Regional Commission is prepared to aid in helping repair some of the disparities and increase access to broadband for the citizens of the eastern portion of the state.

Brian Gupton, CEO of Daseam, discussed the significant challenges that exist in the Appalachian Regional Commission's 13 state service area, and explained how a lack of access to broadband and computer devices impede economic growth. To combat these challenges, Daseam created an U.S. Department of Labor approved registered apprenticeship program in information technology to serve high school juniors and seniors. The competency-based program will provide high school students with industry standard training and certification and create sustainable pipelines of individuals into the information technology sector. Damian Johnson, Superintendent of Jenkins Independent Schools, testified about his school district's experience with Daseam's registered apprenticeship program.

Representative Kirk-McCormick commended Mr. Johnson for his leadership and dedication to Jenkins Independent schools.

Responding to Senator Southworth, Mr. Gupton explained the funding sources for Daseam's registered apprenticeship program.

Answering questions from Representative Pratt, Mr. Johnson described the various types of devices used by students of Jenkins Independent Schools.

Texas: Investment in IT Improvement and Modernization Projects

Texas Representative Giovanni Capriglione discussed his state's approach to updating legacy information technology systems of state agencies. The Texas Legislature passed House Bill 4018 in 2021 to improve long term planning and coordination for state agency information technology, establish a fund in the state treasury to be used for improving and modernizing state agency information resources, and create the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects. In addition, each state agency in the executive and legislative branches of Texas state government, shall prepare an agency-wide plan outlining how the agency intends to transition its information technology and data-related services into a more modern, integrated, secure, and effective technological environment. These planning reports must be submitted to the Texas Department of Information Resources, the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects, and various standing committees of the Texas Senate and House of Representatives.

In response to questions from Representative King, Representative Capriglione explained there are advantages and disadvantages to both prefabricated technology systems and customized technology systems depending on the needs of the specific state agency. He said the planning reports previously discussed are in the process of being completed and prioritization of the modernization projects along with funding allotments will begin in the next two to three months.

Addressing questions from Senator Southworth, Representative Capriglione stated that the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects is comprised of legislative members, and the committee consults with the Texas Department of Information Resources and other state agencies and experts. Although there was a fund established to be used for improving and modernizing state agency information resources, Representative Capriglione indicated that the more involved projects must obtain funding from general revenue related funds.

Replying to questions from Representative Pratt, Representative Capriglione discussed cybersecurity, data breaches, prefabricated technology systems, and customized technology systems.

There being no further business before the committee, the meeting adjourned at 1:55 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 5th Meeting of the 2022 Interim

October 18, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Transportation was held on Tuesday, October 18, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll. The minutes from the Committee's September 20, 2022 meeting were approved.

Present were:

Members: Representative Ken Upchurch, Co-Chair; Senators Karen Berg, Brandon Smith, Johnnie Turner, Phillip Wheeler, Mike Wilson, and Max Wise; Representatives Josh Branscum, Kevin D. Bratcher, Randy Bridges, Jonathan Dixon, Ken Fleming, David Hale, Samara Heavrin, Thomas Huff, Derek Lewis, Bobby McCool, Shawn McPherson, Charles Miller, Ruth Ann Palumbo, Tom Smith, Cherlynn Stevenson, Ashley Tackett Laferty, Walker Thomas, and Buddy Wheatley.

Guests: Jeremy Edgeworth, Freight, Rail, and Waterways Coordinator, Division of Planning, Kentucky Transportation Cabinet (KYTC); Jennifer Kirchner, Executive Director, Kentuckians for Better Transportation (KBT); Brian Wright, President, Owensboro Riverport Authority, Chair, Kentucky Association of Riverports (KAR); Andrew Brown, Senior Vice President, General Counsel, Ingram Barge Company; Arlyn Upshaw, Counsel Autonomous Vehicle Industry Association (AVIA); and Kyle Ray, Office of Legal Services KYTC.

LRC Staff: John Snyder, Dana Fugazzi, Ashley Nash, and Christina Williams.

Memorialization of Senator C.B. Embry

Chairman Upchurch shared the passing of one of the committee's valued members, Senator C.B. Embry, who had battled a long-term illness. Senator Wilson spoke a few words about Senator Embry, and the members as well as guests, stood for a moment of silence in his honor.

Presentation of KYTC's Kentucky Riverports, Highway and Rail Freight Study Report

Jeremy Edgeworth, Freight, Rail, and Waterways Coordinator, Division of Planning, presented KYTC's Kentucky Riverports, Highway and Rail Freight Study Report. The two year study entailed two rounds of site visits to Kentucky's public riverports, three virtual statewide summits, a series of technical memoranda, and a final report. The report assesses the waterborne commerce markets in Kentucky, the current state of Kentucky's riverports, the role that the public riverports play in future economic development, and the potential benefits of investing in Kentucky's public riverport infrastructure.

Kentucky has 1,662 miles of inland waterways, 1,020 of which are commercially navigable, ranking Kentucky 4th in the nation. Kentucky is surrounded

on three sides by the commercially navigable rivers of the Mississippi, Ohio, and Big Sandy River, and also the Tennessee, Cumberland, Green and Licking Rivers which are able to move freight. Kentucky's geographic location provides great advantages in being at the center of a vast inland waterways network and at the confluence of several critical inland waterway routes.

Kentucky has seven active public riverports, with three additional ports at differing stages of development. These ports provide critical connections moving goods on and off the rivers. Kentucky's public riverports are supplemented by over 160 private river terminals that provide many of the same services, but often are developed for a single commodity. To help move freight on and off the waterways, Kentucky's public ports and private terminals connect to a network of over 2,674 miles of rail throughout Kentucky, which serves as an important hub connecting five Class I railroads in the western part of the state. The first and last mile connection of Kentucky's freight network rests on Kentucky's 80,000 miles of the public road network.

Waterborne transportation is the most efficient way to move goods. One typical 15 barge tow and towboat moves the freight equivalent of six locomotives and 216 railcars, or 1,250 large tractor trailers. Looking specifically at the freight moved by waterways in Kentucky in 2018, 108 million tons of freight valued at \$11.9 billion moved on Kentucky's inland waterways. This would be the equivalent to adding 3.5 million trucks annually to our roadway network.

Overall, Kentucky's long standing waterborne commerce markets in coal, fossil fuels, and minerals have declined at a rate faster than the nation as a whole. Moreover, these waterborne commerce markets are projected in the future to shift even more away from these long-standing commodities. The changes highlight the importance of modernizing Kentucky's public riverports to compete for new, more diverse markets, such as inputs to advanced manufacturing and high technology industries such as plastics, rubber and chemicals, as well as food and livestock.

Kentucky's ports, inland waterways, and inland waterway dependent industries currently support nearly one hundred and ten thousand jobs. This equates to \$5.9 billion in personal income, \$12 billion in Gross State Product, and \$30.7 billion in total output. This gives rise to more than \$1.2 billion in state and local tax revenue. Kentucky today faces a critical choice of whether to invest in maintaining and modernizing the public riverports, or see waterborne commerce play less of a role in Kentucky's economy.

Kentucky's riverports currently have a backlog in unmet preservation needs to simply get the existing infrastructure into a state of good repair. As part of the study, the ports also identified additional modernization and expansion needs to successfully compete for business and serve new markets. The report and all supporting materials can be found online at <https://transportation.ky.gov/MultimodalFreight/Pages/Kentucky-Riverports,-Highway-and-Rail-Freight-Study.aspx>.

Presentation from the Kentucky Riverport Association

Jennifer Kirchner, Executive Director, Kentuckians for Better Transportation (KBT) and Brian Wright, President Owensboro Riverport Authority, Chair, Kentucky Association of Riverports (KAR), discussed the Riverport Industry in Kentucky. Kentuckians for Better Transportation, which was formed in 1977 is a unified transportation voice with more than 300 members advocating for all modes of transportation. The presenters gave a brief history of the KAR, and highlighted the major products shipped through each riverport. Mr. Wright also emphasized the efficiency of water transport.

Since 2013, the Commonwealth has supported the riverport industry through the Kentucky Riverport Improvement (KRI) Grant Program. The current budgeted allocation is \$500,000 annually. The KRI funds are a General Fund appropriation in the Transportation Cabinet budget. The program requires a 50 percent local match. Due to the low KRI funding and the need for a 50 percent match, the grant application effort does not offer a return on investment. A list of the types of projects requested for the KRI Grant Program in 2023 was shown. The total cost of all the projects was just under \$1.3 million with total KRI funds requested of \$647,000.

A comparison of investments by surrounding states showed that even though Kentucky is ranked 4th in the nation for its waterways, state funding does not reflect this. Kentucky has 11 public port terminals with just \$500,000 in state dedicated funds and no State Ports Grant Program, some of the lowest funding in comparison to surrounding states. Most states have both a significantly higher dedicated budget, as well as a grant program.

Mr. Wright highlighted some of the KRI challenges, including inadequate funding, the inability to use those funds to match federal grants or carry funds over to the next fiscal year, and the high 50 percent local match when other KYTC grant programs require a 20 percent local match. He advocated for the use of the now dormant Riverport Trust Fund that was established in 2010, to allow carryover funds as well as federal funds to be put into the fund. For the long-term, utilizing this trust fund will put Kentucky in a better position to leverage dollars with the federal dollars being seen in multiple programs such as the Marine Highway Program and the Port Development Infrastructure Program.

In response to a question asked by Chairman Upchurch, Ms. Kirchner stated the study does a good job of outlining what are the current critical preservation needs and that would be the first thing they would want to see funds appropriated for so that ports can return to being competitive. She added there are different levels of investment after that depending on how aggressively it is decided upon to invest. She further added a sustainable funding stream needs to occur in the future as well.

In response to a question asked by Senator Wilson concerning the water levels of the Ohio River, Mr. Wright stated waters through the locks and dams are being released on the river. He added in the Owensboro area, they are roughly three feet below, but are still passing barges and unloading if they can

get up through the Mississippi or come down through the north.

In response to a question asked by Senator Wilson concerning the ownership of the riverports, Mr. Wright stated all of the public riverports are chartered through local government. Mr. Wright stated they are a quasi-government entity and all of the dollars that are made through the port are required by statute to be reinvested into infrastructure.

In response to a question asked by Representative Heavrin, Mr. Wright stated because the barges are only working at half capacity due to water levels, the impact is being felt majorly on grain exports. Grain tenants are looking to stockpile grains and wait for the opportunity to load barges. Farmers are stating that they are seeing \$1 to \$1.50 per bushel impact on their side due to the limitations. He added along the Mississippi River the corps is doing everything in their power to dig additional channels, but they are limiting the tows. The tow size is being reduced anywhere from 20 to 40 percent in order for them to get through those channels. He added because there is limited amount of rain predicted, this could be a problem for the foreseeable future.

In response to a question asked by Representative Lewis, Mr. Wright stated as of this year, \$25 million on the Marine Highway Program was allocated for ports, and those are competitive with blue water ports as well as inland water ports. There is also a Port Development Infrastructure Program (PDIP) that is specific to infrastructure dollars and is above \$25 million as well. He added that those dollars have been leveraged in the past, although the ports have to save up for that local fund. Paducah was recently awarded a PDIP Grant, and it took time to be able to leverage their match. Owensboro was awarded \$14.4 million in 2018 to improve the last mile between the interstate and river and rail access. Of the \$14.4 million, \$11.5 was from the Maritime Administration.

In response to a question by Senator Berg concerning transport capacity preparations to accommodate the new economic development drivers that are expected to come into Kentucky, Ms. Kirchner stated she believed there is a lot of unrecognized potential with industrial recruitment and development specifically around the ports, but most notably in becoming the battery capital of the country, there are opportunities that have not yet been realized.

Presentation from the Ingram Barge Company

Andrew Brown, Senior Vice President, General Counsel, Ingram Barge Company gave a brief explanation about the Ingram Barge Company and its activities within the riverport system. Ingram Barge has been in operation since 1946, is multi-generational family owned, and employs over 2,000 employees, approximately 400 of which live in Kentucky. Ingram Barge has locations strategically located along the river system, operating on over 6,000 miles of river in 18 states, with a major operational hub in Paducah, and has over 4,000 dry and liquid barges, and over 100 boats in active operation. Ingram Barge Company has built over 1,700 new barges since 2007. These barges are 30-year assets and a long-term investment for the industry. The company is also building boats for the first time in many years which are more expensive,

and will become, on average, a 50-year asset. Mr. Brown stressed the size advantage and efficiency of barge transportation as opposed to truck and rail.

Mr. Brown stated that the waterways mode of freight transportation is running at approximately 50 percent capacity. The limiting factor is the infrastructure, the locks and dams systems which are all federally managed by the Corps of Engineers, and most of which were built with a 50- year design life. The current average age of the lock and dam facilities is 62 years old. The Infrastructure Investment and Jobs Act (IIJA) included \$2.5 billion allocated directly to inland river infrastructure. The Kentucky lock addition is a priority project in IIJA. Even with the funds allocated towards the Kentucky lock from IIJA, there is still a need of \$332 million to finish the construction work over the next several years. Remaining costs are a reality for a few other projects as well.

Mr. Brown gave a brief explanation of the Jones Act, also known as the Merchant Marine Act of 1920. This law states that any waterborne cargo commerce moving between two coastal or inland points must be carried aboard vessels that are built in the United States, crewed by U.S. mariners, and owned by U.S. citizens. The law's primary aim is to protect U.S. strategic ship building capabilities and to ensure that the U.S. has a consistent corps of merchant mariners. If Congress were to modify the Jones Act, it would automatically devalue the investment that Ingram Barge and other American companies have made in American-built equipment. Kentucky's rank of 5th among all American states in per capita domestic maritime jobs and 7th in economic impact, is due in large part to the Jones Act and the inland river industry.

Inland intermodal port development is a major driver of economic growth as seamless transitions of containers occur from rail to truck, truck to rail, and then to the riverways as well. These present multiple options for how to bring in raw materials, and how to export goods. Mr. Brown mentioned that Paducah has four major river systems within 30 miles and is within a three-hour drive of major metropolises such as St. Louis, Nashville, Louisville, and Memphis, making it an ideal site to have an inland intermodal port.

In response to a question asked by Senator Wheeler, Mr. Brown stated Ingram Barge Company has faced regulatory hurdles that needed to be navigated such as installing a fleet of barges or requesting that the channel be dredged.

Representative Bridges thanked Mr. Brown for all the Ingram Barge Company does for the Paducah area and mentioned that he is working on a resolution expressing the General Assembly's support for maintaining the Jones Act.

In response to questions asked by Representative Bridges, Mr. Brown stated due to the regional drought, they are continuing waterway transport operations on a day-to-day basis, and that the Paducah area is a designated duty free zone where goods that would otherwise be subject to a tariff or duty, before re-export, are able to take advantage of not being required to pay the full measure of duty. He added this would be a prime site for an inland intermodal port, although that area does lack the designated container

handling cranes that are at larger ports.

In response to a question asked by Senator Berg, Mr. Brown stated that running lights on barges are required due to Coast Guard regulations. Additionally, Senator Berg inquired about the estimated cost to place side running lights on the barges. Mr. Brown was unsure of an estimated cost for the addition of side running lights.

In response to a question asked by Representative Smith, Mr. Brown stated he does not think it is uncommon on some ports to have a through-put fee that is assessed on a per unit basis. He added acquiring a designated gantry crane and a reach stacker for ports would be a step in the right direction.

Legislation Authorizing and Regulating the Use of Fully Autonomous Vehicles on Public Highways (23 RS BR 201)

Arlyn Upshaw, Counsel, Autonomous Vehicle Industry Association (AVIA) discussed fully autonomous vehicles. The AVIA is comprised of the world's leading technology, ridesharing, trucking, and automotive companies, and its mission is to advance and promote the benefits of autonomous vehicles (AVs) and to support the safe and timely deployment of the innovative technology.

There are six levels of automation, the first four of which currently exist, to some degree, on motor vehicles. Level zero is momentary driver assistance such as automatic emergency parking or lane warning. Level one is sustained driver assistance such as adaptive cruise control and lane keeping. The second level is partial automation where a driver must constantly monitor the vehicle. The third level of automation is conditional automation where a driver must be ready to take control of the vehicle upon request. Level four automation is high automation where the system handles all driving functions and does not require a human driver. These vehicles operate on roads today but are not available for consumer purchase. The last level of automation, level five, is full automation where a system can drive everywhere in all conditions. The term "autonomous vehicle" refers to vehicles at level four or level five automation.

Autonomous vehicles are used in goods delivery, passenger ride hailing services, last-mile transportation services, shuttle services, and long-haul trucking. The benefits of AVs largely revolve around safety, which AVs have the potential to dramatically improve. In 2021, there were nearly 43,000 fatalities from crashes on U.S. roads, up from 36,000 in 2019. Unlike human drivers, AVs do not drive drunk, text while driving, or fall asleep at the wheel. For over a decade, AVs have been tested and deployed in various contexts for tens of millions of miles.

Increased mobility is also a benefit of AVs. They can expand mobility options for Kentucky residents through servicing direct trips to workplaces and other endpoints, providing greater mobility to residents with disabilities and those with limited access to personal vehicles. The AV industry is also creating new jobs and opportunities for workers with a wide array of expertise and educational backgrounds. Autonomous vehicle trucks in particular can help spur \$111 billion in aggregate investment spending across the U.S.

economy. Autonomous vehicles can increase supply chain efficiency through productivity enhancements, fleet flexibility, and travel time savings.

As for the regulation of AVs, the federal government is responsible for oversight and administering performance and safety standards. The Federal Motor Vehicle Safety Standards (FMVSS) establish preemptive performance standards. The 2021 National Highway Traffic Safety Administration (NHTSA) standing general order requires manufacturers to report crash data. The Federal Motor Carrier Safety Administration (FMCSA) imposes additional regulations on AV trucking. States are responsible for regulating AV operation such as licensing, registration, insurance, and traffic enforcement. A majority of U.S. states expressly authorize AV operation. Some common requirements are minimum insurance requirements for AV operation, being capable of achieving a minimal risk condition, and the submission of a law enforcement interaction plan.

Ms. Upshaw stated Kentucky needs an AV framework because a patchwork of state laws can lead AV operation to cluster in a few states. Autonomous vehicle technology is being deployed in locations that support AV operation, including neighboring states. A state framework authorizing AV deployment would help bring safety, mobility, and efficiency benefits of AVs to Kentucky residents. She then highlighted important elements of model AV legislation.

In response to a series of questions asked by Senator Turner, Ms. Upshaw stated the study that indicated the use of AVs would decrease the cost of the goods, was based on removing a driver from autonomous trucking in particular because they would not have the limitations of a human driver and compliance hours of service regulations. AVs would be required to complete the administrative tasks and operational requirements that truck drivers are currently required to complete and in the event of a crash or if the vehicle is pulled over by law enforcement, the AV is designed to contact a fleet support specialist to assess the situation and determine follow-up from there.

In response to a question asked by Senator Wilson, Ms. Upshaw stated the AVs are designed to drive better than a human driver. The AVs have been developed to undergo simulations that have calculated what needs to happen under any given scenario that may be encountered.

Consideration of Administrative Regulations

The committee considered administrative regulation 603 KAR 5:155 regarding vegetation management. The regulation was not found to be deficient nor deferred.

With no other business to come before the committee, Chairman Upchurch adjourned the meeting at 2:33 P.M.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 6th Meeting
of the 2022 Interim
November 1, 2022

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Transportation was held on Tuesday, November 1, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll. The minutes for the committee's October 18, 2022 meeting were approved.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Ken Upchurch, Co-Chair; Senators Johnnie Turner, Phillip Wheeler, Mike Wilson, and Max Wise; Representatives Josh Branscum, Kevin D. Bratcher, Randy Bridges, Ken Fleming, David Hale, Samara Heavrin, Thomas Huff, Bobby McCool, Shawn McPherson, Charles Miller, Ruth Ann Palumbo, Sal Santoro, Tom Smith, Cheryl Lynn Stevenson, Ashley Tackett Laferty, Walker Thomas, and Susan Westrom.

Guests: Heather Stout, Executive Director, Office of Information Technology, Kentucky Transportation Cabinet (KYTC); Matt Cole, Commissioner Department of Vehicle Regulation, KYTC; John Eiler, KAVIS Project Manager, Office of Information Technology, KYTC; Godwin Onodu, Director Motor Vehicle Licensing, Department of Vehicle Regulation, KYTC; Staci Timol, Transportation Engineer Specialist, KYTC; Representative James Tipton, District 53; Representative John Blanton, District 92, and Jason Siwula, Deputy State Highway Engineer, KYTC

LRC Staff: John Snyder, Dana Fugazzi, Ashley Nash, and Christina Williams.

Recognition of Retiring Members

Chairman Jimmy Higdon and Co-Chair Ken Upchurch recognized Senator Paul Hornback, and Representatives Regina Huff, Sal Santoro, and Susan Westrom who are retiring from the General Assembly, and thanked them for their service.

KYTC Update on the Implementation of the Kentucky Automated Vehicle Information System (KAVIS)

Heather Stout, Executive Director, Office of Information Technology, KYTC, and John Eiler, KAVIS Project Manager, Office of Information Technology, KYTC, updated the committee on the implementation of the Kentucky Automated Vehicle Information System (KAVIS). Mr. Eiler stated seven of the eight key modules of the program have been implemented, and work is currently in progress on the all vehicles module with a target implementation date of summer 2023.

The full KAVIS implementation was originally set for January of 2023, but was shifted to summer 2023 due to staffing issues. The summer 2023 implementation date assumes there is limited impact on functionality added at a later date, the current scope

can be maintained, and the talent positions remain at current levels. The current budgeted allocation for the KAVIS project is just under \$20 million. Total currently spent on the program is just under \$19 million, leaving a remaining budget of approximately \$1 million.

In response to a question by Chairman Higdon, Ms. Stout stated the process of special license plate acquisition is simplified in KAVIS. Godwin Onodu, Director Motor Vehicle Licensing, Department of Vehicle Regulation, KYTC stated the 2,500 signature requirement needed for an organization to qualify in the past is no longer required. In order to have specialty license plates produced, a 501-C organization must qualify and once the plates are produced, a threshold of 500 plates must be maintained. Previously the cost of one specialized plate was approximately \$50,000, now with the KAVIS system, it is estimated that the cost will be approximately \$2,500 or less.

In response to a question asked by Chairman Higdon, Ms. Stout stated that when KAVIS is implemented it will be integrated with the current insurance reporting system, and the KYTC will explore shifting to a more real-time solution. This project may involve the assistance of a third-party service provider to improve the overall process.

KYTC Regulation of Junkyards/Auto Recyclers

Staci Timol, Transportation Engineer Specialist, KYTC, spoke to the committee on KYTC's regulation of junkyards/auto recyclers. Ms. Timol stated KYTC would like to change the definition of the word "road" in KRS 177.905, to mean any highway designated as part of the National Highway System, which includes the Interstate Highway System, and other major highways. This change would limit the number of recyclers regulated by the KYTC and align with minimum federal standards for state jurisdictions over recyclers.

In response to a question asked by Chairman Higdon concerning what effect changing the definition would have on recyclers not on the National Highway System, Ms. Timol stated these recyclers would come under local jurisdiction. She added currently there are some local jurisdictions who already have ordinances on recyclers that are stricter than KYTC's, but their recommendation would be for municipalities to implement standards similar to what is in the law today.

In response to a question asked by Senator Wheeler, Ms. Timol stated with the current law, KYTC has jurisdiction over any recycler that is within a certain distance of a roadway, and if it can be seen from the roadway.

Representative Huff voiced his concern that if this change were made and it was left up to local jurisdictions, they could enforce their own policy, such as a public nuisance policy, and possibly put auto recyclers out of business. Ms. Timol stated some jurisdictions already have ordinances that are stricter than KYTC's, therefore that is already a possibility.

In response to Representative Smith, Ms. Timol stated KYTC would continue to pursue any recycler that encroached on the cabinet's right-of-way, however if the issue is on their property, it would be addressed by local jurisdiction. She added that

KYTC current statutes have requirements and they would recommend that the local jurisdictions follow the screening requirements that are currently in place. Ms. Timol believes the penalties will be issued by local jurisdictions for all junkyards with the exception of those located on the National Highway System.

In response to a question asked by Senator Turner, Ms. Timol stated she will provide a map of the National Highway System.

Chairman Higdon stated as any potential legislation is developed, the Kentucky Association of Counties (KACo) and the Kentucky League of Cities will be consulted.

Review of 23 RS Bill Request (BR) 22 – Hands Free Operation of a Device in a Motor Vehicle

Representative James Tipton, District 53 gave a brief overview of his proposed BR 22 for the 2023 Regular Session, which would expand Kentucky's current distracted driving law to keep pace with technology and the broadened range of electronic communication platforms. The proposal expands the term "personal communication device" to include computer, tablets, laptops, telephones, or any substantially similar wireless device that is used to initiate or receive communication, information, or data. It defines a "stand-alone electronic device" as a portable device other than a personal communication device that stores audio or video data files to be retrieved on demand by a user. It also defines "operating a motor vehicle" to include when the motor vehicle is temporarily stationary because of traffic, but does not include circumstances when the vehicle has pulled over to the side of the roadway. It prohibits the hand-held use of a device and the use of an electronic device to stream, record, or broadcast video. It also allows the pressing of a single button to activate, deactivate, or initiate a feature or function of a device.

The bill also establishes that persons under 18 years old shall not use a personal communication device or stand-alone electronic device in any manner except for emergency purposes. Courtesy warnings will be issued for violations occurring prior to January 1, 2024, and fines are set at \$50 to \$100 for a first or second offense, \$100 to \$199 for a third or subsequent offense, or if there is an accident, and \$200 to \$250 for violations occurring in work zones or school zones.

In response to a series of questions asked by Senator Turner, Representative Tipton stated a phone call could be answered with the touch of one button. He added that his proposed bill states that a person cannot hold the phone with their hand, or support the phone with any part of their body. The bill does allow for a touch to activate a function on the device; the bill does not affect CB radios; and other actions that could cause distraction would be considered reckless driving and would be addressed in current reckless driving laws. He also stated he is open to input any member might have and looks forward to conversation if the legislation moves forward.

In response to a question asked by Senator Wilson, Representative Tipton stated he is not familiar with the penalties Tennessee imposes for violation of their hands-free legislation; however, he is open to studying what surrounding states who have similar

legislation impose as penalties.

In response to a question asked by Representative McCool, Representative Tipton stated he did not have data that illustrates a reduction in accidents or a reduction in insurance costs in other states because of hands-free legislation. He added he will try to have that information available as the 2023 Session of the General Assembly gets underway.

In response to a question asked by Representative McPherson, Representative Tipton stated the bill only impacts someone who is operating a motor vehicle, and not passengers.

In response to a question asked by Representative Huff, Representative Tipton stated there is no specific law banning the viewing of a movie or television show while driving, however, if law enforcement spotted someone driving recklessly due to watching a movie or show while driving, they could be penalized under the specifics stated in reckless driving laws.

Discussion of Automated Enforcement of Traffic Laws in Highway Work Zones

Representative John Blanton, District 92, and Jason Siwula, Deputy State Highway Engineer, KYTC, discussed automated enforcement of traffic laws in highway work zones. Representative Blanton stated in 2021 in Kentucky there were 1,247 crashes within work zones, resulting in 299 injuries and seven fatalities in those work zones. In 2020, there were 905 crashes in work zones, with 228 injuries and six fatalities. Thus far in 2022, there have been 860 crashes, 226 injuries and five fatalities in work zones. Representative Blanton shared the story of Jared Helton, who was hit and killed by a tractor trailer as he was working on a road project. He reiterated that many of these work zone accidents occur between a vehicle and a human, and workers should be provided with safety while they are in work zones.

Representative Blanton stated in the last two sessions, he introduced legislation that would allow for KYTC to enact a pilot project using automated speed enforcement in selected work zones across the Commonwealth. Nationwide, states have enacted these programs and there have been a reduction in fatalities and injuries in the work zones. He feels workers are owed the safest possible work environment.

The automated system has cameras that would take a photograph with the speed the vehicle is traveling, that is then mailed to the vehicle's registered owner with attached civil fines of \$75 for the first offense, and \$125 for subsequent offenses. Revenue received from the fines will be used to provide for other highway safety programs in work zones. Representative Blanton stated a process would be in place for anyone wishing to appeal the recorded violation. He added if the vehicle owner can prove it was not them driving, they must provide the name of the person who was driving the vehicle.

Representative Blanton referenced a letter provided in meeting materials from the Kentucky Association of Highway Contractors in support of the legislation. Representative Blanton stated he is willing to work with members with suggestions on the legislation.

In response to a question asked by Chairman Higdon, Representative Blanton stated the equipment

purchase, as well as the monitoring of the recorded material, would be through KYTC.

In response to a question asked by Chairman Higdon, Mr. Siwula stated there has been an increase in accidents and that could be due to increased speeds and distractions.

In response to a question asked by Chairman Higdon, Representative Blanton stated the current language does not specify that there must be workers present in the work zone for the enforcement to take place. He added he is willing to work with anyone on language of the bill if need be.

In response to a question asked by Representative Bratcher, Representative Blanton stated the information of the violator would be sent to KYTC, who would then issue a fine and once it is resolved there would be no reason for the retention of the license plate image. Representative Blanton stated the goal is not to punish people, but protect people.

In response to a question asked by Representative Hale, Representative Blanton stated the cameras would be placed in the work zone on a device designed for the cameras to capture vehicles as they pass through.

Representative Huff stated he is not opposed to the legislation, but added the next step would be to place cameras on all roads to halt speeding in all areas, and he hoped the records are better kept than the records from toll bridges as he has seen mistakes in the record keeping for them.

In response to a question asked by Senator Wheeler, Representative Blanton stated without the legislation being passed, they have not investigated if KYTC would be purchasing and placing the systems on the roads themselves, or if this would be done through a third-party vendor. Mr. Siwula added the proposed legislation is for a pilot project, therefore the goal is to see what is available and how this process would work best.

Representative Blanton stated the penalty is a civil fine and there would not be points placed on someone's license as a penalty.

In response to a question asked by Representative Smith, Mr. Siwula stated the National Conference of State Legislators has looked at the different legislative frameworks that these systems have been implemented through. He added the goal is to provide notice even beyond signs that this type of system is in place and operating so that it is explicitly known ahead of time that drivers will come in contact with these devices.

With no further business to come before the committee, Chairman Higdon adjourned at 2:19 P.M.

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

Minutes of the 5th Meeting of the 2022 Interim

October 26, 2022

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on

Veterans, Military Affairs, and Public Protection was held on Wednesday, October 26, 2022, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Jimmy Higdon, Dennis Parrett, Wil Schroder, Whitney Westerfield, Mike Wilson, and David Yates; Representatives John Blanton, Kevin D. Bratcher, Myron Dossett, Chris Freeland, Chris Fugate, Al Gentry, Jim Gooch Jr., Mark Hart, Matthew Koch, Scott Lewis, Bobby McCool, Scott Sharp, Pamela Stevenson, Ashley Tackett Laferty, Bill Wesley, and Buddy Wheatley.

Guests: Colonel Lance O'Bryan, Garrison Commander, U.S. Army Fort Knox; Brigadier General (Ret.) Jim Iacocca, President and CEO, Knox Regional Development Alliance; Colonel Andrew Jordan, Garrison Commander, U.S. Army Fort Campbell; Kelli Pendleton, President and CEO, Campbell Strong Defense Alliance; Brigadier General (Ret.) Steve Bullard, Executive Director, Kentucky Commission on Military Affairs; Kyle Hurwitz, Director, University of Louisville Center for Military-Connected Students; Eric Sherman, Southeast Regional State Liaison, Department of Defense; Captain Ryan Hogsten, Rescue Company 1, Lexington Fire Department; and Lieutenant Doug Hargreaves, Executive Officer of Special Operations, Lexington Fire Department.

LRC Staff: Mark Mitchell, Jessica Zeh, and Logan Schaaf.

The September 28, 2022, meeting minutes were approved.

U.S. Army Fort Knox

Brigadier General (Ret.) Jim Iacocca, President and CEO of Knox Regional Development Alliance, and Colonel Lance O'Bryan, Garrison Commander, Fort Knox, provided updates on the activities and future plans of Fort Knox and the Knox Regional Development Alliance.

General Iacocca said the Knox Regional Development Alliance (KRDA) was born out of the CORE Committee, which was created by community leaders to recognize the importance of Fort Knox. In 2017, the KRDA was established. They are managed by a 28 person board, consisting of both ex officio members and members selected through a nomination process. Their first objective is to protect the existing missions and advocate for new ones at Fort Knox. KRDA also helps defense contractors establish connections with the Army, but they do not advocate for them.

KRDA creates opportunities and connections for soldiers and families. They created the first military spouse employment initiative. Working with Elizabethtown Community and Technical College, they started a coding academy to teach computer skills at the installation. They also market Fort Knox's potential at the political level.

General Iacocca highlighted Fort Knox's regional impact, including the \$2.8 billion it injects into the economy, its \$956 million annual payroll, the 22,000

jobs on the installation, and the 13,000 jobs supported off the installation.

General Iacocca listed some of Fort Knox's other positive qualities and provided policy recommendations. The Department of Defense released studies on the potential impact of climate change on military installations and determined that Fort Knox is not impacted. There are no environmental restrictions on training. Housing costs have become an important issue, as many soldiers and their families are priced out of homes in the area. General Iacocca concluded by recommending the repeal of the vehicle sales tax for soldiers who purchased a car in another state and were relocated to Kentucky, and the repeal of the retirement pay income tax as a way to convince potential community leaders to stay near Fort Knox after retirement.

Colonel O'Bryan noted that Fort Knox is home to nine General Officer commands, the most per capita of any installation. They have missions worldwide. Colonel O'Bryan explained Fort Knox's motto, "Strength Starts Here." As the home of the U.S. Army Recruiting Command, they train and validate all recruiters. U.S. Army Cadet Command, the largest organization producing newly commissioned Second Lieutenants every year, is also based in Fort Knox. Human Resources Command manages a soldier's career from start to end, and the Command Assessment Program helps determine an officer's strategic leadership potential. Fort Knox is also home to unique ranges, including the 360-degree live fire range on the Salt River and the Digital Air Ground Integration Range (DAGIR).

Colonel O'Bryan emphasized the multifunctional nature of Fort Knox and its potential for future growth. It is the Army's first energy secure and energy independent installation. They also have multiple Intergovernmental Support Agreements with Hardin County and Elizabethtown. Fort Knox's improved Muldraugh Water Treatment Plant recently came online, and Hardin County's investment in water infrastructure is crucial to its success. Colonel O'Bryan concluded by highlighting the continuing efforts to improve childcare services for military families.

Responding to a question from Representative Bratcher, General Iacocca and Colonel O'Bryan said that the retirement income tax factors into the retirement plans for service members at Fort Knox.

Responding to a question from Senator Parrett, General Iacocca and Colonel O'Bryan said that there is an ongoing study of nurse pay at Fort Knox.

U.S. Army Fort Campbell

Colonel Andrew Jordan, Garrison Commander, and Kelli Pendleton, President and CEO of the Campbell Strong Defense Alliance, delivered presentations on Fort Campbell. Colonel Jordan highlighted Fort Campbell's importance for national security. It is home to some of the most deployed units of the U.S. Army. Within days of the September 11, 2001, attacks, units from Fort Campbell were deployed to Afghanistan, and the 101st Airborne Division has participated in every operation since its formation in 1942. Members of the 101st Airborne Division are in Europe, helping to support allies and

deter aggression.

Fort Campbell has one of the country's largest airfields, and they also use roads, rail, and barge facilities. The active duty population is approximately 28,000, with 20,000 belonging to the 101st Airborne Division. There are approximately 52,000 family members and 6,000 civilians. The total supported population of Fort Campbell is almost 250,000 people, and the total economic impact is \$10.1 billion.

Colonel Jordan said that about 31 percent of the soldiers who leave the service from Fort Campbell decide to keep living in the region, seven points higher than the Army average. Another 20 percent are flexible on where they decide to stay, and favorable policies from Kentucky could help persuade them to stay in the Commonwealth. Colonel Jordan invited the members of the committee to visit, observe their spouse employment program, and provide guidance for how Fort Campbell might partner with organizations like the Kentucky Department of Labor. Colonel Jordan also spoke about Fort Campbell's efforts to increase private housing for soldiers, as well as their efforts to renovate barracks.

Kelli Pendleton emphasized Fort Campbell's role as the largest employer in Kentucky. She also listed Campbell Strong Defense Alliance's objectives, including support for existing units and missions, advocating for modernization, development and improvement of the installation, attracting defense related companies to the region, improving post-private partnerships, and supporting employment and transition services and workforce partnerships.

Ms. Pendleton praised the VMAPP Committee's work on the resolution passed in the 2021 Regular Session supporting Fort Campbell's Future Vertical Lift helicopter program. She also listed potential opportunities for Kentucky coming from the installation, including additions to the workforce and population growth. To increase the attractiveness of Kentucky for soldiers leaving Fort Campbell, Ms. Pendleton recommended repeal of the state income tax for military retirees, improvement in education, increased housing availability, and expanded workforce opportunities.

Responding to a question from Representative Hart, Ms. Pendleton said that there have been some issues at the federal level related to military housing that have affected Fort Campbell, but they are being addressed now.

Responding to a question from Senator Westerfield, Ms. Pendleton highlighted Fort Campbell's messaging efforts around the reduction in income tax resulting from the passage of House Bill 8 during the 2022 Regular Session. Colonel Jordan praised the efforts of Campbell Strong Defense Alliance to educate service members on retirement.

Responding to a question from Senator Higdon, Ms. Pendleton said that housing is now the top issue for military families. Schools and employment for military spouses are also issues of high importance. Colonel Jordan said that Fort Campbell has been working with Christian County schools to improve education for military dependents.

Kentucky Commission on Military Affairs

Brigadier General (Ret.) Steve Bullard, Executive

Director of the Kentucky Commission on Military Affairs (KCMA), Kyle Hurwitz, Director of the University of Louisville (UofL) Center for Military-Connected Students, and Eric Sherman, Southeast Regional State Liaison for the Department of Defense, spoke about the work of their organizations.

General Bullard highlighted the introduction of the Military Child Care in Your Neighborhood-Plus, a new program that will be introduced within Kentucky during December. It will provide up to a \$1,500 stipend to assist military families with childcare costs. He also covered KCMA's legislative agenda for the upcoming regular session, including passage of the real estate disclosure requirement relating to base activities for properties near Fort Knox and Fort Campbell.

Mr. Hurwitz spoke about the work of UofL's Center for Military-Connected Students. Military-Connected refers to veterans, active-duty service members, reserve members, National Guard members, dependents, and Reserve Officer Training Corps Cadets. UofL earned a Military Friendly Gold designation and a Military Friendly Spouse designation for 2022-2023, and earned recognition from Military Times as a Best for Vets College for 2022.

Many military-connected people choose UofL for its high ranking degree programs, special tuition rate, waived application fees, priority course registration, Salute to Service program, and Student Veterans Association chapter. The Center for Military-Connected Students was created in 2022. A renovation of Brodschi Hall, thanks to a \$600,000 appropriation by the General Assembly, is scheduled to start in January of 2023 and will host military-connected students by July of 2023.

Mr. Sherman praised the Emergency Medical Services Compact, which will ease licensure requirements for military spouses and help them gain employment.

Responding to a question from Senator Higdon, General Bullard praised efforts to get Kentucky to join a cosmetology licensure interstate compact, which would also benefit military spouses.

Kentucky Urban Search and Rescue Initiative

Representative Mark Hart, House District 78, Representative Buddy Wheatley, House District 65, Captain Ryan Hogsten, Rescue Company 1, Lexington Fire Department, and Lieutenant Doug Hargreaves, Executive Officer of Special Operations, Lexington Fire Department, spoke about the benefits of an urban search and rescue (USAR) team for Kentucky. USAR is a type of rescue operation that can locate, extricate, and provide initial medical stabilization of victims trapped in both urban and rural areas. Once described as a team mainly used for structural collapses due to natural disaster, war, terrorism, or accidents, today they are used to respond to all types of disasters.

Since 2010, approximately 180 firefighters have received USAR certification, but there is not yet a Kentucky-based team. If Kentucky created a USAR team, it would define a mission statement, develop an accredited program that would be a stand-alone division under the umbrella of a larger entity, and develop accredited response teams strategically

placed throughout the state. The estimated costs of a USAR program for Kentucky are \$12.9 million in the first year, \$13 million in the second year, \$3.1 million in the third, and \$3 million in years four through ten.

Captain Hogsten and Lieutenant Hargreaves covered three hypothetical scenarios and how a USAR team would respond to them.

With no further business before the committee, the meeting was adjourned at 12:00 PM. The next meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection will be Wednesday, November 16, 2022 at 10:00 AM.

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

Minutes of the 6th Meeting

of the 2022 Interim

November 16, 2022

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Wednesday, November 16, 2022, at 10:00 AM, in Room 154 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 Walker Thomas, Co-Chair; Senators Alice Forgy Kerr, Mike Wilson, and David Yates; Representatives John Blanton, Kevin D. Bratcher, Jim DuPlessis, Chris Fugate, Al Gentry, Jim Gooch Jr., Mark Hart, Matthew Koch, Scott Lewis, C. Ed Massey, Bobby McCool, Patti Minter, Scott Sharp, Ashley Tackett Laferty, and Bill Wesley.

Guests: Colonel (Ret.) Larry Arnett, Legislative Officer, Joint Executive Council of Veterans Organizations; Lieutenant Colonel (Ret.) Whitney Allen, Commissioner, Kentucky Department of Veterans Affairs (KDVA); Major (Ret.) Dwayne Edwards, Chief of Staff, KDVA; Dr. Silas Session, Executive Director for Veterans Services, KDVA; Kyle Hoylman, Chair, Kentucky Board of Radon Safety; Shannon Baker, Advocacy Director, American Lung Association in Kentucky; Lindi Campbell, Kentucky Patient Advocate; Ryan Underwood, Government Affairs, DC Elevator; Brian Crispin, Service Apprentice and Veteran, DC Elevator; and Ronnie Bentley, Vice President of Service Operations, DC Elevator.

LRC Staff: Jessica Zeh, Mark Mitchell, and Logan Schaaf.

On a motion by Representative Koch, seconded by Representative Sharp, the October 26, 2022, meeting minutes were approved.

Co-Chairs Meredith and Thomas recognized the committee members who are retiring or leaving the legislature after the 2022 Interim, and thanked them for their contributions.

Representatives Tackett Laferty and Blanton spoke about recent tragedies in their districts and asked for the thoughts and prayers of the committee members.

Joint Executive Council of Veterans Organizations

Colonel (Ret.) Larry Arnett, Legislative Officer, Joint Executive Council of Veterans Organizations (JECVO), highlighted some of JECVO's recent work and outlined their legislative priorities for the 2023 Regular Session. Mr. Arnett praised the work of the General Assembly during the 2022 Regular Session in addressing nursing shortages in Kentucky veteran centers and staffing shortages at veteran cemeteries, and providing a strong budget for the Kentucky Department of Veterans Affairs (KDVA). Mr. Arnett said that he would have liked to have seen the reauthorization of tax exemptions for properties owned by veterans service organizations.

Mr. Arnett said that one of JECVO's top priorities is veteran suicide prevention and the expansion of hyperbaric oxygen therapy to treat traumatic injuries suffered by veterans. Another top priority is increasing staff at veteran nursing homes. Finally, Mr. Arnett expressed JECVO's desire to see a ban on "gray machines" in gambling, which pull revenue away from veteran posts.

Representative Blanton expressed support for privatization of some veteran nursing homes, to potentially open the opportunity for another nursing home in Eastern Kentucky.

Responding to a question from Representative Sharp, Mr. Arnett said that the normal cost for hyperbaric oxygen therapy is \$40,000 per person, which includes 40 dives in a chamber, but it depends on the significance of each veteran's injuries.

Responding to a comment from Representative Koch, Mr. Arnett thanked Representative Koch for his work on behalf of veterans service organizations.

Kentucky Department of Veterans Affairs

Lieutenant Colonel (Ret.) Whitney Allen, Commissioner, Kentucky Department of Veterans Affairs (KDVA); Major (Ret.) Dwayne Edwards, Chief of Staff, KDVA; and Dr. Silas Session, Executive Director for Veterans Services, KDVA, provided an overview of KDVA's legislative priorities for the 2023 Regular Session.

Commissioner Allen said that he would like to see the removal of the state residency requirement for veteran cemeteries. He also expressed support for reforming licensing and certification requirements for military spouses exploring careers.

Responding to a question from Co-Chair Meredith, Commissioner Allen said that the removal of cemetery residency requirements should not greatly increase the requests for burial in Kentucky.

Responding to a question from Senator Yates, Commissioner Allen said that other states have already removed their residency requirements for veteran cemeteries.

Responding to a question from Representative Tackett Laferty, Commissioner Allen said that he would like to further discuss potential KDVA support for Disabled American Veterans organizations.

Responding to a question from Representative DuPlessis, Commissioner Allen emphasized the impact of the nationwide shortage of nurses on the occupancy capacity of the veteran nursing homes.

Responding to a question from Senator Wilson, Commissioner Allen said that if the residency

requirement for cemeteries is not removed, Kentucky would need to pay the cemetery costs that are normally covered by the federal government.

Responding to a question from Representative Koch, Commissioner Allen clarified the meaning of a paragraph in one of the KDVA handouts.

Radon-Induced Lung Cancer

Kyle Hoylman, Chair, Kentucky Board of Radon Safety; Shannon Baker, Advocacy Director, American Lung Association in Kentucky; and Lindi Campbell, a Kentucky Patient Advocate, delivered a presentation on the dangers of radon and radon-induced lung cancer. Radon is an invisible, naturally occurring, radioactive gas found in homes and buildings across the United States. It is the second leading cause of lung cancer and the leading cause of lung cancer among people who have never smoked.

Mr. Hoylman and Ms. Baker covered the health risks of radon and the ways humans encounter it. They also spoke about the importance of testing homes and offices, and mitigation measures. Ms. Campbell shared the story of her own battle with radon-induced lung cancer. She has never smoked, but after her diagnosis, she had her old bedroom at her parents' house tested for radon and found an extremely high level. Since her diagnosis, she has become a patient advocate and worked to raise awareness of the dangers of radon throughout Kentucky.

Responding to a question from Co-Chair Meredith, Mr. Hoylman estimated that 38.6 percent of all homes in the United States contain radon issues, and that the estimated 21,000 radon-induced lung cancer deaths per year is likely an undercount.

Responding to questions from Representative McCool, Ms. Baker said that a house does not need to have a basement to have radon issues. Mr. Hoylman estimated that there are 400 qualified radon inspectors in Kentucky and surrounding states. He also outlined the process for certification.

Responding to a question from Senator Kerr, Ms. Campbell described how she discovered she had lung cancer and how many of the other patients she has met discovered their lung cancer.

Temporary Elevator Mechanic Licenses

Ryan Underwood, Government Affairs, DC Elevator; Brian Crispin, Service Apprentice and Veteran, DC Elevator; and Ronnie Bentley, Vice President of Service Operations, DC Elevator, detailed their issues in obtaining elevator mechanic licenses for veterans. There is no exact equivalent for elevator training in the United States Armed Services, so veterans often face issues with certification, even if they have years of experience in the military working in a similar area. DC Elevator would like to see the language changed in statute to improve the certification process for veterans.

Responding to a question from Senator Yates, Mr. Crispin emphasized his background working as a helicopter mechanic and his on-the-job training at DC Elevator.

Responding to a question from Representative DuPlessis, the speakers discussed testing during apprenticeships and the steps to becoming a licensed elevator mechanic.

Consideration of Referred Administrative Regulations

The committee took no action on the referred administrative regulations:

106 KAR 002:031 Proposed- National Guard Adoption Benefit Program.

106 KAR 002:021 Proposed- Military Family Assistance Trust Fund.

106 KAR 001:371 Proposed- Rescue aid fund expenditure documentation.

106 KAR 001:341 Proposed- Rescue aid fund allocation.

106 KAR 001:291 Proposed- Specialized rescue squad alternative affiliation agreement process.

106 KAR 001:261 Proposed- Supplementary state fund emergency management training expense reimbursement eligibility list.

106 KAR 001:251 Proposed- Local emergency management personnel Workers' Compensation Enrollment Form.

106 KAR 001:241 Proposed- Local emergency management director appointment process.

106 KAR 001:231 Proposed- Local emergency management agency ordinance requirement.

106 KAR 001:221 Proposed- Local emergency management exercise.

106 KAR 001:211 Proposed- Local emergency management training.

106 KAR 001:201 Proposed- Local emergency management plan.

106 KAR 001:191 Proposed- Emergency management project application reimbursement.

106 KAR 001:181 Proposed- Emergency management project application.

106 KAR 001:171 Proposed- Local emergency management agency program quarterly report.

106 KAR 001:141 Proposed- Emergency management funding.

With no further business before the committee, the meeting was adjourned at 11:45 AM.

CHFS ORGANIZATIONAL STRUCTURE, OPERATIONS & ADMINISTRATION TF Minutes of the 5th Meeting

of the 2022 Interim
October 19, 2022

Call to Order and Roll Call

The 5th meeting of the CHFS Organizational Structure, Operations & Administration TF was held on Wednesday, October 19, 2022, at 3:00 PM, 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 David Meade, Co-Chair; Senators Ralph Alvarado and Karen Berg; Representatives Danny Bentley, Keturah Herron, and Kimberly Poore Moser.

Guests: Eric Friedlander, Secretary, Cabinet

for Health and Family Services; Wendy Morris, Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Stephanie Craycraft, Deputy Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Dr. Steven Stack, Department for Public Health, Cabinet for Health and Family Services; Melissa Goins, Division Director, Department for Family Resource Centers and Volunteer Services, Cabinet for Health and Family Services; and Joe Bringardner, Division Director, Serve Kentucky, Department for Family Resource Centers and Volunteer Services, Cabinet for Health and Family Services.

LRC Staff: Samir Nasir, Eric Rodenberg, and Mariah Derringer-Lackey.

Approval of the September 21, 2022, meeting minutes

With a motion from Representative Bentley, second from Senator Alvarado, the minutes from the September 21, 2022, meeting were adopted.

Kentucky's Department for Behavioral Health, Developmental and Intellectual Disabilities

Wendy Morris, Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities (DBHDID), Cabinet for Health and Family Services (CHFS); Stephanie Craycraft, Deputy Commissioner, DBHDID, CHFS; and Eric Friedlander, Secretary, CHFS provided a presentation and testimony on the department. Information was given regarding the vision and mission, responsibility and authority, collaborations, maps with the locations of hospitals and specialty clinics, organizational structure, budget and fund sources, list of competitive grants given to the department, and key priorities of the department. Within the department, there is the Division of Mental Health, Division of Substance Abuse Disorder, Division of Developmental and Intellectual Disabilities, and the Office of Autism. Each division was discussed with an overview of the responsibilities.

In response to questions from Senator Meredith, Commissioner Morris clarified the definition of behavioral health and how it is collective of both mental health and substance use disorders. The department addresses the behaviors of both. In regards to measures of success, Commissioner Morris mentioned things such as overdoses, recovery, sustainability, and employment. She discussed how some people with mental illness, self-medicate, so it is hard to distinguish between the two.

In response to comments from Senator Meredith, Commissioner Morris discussed the collaboration with the Department for Public Health.

In response to questions from Senator Alvarado, Commissioner Morris believed that DBHDID had the biggest role with substance abuse, not only in prevention and harm reduction, but in treatment. Currently, block grants and the opioid abatement funds go to the department. Deputy Commissioner Craycraft explained the partnership with the Office of Drug Control Policy. Secretary Friedlander provided a history when everything was under the Department

for Public Health, and the behavioral health side of the department was not receiving the attention it needed.

In response to questions from Senator Alvarado, Commissioner Morris explained how the department is involved with the waivers. The department does oversight of the providers, conducts in-home visits, and provides technical assistance. Discussion included the partnership with the Department for Medicaid. She clarified the department administers the programs on behalf of Medicaid. Medicaid is the payor and the department provides clinical oversight. In regards to regulations, DBHDID follows regulations set forth by Medicaid.

Secretary Friedlander provided some history regarding community mental health centers. Before someone could receive treatment for substance use, they had to receive a mental health diagnosis. Commissioner Morris provided an example of some hospitals having floors for people with co-occurring diagnoses.

In response to questions from Representative Bentley regarding the new autism center in Prestonsburg, Commissioner Morris clarified that the Office of Autism is attached administratively with the department.

In response to questions from Representative Bentley regarding 2022 Regular Session HB 349, Secretary Friedlander explained the history behind the community mental health centers and his thoughts on HB 349. He believes if the center would like to provide services outside the region, the center should be licensed as a behavioral health services organization.

In response to comments from Senator Meredith, Secretary Friedlander confirmed authority was given to the cabinet to create the regions and the regions follow the area development districts. Deputy Commissioner Craycraft provided information about the statute (KRS 210). Secretary Friedlander confirmed it would be helpful if the regulation would specifically state the counties in the regions.

In response to questions from Representative Moser, Secretary Friedlander spoke about community mental health boards. Commissioner Morris explained that groups came together and said they wanted to create a board, and then the board was approved by the secretary. Secretary Friedlander confirmed that the state has jurisdiction to make changes but it is usually a collaborative effort and dictated changes may be met with unwillingness.

In response to questions from Representative Moser, Commissioner Morris confirmed that the assisted outpatient treatment grants were to implement Tim's Law. The first year of the grant, the department returned funds and since then it has been looking to expand the regions to serve more people. Secretary Friedlander discussed Jefferson County and some concerns with lack of funding to cover expenses related to Tim's Law. The department is working with Substance Abuse and Mental Health Services Administration (SAMHSA) to get some expenses covered that might be outside of the grant. Deputy Commissioner Craycraft confirmed the department is in the third year of a four year grant.

In response to Representative Bentley, Commissioner Morris clarified the counties are listed

but it does not list what county belongs with each region.

In response to questions from Representative Meade, Secretary Friedlander confirmed that psychiatric hospitals were denying care to foster children. He went on to say children with developmental and intellectual disabilities and behavioral health issues are the hardest to place. The Department of Juvenile Justice has the same issues. Secretary Friedlander spoke about how the department is working to develop a short- and long-term solution for this issue. Commissioner Morris added that the state doesn't operate inpatient beds for children; beds are for adults 18 and older.

Kentucky's Department for Public Health

Dr. Steven Stack, Commissioner, Department for Public Health (DPH), Cabinet for Health and Family Services (CHFS); and Eric Friedlander, Secretary, CHFS, provided a presentation and discussion on the department's vision and mission, expenditures, personnel statistics, organizational structure, and collaborations. Within the department, there is the Commissioner's Office, Division of Maternal and Child health, Division of Women's Health, Division of Prevention and Quality Improvement, Division of Public Health Protection and Safety, Division of Epidemiology and Health Planning, Division of Laboratory Services, and Division of Administration and Financial Management. An overview of each division was given.

In response to a question from Senator Meredith, Dr. Stack explained how DPH works with the Department for Medicaid Services (DMS); and used the Health Access Nurturing Development Services (HANDS) program as a way to show the partnership.

Senator Meredith and Dr. Stack discussed managed care organizations and how they could possibly be reorganized within the Department for Public Health.

In response to Senator Berg, Dr. Stack did not have an answer for the gun violence in Kentucky. He believed there needed to be a safe space where people will have the hard discussions on what needs to happen. Dr. Stack did not know of any federal dollars with incentives for creating common sense gun legislation.

In response to questions from Representative Moser, Dr. Stack discussed how no one has figured out how to turn the tide on substance abuse because it is a multifactorial problem.

In response to questions from Senator Meredith, Dr. Stack testified about harm reduction initiatives. Harm reduction initiatives help prevent blood borne infections such as HIV, hepatitis, and bacterial endocarditis. Dr. Stack said harm reduction initiatives were not to promote drug use, but to help prevent other calamities from happening in addition to substance use.

In response to Senator Meredith, Dr. Stack talked about the new division of prevention and quality improvement. He did not believe that the MCOs were meeting a network adequacy standard of 90 percent or more.

Senator Meredith and Dr. Stack had a dialogue

about the process of making broad policy decisions that affect the whole population.

Kentucky's Department for Family Resource Centers and Volunteer Services

Melissa Goins, Division Director, Department for Family Resource Centers and Volunteer Services (DFRCVS), Cabinet for Health and Family Services; Joe Bringardner, Executive Director, Serve Kentucky, DFRCVS, CHFS; and Eric Friedlander, Secretary, CHFS; provided a presentation and testimony regarding the Department for Family Resource Centers and Volunteer Services.

Ms. Goins discussed the Family Resource and Youth Services Centers (FRYSC). Covered within the discussion was the budget, statistics, program development, and data collection of FRYSC.

Mr. Bringardner presented on the Serve Kentucky division of DFRCVS. The presentation contained an overview of Serve Kentucky, statistics, and goals of Serve Kentucky. A map showing the coverage area of Serve Kentucky was provided.

In response to Representative Meade, Ms. Goins believed the FRYSC division would do great work wherever placed. With part of the mission being about overcoming nonacademic and non-cognitive learning barriers, the expertise, services, and support for that reside in the Cabinet for Health and Family Services.

Senator Meredith made comments about looking at where the best fit for the programs are since there is an educational and workforce development connection to the department.

Secretary Friedlander explained how some speakers on the agenda (Commissioner Morris, Joe Bringardner, and Melissa Goins) were hired under the Governor Steve Beshear administration, served under Governor Bevin, and are still here.

Senator Meredith made comments relating to the task force and announced the next meeting on November 2, 2022. With no further business, the meeting adjourned at 5:08 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

October 27, 2022

Call to Order and Roll Call

The October meeting of the Capital Projects and Bond Oversight Committee was held on Thursday, October 27, 2022, at 2:00 PM, in Room 169 of the Capitol Annex. Senator Jason Howell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jason Howell, Co-Chair; Representative Chris Freeland, Co-Chair; Senators Rick Girdler and Robin L. Webb; Representatives Keturah Herron, Jason Petrie, and Walker Thomas.

Guests: Leslie Geoghegan, Chair, Louisville Arena Authority; Tom Liston, Finance Committee Chair, Louisville Arena Authority; Don Parkinson, Board Member, Louisville Arena Authority; Chip Sutherland, Managing Director, Baird; Meg Campbell,

Assistant Vice President of University Planning, Design, and Construction, University of Louisville; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Joe Sanderson, Division Director for Facilities Management, Department of Military Affairs, General Government Cabinet; Pat Grugin, Executive Director, Office of Support Services, Transportation Cabinet; Jennifer Linton, Executive Director, Office of Facility Development and Efficiency, Department for Facilities and Support Services, Finance and Administration Cabinet; Milward Dedman, Deputy Executive Director, Kentucky Infrastructure Authority; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Spring Emerson, and Liz Hardy.

Approval of Minutes

Representative Girdler moved to approve the September 29, 2022 meeting minutes. Co-Chair Freeland seconded the motion, and the committee approved without objection.

Information Items

Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts; the Finance and 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(9), the Administrative Office of the Courts and postsecondary institutions managing their own capital construction under KRS 164A.580 transmitted annual capital projects reports. Pursuant to KRS 45.812(1), seven school districts, none of which needed an additional tax levy to pay debt service, reported upcoming debt issues for new projects through their fiscal agents. The school districts were Bardstown Independent (Nelson County), Casey County, Fayette County, Ludlow Independent (Kenton County), Menifee County, Newport Independent (Campbell County), and Paris Independent (Bourbon County). Pursuant to KRS 45A.180(2), Western Kentucky University reported its intent to use the construction management-at-risk project delivery method for its Construct New Gordon Ford College of Business project authorized in House Bill 1. Pursuant to KRS 56.863(11), the Kentucky Asset/Liability Commission transmitted its semi-annual report through the Office of Financial Management. Pursuant to House Bill 1, Eastern Kentucky University and WKU reported their planned Postsecondary Education Asset Preservation Pool projects.

Louisville Arena Authority Prepayment Plan

Ms. Geoghegan submitted the Louisville Arena Authority's (LAA) alternative payment plan for the \$58.77 million in debt eligible to be retired, without payment of a premium, December 1 of this year. LAA's 2017 refinancing of its prior debt allowed it to meet its financial obligations, particularly debt service and capital improvements; thereby maintaining its investment grade rating during the pandemic. From

2018 through 2020, LAA's annual interest-only debt service, paid semiannually, was around \$17 million. Principal payments started December 1, 2021, which increased the annual debt service to approximately \$21 million.

Of the estimated \$59 million negative revenue impact from the pandemic, roughly \$35 million relates to the decrease in Tax Increment Financing (TIF) sales tax revenue (two years of actual losses plus estimated future losses through 2025). LAA received \$12.5 million in TIF sales tax revenue for tax year 2019, did not receive any TIF sales tax revenue for tax year 2020, and will only be receiving around \$4.8 million in TIF sales tax revenue for tax year 2021.

With the \$12 million of American Rescue Plan Act funding through House Bill 1 and the additional \$1.2 million from Metro Louisville, LAA's board has approved a \$30.9 million prepayment towards the \$58.77 million. This allows a \$25 million contingency, which would cover approximately one year of debt service if LAA encounters unforeseen circumstances, until TIF sales tax revenue have recovered. Using the \$30.9 million to prepay now versus the entire \$55.9 million balance of excess funds would impact the final payment date by a few months. Depending on the recovery and growth of the TIF sales tax base, LAA expects to prepay the remainder of the December 1 bond balance redeemable without payment of a premium, approximately \$27.9 million, over the next three years by 2025, the year it projects TIF sales tax revenue to recover.

Representative Thomas moved to approve LAA's alternate prepayment plan, Senator Girdler seconded the motion, and the committee approved by unanimous roll call vote.

Lease Report – University of Louisville

Ms. Campbell submitted a new lease for the Office of the Executive Vice President of Research and Innovation space in the 515 Building, donated to the university by Humana to consolidate the Health Equity Innovation Hub's operations.

Co-Chair Freeland moved to approve the lease, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Project Report – Finance and Administration Cabinet

Ms. Tomes submitted three new Department of Military Affairs (DMA) readiness center interior restoration projects (amended) and a fifteen percent Transportation Cabinet appropriation increase requiring action and reported two pool allocations requiring no action. Representative Thomas moved to roll them into one roll call vote, Co-Chair Freeland seconded the motion, and the committee approved without objection.

The first DMA project was the \$2.5 million Danville Readiness Center Interior Restoration. The committee originally approved the 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, at its July 2022 meeting. The amended project approval changes the allocation from fifty percent federal and fifty percent state funding to seventy-

five percent, \$1.875 million, federal and twenty-five percent, \$625,000, state funding. Of the \$625,000 in state funding, \$555,850 comes from the general funded portion of the Modernization Pool – National Guard and \$69,150 from DMA's 2020-2022 investment income maintenance pool. The renovation is 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.

The next two DMA projects were approved by the committee at its August 2021 meeting and among seven projects that DMA requested to be fully funded with military operations and maintenance master cooperative agreement federal funds under COVID guidelines. The Murray Readiness Center Interior Restoration did not fit within the federal annual allotment therefore, the amended project approval includes fifty percent state funding as well as a \$258,300 increase to \$2,208,300. Of the \$1,104,150 in state funding; \$1,041,219.50 comes from DMA's 2020-2022 investment income maintenance pool and \$62,930.50 from the general funded Armory Installation Facility Maintenance Pool. The renovation involves selective demolition (the communications, data, electrical, and mechanical systems will need to be disassembled also) and subsequent upgrades to the ceilings, doors, flooring, HVAC, latrines, lighting, and storage as well as installation of anti-terrorism force protection windows/storefront and lactation room. The project also converts the rifle range to a classroom, as well as a training/simulation devices room, to house a five-lane engagement skills simulator. The facility was constructed in 1985.

For the Jackson Readiness Center Interior Restoration, the amended project approval was \$2.466 million; a \$566,000 increase in the cooperative agreement federal funds from the original \$1.9 million due to the escalation in bid climate. The renovation includes selective demolition (the communications, data, electrical, and mechanical systems will need to be disassembled also) and subsequent upgrades to the ceilings, doors, flooring, and latrines, as well as, installation of blast protectant windows/storefront. The facility was constructed in 1984.

In response to a query, Mr. Sanderson said that there are no longer firing ranges in the armories due to lead contamination. The Wendell H. Ford Regional Training Center has ranges for National Guard training.

The fifteen percent (\$1.8 million) appropriation increase for the Transportation Cabinet, General Administration and Support, District 6 Office and Materials Lab road funded project in Kenton County, raised the project amount to \$13.8 million from the line-item amount of \$12 million in the Transportation appropriation bill (as amended by House Bill 490). The increase was due to higher than budgeted construction costs and, as required by KRS 45.760(6)(e), will be paid out of the KRS 45.247 Highway Construction Contingency account.

In response to Representative Petrie, Mr. Grugin said that they value engineered the project since

initiation and that there is a health and safety issue with the current facility.

Ms. Tomes said that capital project amounts in appropriations bills are estimates, that the District 6 project amount was based on the actual bid, and that there are cost escalations with the authorized capital projects. The Finance and Administration Cabinet pursues rebidding and/or reducing the project scope before requesting an appropriation increase. In response to Co-Chair Howell, Ms. Linton stated that agencies were finalizing their biennial budget requests in October 2021 and that nearly a year elapsed since the estimates and receipt of bids.

In response to Representative Petrie, Ms. Linton said that they work closely with their consultants for accurate estimates and ways to reduce scope while preserving the functionality of the buildings and ability to receive successful bids. Representative Petrie said that delays in initiating projects in the current construction environment with escalating project costs may invite more scrutiny about needs versus wants.

Representative Thomas moved to roll the three new DMA projects (amended) and KTYC appropriation increase into one roll call vote, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

The first pool allocation was for the Finance and Administration Cabinet, Department for Facilities and Support Services (DFSS), \$2,816,020 CHR Central Utility Plant Optimization project; a mechanical renovation, including controls, to the Cabinet for Human Resources's central utilities plant which serves the Cabinet for Human Resources Building, Health Services Building, Commonwealth Office of Technology, and the Jones Building, funded from DFSS's 2020-2022 and 2022-2024 bond-funded maintenance pools. The other was the Justice and Public Safety Cabinet, Department of Corrections, Adult Correctional Institutions \$2,406,500 Roederer Correctional Complex (RCC) Kitchen Drain Line Repair/Replacement project; repair/replacement of RCC's failing kitchen sewage system involving drain lines, kitchen floor, grease trap, lift station, and temporary kitchen, funded from the 2020-2022 bond-funded (\$391,500) and 2022-2024 general fund (\$2.015 million) maintenance pools.

In response to Senator Webb, Ms. Tomes said the kitchen sewage system was the only failing sewage system in the facility.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Mr. Dedman submitted an Infrastructure Revolving Fund (Fund B) Program loan and eleven Cleaner Water Program (CWP) grant reallocations. Senator Girdler moved to roll them into one roll call vote, Senator Webb seconded the motion, and the committee approved without objection.

The Bath County Water District (BCWD) requested a \$640,469 Fund B loan for its \$1,491,477 BCWD Improvements and Upgrades; several improvements and repairs to the water system's aging infrastructure including rehabilitation of six water tanks, construction of a new pump station, and upgrade of an existing pump station. The loan term is

twenty years with a one and a quarter percent interest rate. The eleven proposed CWP grant reallocations are from the county pool, one sewer and ten water projects.

Senator Girdler moved to approve the Fund B loan and eleven CWP grant reallocations, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Office of Financial Management - New and Previous Debt Issues

New Debt Issue

Mr. Barrow submitted a new Kentucky Housing Corporation (KHC) conduit debt issue; the Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Richwood Bend), Series 2022, \$10 million net proceeds with a \$19.8 million project cost for an 84-unit residential rental facility in Lexington. KHC conduit debt issues are applied towards the state's private activity volume cap for the tax-exemption and affect neither the Commonwealth's nor KHC's financials. Co-Chair Freeland moved to approve the new KHC conduit debt issue, Senator Webb seconded the motion, and committee approved by approved by unanimous roll call vote.

Previous Debt Issues

Mr. Barrow referenced the Municipal Market Data ten-year rate increases since January totaling over 200 basis points and reported three previous debt issues, which priced prior to recent rate increases. The first was a postsecondary general receipts debt issue, University of Kentucky (UK) General Receipts Bonds, 2022 Series B (\$67.825 million) and 2022 Taxable Series C (\$22.850 million); which financed UK's \$23.13 million fiscal year 2023 Postsecondary Education Asset Preservation Pool match and \$74 million of its reauthorized Facilities Renewal and Modernization pool. The competitively-sold transaction priced August 16 with a 3.40 percent true interest cost for the twenty-year Series B and a 3.48 percent true interest cost for the seven-year Series C. Janney Montgomery Scott (Series B) and PNC Capital Markets (Series C) were the purchasers. The second was a conduit debt issue; the Kentucky Economic Development Finance Authority (KEDFA) Healthcare Facilities Refunding Revenue Bonds, Series 2022, Carmel Manor, Inc. Project (The Carmelite System, Inc. Obligated Group Guaranty); which affected neither the Commonwealth's nor KEDFA's financials. The final was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Crossings at South Park), Series 2022; \$22 million net proceeds with a \$41.312 million project cost for a 192-unit residential rental facility in Louisville. The KEDFA and KHC transactions priced September 22.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Mr. Barrow submitted four school district debt issues with School Facilities Construction Commission (SFCC) participation. Senator Webb moved to roll them into one roll call vote, Co-Chair Freeland seconded the motion, and the committee

approved without objection. The SFCC debt issues totaled \$37.5 million for new projects; 93.4 percent, \$35 million, with locally supported debt service and 6.6 percent, \$2.5 million, with SFCC debt service participation.

The four school districts, none of which needed an additional tax levy to pay debt service, were Bardstown Independent (Nelson County), Bath County, Casey County, and Nelson County. Senator Webb moved to approve the SFCC debt issues, Co-Chair Freeland seconded the motion, and the committee approved by unanimous roll call vote.

Adjournment

The next meeting will be held Thursday, November 17, 2022 at 2:00 PM in Room 169 of the Capitol Annex. There being no further business, the meeting was adjourned at 2:48 PM.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the November Meeting

November 9, 2022

Call to Order and Roll Call

The November meeting of the Administrative Regulation Review Subcommittee was held on Wednesday, November 9, 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 Ralph Alvarado; Representatives Randy Bridges, Deanna Frazier Gordon, and Mary Lou Marzian.

Guests: Cassie Trueblood, Education Professional Standards Board; Jessica Beaubien, Kentucky Public Pensions Authority; Stephen Curley, Board of Physical Therapy; Mona Juett, Department of Tourism; Amy Barker, Department of Criminal Justice Training; Melvin Byne, Jon Johnson, Tony Youssefi, Office for Civil Rights and Small Business Development; Jon Johnson, Department of Highways; Todd Allen, Marty Park, Matt Ross, Department of Education; Lucretia Johnson, Oran McFarlan, Scott Wilhoit, Department of Workers' Claims; Abigail Gall, Department of Insurance; J.E.B. Pinney, Public Service Commission; Jonathan Scott, Office of Health Data and Analytics; Kara Daniel, Adam Mather, Office of Inspector General; Jonathan Scott, Department for Medicaid Services; Victoria Elridge, Marnie Mountjoy, Phyllis Sosa, Department for Aging and Independent Living; and Laura Begin, Amanda Bolton, and Todd Trapp, Department for Community Based Services.

LRC Staff: Stacy Auterson, Emily Caudill, Emily Harkenrider, Karen Howard, Carrie Nichols, and Christy Young.

Administrative Regulations Reviewed by this Subcommittee:

EDUCATION AND LABOR CABINET:

Education Professional Standards Board: Alternative Routes to Certification

016 KAR 009:110. Expedited route to certification. Cassie Trueblood, general counsel, 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 and Sections 1 through 10 to clarify various provisions and comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

A motion was made and seconded to approve the following amendments: to amend Section 3(1) to: require engagement with multiple student populations, including all of the listed populations represented in the student enrollment for the district where the candidate is completing the residency; and allow engagement opportunities to be offered outside of the district where the candidate is completing the residency. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Kentucky Retirement Systems: General Rules

105 KAR 001:415E. Reimbursement of hospital and medical insurance premiums for Medicare eligible retired members reemployed with a participating employer. Jessica Beaubien, policy specialist, represented the systems.

A motion was made and seconded to approve the following amendments: to amend Section 1(7) to clarify the definition for "MEM." Without objection, and with agreement of the agency, the amendments were approved.

105 KAR 001:415. Reimbursement of hospital and medical insurance premiums for Medicare eligible retired members reemployed with a participating employer.

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 through 4, 6, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A; to amend Section 7 and incorporated Form 6260 to clarify who qualifies as a dependent child; and to amend Section 1(7) to clarify the definition for "MEM." Without objection, and with agreement of the agency, the amendments were approved.

BOARDS AND COMMISSIONS: Board of Physical Therapy

201 KAR 022:053. Code of ethical standards and standards of practice for physical therapists and physical therapist assistants. Stephen Curley,

executive director, represented the board.

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 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.

**TOURISM, ARTS AND HERITAGE CABINET:
Department of Tourism**

300 KAR 001:021E. Process for the distribution of tourism recovery and investment funds appropriated by the General Assembly in the 2022 Regular Session from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021. Mona Juett, deputy commissioner, represented the department.

**JUSTICE AND PUBLIC SAFETY CABINET:
Department of Criminal Justice Training: General Training Provision**

503 KAR 003:130E. Online basic and in-service training. Amy Barker, assistant general counsel, represented the department.

In response to a question by Representative Frazier Gordon, Ms. Barker stated that she did not have the exact number of individuals expected to complete online training, but she would follow up with that information.

TRANSPORTATION CABINET:

Office for Civil Rights and Small Business Development: Office of Minority Affairs

600 KAR 004:010. Certification of disadvantaged business enterprises. Melvin Byne, executive director; Jon Johnson, assistant general counsel; and Tony Youssefi, staff assistant, represented the cabinet.

A motion was made and seconded to approve the following amendments: to amend Section 1 to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

Department of Highways: Traffic

603 KAR 005:350. Off-highway vehicles, safety, and routes.

In response to a question by Co-Chair West, Mr. Johnson stated that this administrative regulation was developed in response to 2021 legislation.

A motion was made and seconded to approve the following amendments: to amend Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

**EDUCATION AND WORKFORCE
DEVELOPMENT CABINET:
Department of Education: School Terms,
Attendance and Operation**

702 KAR 007:125. Pupil attendance. Todd Allen, general counsel; Dr. Marty Park, chief digital officer; and Matt Ross, policy advisor, represented the department.

In response to questions by Co-Chair Hale, Mr. Allen stated that, previous to this version of this administrative regulation, there were agreements between school districts of attendance and districts of residence for students who attended out-of-district. These agreements were primarily for the purpose of SEEK fund calculations. Sometimes, disputes arose regarding these agreements, and this administrative regulation formerly established provisions to address those disputes. House Bill 563 from the 2020 Regular Session of the General Assembly eliminated the need for these agreements; therefore, because there was no longer a need for provisions to address agreement disputes, this administrative regulation was being amended to delete those provisions.

A motion was made and seconded to approve the following amendments: to amend Sections 12 and 16 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

704 KAR 003:535. Full-time enrolled online, virtual, and remote learning programs.

In response to questions by Co-Chair West, Mr. Allen stated that, for a minority of students, virtual learning was a better option. After a pilot study, the department developed a program for students who chose virtual learning. The program was voluntary, and no student would be required to opt for virtual learning. Dr. Park stated that districts requested a high-quality program for virtual learning for students who were better suited to this learning environment. Students were better suited to a virtual learning environment for various reasons, including health, social, emotional, and mental health reasons. A very small percentage of students had requested this virtual option.

In response to a question by Co-Chair Hale, Dr. Park stated that, while the department did not have exact numbers of participating students, it was probably less than two percent.

In response to a question by Representative Bridges, Dr. Park stated that this virtual program was not classified as alternative education, which had other specific requirements.

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 through 4, 7, 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.

Office of Special Instructional Services

705 KAR 004:041. Work-based learning program standards.

A motion was made and seconded to approve the following amendments: to amend Section 1 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 025:089. Workers' Compensation medical fee schedule for physicians. Lucretia Johnson, deputy commissioner; Oran McFarlan, deputy general counsel; and Scott Wilhoit, commissioner, represented the department.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 3 through 5 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET:

Department of Insurance: Health Insurance Contracts

806 KAR 017:531. Repeal of 806 KAR 17:350. Abigail Gall, executive advisor, represented the department.

**ENERGY AND ENVIRONMENT CABINET:
Public Service Commission: Utilities**

807 KAR 005:001E. Rules of procedure. Jeb Pinney, executive advisor, represented the commission.

**CABINET FOR HEALTH AND FAMILY
SERVICES: Office of Health Data and Analytics:
Kentucky Health Benefit Exchange**

900 KAR 010:120. KHBE eligibility and enrollment in qualified health plan, SHOP, and SHOP formal resolution process. Jonathan Scott, regulatory and legislative advisor, represented the exchange.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1 through 3, 6, 7, 9, 11, and 13 to comply with the drafting and formatting requirements of KRS Chapter 13A; and to amend Section 5 to insert provisions concerning qualification for a Stand-Alone Dental Plan outside of the Qualified Health Plan enrollment period or a special enrollment period, as well as effective dates for those plans. Without objection, and with agreement of the agency, the amendments were approved.

Office of Inspector General: Telehealth

900 KAR 012:005. Telehealth terminology and requirements. Kara Daniel, deputy inspector general, and Adam Mather, inspector general, represented the office.

Department for Medicaid Services

907 KAR 001:008. Ambulatory surgical center services and reimbursement. Jonathan Scott, regulatory and legislative advisor, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 2 to: (a) clarify that bilateral procedures shall be reimbursed at 150 percent of the rate established by the administrative regulation instead of billed charges; (b) clarify that reimbursement for multiple endoscopy and multiple procedure discounting shall follow the Medicare rules as established by federal regulation and the federal processing manual; (c) clarify that reimbursement shall be limited to the lesser of billed charges or the amount established by the administrative regulation; (d) add federal cross references; and (e) include information on how to access the revised ASC fee schedule; to amend Section 3 to specify required forms; to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 2, 3, and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and to add a new Section 7 to incorporate by reference the required forms. Without objection, and with agreement of the agency, the amendments were approved.

Kentucky Children's Health Insurance Program

907 KAR 004:020. Kentucky Children's Health Insurance Program Medicaid Expansion Title XXI of the Social Security Act.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph 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.

907 KAR 004:030. Kentucky Children's Health Insurance Program Phase III Title XXI of the Social Security Act.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO 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.

Medicaid Eligibility

907 KAR 020:020. Income standards for Medicaid other than Modified Adjusted Gross Income (MAGI) standards or for former foster care individuals.

907 KAR 020:100. Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards.

Department for Aging and Independent Living: Aging Services

910 KAR 001:090. Personal care attendant program and assistance services. Victoria Elridge, commissioner; Marnie Mountjoy, division director; and Phyllis Sosa, regulation coordinator, represented the department.

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 through 4, 6 through 14, and 16 to comply with the drafting and for-matting requirements of KRS Chapter 13A; and to amend Sections 2 and 12 to clarify that reassessments shall be biennially, rather than annually, to align with KRS 205.905. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Family Support: Child Welfare

922 KAR 001:300. Standards for child-caring facilities. Laura Begin, regulation coordinator; Amanda Bolton, legislative and regulatory liaison; and Todd Trapp, division director, represented the department.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 3, and 4 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.

The following administrative regulations were deferred or removed from the November 9, 2022, subcommittee agenda:

STATE BOARD OF ELECTIONS: Electronic Voting Systems

031 KAR 002:030E. E-Poll book product certification.

PERSONNEL CABINET: Office of the Secretary

101 KAR 002:210E. 2023 Plan year handbook for the Public Employee Health Insurance Program.

FINANCE AND ADMINISTRATION CABINET: Kentucky Retirement Systems

105 KAR 1:451E. Quasi-governmental employer reports on independent contractors and leased employees.

KENTUCKY INFRASTRUCTURE AUTHORITY

200 KAR 017:111E. Guidelines for Kentucky Infrastructure Authority drinking water and

wastewater grant program.

200 KAR 017:111. Guidelines for Kentucky Infrastructure Authority drinking water and wastewater grant program.

BOARDS AND COMMISSIONS: Board of Pharmacy

201 KAR 002:380E. Board authorized protocols.

201 KAR 002:380. Board authorized protocols.

201 KAR 002:450. Unprofessional conduct of a pharmacy permit holder.

Board of Licensure for Long-Term Care Administrators

201 KAR 006:060. Fees.

Board of Dentistry

201 KAR 008:520. Fees and fines.

Real Estate Commission

201 KAR 011:121. Standards of professional conduct.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Department of Education: Office of Learning Programs Development

704 KAR 003:305. Minimum requirements for high school graduation.

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: Vital Statistics

901 KAR 005:120. Abortion reporting.

901 KAR 005:130. Certificate of abortion.

901 KAR 005:140. Permit to transport fetal remains.

Office of Inspector General: Health Services and Facilities

902 KAR 020:365. Kentucky abortion-inducing drug certification program and registration of qualified physicians.

Office of Inspector General

906 KAR 001:210. Health care services agencies.

Department for Medicaid Services

907 KAR 001:065. Payments for price-based nursing facility services.

907 KAR 001:082. Coverage provisions and requirements regarding rural health clinic services.

Department for Developmental Health, Developmental and Intellectual Disabilities: Substance Abuse

908 KAR 001:374. Licensure of nonhospital-based outpatient alcohol and other drug treatment entities.

Department for Community Based Services: K-TAP, Kentucky Works, Welfare to Work, State Supplementation

921 KAR 002:006. Technical requirements for the Kentucky Transitional Assistance Program (KTAP). Laura Begin, regulation coordinator; Amanda Bolton, legislative and regulatory liaison; and Todd Trapp, division director, represented the department.

In response to questions by Co-Chair Hale, Ms. Begin stated that this package of administrative regulations would both increase the number of individuals eligible and the amount each recipient may receive. This program was geared toward individuals transitioning between jobs. As an individual reached the established income threshold, that individual would no longer be eligible. Funding was federal. Recipient levels had consistently been decreasing, even during the coronavirus (COVID-19) pandemic. Recipient amounts had not been updated since the 1990s.

In response to questions by Representative Frazier Gordon, Ms. Begin stated that maintenance of effort costs for the program were approximately \$70 million. The department used relative caregiver payments to meet that maintenance of effort, and that amount was not expected to change as a result of this package of administrative regulations. Currently, there were approximately 10,000 participating families, consisting of approximately 3,000 adults and 17,000 children. Non-parental caregivers, such as grandparents caring for grandchildren, could be recipients. Mr. Trapp stated that able-bodied recipients in the benefit group were considered work eligible. Non-parental caregivers were not considered work eligible. The department would follow up with the number of individuals in the program who were work eligible. Representative Frazier Gordon stated that, while the program seemed important, she had concerns about the process of establishing policy through these administrative regulations.

In response to questions by Senator Alvarado, Mr. Begin stated that child support cooperation was a requirement for program eligibility. Individuals who were dealers in illegal substances were not eligible.

In response to questions by Co-Chair West, Mr.

Trapp stated that recipients who had been deemed work eligible had a monthly activity requirement, such as education, training, or job seeking, which must be met to maintain eligibility. Recipients received, as necessary, transportation and supportive services, such as work attire. Information about the program was available on the department's website. Ms. Begin stated that community partners, community action groups, and case managers directed individuals toward the program as appropriate. Work grants were fully consumed, with any small remaining amounts rolled to the next year.

In response to questions by Representative Bridges, Ms. Begin stated that costs for maintenance of effort would not increase. The calculations for increasing recipient amounts varied based on each program. Mr. Trapp stated that work requirements applied to all work-eligible recipients. Representative Bridges stated that he had concerns. He wanted to ensure that these requirements did not conflict with House Bill 7 from the 2022 Regular Session of the General Assembly. These were substantial increases, regardless of if these were state or federal funds. It seemed that the agency waited until the deadline to file administrative regulations set to expire, which created a transparency issue. These requirements seemed more appropriate for statutes. Ms. Begin stated that the department did not find a conflict with House Bill 7 from the 2022 Regular Session of the General Assembly. No public comments were received during the public comment process; however, the agency was open to further suggestions. The department believed that it had statutory authority for these administrative regulations. The timing of this administrative regulation coming before the subcommittee was related to KRS Chapter 13A process requirements. Representative Bridges stated that this was a good program, but he had ongoing concerns. Agencies should be more current with increases, rather than making such significant increases after thirty years.

In response to a question by Representative Frazier Gordon, Ms. Begin stated that these administrative regulations could go into effect in December or January, but that would be determined by the Co-Chairs of the Interim Joint Committee on Health, Welfare, and Family Services.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1, 3, 5, 13, 15, and 16 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 a question by Co-Chair Hale, Ms. Begin stated that the department would agree to defer 921 KAR 002:006, 002:016, 002:500, 002:510, and 002:520. Without objection, and with agreement of the agency, these administrative regulations were deferred to the December 2022 meeting of this subcommittee.

921 KAR 002:016. Standards of need and amount for the Kentucky Transitional Assistance Program

(KTAP).

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, 3, 5, 8, and 12 to comply with the drafting requirements of KRS Chapter 13A; and to amend Section 2(1)(d)2.a. to reinsert that the age range for the eligible child shall be 16 through 18 years of age. Without objection, and with agreement of the agency, the amendments were approved.

921 KAR 002:500. Family Assistance Short Term (FAST).

921 KAR 002:510. Relocation Assistance Program (RAP).

921 KAR 002:520. Work Incentive (WIN).

Child Welfare

922 KAR 001:290. Background checks for private child-caring or child-placing staff members.

922 KAR 001:350. Requirements for public child welfare agency foster parents, adoptive parents, and respite care providers.

The subcommittee adjourned at 2 p.m. The next meeting of this subcommittee was tentatively scheduled for December 13, 2022, at 1 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

October 18, 2022

Call to Order and Roll Call

A meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, October 18, 2022, at 3:00 p.m., in Room 131 of the Capitol Annex. Representative Brandon Reed, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Brandon Reed, Co-Chair; Senator Mike Wilson; Representatives Tina Bojanowski and Steve Riley.

Guests: Allison M. Stevens, Research Analyst, Office of Education Accountability (OEA); Sabrina J. Cummins, Research Analyst, OEA; and Dr. Bart Liguori, Research Division Manager, OEA.

LRC Staff: Lauren Busch, Legislative Analyst, and Maurya Allen, Committee Assistant.

Approval of Minutes – June 7, 2022

Due to lack of quorum, approval of minutes was tabled until the next meeting of the subcommittee.

OEA Report: A Review of School Funding Adequacy Studies

Present to review their research were Allison M. Stevens, Research Analyst, Office of Education Accountability (OEA); Sabrina J. Cummins, Research Analyst, OEA; and Dr. Bart Liguori, Research Division Manager, OEA.

Ms. Cummins presented the major conclusions of the OEA report, saying it was difficult to determine the cost of an adequate education in Kentucky based on the definition. Adequacy studies have limitations because education is never adequately funded, there are no prototypical schools, each state has different funding models, and many rely on insufficient research and assumptions. In a 2014 study, researchers suggested an additional \$2.44 billion was necessary for adequacy, but federal funds were omitted from that study. Inclusion of federal funds would reduce that recommendation to \$1.88 billion. According to The Adequacy and Fairness of State School Finance publication, Kentucky compares favorably to the national average, but still requires an additional \$4,000 per pupil to adequately fund the highest poverty districts.

Data for the report came from several sources including national literature and adequacy studies, the National Education Association, the National Center for Education Statistics, the US Census Bureau, the National Assessment of Educational Progress (NAEP) scores, EdBuild Model Policies for State Education Funding. All study sources supported the conclusion that significant additional funding is necessary to reach adequacy.

Ms. Cummins gave an overview of the strengths and weaknesses of the professional judgement model and the evidence-based model used in the funding adequacy studies evaluated for the report. Ms. Stevens reviewed funding adequacy and fairness in Kentucky compared to the nation based on statistics from the Education Law Center and the report “The Adequacy and Fairness of State School Finance” (2019). Kentucky was compared to similar states in the categories of spending and performance on NAEP reading and math tests. This illustrated that the spending on education was not directly correlated to better test performance.

OEA staff concerns were discussed, including problems with the current per pupil funding system, lack of supporting evidence in some adequacy studies, and cost comparison concerns. Evidence-based models were specifically found to be problematic for addressing the funding for at-risk students because it would not be possible to guarantee that increased funding would directly support the additional needs of at-risk students. Study authors also admitted that there is no evidence to support the recommendation that increased funding for initiatives such as the gifted and talented program would improve student outcomes.

Ms. Cummins gave an overview of the changes to school funding in Tennessee, Vermont, and Nevada based on their own review of school funding adequacy. She also gave an overview of the EdBuild model policies which recommends a per pupil funding model, such as the model used in Kentucky, and has three tiers of model policy ratings. She concluded the presentation by reiterating the major conclusions of

the OEA report. The full report is available online on the committee webpage and as an LRC publication on the LRC website.

In response to questions from Representative Bojanowski, Ms. Cummins said there were no recommendations from OEA at this time, the report was a review of adequacy studies. Representative Bojanowski said that her recommendations are to fund all-day kindergarten, universal preschool, school transportation, and switch from reliance on average daily attendance in the SEEK formula to average daily membership. She stressed the importance of designing equitable and adequate funding structures and putting the funding there to support those models.

Responding to questions from Senator Wilson, Ms. Cummins said teacher pensions were included in Kentucky based studies as well as those from some other states.

Adoption of the report was tabled until next meeting due to lack of quorum. Chair Reed also asked members to submit their suggestions for research topics for next year to Lauren Busch, lead analyst for the subcommittee, or to the co-chairs for discussion next month.

Adjournment

The next meeting of the subcommittee will be Tuesday, November 1, 2022. With no further business to come before the committee, the meeting adjourned at 3:45 p.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

November 9, 2022

Call to Order and Roll Call

The Government Contract Review Committee met on Wednesday, November 9, 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, and Adrienne Southworth; Representative Mark Hart.

Guests: Mary Elizabeth Bailey, Rosemary Holbrook, David Cook, Karen Wirth, Robin Kinney, Paul Czarapata, Lin Hillis, Wendy Fletcher, Bart Hardin, Barry Swanson, Angela Curry, Sally Molsberger, David Gormley, Keith Downs, Tracy Lovell, Hilarye Dailey, Jessica Hill, Aaron Jones, David Morris, Micki Ray, David Wichkersham, and Matthew Courtney.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Senator Meredith to approve minutes of the October 2022, meeting of the committee. Senator Douglas seconded the motion, which passed without objection.

AUGUST DEFERRED ITEM:

PERSONNEL - OFFICE OF THE SECRETARY

Korn Ferry (US), Inc., 2200002760. Mary Elizabeth Bailey and Rosemary Holbrook discussed the contract with the committee. A motion was made by Senator Southworth to disapprove the contract. Senator Meredith seconded the motion, which passed.

OCTOBER DEFERRED ITEMS:

DEPARTMENT OF EDUCATION

Buck Institute for Education, 2200004516. David Cook and Karen Wirth discussed the contract with the committee. No motion was made. Contract moves forward approved as reviewed.

DEPARTMENT OF EDUCATION

Ohio Valley Educational Cooperative, 2200001718; Ohio Valley Educational Cooperative, 2200002288. Robin Kinney and Karen Wirth discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Representative Hart seconded the motion which passed with Senator Douglas voting no.

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

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

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

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

A motion was made by Senator Meredith 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 Douglas seconded the motion, which passed without objection.

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT OF WORKERS' CLAIMS

Practical Actuarial Sol, Inc., 2300000378.

EASTERN KENTUCKY UNIVERSITY

Brandstetter Carroll, Inc., 1710-2023.

KENTUCKY FISH AND WILDLIFE RESOURCES

University of Kentucky Research Foundation, 2300000950.

KENTUCKY STATE UNIVERSITY

CBIZ Risk & Advisory Services, LLC, 23-011; Blue & Company, LLC, 23-012.

NORTHERN KENTUCKY UNIVERSITY

Luminaut, Inc., 2023-124.

UNIVERSITY OF KENTUCKY

Stengel-Hill Architecture, A231120; K. Norman Berry Associates, PLLC, A231140; Bureau Veritas Certification North America, Inc., K23-193; Lexington Equine Medical, K23-194; Born, LLC, K23-195; APAX Software Development, LLC, K23-197; T2 Design, K23-198.

UNIVERSITY OF LOUISVILLE

Barkley REI, LLC d/b/a Barkley, 23-067; Denise Fitzpatrick, 23-073; Willis Towers Watson US, LLC, 23-074.

WESTERN KENTUCKY UNIVERSITY

Intead Global & Local Academic Branding, 222341; Steven Weintraub, 222433.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF MEDICAL LICENSURE

Multi, 2200000053; Multi, 2200000053.

DEPARTMENT OF HIGHWAYS

Palmer Engineering Company, 1100001520; Stantec Consulting Services, Inc., 1200001543; GRW Engineers, Inc., 1400000072; Palmer Engineering Company, 1500001283; American Engineers, Inc., 1500002770; Aecom Technical Services, Inc., 1800000898; HMB Engineers, Inc., 2000000524; American Engineers, Inc., 2000000705; Aecom Technical Services, Inc., 2000000830; QK4, Inc., 2000000839; Integrated Engineering, 2100001141; Bacon Farmer Workman Engineering & Testing, Inc., 2100002278; QK4, Inc., 2100003401; HMB Engineers, Inc., 2100003402; Aecom Technical Services, Inc., 2100003403; Prime AE Group, Inc., 2100003405; Strand Associates, Inc., 2200001225; Leslie M. Haney & Albert W. Gross Partners, 2200001395; Bacon Farmer Workman Engineering & Testing, Inc., 2200001401.

FACILITIES & SUPPORT SERVICES

EOP Architects, PSC, 1500001370; Omni

Architects, 1900002613; Patrick D. Murphy Company, Inc., 2000000175; Tetra Tech, Inc., 2000001341; DLZ Kentucky, Inc., 2200000993; Omni Architects, 2300000392.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Multi, 23-CLD-001.

KENTUCKY FISH AND WILDLIFE RESOURCES

University of Kentucky, 2200003041.

MOREHEAD STATE UNIVERSITY

EOP Architects, 23-009.

NORTHERN KENTUCKY UNIVERSITY

Dinsmore and Shohl, LLP, 025-2024.

UNIVERSITY OF KENTUCKY

GBBN Architects, A211160; Staggs & Fisher Engineers, A211210; Lord, Aeck & Sargent, Inc., A221180.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Morehead State University, 2300001273; Morehead State University, 2300001274; Morehead State University, 2300001275; Morehead State University, 2300001276; Mountain Comprehensive Care Center, 2300001277; Pennyroyal Regional Mental Health Mental Retardation Board, 2300001278; Seven Counties Services, Inc., 2300001279.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Multi, 2300000039.

BOARD OF ELECTIONS

Hardin County Fiscal Court, 2300000738.

COUNCIL ON POSTSECONDARY EDUCATION

Kentucky Department of Education, 2300000921.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Commonwealth Center for Fathers and Families, Inc., 2300000936.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Owensboro Independent School District, 22000004813; Oldham County Fiscal Court, 23000000071; Mercer County Conservation District, 2300000391.

DEPARTMENT FOR LIBRARIES & ARCHIVES

Rowan County Public Library, 2300001136.

DEPARTMENT FOR LOCAL GOVERNMENT

City of Paris, 2300000360; Pulaski County Fiscal Court, 2300000626; Green County

Treasurer, 2300000734; Mclean County Fiscal Court, 2300000781; Nicholas County Fiscal Court, 2300001024; City of Winchester, 2300001041; Bracken County Fiscal Court, 2300001042; City of Danville, 2300001044; City of Drakesboro, 2300001051; City of Hopkinsville, 2300001054; Butler County Industrial Development Authority, 2300001058; Menifee County Fiscal Court, 2300001064; Union County Fiscal Court, 2300001068; Union County Fiscal Court, 2300001071; City of Richmond, 2300001105; Elliott County, 2300001106; City of Fort Mitchell, 2300001108; Hopkins County, 2300001115; Gateway Juvenile Diversion Project, Inc., 2300001116; City of Cumberland, 2300001118; Edmonton-Metcalf County Industrial Development Authority, 2300001125; City of Barbourville, 2300001126; Trigg County Fiscal Court, 2300001128; City of Ashland, 2300001132; Monroe County Fiscal Court, 2300001143; Mclean County Fiscal Court, 2300001145; Henderson County Fiscal Court, 2300001172; City of Beaver Dam, 2300001174; Lincoln County Fiscal Court, 2300001185; Franklin-Simpson Industrial, 2300001195; Hancock County Fiscal Court, 2300001207; Princeton-Caldwell County Industrial Development Authority, 2300001220; Leslie County, 2300001222; City of Scottsville, 2300001223; Knott County Fiscal Court, 2300001232; Monroe County Fiscal Court, 2300001234.

DEPARTMENT FOR PUBLIC HEALTH

Lexington Community Radio, 2300000943.

DEPARTMENT OF AGRICULTURE

Multi, 2300000037; University of Kentucky Research Foundation, 2300000956; Feeding Kentucky, Inc., 2300001166.

DEPARTMENT OF EDUCATION

Bowling Green Independent School District, 2300000134; Boyd County Board of Education, 2300000135; Edmonson County Board of Education, 2300000140; Grayson County Board of Education, 2300000145; Kenton County Board of Education, 2300000151; McCreary County Board of Education, 2300000157; Green River Regional Educational Cooperative, 2300000372; Adair County Board of Education, 2300000394; Woodford County Board of Education, 2300000409; Barren County Board of Education, 2300000410; Wolfe County Board of Education, 2300000418; Bourbon County Board of Education, 2300000421; Williamsburg Independent School District, 2300000443; Breathitt County Board of Education, 2300000447; Warren County Board of Education, 2300000473; Caverna Independent Schools, 2300000483; Todd County Board of Education, 2300000484; Russellville Independent School District, 2300000502; Elliott County Board of Education, 2300000503; Russell County Board of Education, 2300000514; Glasgow Independent School District, 2300000521; Graves County Board of Education, 2300000523; Hancock County Board of Education, 2300000532; Harrison County Board of Education, 2300000536; Robertson County Board of Education, 2300000542; Perry County Board of

Education, 2300000550; Pendleton County Board of Education, 2300000551; Owsley County Board of Education, 2300000568; Owen County Board of Education, 2300000581; Nelson County Board of Education, 2300000590; Montgomery County Board of Education, 2300000594; Metcalfe County Board of Education, 2300000598; Menifee County Board of Education, 2300000603; Hopkins County Board of Education, 2300000604; Meade County Board of Education, 2300000606; Lincoln County Board of Education, 2300000616; Logan County Board of Education, 2300000618; Martin County Board of Education, 2300000623; Global Game Changers Childrens Education Initiative, Inc., 2300000660; Harlan County Boys and Girls Club, 2300000661; Allen County Board of Education, 2300000677; Hardin County Board of Education, 2300000697; Cognia, Inc., 2300000913; University of Kentucky Research Foundation, 2300001052; Kentucky Educational Development Corporation, 2300001057; Kentucky Valley Education, 2300001059; Northern Kentucky Cooperative for Educational Services, Inc., 2300001060; Southeast/Southcentral Educational Cooperative, 2300001061; Central Kentucky Educational Cooperative, 2300001062; Ohio Valley Educational Cooperative, 2300001063; West Kentucky Educational Cooperative, 2300001066; Covington Independent School District, 2300001070; Dayton Independent School District, 2300001072; Eminence Independent Board of Education, 2300001073; Fayette County Board of Education, 2300001074; Jefferson County Board of Education, 2300001077; Jessamine County Board of Education, 2300001078; Letcher County Board of Education, 2300001079; Newport Independent School District, 2300001080; Whitley County Board of Education, 2300001082; Morehead State University, 2300001084; Ashland Board of Education, 2300001100; Calloway County Board of Education, 2300001101; Kentucky Valley Education, 2300001102; Simpson County Board of Education, 2300001103; The National Center for the Improvement of Education Assess, Inc., 2300001107; Ohio Valley Educational Cooperative, 2300001139; Blue Grass Community Foundation, 2300001152; Hardin County Board of Education, 2300001259.

DEPARTMENT OF MILITARY AFFAIRS

Oldham County Fiscal Court, 2300000236; Kentucky Division of Forestry, 2300000588.

TRANSPORTATION - OFFICE OF THE SECRETARY

University of Louisville Research Foundation, 2300000304.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Communicare, Inc., 2000001335; Cumberland River Behavioral Health, Inc., 2200004823.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Oxford House, Inc., 2200001629; Isaiah House,

2200001894; Chrysalis House, Inc., 2200002664; University of Kentucky Research Foundation, 2200002725.

BOARD OF VETERINARY EXAMINERS

Office of the Attorney General, 2200002346.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING

National Foundation To End Hunger, Inc., 2200002286; Northern Kentucky Cooperative for Educational Services, Inc., 2200002839.

CHFS - OFFICE OF THE SECRETARY

United Way of Kentucky, Inc., 2200004308.

COUNCIL ON POSTSECONDARY EDUCATION

Kentucky Wesleyan College, 2200002700.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Big Sandy Area Development District, 2200001784; Audubon Area Community Services, 2200001865; Barren River District Health Department, 2200002833; Child Care Council of Kentucky, 2200002835; Eastern Kentucky University, 2200002854; Gateway Community Action, 2200002997; Early Childhood Learning Education Assessment Resource, 2200002998; Kentucky Housing Corporation, 2200003096; University of Kentucky Research Foundation, 2300000387.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Multi, 2200000025.

DEPARTMENT FOR LOCAL GOVERNMENT

Perry County Fiscal Court, 2000001468; Menifee County Fiscal Court, 2300000398.

DEPARTMENT FOR PUBLIC HEALTH

The Cure Starts Now, 2200002548; University of Kentucky Research Foundation, 2200002655; Norton Healthcare Foundation Department, 2200003638; University of Kentucky Research Foundation, 2200003692; University of Kentucky Research Foundation, 2200004154.

DEPARTMENT OF AGRICULTURE

Multi, 2100001485.

DEPARTMENT OF EDUCATION

Hazard Community and Technical College, 2100002924; Jefferson County Board of Education, 2200004358; Eastern Kentucky University, 2200004429; Kentucky School Board Association Educational Foundation, Inc., 2200004432.

DEPARTMENT OF REVENUE

Bluegrass Area Development District, 2200002408.

KENTUCKY ENVIRONMENTAL EDUCATION COUNCIL

Kentucky Association for Environmental Education, 2200003163.

TRANSPORTATION - OFFICE OF THE SECRETARY

Treeslouisville, Inc., 2200002135; University of Kentucky Research Foundation, 2200002512; Center for Employment Opportunities, Inc., 2300000750.

THE FOLLOWING KENTUCKY ENTERTAINMENT INCENTIVE PROGRAM AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ECON DEV - OFFICE OF THE SECRETARY

The Lockdown, LLC, 2300001237; Millennial Chef, LLC, 2300001238; Memories the Movie, LLC, 2300001242; Amber Alert Film, LLC, 2300001252.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Huron Consulting Group, 896. Paul Czarapata, Lin Hillis, and Wendy Fletcher discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Senator Southworth seconded the motion, which passed.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Center for Strategic Diversity Leadership & Social Innovation, LLC, 897. Lin Hillis and Paul Czarapata discussed the contract with the committee. Contract was withdrawn per request of the university.

UNIVERSITY OF KENTUCKY

Crowell & Moring, LLP, K23-191; Caldwell Intellectual Property Law, K23-192; Peter E. Brown, Attorney/Bluegrass Professional Guardians, LLC, K23-196. Bart Hardin and Barry Swanson discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Representative Hart seconded the motion, which passed with Senator Douglas voting to pass.

UNIVERSITY OF LOUISVILLE

K&L Gates, LLP, 23-065. Angela Curry and Sally Molsberger discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Hart seconded the motion, which passed with Senator Meredith voting no.

UNIVERSITY OF LOUISVILLE

Hogan Lovells, LLP, 23-066. Angela Curry and Sally Molsberger discussed the contract with the committee. Contract was withdrawn per request of the University.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF HIGHWAYS

GRW Engineers, Inc., 1100000003. David

Gormley, Keith Downs, and Tracy Lovell discussed the contract with the committee. A motion was made by Senator Southworth to consider the contract as reviewed. Senator Meredith seconded the motion, which passed.

OFFICE OF THE CONTROLLER

Multi, 2200000134. Hilarye Dailey discussed the contract with the committee. A motion was made by Representative Koch to consider the contract as reviewed. Senator Meredith seconded the motion, which passed with Senator Douglas voting to pass and Senator Southworth voting no.

PERSONNEL - OFFICE OF THE SECRETARY

Korn Ferry (US), 2200002760. Mary Elizabeth Bailey and Rosemary Holbrook discussed the contract with the committee. A motion was made by Senator Southworth to consider the contract as reviewed. Senator Douglas seconded the motion, which passed with Representative Hart and Senator Meredith voting no.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR LOCAL GOVERNMENT

Todd County, 2300001133. Jessica Hill and Aaron Jones discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Koch seconded the motion, which passed.

DEPARTMENT FOR LOCAL GOVERNMENT

Hickman County Industrial Development Authority, 2300001218. Jessica Hill and Aaron Jones discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Douglas seconded the motion, which passed.

DEPARTMENT FOR LOCAL GOVERNMENT

Leslie County, 2300001225; Leslie County, 2300001226; Leslie County, 2300001227; Leslie County, 2300001228; Leslie County, 2300001230. Aaron Jones and Jessica Hill discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Representative Koch seconded the motion, which passed.

DEPARTMENT OF AGRICULTURE

University of Louisville Research Foundation, 2300000584; University of Louisville Research Foundation, 2300000636. David Morris discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

DEPARTMENT OF EDUCATION

Hart County Board of Education, 2200004510; Fayette County Board of Education, 2200004706; Perry County Board of Education, 2200004708; Russellville Independent School District, 2300000560. Karen Wirth and Micki Ray discussed

the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Senator Southworth seconded the motion, which passed.

DEPARTMENT OF EDUCATION

University of Kentucky, 2300000736. Karen Wirth and Micki Ray discussed the contract with the committee. A motion was made by Senator Meredith to disapprove the contract. Senator Douglas seconded the motion, which passed.

DEPARTMENT OF EDUCATION

Kentucky Educational Development Corporation, 2300000751. Karen Wirth and David Cook discussed the contract with the committee. No motion was made. Contract moves forward approved as reviewed.

DEPARTMENT OF EDUCATION

University of Kentucky Research Foundation, 2300000916. Karen Wirth and David Wichkersham discussed the contract with the committee. No motion was made. Contract moves forward approved as reviewed.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF EDUCATION

University of Kentucky Research Foundation, 2200004519. Karen Wirth and Matthew Courtney discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Representative Koch seconded the motion, which passed with Senator Douglas voting to pass.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR LOCAL GOVERNMENT

City of Russell, 2300001161. Aaron Jones and Jessica Hill discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Douglas seconded the motion, which passed.

EXEMPTION REQUESTS:

DEPARTMENT OF MILITARY AFFAIRS:

The Division of Emergency Management requested an exemption from routine review for federally funded Emergency Management Performance Grant (EMPG) agreements and will continue to file quarterly reports. A motion was made by Senator Douglas to grant the request to December 31, 2023. Senator Meredith seconded the motion, which passed without objection.

DEPARTMENT OF MILITARY AFFAIRS:

The Division of Emergency Management requested an exemption from routine review for federally funded Chemical Stockpile Emergency Program and will continue to file quarterly reports.

A motion was made by Senator Douglas to grant the request to December 31, 2023. Senator Meredith seconded the motion, which passed without objection.

KENTUCKY DEPARTMENT OF AGRICULTURE:

The Kentucky Department of Agriculture requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium for agreements with seven grant recipients for the purpose of researching and promoting specialty crop farming techniques in Kentucky. A motion was made by Senator Douglas to grant the request to September 29, 2025. Senator Meredith seconded the motion, which passed without objection.

ADMINISTRATIVE OFFICE OF THE COURTS:

The Administrative Office of the Courts requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium for agreements with seven grants submitted as Memoranda of Agreements. A motion was made by Senator Douglas to grant the request to September 30, 2025. Senator Meredith seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 11:19 AM.

MEDICAID OVERSIGHT AND ADVISORY COMMITTEE

Minutes

October 13, 2022

Call to Order and Roll Call

The Medicaid Oversight and Advisory Committee met on Thursday, October 13, 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, and Morgan McGarvey; Representatives Melinda Gibbons Prunty, Steve Sheldon, and Lisa Willner.

Guests: Senator Mike Wilson; Paula Garner, President, Chief Executive Officer, Maryhurst; Bart Baldwin, Contract Lobbyist, Bart Baldwin Consulting; Susan Campbell Turner, Licensed Psychological Practitioner, Children and Family Counseling Associates Inc.; Corey Ewing, President, Chief Executive Officer; Chirag Patel, M.D., Chief Medical Officer; Darren Levitz, Director Member Experience, Wellcare.

LRC Staff: Samir Nasir, Logan Bush, DJ Burns.

Approval of Minutes

A motion to approve the September 15, 2002, minutes was made by Representative Elliott, seconded by Senator Carroll, and approved by a voice vote.

Inspection of Residential Care Facilities (23 RS BR 69)

Senator Mike Wilson discussed 23 RS BR 69 - AN ACT relating to residential care facilities. He stated that the proposed bill will require unannounced inspections of residential care facilities at least once every 15 months, require inspection reports be made available to the public, and allow for fines of up to \$1000 per violation.

In response to questions and comments from Senator Carroll, Senator Wilson stated that this bill would affect private residential care facilities.

Medicaid Reimbursement for Behavioral Health Service Organizations and Outpatient Behavioral Health Services

Bart Baldwin, Contract Lobbyist, Bart Baldwin Consulting, discussed the Medicaid reimbursement rates for behavioral health services and the inability of providers to negotiate fair reimbursement for the services provided to Medicaid recipients. Providers have faced the financial difficulties due to higher wages for staff and inflation which has a negative effect losing these providers to the Medicaid population.

Paula Garner, President, Chief Executive Officer, Maryhurst, discussed Maryhurst Renewal, a program that provides crisis intervention, individual/family therapy, in-home support, support at school, and wraparound care. She discussed the need for permanent increases in the rate of reimbursement for services and warned that without those increases services will start to disappear due to lack of funding. Susan Campbell Turner, Licensed Psychological Practitioner, Children and Family Counseling Associates Inc., discussed the difficulties her organizations has faced with the current Medicaid reimbursement rates and issues with audits from MCOs.

In response to questions and comments from Senator Meredith, Ms. Garner stated that the pandemic exposed the need for mental health services and destigmatized those services. Ms. Turner stated that it is difficult to deal with the different policies of each MCO and that it would be easier if there were three instead of six. Mr. Baldwin stated that in the long term the state needs to look at the cost of delivering services and the needs of Medicaid recipients and how to fund those appropriately.

In response to questions and comments from Senator Alvarado, Ms. Turner stated that when Medicaid did not have MCOs there was one set of rules and guidance which made it easier for providers.

In response to questions and comments from Representative Sheldon, Ms. Turner stated that the audits come in the mail and her office has to send the documents back to the MCOs. She stated that Aetna and WellCare send the majority of audits. Mr. Baldwin stated that CMS has put pressure on Medicaid to send audits out due to the hold during the pandemic.

Medicaid Managed Care Organizations' Efforts to Improve Health Outcomes, Network Adequacy, and Access to Care – Part 5

Corey Ewing, President, Chief Executive Office, WellCare, discussed network adequacy and how WellCare is addressing the financial position of rural healthcare providers. Chirag Patel, M.D., Chief

Medical Officer, WellCare, discussed initiatives to improve the Medicaid populations' health, tools WellCare has used to measure the effectiveness of substance use disorder treatment, and WellCare's strategies to ensure health equity. Darren Levitz, Director of Member Experience, WellCare, discussed initiatives to improve the Medicaid populations' health.

In response to questions and comments from Senator Meredith, Mr. Levitz discussed that WellCare looks at socio-economic health factors to determine where to concentrate more efforts to improve health outcomes. WellCare has many programs to help members graduate out of the Medicaid program and become self-reliant. The community engagement team works with local governments to promote the resources they offer.

In response to questions and comments from Representative Willner, Dr. Patel stated that medial conditions do not always drive bad outcomes and that many factors can contribute to bad outcomes including transportation to care, housing or lack of, and domestic situations. MCOs provide a social safety net to help providers dispense healthcare without worrying about the other drivers of health. Mr. Levitz stated that WellCare has provided programs to help eliminate barriers to care.

In response to questions and comments from Senator Carroll, Mr. Ewing stated that WellCare does not enjoy the audits and does not want to be an administrative burden to providers. There is room for improvement, and Mr. Ewing looks forward to working towards better relationships with providers.

In response to questions and comments from Representative Sheldon, Dr. Patel stated that he does see the same insurance billing issues Ms. Turner has seen.

In response to questions and comments from Senator Alvarado, Mr. Ewing stated that WellCare had a downward trend of ER visits before the pandemic. Dr. Patel stated that he supports the ACO model and he understands the timeliness of specialist appointment availability and would like to improve the wait time for new appointments. He stated WellCare does report providers to state boards for not following regulations.

In response to questions and comments from Senator Carroll, Mr. Ewing stated that he would be open to partnering with an ABA therapy provider and looks forward to discussing it at a later time.

Adjournment

There being no further business, the meeting was adjourned at 12:05 PM.

LEGISLATIVE OVERSIGHT & INVESTIGATIONS COMMITTEE Minutes of the 5th Meeting of the 2022 Interim October 13, 2022

Call to Order and Roll Call

The 5th meeting of the Legislative Oversight & Investigations Committee was held on Thursday, October 13, 2022, at 1:00 PM, in Room 131 of the

Capitol Annex. Representative Jason Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Jason Nemes, Co-Chair; Senators Michael J. Nemes, Reginald Thomas, and Wil Schroder; Representatives Lynn Bechler, John Blanton, Ken Fleming, Joni L. Jenkins, Steve Riley, and Scott Sharp.

Guests: Kerry Harvey, Cabinet Secretary, Justice and Public Safety Cabinet; Vicki Reed, Commissioner, Department of Juvenile Justice; Brent Hagan, Mayor, City of Lyndon; and Michael Ross, former supervisor, Jefferson Regional Juvenile Detention Center.

LRC Staff: Gerald W. Hoppmann, Committee Staff Administrator; Committee Analysts William Spears, Jacob Blevins, Jeremy Skinner, Shane Stevens, Chris Hall, Ryan Brown, Taylor Johnston, McKenzie Ballard; and Jennifer Luttrell, Committee Assistant.

Minutes for September 15, 2022

Upon motion by Representative Fleming and a second by Senator Nemes, the September 15, 2022, meeting minutes were approved without objection.

Co-chair Nemes stated the purpose of the meeting is to discuss issues regarding Kentucky's regional juvenile detention centers, but more specifically the Jefferson Regional Juvenile Detention Center in the city of Lyndon and Jefferson County. He introduced the guests and invited Secretary Harvey and Commissioner Reed to make opening remarks.

Committee Testimony (not related to assigned study topics)

Jefferson Regional Juvenile Detention Center (JRJDC)

Secretary Harvey stated that the Department of Juvenile Justice (DJJ) operates eight juvenile detention centers statewide. These relatively small facilities typically house less than two dozen youths per facility, who are detained by court order. The DJJ has no control over the offenders sent to the centers. Currently, there are approximately 207 offenders in detention across the state and between 11-13 offenders at JRJDC. He noted that the number of detainees and the severity of the crimes for which they have been charged is increasing. He added that many of these detainees are charged with gun crimes and many have serious mental health issues. As a result, the demands on facilities are increasing, but without an increase in staff.

Secretary Harvey acknowledged that staffing is a major problem, with only two facilities having adequate staff. He noted that DJJ has a particularly difficult time meeting staffing needs at their Campbell County and Jefferson County detention facilities, which he attributed to high turnover, inadequate compensation, and the dangerous nature of the job. He stated that for FY 2021 DJJ hired 214 youth workers and lost 253 and in FY 2022, DJJ hired 205 and lost 236. The Boyd and Breathitt facilities have robust staff, but the other facilities struggle with staffing. Overall, starting pay is at \$17.20 and is one of DJJ's

primary focuses to change.

Speaking specifically about JRJDC, Secretary Harvey stated that DJJ took over operations from Louisville Metro in January 2020. This facility was not designed to detain offenders and thus lacks many of the necessary security features. He noted that this, along with inadequate staffing, has recently lead to some newsworthy incidents. In August 2022, a female detainee at JRJDC smuggled in a cigarette lighter and a cell phone. She passed the lighter to a male detainee who started a fire in the dayroom. The fire did no significant damage but the lighter was not recovered following the incident and four days later, it was used to start another fire. The fire department was called to extinguish the fire, during which time a male detainee charged with a misdemeanor assault escaped, but was later apprehended. The police department was also called to the facility, but there was confusion as to whether officers could carry their weapons inside. According to the secretary, the cabinet's internal investigations branch is currently investigating the incident, which should never have happened. He stated that he and DJJ take full responsibility for the mistakes leading up to the two fires.

Secretary Harvey stated that one way DJJ is addressing staffing issues is by using money originally allotted for some of the 175 vacant youth worker jobs statewide to improve compensation for current and future staff. The plan will raise the hourly rate for existing employees to the mid-point for six facilities facing staffing issues (Campbell, Fayette, McCracken, Warren, Jefferson, and Adair). For these facilities, this calculates to a base hourly rate of \$21.45 (youth worker 1), \$24.37 (youth worker 2), \$26.54 (youth worker 3), and \$28.93 (supervisor). The plan also includes locality premiums for the six facilities and shift premiums for all facilities.

DJJ is also in the process of increasing training and staff accountability. It will ensure that disciplinary processes are reviewed to ensure they are adequate to address staff failures and will increase overall training. He noted that DJJ has significantly reduced the detainee population at JRJDC by only housing those youth awaiting a detention hearing and sending those requiring longer detention to the facility in Adair County. DJJ also plans to increase security in all facilities by installing body scanners and addressing structural issues. The secretary also mentioned two facilities with dropped ceilings that have been problematic, so they are fixing those ceilings, which may take some beds offline.

In response to Representative Blanton's question about whether other facilities would see the same monetary incentives implemented, the secretary stated that facilities in the eastern part of the state would see an increase in shift premiums, but not locality pay. Representative Blanton stated that all juvenile detention centers should benefit, especially when employees in the eastern part of the state are suffering from recent flooding. He also stated that living costs in rural parts of the state can be more expensive than those in urban areas.

Representative Fleming discussed workforce issues, facility issues, and judicial issues that have to be addressed by DJJ. With respect to judicial issues, he also mentioned mental health as an important

component that should be included. He asked the secretary to comment on whether best practices are being reviewed for all issues, not just related to staffing and pay. Secretary Harvey said that DJJ has primarily focused on improving compensation to alleviate staffing problems, but Commissioner Reed added that DJJ tries to attract new hires by posting job openings on social media and holding job fairs, neither of which has worked. DJJ is in regular contact with agencies from other states and DJJ staff attends national conferences to stay current on best practices. The issue of staffing according to the Commissioner, is prevalent across the nation.

Representative Nemes noted that the August 2022 arson and escape incidents are not isolated incidents. He proceeded to list multiple incidents communicated to him from July 31st through October 3rd involving riots, fights, loss of control over the facility, injuries to staff, arson, stolen keys used to open cell doors, police and fire calls, firefighters at risk for physical attack, one escape, multiple days where more than 20 youth were assigned to the facility, altered staff reports, and one instance where staff was told not to contact police. The secretary stated that DJJ would work with LOIC staff to visit the facility and to review various documents.

Representative Nemes also questioned the appropriateness of housing male and female youth offenders together. Commissioner Reed said that detention facilities have been co-ed for as long as she can remember and that this is permissible by law. She noted that while DJJ would like to have the ability to separate particular detainees, the facilities are too small and understaffed for parallel programs. However, she stated they generally meet the Prison Rape Elimination Act (PREA) guidelines and standards, but sometimes violations do occur related to separation of youth offenders.

Representative Nemes stated that he believes female detainees should immediately be separated and asked the secretary to look into making that change. Secretary Harvey agreed to look into it, but noted that there are other issues related to separating detainees based on gender that could be problematic. He also mentioned a 2017 audit of DJJ facilities where staffing was identified as an issue, which contributes to increased attacks and physical harm to both staff and youth offenders. He hopes that with an increase in staff, these instances can be prevented and that staff can intervene more quickly.

After commenting on quicker releases of juveniles leaving the more serious offenders for detention, Senator Carroll asked whether it was time for Kentucky to reassess its model for juvenile detention facilities, such as beginning to use other Department of Corrections (DOC) services to help alleviate some of the problems. The commissioner said everything needs to be on the table because DJJ is in a very rapidly changing environment. She noted, however, that DOC facilities are also experiencing similar problems with respect to staffing. The secretary stated that lower-level offenders are diverted partly because of the success of SB 200 (2014 RS), which focused resources on detaining higher-level offenders.

Responding to Senator Carroll's follow-up comments about the need to rebalance the penalties

for severe offenders, he asked if other states partner with jails, where support services can be shared. Commissioner Reed said that she was not aware of any state that share resources, but noted that some do house youth detainees in an adult jail or prison. She stated that Kentucky is one of eight states where offenders under the age of 18 are not kept in an adult facility. As an aside, the commissioner noted the success of DJJ's post-depositional facilities, which are treatment-based and include program such as vocational training. On any given day, the Commissioner noted the state may handle 1,400 youth offenders in various facilities. Representative Nemes agreed that staff is very important and that recent proposed legislation to revise SB 200 may prove beneficial.

In response to Senator Thomas's question about the root causes of increased crime in Lexington and other cities in Kentucky, Secretary Harvey said that addressing mental illness in youth is important because by the time a youth commits a crime they are often too violent to get help from a psychiatric facility. Commissioner Reed added that gang issues are also becoming more serious, noting that more prevention and youth programs are needed to keep kids out of gangs. She mentioned the state just received Office of Juvenile Justice Delinquency Prevention (OJJDP) dollars that will be used at the community level for youth advocacy.

Representative Jenkins noted that as stewards of the budget, the legislature is responsible for ensuring that DJJ has the money it needs to run juvenile detention centers properly and to adequately fund intervention and trauma-based treatment programs. Representative Nemes noted however, that DJJ has not made additional budget requests during the past two administrations regarding JRJDC.

In response to Representative Sharp's question about whether staffing problems were related to the COVID pandemic, Secretary Harvey said that COVID exacerbated an already existing problem. He reiterated that an external audit identified problems with turnover and staffing shortages back in 2017. Responding to a follow-up question by Representative Sharp, the secretary noted that while they have staffing problems in nearly all facilities, problems are most problematic at the Campbell and Jefferson county detention centers. The Commissioner stated that new staff often experience emotional hardship as well, regarding the work at the detention facilities. Secretary Harvey acknowledged that his staff would get the committee a copy of the 2017 external audit, as requested by Representative Sharp.

Michael Ross introduced himself as a former supervisor at JRJDC and that he left his position in November 2021. When asked by Representative Nemes to provide his comments, he noted that he was not present for the August 2022 incident, but described the intake procedures that should have occurred when the female detainee arrived at the facility, as well as when the lighter was not found on her person.

In terms of staffing, Mr. Ross said four to five staff per shift are needed to operate the JRJDC properly and safely. He added that, even with the reported reduction of youth numbers, the facility remains understaffed. He confirmed Representative Nemes' statement that no more than 16 detainees are supposed to be held at

the JRJDC. He also stated he complained about youth numbers exceeding the cap beginning in July 2021. Other issues he brought to DJJ's attention included units that did not have restroom facilities, detention rooms without suitable locks, lack of written policies and procedures, violation of detainee rights, improper procedures used on isolation units, and staff working positions for which they were not certified (i.e., cooking meals).

Mr. Ross stated that he and others were detailed to JRJDC because of a lack of staff. When he arrived late in 2019, he found a lack of procedures, which caused him to file grievances in 2020. He stated that he was moved to 3rd shift after he complained and was told he was just trying to get others in trouble. Ultimately, his camera access was taken away, which prevented him from properly monitoring activity in certain areas. He also said that he has copies of staffing records showing inconsistencies regarding leave, which created unnecessary overtime and lack of adequate staffing. He ultimately ended up leaving his position because of the safety violations.

Mr. Ross stated his primary purpose in front of the committee was to get everything out there regarding the problems at the center. Representative Nemes asked whether it was appropriate for females and males to be housed together. Mr. Ross responded that he has not personally witnessed problems when he was supervisor, but is aware of two incidents when females and males interacted. He added that these incidents should not have occurred if staff had followed proper policies and procedures.

Responding to Representative Nemes' question about whether juvenile detainees are safe, Mr. Ross said that they are not. He also noted that, at least at JRJDC, many of the offender's rights related to receiving telephone calls, taking showers, and having clean blankets are being violated.

Brent Hagan introduced himself as the mayor of Lyndon, Kentucky. When asked by Representative Nemes if he had anything to add about the state of JRJDC, he stated that policies and procedures are not being followed, which is causing the citizens of Lyndon to fear for their safety. When the fire department responded to one incident, staff did not know which keys opened the appropriate doors in order to access and fight the fire. One firefighter was placed at risk for attack during the same incident by a juvenile brandishing a piece of metal, which prompted the fire chief to state they would no longer enter the JRJDC, unless staff could guarantee his firefighters' safety. Mr. Hagan noted that the Jefferson county facility is surrounded by single-family homes and that recent incidents have left citizens feeling unsafe in their own homes.

Representative Nemes assured Mayor Hagan that he believes Secretary Harvey is serious about making the necessary changes and that committee staff will be looking into the matter also.

Senator Carroll commented that DJJ should have never decided to use the facility to detain offenders, since it was never designed for that purpose. He noted there also appears to be issues with DJJ's reporting protocols, since incidents at JRJDC may not have been

brought to the commissioner's attention. In response to Senator Carroll's question about the breadth of the cabinet's investigation, Secretary Harvey replied that all of the issues would be reviewed and none are off the table. He added that the ultimate goal is to find solutions that keep detainees, staff, and local community residents safe. The secretary also added that the facility had been used in the past to house offenders, but was not used to detain them.

Senator Carroll noted that DOC has utilized probation and parole officers to help with staffing shortfalls in prisons and asked whether DJJ had considered similar solutions. Secretary Harvey said that staff from DJJ's home office have logged hundreds of hours helping at JRJDC to fill staffing gaps.

Senator Carroll asked if Lyndon citizens and the surrounding community are safe and questioned whether things are better off today than they were when the incidents discussed earlier happened. Secretary Harvey said that things are better because DJJ has taken steps to significantly reduce the population in that facility. He noted that the installation of body scanners at the facility will only enhance security, but staffing is a primary issue that should be addressed. Senator Carroll commented that staffing is an issue, but it appears there were many other issues that were not addressed.

Senator Carroll asked why DJJ did not make a capital expenditure budget request during the 2021 regular session of the General Assembly to secure JRJDC better. Secretary Harvey stated that at the time his staff was preparing DJJ's budget request, the problems discussed today had not come to his attention. For example, he was not aware at that time of defective doors at JRJDC or the use of false ceilings at two other facilities. Senator Carroll noted that with levels of experience and expertise at DJJ, someone dropped the ball on these matters by not properly reporting problems. Secretary Harvey agreed and noted they are currently reviewing DJJ's disciplinary procedures, as well as related failures.

Sen. Thomas stated that legislators are in a position to help fix many of the issues brought up today, but noted the problems are simply manifestations of larger problems in our communities. And, that the law allows for certain things such as housing male and female offenders together. He also stated it is important to reduce the population of youth offenders at the state's detention facilities.

Representative Nemes acknowledged that the increase in violent crimes in our communities is being driven by youth offenders and is something that needs to be addressed. However, he stated that the purpose of today's meeting was about JRJDC, as well as the other juvenile detention facilities statewide. He said that the staff and offenders at JRJDC are in danger, as well the community because of problems at the center.

Representative Nemes adjourned the meeting.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 8th Meeting

of the 2022 Interim

October 25, 2022

Call to Order and Roll Call

The 8th meeting of the Public Pension Oversight Board was held on Tuesday, October 25, 2022, at 3:00 PM, in Room 154 of the Capitol Annex. Senator Jimmy Higdon, 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 Christian McDaniel, Robby Mills, Gerald A. Neal, Michael J. Nemes, Dennis Parrett, Damon Thayer, and Mike Wilson; Representatives Jim DuPlessis, Ken Fleming, Derrick Graham, Jerry T. Miller, Phillip Pratt, Russell Webber, and Buddy Wheatley; Mike Harmon, and John Hicks.

Guests: Bo Cracraft, Executive Director, Judicial Form Retirement System; Beau Barnes, Deputy Executive Secretary and General Counsel, Teachers' Retirement System; David Eager, Executive Director, and Steve Willer, Chief Investment Officer, Office of Investments, Kentucky Public Pensions Authority; and Brad Gross, Committee Staff Administrator, Legislative Research Commission.

LRC Staff: Brad Gross, Jennifer Black Hans, Michael Clancy, and Angela Rhodes.

Approval of Minutes

Senator McDaniel moved that the minutes of the September 27, 2022, meeting be approved. Representative Tipton seconded the motion, and the minutes were approved without objection.

Quarterly Investment Update – Judicial Form Retirement System

Bo Cracraft, Executive Director, Judicial Form Retirement System (JFRS), presented a review of the investment performance for the Judicial Retirement Plan (JRP) and the Legislators' Retirement Plan (LRP). He discussed the gross and net performance for the defined-benefit and cash balance plans for the quarter ending September 30, 2022, and for the 1-, 3-, 5-, 10-, 20-year, and inception-to-date trailing time periods. He stated that Baird Trust Company, JFRS' sole source investment manager, expects volatility to continue specifically in the equity markets. However, with the rising inflation rates, the fixed income investments are providing some level of return.

Mr. Cracraft discussed the asset allocation for both plans. He reviewed the equity, fixed income, and cash allocations, stating that JFRS is close to target. There have been three rebalances in the last 15 months, which have reduced equity exposure down to target.

In response to a question from Representative Miller regarding bond maturity, Mr. Cracraft stated that JFRS has historically been within one year of the index and nothing beyond 10 years. More recently,

bond return periods have been even shorter because yields have been so low. In response to a follow-up question, Mr. Cracraft stated that the difference in cash allocations for JRP of 1.4 percent and LRP of 3.4 percent are just a timing issue with less assets in LRP.

Lastly, Mr. Cracraft included in the packet for the Public Pension Oversight Board (PPOB) some recent market commentary provided by Baird Trust Company.

Quarterly Investment Update – Teachers’ Retirement System

Beau Barnes, Deputy Executive Secretary and General Counsel, Teachers’ Retirement System (TRS) provided a review of the investment performance for the pension fund for the September 30, 2022, quarter, which was -4.13 percent net, and discussed the gross and net performance for the 1-, 3-, 5-, 10-, and 20-year trailing time periods, and the 30-year compounded gross return of 7.47 percent. The health insurance trust returns were -2.9 percent net for the quarter as of September 30, 2022, and a 10-year return of 6.47 percent net.

Senator McDaniel asked TRS to provide to the PPOB by November 15, 2022, a 5-year forecast of how much additional funding TRS will need in order to meet the actuarially determined employer contribution (ADEC).

In response to a question from Representative Tipton, Mr. Barnes stated that the cost of investments is just over 30 basis points with the administrative portion being lower. He agreed to provide the PPOB with a breakdown of the cost. The asset values for the retiree annuity trust have declined from \$22.9 billion at fiscal year end June 30, 2022, to \$21.3 billion as of September 30, 2022. For the health insurance trust, assets have declined from \$2.26 billion at fiscal year end June 30, 2022, to \$2 billion as of September 30, 2022. In response to another follow-up question, Mr. Barnes stated that it is reasonable to expect requests for additional dollars in the 2024 budget session.

In response to a question from Senator McDaniel, Mr. Barnes confirmed that the valuation results from fiscal year 2022 will impact the first year of the next biennial budget. There is a lag between the yearly valuation and the impact for the budget request.

In response to a question from Representative Miller, Mr. Barnes confirmed that TRS has not changed its investment strategy but has lowered the assumed rate of return from 7.5 to 7.1 percent. Representative Miller commented that recent world events impacting the global economy may require TRS to lower the rate of return even further.

In response to a question, Mr. Barnes stated that he does not believe the recent downturn in the market has seriously impacted the amount of assets that TRS is having to sell right now. Representative DuPlessis requested TRS provide the PPOB with a more detailed response in November.

In response to a question from Senator Higdon, Mr. Barnes stated the funding level as of June 30, 2021, for the pension trust was 57.2 percent and for the health insurance trust was 60 percent. Mr. Barnes will provide more recent funding levels in November.

Quarterly Investment Update – Kentucky Public Pensions Authority

David Eager, Executive Director, Kentucky Public Pensions Authority (KPPA), began his presentation with highlights of the September 30, 2022, quarter. As of June 30, 2021, KPPA’s market value was about \$2 billion more than the actuarial value. While markets remained challenged, the pension and insurance funds continued to produce strong relative performance. Plans produced better than top quartile performance with consistent top decile risk-adjusted performance within the Wilshire public plans universe.

Mr. Eager reported that all five plans exceeded their benchmarks for most of the periods reported for the quarter ending September 30, 2022, and for the trailing 1-, 3-, 5-, 10-, 20-, and 30-year periods. The KPPA investment staff has continued to work toward revised asset allocation targets, committing and deploying nearly \$2 billion across the plans.

Steve Willer, Chief Investment Officer, KPPA, discussed the market asset class returns as of September 30, 2022. He reviewed a chart that showed negative performance across almost all asset classes with quite a bit of variance. Specifically, there were recent negative returns in the fixed income markets, which usually serve as a ballast against riskier investments in equity and bonds. Anticipated stabilization of interest rates in the future may improve fixed income returns, but market volatility will remain across all markets.

Mr. Willer discussed the preliminary pension and insurance investment returns net of fees for periods ending September 30, 2022, for all plans for the quarter, 1-, 3-, 5-, 10-, 20-, and 30-year.

Mr. Willer provided an update on the asset allocations to equity, fixed income, and inflation-protected classes for the pension and insurance plans as of September 30, 2022, providing the actual, target, and range percentages. He noted that KPPA anticipates having all plans within their allocation range by early next year.

Senator McDaniel asked KPPA to provide to the PPOB by November 15, 2022, a 5-year forecast of how much additional contributions the KPPA plans will need in order to meet the ADEC.

In response to a question from Representative Tipton regarding the low assumed rates of return, Mr. Eager stated that sometime in the spring of 2023 the boards of trustees for the Kentucky Retirement Systems and County Employees Retirement Systems (CERS), in conjunction with actuaries and investment staff, will discuss whether to raise their respective assumed rates of return. The funding level for the Kentucky Employees Retirement System (KERS) has improved from 12.9 percent in 2016 to an anticipated 18 to 19 percent in the upcoming valuation for the fiscal year ending June 30, 2022. However, forecasting how the funding level impacts the assumed rate of return would require a more detailed actuarial analysis. In response to a follow-up question, Mr. Eager stated the basis points for management fees are coming down, and the incentive fees vary year-to-year.

Representative Miller commented that it is his first time in six years on the PPOB that the 30-year return for KERS has been higher than TRS’ 30-year return.

Mr. Eager discussed plans for the KPPA investment department. He stated that KPPA is slowly developing a 3 to 5 year staffing plan, focusing on areas to reduce investment-related fees and expenses, evaluating opportunities to manage additional assets in-house, and analyzing its consultant, research, and reporting needs.

Senator Thayer reminded the systems and any other stakeholders that any pension related bill needs to be vetted first by the PPOB.

Annual Investment Review – Legislative Research Commission

Brad Gross, Legislative Research Commission, began his presentation reporting the assets under management by all systems for 2022 fiscal year ended returns. The total pension fund assets dropped \$4.34 billion to \$38.07 billion, and the health insurance fund assets dropped \$0.65 billion to \$8.83 billion. He noted that the assets included the fiscal year 2022 additional appropriations of \$215 million above the actuarially determined contribution to the State Police Retirement System (SPRS) and \$479 million to TRS to pay off the Green Box Dollars.

Mr. Gross discussed the investment performance experienced by public pension funds across the nation for fiscal years 2021 and 2022. In fiscal year 2021, public pension funds across the country, experienced record setting positive investment returns which led to actuarial gains and reduced employer costs. In fiscal year 2022, public pension funds experienced significant negative investment returns which will likely lead to actuarial losses and increased costs to employers.

Mr. Gross discussed general investment performance for fiscal year 2022. He reviewed asset class returns and commented that high inflation, growing interest rates, and other factors like geopolitical issues and consumer sentiment, influenced the 2022 investment market results. The market experienced a precipitous drop in the last quarter of fiscal year 2022 with the S&P down 16.1 percent for the quarter and 10.6 percent for the year. Regarding alternatives, commodities were up primarily in the energy and petroleum sectors. He also noted that private assets values, like private real estate and private equity, typically lag by a quarter or more, and it is likely to see write downs in value to reflect what has happened in the public markets.

In response to a question from Representative DuPlessis, Mr. Gross addressed how in the short run higher interest rates create problems for the markets.

Mr. Gross discussed performance for all pension plans as of June 30, 2022, for the 1-, 3-, 5-, 10-, 20-, and 30-year periods. He presented peer group median returns and a scatter plot chart showing a high level of variability among peer funds in fiscal year 2022. The funds with the best returns had a high asset allocation to private equity, private real estate, and commodities. Mr. Gross also provided a chart showing 25 years of fiscal year returns by system.

Mr. Gross discussed asset allocation, which drives 90 percent of returns. He reviewed the traditional assets of public equity, fixed income, and cash and the alternative assets of real estate, private equity/credit, real return, and absolute return.

In response to a question from Senator Wilson, Mr. Gross stated the private equity class does not include private real estate, but will provide the more detailed percentage of private real estate held by the systems later in the presentation.

Mr. Gross continued reviewing the asset allocations by fund. He provided a chart for all systems showing their percentages to public equity, public fixed, private fixed, private equity, real return, real estate, and cash, as well as a peer comparison chart.

Mr. Gross discussed investment management fees and incentive fees. KPPA management fees have continued to decline while incentive fees, which are tied to performance, remain variable. TRS management fees remain low and like KPPA incentive fees tied to performance, remain variable. JFRS has

the lowest fee structure and only has investment management fees.

Mr. Gross provided an update on cash flow levels based upon a calculation recommended by the pension actuaries a few years ago. Based upon this calculation, a negative cash flow of 3 to 5 percent is in a satisfactory range but an acceptable range can vary based upon the overall health and goals of the plan. For the KERS nonhazardous plan, higher contributions and HB 8 funding has led to continued positive cash flow and improved stability. Negative cash flow for the CERS nonhazardous plan has fallen within the 3 to 5 percent range since 2009 and is improving. Continued additional funding since 2009 to TRS has helped reduce negative cash flow.

Mr. Gross provided a chart of the distribution

of investment return assumptions for public pension plans from fiscal year 2001 to the present, based on data from the National Association of State Retirement Administrators. Since 2000, the median assumed rate of return among public pension plans has dropped from 8 percent to below 7 percent (FY 2023 median of 6.94 percent). Assumptions for Kentucky’s state pension plans were currently 5.25 percent for KERS nonhazardous and SPRS, 6.25 percent for CERS, 7.1 percent for TRS, and 6.5 percent for JFRS.

Representative DuPlessis commented that all three state-administered retirement systems need to be reporting percentages of cash flow in a consistent format like the way staff reported the data.

With no further business, the meeting was adjourned.

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MINORITY FLOOR LEADER | Joni L. Jenkins
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MINORITY CAUCUS CHAIR | Derrick Graham
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MAJORITY WHIP |
| Dennis L. Parrett
MINORITY WHIP | Angie Hatton
MINORITY WHIP |

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The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the Legislature, employing professional, clerical and other employees required when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual legislators in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, providing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting orientation programs for new legislators, and publishing a daily index and summary of legislative actions during sessions.

The LRC is also responsible for statute revision, publishing and distributing the Acts and Journals following sessions, and for maintaining furnishings, equipment and supplies for the Legislature. It also functions as Kentucky’s Commission on Interstate Cooperation in carrying out the program of The Council of State Governments as it relates to Kentucky.