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Birthing centers discussed at Certificate of Need Task Force meeting

by Jordan Hensley - LRC Public Information

FRANKFORT — Removing the certificate of need (CON) requirement for freestanding birthing centers in Kentucky is still being studied following the 2023 Regular Session.

Sen. Shelley Funke Frommeyer, R-Alexandria, and other stakeholders spoke to the Certificate of Need Task Force about the issue on Sept. 18. The new task force is a special committee charged with reviewing Kentucky's CON program, including the state health plan and related statutes.

Earlier this year, Funke Frommeyer's Senate Bill 67 would have modernized birthing center statutes in several areas and removed the CON requirement for birthing centers with no more than four beds. The bipartisan bill did not make it to a Senate floor vote.

SB 67 defined freestanding birthing centers as any health facility or institution that is not part of a hospital but provides care during labor, delivery and the immediate postpartum period. This care is usually provided by midwives and reserved for healthy patients with healthy pregnancies who are at a low risk of complications during birth.

A common concern when it comes to birthing centers is safety. Mary Kathryn DeLodder with the Kentucky Birth Coalition told the task force that safety is already addressed by existing administrative regulations for licensure requirements.

"The Kentucky Birth Coalition holds the position that freestanding birth centers should not be subject to the certificate of need requirement,"



Sen. Shelley Funke Frommeyer, R-Alexandria, speaks about removing the certificate of need requirement for freestanding birthing centers. Her comments were part of the Certificate of Need Task Force meeting on Sept. 18.

DeLodder said. "Birth centers are different than hospitals and do not provide the same service."

Funke Frommeyer said birthing centers would address a great maternal health care need in Kentucky.

"The 2023 March of Dimes report (says) 45.8% of the counties in Kentucky are maternity care deserts," she said, adding that 31.3% of women in Kentucky live more than a 30-minute drive from a birthing hospital.

DeLodder said 110 women opted to drive out of state to give birth at a birthing center in Indiana last year. Home births are also on the rise. Funke Frommeyer said 901 home births took place in Kentucky in 2021.

Although birthing centers are not prohibited under Kentucky law, the state's CON process creates a barrier for providers looking to open a center, DeLodder said.

Funke Frommeyer said most of the opposition to birthing centers comes from hospitals that have safety concerns and contend midwifery services are already being provided.

Sen. Karen Berg, D-Louisville, who is also a physician, expressed concerns about patient safety at freestanding birthing centers.

"How do your providers assure that they have enough malpractice coverage to cover an absolute horrendous mishap in one of your facilities

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Birthing centers,

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and what does that cost them?” she asked.

Victoria Burslem, a midwife who has worked at a birthing center in Georgia, said malpractice insurance costs about \$50,000 per year as an example. An exact amount for Kentucky providers was not available during the meeting.

Sen. Stephen Meredith, R-Leitchfield, also shared concerns about safety at birthing centers and the need for them to be within a short drive to a hospital in case the mother or baby faces a life-threatening complication.

“I’m truly not trying to be argumentative, but you can’t convince me there’s never going to be a situation or crisis that develops in a birthing center that’s going to have to be addressed,” Meredith said. “You may not be able to within a reasonable timeframe for mother or the baby.”



DeLodder said statistics show that since birthing centers are for patients with a low risk of complications, negative outcomes are rare.

Funke Frommeyer’s 2023 legislation called for

birthing centers to have a hospital transport plan in place in case of an emergency. Requiring birthing centers to be located within 30 minutes of a hospital has also been suggested by at least one hospital representative.

Funke Frommeyer said their goal is not to minimize the importance of obstetricians.

“That’s part of this need that we recognize isn’t currently being met, thus the maternity care deserts,” she said.

During the interim, the Kentucky General Assembly cannot take any action on legislation. The 2024 legislative session begins Jan. 2. Funke

Frommeyer would have to refile her birthing center legislation in order for the legislature to consider it.

The next Certificate of Need Task Force is currently scheduled for Oct. 19 at 11 a.m. For more information, visit legislature.ky.gov.



Advocates urge lawmakers to continue advancing computer science in schools

by Nancy Royden - LRC Public Information

FRANKFORT — The Interim Joint Committee on Education heard from computer science advocates on Sept. 19 about ways this multi-faceted discipline could be expanded in Kentucky's schools.

The meeting coincided with Coding at the Capitol, a full-day event in which students shared robots, displays and experiments with state legislators.

"Why is computer science needed in the state of Kentucky? To further attract employers and large scale economic development projects, Kentucky would need to produce a workforce pipeline that keeps up with the workforce demand," said Codeye J. Woody, director of State Government Affairs for nonprofit Code.org.

The state has 3,432 open computing jobs with an average salary of \$74,833 per year, he said.

"And when we think about computer science, I kind of want to let you know we're not just preparing students just for a tech job or just going to a tech company," he said.

Rep. James Tipton, R-Taylorsville, said he thinks he knows why there's a shortage of computer science teachers.

"I'm really interested in the teacher preparation aspect of this, because I suspect one of the reasons why we have schools who do not offer the courses is the availability of teachers qualified to offer that," he said.

Tipton, who chairs the education committee, asked those who testified about the implications of artificial intelligence and where they see it going.

Cameron Wilson, president of Code.org, said artificial intelligence could be helpful to train people and offer new tools to generate code, among other things. He said there are still many unknowns regarding industries.

The Kentucky Department of Education (KDE) developed a computer science state plan for K-12 in 2022 as required by Senate Bill 193 in 2020, Woody said.

Kentucky also adopted computer science standards in 2019 for K-12 students. Funding for Senate Bill 193 included \$800,000 for the state's Computer Science/IT Academy for computer science learning, Woody said.

"What we would need to do is require all high schools to offer computer science as part of their K-12 curriculum," he said.

Another speaker, Monique M. Rice, computer science initiatives director for AdvanceKentucky, said pathways for those who study computer science should be modernized in an age of artificial intelligence and cybersecurity.



Senate Minority Caucus Chair Reginald Thomas, D-Lexington, speaks during the Interim Joint Committee on Education meeting on Sept. 19. Thomas said students should be exposed to computer science long before they reach high school.

Rep. Jennifer Decker, R-Waddy, asked about how educators could also teach computer science classes.

Rice said AdvanceKentucky already has a program for that subject, and teachers would basically just have to sign up to get started.

"The program runs all year. It consists of a five-day summer institute with support throughout the school year for those teaching the courses. And the two courses that we're supporting are computer science principles and AP Computer Science A, which is programming in Java," she said.

Rep. Bobby McCool, R-Van Lear, said he supports computer science education, but KDE might be best suited to actually oversee it. He cited flexibility to address this rapidly changing field.

Senate Minority Caucus Chair Reginald Thomas, D-Lexington, said computer science education should be available for K-8 students.

"My focus is on exposure. And I'm in firm agreement that computer science should be offered in our high schools. This is 2023 now, and learning has changed since I was in high school," he said.

Sen. Gex Williams, R-Verona, said he has a friend with a bachelor's degree in math and a master's degree in computer science who also ran a computer company and developed software he marketed all over the world. However, that friend couldn't get a teaching certificate.

Williams asked how long it might take him today to be able to teach high school computer science.

"We have occupation based certification tracks now that – as long as he does some sort of mentorship program and monitoring with a mentor teacher – he can qualify to teach in a Kentucky high school in the industry area he had," said Sean Jackson, K-12 computer science lead for KDE.



2023 Kentucky General Assembly

Senate

Julie Raque Adams (36)

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

Cassie Chambers Armstrong (19)

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

Karen Berg (26)

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

Gary M. Boswell (8)

3130 Reid Road,
Owensboro, KY 42303
(LRC) 502-564-8100

Jared Carpenter (34)

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

Danny Carroll (2)

702 Capital Ave
Annex Room 228
Frankfort, KY 40601
(LRC) 502-564-8100

Matthew Deneen (10)

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

Donald Douglas (22)

702 Capital Ave
Annex Room 290
Frankfort, KY 40601
(LRC) 502-564-8100

Greg Elkins (28)

702 Capital Ave
Annex Room 290
Frankfort, KY 40601
(LRC) 502-564-8100

Shelley Funke Frommeyer (24)

PO Box 511
Alexandria, KY 41001
(LRC) 502-564-8100

Rick Girdler (15)

702 Capital Ave
Annex Room 252
Frankfort, KY 40601
(LRC) 502-564-8100

David P. Givens (9)

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

Denise Harper Angel (35)

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

Jimmy Higdon (14)

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

Jason Howell (1)

702 Capital Ave
Annex Room 290
Frankfort, KY 40601
(LRC) 502-564-8100

Amanda Mays Bledsoe (12)

PO Box 23112
Lexington, KY 40523
(LRC) 502-564-8100

Christian McDaniel (23)

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

Stephen Meredith (5)

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

Robby Mills (4)

702 Capital Ave
Annex Room 284
Frankfort, KY 40601
(LRC) 502-564-8100

Gerald A. Neal (33)

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

Michael J. Nemes (38)

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

John Schickel (11)

702 Capital Ave
Annex Room 283
Frankfort, KY 40601
(LRC) 502-564-8100

Brandon Smith (30)

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

Adrienne Southworth (7)

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

Robert Stivers (25)

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

Brandon J. Storm (21)

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

Damon Thayer (17)

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

Reginald Thomas (13)

702 Capital Ave
Annex Room 254
Frankfort, KY 40601
(LRC) 502-564-2470
(LRC FAX) 502-564-0777

Lindsey Tichenor (6)

702 Capital Ave
Annex Room 290
Frankfort, KY 40601
(LRC) 502-564-8100

Johnnie Turner (29)

PO Box 351
Harlan, KY 40831
(LRC) 502-564-8100

Robin L. Webb (18)

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

Stephen West (27)

702 Capital Ave
Annex Room 228
Frankfort, KY 40601
(LRC) 502-564-8100

Whitney Westerfield (3)

702 Capital Ave
Annex Room 228
Frankfort, KY 40601
(LRC) 502-564-8100

Phillip Wheeler (31)

702 Capital Ave.
Annex Room 215
Frankfort, KY 40601
(LRC) 502-564-8100

Gex Williams (20)

702 Capital Ave.
Annex Room 284
Frankfort, KY 40601
(LRC) 502-564-8100

Mike Wilson (32)

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

Max Wise (16)

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

David Yates (37)

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

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

2023 Kentucky General Assembly

House

Chad Aull (79)

702 Capital Ave
Annex Room 457E
Frankfort, KY 40601
(LRC) 502-564-8100

Shane Baker (85)

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

Kim Banta (63)

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

Jared Bauman (28)

702 Capital Ave
Annex Room 413C
Frankfort, KY 40601
(LRC) 502-564-8100
(Home) 502-544-1846

Danny Bentley (98)

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

John Blanton (92)

702 Capital Ave
Annex Room 307A
Frankfort, KY 40601
(LRC) 502-564-8100

Tina Bojanowski (32)

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

Adam Bowling (87)

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

Josh Branscum (83)

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

Kevin D. Bratcher (29)

702 Capital Ave
Annex Room 402
Frankfort, KY 40601
(LRC) 502-564-8100

Steve Bratcher (25)

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

Josh Bray (71)

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

Randy Bridges (3)

702 Capital Ave
Annex Room 395
Frankfort, KY 40601
(LRC) 502-564-8100

George Brown Jr. (77)

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

Lindsey Burke (75)

702 Capital Ave
Annex Room 457C
Frankfort, KY 40601
(LRC) 502-564-8100

Emily Callaway (37)

4621 Outerloop #234
Louisville, KY 40219
(LRC) 502-564-8100

Josh Calloway (10)

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

Beverly Chester-Burton (44)

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

Mike Clines (68)

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

Jennifer Decker (58)

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

Stephanie Dietz (65)

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

Jonathan Dixon (11)

702 Capital Ave
Annex Room 395
Frankfort, KY 40601
(LRC) 502-564-8100

Steven Doan (69)

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

Myron Dossett (9)

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

Ryan Dotson (73)

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

Robert Duvall (17)

PO Box 1297
Bowling Green, KY 42102
(LRC) 502-564-8100

Daniel Elliott (54)

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

Daniel Fister (56)

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

Patrick Flannery (96)

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

Ken Fleming (48)

702 Capital Ave
Annex Room 358B
Frankfort, KY 40601
(LRC) 502-564-8100

Deanna Frazier Gordon (81)

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

Chris Freeland (6)

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

Chris Fugate (84)

PO Box 202
Chavies, KY 41727
(LRC) 502-564-8100
(Home) 606-233-5660

Al Gentry (46)

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

Jim Gooch Jr. (12)

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

Derrick Graham (57)

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

Daniel Grossberg (30)

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

David Hale (74)

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

Mark Hart (78)

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

Richard Heath (2)

702 Capital Ave
Annex Room 383
Frankfort, KY 40601
(LRC) 502-564-8100

Samara Heavrin (18)

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

Keturah Herron (42)

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

John Hodgson (36)

PO Box 74
Fischerville, KY 40023
(LRC) 502-564-8100

Thomas Huff (49)

PO Box 1331
Shepherdsville, KY 40165
(LRC) 502-564-8100

Mary Beth Imes (5)

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

Kevin Jackson (20)

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

House

2023 Kentucky General Assembly

DJ Johnson (13)

PO Box 1122
Owensboro, KY 42302
(LRC) 502-564-8100

Jacob Justice (94)

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

Kim King (55)

250 Bright Leaf Dr
Harrodsburg, KY 40330
(LRC) 502-564-8100

Matthew Koch (72)

702 Capital Ave
Annex Room 383
Frankfort, KY 40601
(LRC) 502-564-8100

Nima Kulkarni (40)

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

William Lawrence (70)

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

Derek Lewis (90)

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

Scott Lewis (14)

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

Matt Lockett (39)

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

Savannah Maddox (61)

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

Candy Massaroni (50)

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

Bobby McCool (97)

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

Shawn McPherson (22)

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

David Meade (80)

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

Michael Meredith (19)

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

Suzanne Miles (7)

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

Kimberly Poore Moser (64)

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

Amy Neighbors (21)

702 Capital Ave
Annex Room 395
Frankfort, KY 40601
(LRC) 502-564-8100

Jason Nemes (33)

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

David W. Osborne (59)

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

Ruth Ann Palumbo (76)

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

Jason Petrie (16)

702 Capital Ave
Annex Room 392
Frankfort, KY 40601
(LRC) 502-564-8100

Michael Sarge Pollock (51)

PO Box 164
Annex Room 316B
Campbellsville, KY 42719
(LRC) 502-564-8100

Phillip Pratt (62)

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

Marianne Proctor (60)

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

Felicia Rabourn (47)

PO Box 47
Annex Room 405C
Campbellsville, KY 40011
(LRC) 502-564-8100

Steve Rawlings (66)

3350 Easton Lane
Annex Room 329I
Burlington, KY 41005
(LRC) 502-564-8100
(Work) 859-757-7037

Rebecca Raymer (15)

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

Josie Raymond (41)

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

Brandon Reed (24)

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

Steve Riley (23)

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

Rachel Roarx (38)

702 Capital Ave
Annex Room 451B
Frankfort, KY 40601
(LRC) 502-564-8100
(Work) 502-724-7529

Rachel Roberts (67)

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

Steven Rudy (1)

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

Scott Sharp (100)

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

Tom Smith (86)

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

Sarah Stalker (34)

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

Cherlynn Stevenson (88)

1890 Star Shoot Pkwy
Suite 170, #319
Lexington, KY 40509
(LRC) 502-564-8100

Pamela Stevenson (43)

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

Ashley Tackett Laferty (95)

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

Nancy Tate (27)

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

Walker Thomas (8)

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

Killian Timoney (45)

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

James Tipton (53)

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

Timmy Truett (89)

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

Ken Upchurch (52)

PO Box 969
Annex Room 303
Monticello, KY 42633
(LRC) 502-564-8100
(Home) 606-340-8490

Russell Webber (26)

PO Box 6605
Annex Room 309
Shepherdsville, KY 40165
(LRC) 502-564-8100

Bill Wesley (91)

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

2023 Kentucky General Assembly

Richard White (99)

702 Capital Ave
Annex Room 432D
(LRC) 502-564-8100

Wade Williams (4)

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

Lisa Willner (35)

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

Nick Wilson (82)

PO Box 573
Annex Room 413F
Williamsburg, KY 40769
(LRC) 502-564-8100

Susan Witten (31)

PO Box 43861
Annex Room 396
Louisville, KY 40253
(LRC) 502-564-8100

Vacant (93)

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

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Committee Meetings

LEGISLATIVE RESEARCH COMMISSION

Minutes

September 6, 2023

Call to Order and Roll Call

The 575th meeting of the Legislative Research Commission was held on September 6, 2023, at 12:30 PM in the Senate Majority Caucus Room. Senator Robert Stivers, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Co-Chair; Senator Robert Stivers, Co-Chair; Senator Julie Raque Adams, Senator David P. Givens, Senator Damon Thayer, Senator Reginald Thomas, Senator Mike Wilson, Senator David Yates, Representative Derrick Graham, Representative Suzanne Miles, Representative Jason Nemes, Representative Steven Rudy, Representative Cherlynn Stevenson.

LRC Staff: Jay Hartz and Christy Glass.

There being a quorum present, Senator Stivers called for a motion to approve the minutes of the May 10, 2023, meeting; accept as indicated items A. through I. under Staff and Committee Reports; approve items A. through K. under New Business; and accept and refer as indicated items 1. through 41. under Communications. A motion was made by Senator Thayer and seconded by Representative Rudy, to approve, accept, or refer the following items and a roll call vote was taken.

DISPOSITION of minutes of the May 10, 2023, meeting

STAFF AND COMMITTEE REPORTS

Committee reports since May 1, 2023.

Reports of the Administrative Regulations Review Subcommittee meetings on May 9, June 13, and August 8, 2023.

Committee review of administrative regulations by the Interim Joint Committee on Natural Resources and Energy during its meetings on June 8 and July 20, 2023.

Committee review of administrative regulations by the Interim Joint Committee on Health Services during its meeting on June 21, 2023.

Committee review of administrative regulations by the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations during its meeting on June 22, 2023.

Committee review of administrative regulations by the Interim Joint Committee on Families and Children during its meetings on June 21 and July 25, 2023.

Committee review of administrative regulations by the Interim Joint Committee on Veterans, Military Affairs, and Public Protection during its meeting on June 21, 2023.

Committee review of the Low-Income Home Energy Assistance Program (LIHEAP) Block Grant Application FFY 2024 by the Interim Joint Committee on Natural Resources and Energy during its meeting on July 20, 2023.

Committee review of administrative regulations by the Interim Joint Committee on Education during its meeting on August 1, 2023.

NEW BUSINESS

Referral of administrative regulations to the following committees for a secondary review pursuant to KRS 13A.290(6): 806 KAR 017:570E (Minimum standards for Medicare supplement insurance policies and certifications to Banking and Insurance; 016 KAR 009:080E (University-based alternative certification program), 016 KAR 009:080 (University-based alternative certification program), 016 KAR 009:100E (Alternative Route to Certification Program), and 016 KAR 009:100 (Alternative Route to Certification Institute) to Education; 921 KAR 001:400 (Establishment, review, and modification of child support and medical support orders) and 922 KAR 002:180 (Requirements for registered relative child care providers in the Child Care Assistance Program) to Families and Children; 201 KAR 020:240 (Fees for applications and service), 201 KAR 021:025 (Board; officers, duties, and compensation), 201 KAR 021:041 (Licensing; standards, fees), 201 KAR 021:042 (Standards, applications and approval of continuing education), 201 KAR 021:075 (Peer review committee procedures and fees), 201 KAR 021:095 (Licensure, registration, and standards of persons performing peer review), 201 KAR 021:105 (Telehealth chiropractic services), 201 KAR 022:045 (Continued competency requirements and procedures), 202 KAR 007:510 (Air ambulance services), 202 KAR 007:555E (Ground agencies), 900 KAR 014:010 (Essential personal care visitor programs; visitation guidelines), 902 KAR 020:018 (Operation and services; End Stage Renal Disease (ESRD) facilities), 902 KAR 055:015 (Schedules of controlled substances), 906 KAR 001:210 (Health care services agencies), 907 KAR 001:038E (Hearing Program coverage and requirements), 907 KAR 001:126E (Dental services' coverage provisions and requirements), 907 KAR 001:632E (Vision program coverage provisions and requirements), 907 KAR 003:190 (Reimbursement for treatment related to clinical trials), 907 KAR 020:010E (Medicaid procedures for determining initial and continuing eligibility other than procedures related to a modified adjusted gross income eligibility standard or related to former foster care individuals), 907 KAR 020:010 (Medicaid procedures for determining initial and continuing eligibility other than procedures related to a modified adjusted gross income eligibility standard or related to former foster care individuals), 907 KAR 020:045E (Special income requirements for hospice and 1915(c) home and community based services),

907 KAR 020:045 (Special income requirements for hospice and 1915(c) home and community based services), 907 KAR 020:075E (Eligibility provisions and requirements regarding former foster care individuals, and individuals who were in out-of-state equivalents to foster care), 907 KAR 020:075 (Eligibility provisions and requirements regarding former foster care individuals, and individuals who were in out-of-state equivalents to foster care), 907 KAR 020:100E (Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards), 907 KAR 020:100 (Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards), and 910 KAR 003:030 (Traumatic brain injury trust fund operations program) to Health Services; 500 KAR 002:020 (Filing and processing SLEO commissions), 500 KAR 003:010 (Definitions), 500 KAR 003:020 (Filing and processing SLPO commissions),

501 KAR 006:150 (Eastern Kentucky Correctional Complex policies and procedures), 505 KAR 001:200E (Cell entry teams, emergency response teams, and emergency response training), 505 KAR 001:200 (Cell entry teams, emergency response teams, and emergency response training), 505 KAR 001:210E (Restraints and control methods), 505 KAR 001:220E (Transportation of juveniles), and 505 KAR 001:230 (Facility, capacity, staffing, and population count to Judiciary; 201 KAR 019:225 (Examinations required; general provisions), 810 KAR 004:090 (Owners), 810 KAR 007:030 (Kentucky Thoroughbred Development Fund), 810 KAR 007:060 (Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund), 810 KAR 008:020 (Drug, medication, and substance classification schedule), 815 KAR 004:030 (Elevator licensing), 815 KAR 008:010 (Licensing requirements for master HVAC contractors and journeyman HVAC mechanics), 815 KAR 020:030 (Plumbing licenses), 815 KAR 025:060 (Licensing and certifications with manufactured homes and mobile homes), and 815 KAR 035:060 (Licensing of electrical contractors, master electricians, and electricians) to Licensing, Occupations, and Administrative Regulations; 815 KAR 007:130 (Kentucky Industrialized Building Systems), 815 KAR 010:060 (Standards of Safety), and 815 KAR 025:020 (Recreational vehicles) to Local Government; 301 KAR 006:001 (Definitions for 301 KAR Chapter 6), 301 KAR 006:020 (Boating safety equipment), and 301 KAR 011:020 (Procurement of architectural and engineering services) to Natural Resources and Energy; 101 KAR 002:034 (Classified compensation administrative regulations), 101 KAR 002:095 (Classified service general requirements), 101 KAR 002:181 (Repeal of 101 KAR 002:180), 101 KAR 003:045 (Compensation plan and pay incentives for unclassified service), and 105 KAR 001:220 (Periodic disability review) to State Government.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum approving the formation of the Equine Caucus.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum approving the formation of the South Central Kentucky Caucus.

From Jay D. Hartz, LRC Director: Memorandum reappointing Sheila Mitchell, Dr. Harry Burchett, Dr. Kirk Biggerstaff, and Will Hodges, as well as

appointing Karen Solise to the Local Superintendents Advisory Council.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum approving the formation of the Kentucky Rural Electric Cooperatives Caucus.

From Senator Donald Douglas and Representative Russell Webber, Co-chairs of the Certificate of Need Task Force: Memorandum requesting approval to meet on October 19 at 11:00 a.m., rather than the regularly scheduled meeting date of October 16. There are no apparent conflicts.

From Senator Whitney Westerfield and Representative Daniel Elliott, Co-chairs of the Interim Joint Committee on Judiciary: Memorandum requesting approval for an additional meeting date on December 15 at 10:00 a.m. There are no apparent conflicts.

From Jay D. Hartz, LRC Director: Memorandum requesting approval of the 2024 Regular Session calendar.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum recommending the appointment of Senator Damon Thayer or Representative Matthew Koch to the Kentucky Equine Drug Research Council.

From Senator John Schickel and Representative Josh Bray, Co-chairs of the Jail and Corrections Reform Task Force: Memorandum requesting approval to meet on November 8 at 10:00 a.m., rather than the regularly scheduled meeting date of November 13. There are two known conflicts.

From Senator Jimmy Higdon and Representative John Blanton, Co-chairs of the Interim Joint Committee on Transportation: Memorandum requesting approval to meet on Monday, September 18, rather than the regularly scheduled meeting date of September 19. There are no apparent conflicts.

COMMUNICATIONS

From the Office of the Attorney General: Constitutional Challenge Reports for January, February, and March 2023.

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 10, 11, and 13, and year-to-date activity for the periods of April 1 through Final Period, 2023, and Accounting Period 1, July 1 through July 31, 2023.

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarter ending June 30, 2023.

From the Kentucky Public Pension Authority: County Employees Retirement System 2022 Actuarial Experience Study for the period ending June 30, 2022.

From the Justice and Public Safety Cabinet, Kentucky Department of Corrections: 2022 Annual Report.

From the Cabinet for Health and Family Services: Social Service Worker Caseload Averages Reports for January through June 2023.

From the Kentucky Personnel Cabinet: Quarterly reports as of March 31 and June 30, 2023, which list the number of all full-time classified (merit) and

unclassified (non-merit) employees.

From the Justice and Public Safety Cabinet: FY 23 3rd and 4th Quarters Substance Abuse Treatment and Job Training Pilot Report.

From the Justice and Public Safety Cabinet: FY 23 3rd and 4th Quarters Population Management Reporting.

From the Department of Revenue: 2023 Real Estate Exemption List.

From Kentucky Employers' Mutual Insurance Authority: Quarterly Statement ending March 31, 2023.

From the Kentucky Personnel Cabinet: 2022 Annual Turnover Report of 15 Percent and Greater.

From the Kentucky Retirement Systems: 2022 Actuarial Experience Study.

From the Cabinet for Health and Family Services: 2023 Kentucky Stroke Encounter Quality Improvement Project (SEQIP) Report.

From the Office of Broadband Development: Semi-Annual Report.

From the Cabinet for Health and Family Services: Kentucky HB7 Legislative Research Report.

From the Office of the Attorney General: FY23 Report of the Status of the Administrative Hearing Process.

From the Cabinet for Health and Family Services: House Bill 7, RS 22 Implementation Status Report.

From the Cabinet for Health and Family Services: Social worker positions filled and vacant for the quarter ending June 30, 2023.

From the Governor's School for Entrepreneurs: FY23 2nd and 3rd Quarter Financial Reports.

From the Auditor of Public Accounts: FY22 Report on Compliance for the U. S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement of the Casey County Fiscal Court.

From the Auditor of Public Accounts: FY22 Report of the Audit of the Casey County Fiscal Court.

From the Legislative Ethics Commission: 2023 Recommended changes to the Code of Legislative Ethics.

From the Education and Labor Cabinet: FY23 1st Quarter Report for the Department of Workers' Claims.

From the Cabinet for Health and Family Services: FY23 Citizen Review Panels Annual Report.

From the Education and Labor Cabinet: FY Telecommunications Access Program (TAP) Annual Report.

From the Public Protection Cabinet: FY23 Team Western Kentucky Tornado Relief Fund and Team Eastern Kentucky Flood Relief Fund Reports.

From the Education and Labor Department, Department of Workers' Claims: 2nd Quarter Report. (Staff suggested committee referrals: Education and Economic Development and Workforce Investment.) Pursuant to KRS 342.232.

From the Kentucky Personnel Board: FY 22 Annual Report.

From the Cabinet for Health and Family Services, Department for Medicaid Services: Report on Senate Joint Resolution 54.

From the Cabinet for Health and Family Services,

Department for Community Based Services: SFY 2023 Fostering Success Report.

From Health Plan Data Solutions: FY 2023 2nd Quarter Payment Integrity Findings Report, Kentucky Employees' Health Plan.

From the Justice and Public Safety Cabinet: FY 23 Department of Corrections Annual Report.

From the Justice and Public Safety Cabinet: 2023 Lee Adjustment Center Annual Report.

From the Justice and Public Safety Cabinet: 2023 Education Program on AIDS Annual Report.

From the Finance and Administration Cabinet, Department of Revenue: 2023 Insurance Premium Surcharge on each Kentucky-licensed property.

From the Cabinet for Health and Family Services: 2023 Victims Advocacy Programs Report.

From the Governor's Office of Early Childhood: 2023 Biennial Report of the State Plan of the Early Childhood Advisory Council.

From the Auditor of Public Accounts: 2022-2023 Report of the Examination of Lease Law Compliance.

From the Justice and Public Safety Cabinet: 2022-23 Annual Report of the Office of the State School Security Marshal.

From the Kentucky Public Pensions Authority: FY 2023 Kentucky Employment Retirement System Nonhazardous Employer Contractor Report.

The motion passed unanimously.

Senator Thomas asked for an update on NCSL 2024 to be held in Louisville. Senator Stivers responded that the Host Committee has been asked by NCSL to raise \$2 million dollars, and the committee is over halfway there. There have been discussions regarding the substantive portions of the conference, as well as working on policies with Stacy Householder of NCSL. He stated that the biggest thing for the Host Committee will be conveying messages to NCSL about policy discussions, as well as the receptions, goodwill, and advertising of the state. Senator Stivers relayed that 6,500 rooms have been blocked in advance for attendees. Senator Thomas requested when policy matters and scheduling for NCSL are being discussed that Director Hartz and President Stivers ask for a broad input from members. Senator Stivers said that all policy issues and suggestions be directed to his, Speaker Osborne's, or Jay Hartz's offices.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 3rd Meeting of the 2023 Interim August 24, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Agriculture was held on August 24, 2023, at 10:00 AM in Freedom Hall of the Kentucky Exposition Center. Representative Richard Heath, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Richard Heath, Co-Chair; Senator Jason Howell, Co-Chair; Senator Cassie Chambers Armstrong, Senator Matthew

Deneen, Senator Damon Thayer, Senator Robin L. Webb, Senator Stephen West, Senator Whitney Westerfield, Senator Mike Wilson, Representative Chad Aull, Representative Mike Clines, Representative Jonathan Dixon, Representative Daniel Fister, Representative Derrick Graham, Representative David Hale, Representative Kim King, Representative Shawn McPherson, Representative Amy Neighbors, Representative Michael Sarge Pollock, Representative Phillip Pratt, Representative Brandon Reed, Representative Sarah Stalker, Representative Cherlynn Stevenson, Representative Nancy Tate, and Representative James Tipton.

Guests: Mayor Craig Greenberg, Louisville Metro; Shelby Somervell, Vice President of Government Affairs and Communications, Greater Louisville, Inc.; and David Beck, President and CEO, Kentucky Venues.

LRC Staff: Stefan Kasacavage, CSA, Kelly Ludwig, Analyst, Susan Spoonamore, Committee Assistant, and Emily Wiley, Graduate Fellow.

Approval of July 20, 2023 minutes

The July 20, 2023, minutes were approved by voice vote, without objection, upon motion made by Representative McPherson and seconded by Senator Westerfield.

Introduction of IJC on Agriculture and Kentucky State Fair Board Welcome

Mayor Craig Greenberg welcomed the Interim Joint Committee on Agriculture to Louisville and stated that the Kentucky State Fair is the best fair in the country. He proposed future progress between Louisville and the General Assembly by suggesting more investments in infrastructure which would showcase Kentucky agriculture and its people. Mayor Greenberg stated that agriculture is a driver for the Commonwealth.

Shelby Somervell thanked the members of the committee for investing in the Greater Louisville region.

Report of the Kentucky State Fair Board

David Beck stated that the Kentucky Exposition Center has a rich tradition of hosting events and competitions, which includes approximately 340 shows a year, comprising of The North

American International Livestock Show, the Farm Machinery Show, concerts, and sport competitions. He stated that 600,000 people are estimated to attend the 2023 Kentucky State Fair.

Dr. David Williams, Chair of Kentucky Venues' Finance Committee, stated that the 2023 revenues are at \$46 million, which is the highest level since 2000. In response to Representative Aull, Dr. Williams explained that revenue started to decrease around 2016 when the University of Louisville's Men's Basketball team moved to the KFC Yum! Center.

David Wallace, Kentucky Venues board member, stated that the board has developed a three phase plan to support infrastructure needs at the Kentucky Exposition Center. He stated that Phase One totals \$180 million in appropriations from the 2022 Regular Session, which includes design and engineering for property expansion. It also include construction of a

400,000 square foot agriculture building. Phase Two would address the South Wing area through building a hotel and skywalk. Phase Three would create a tunnel under Philips Lane for tram and pedestrian transportation to the South Wing. Mr. Beck said that the plans would refresh the property and include a new front entrance facing I-65.

Keith Rogers, Chief of Staff, Kentucky Department of Agriculture thanked legislators for creating an Emergency Preparedness and Response Division within the State Veterinarian's office.

Adjournment

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 4th Meeting of the 2023 Interim September 21, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Agriculture was held on September 21, 2023, at 9:00 AM in Room 154 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 Richard Heath Co-Chair; Senators Cassie Chambers Armstrong, Gary Boswell, Matthew Deneen, David P. Givens, Damon Thayer, Robin L. Webb, and Mike Wilson; Representatives Chad Aull, Mike Clines, Daniel Fister, Derrick Graham, David Hale, Kim King, Matthew Koch, Shawn McPherson, Amy Neighbors, Michael Sarge Pollock, Phillip Pratt, Brandon Reed, Sarah Stalker, Cherlynn Stevenson, Walker Thomas, and James Tipton.

Guests: Dr. Nancy Cox, Vice President and Dean, Martin-Gatton College of Agriculture, Food and Environment; Dr. James Matthews, Associate Dean for Research; Dave Morris, Deputy Executive Director, Office of Agricultural Marketing, Kentucky Department of Agriculture; Dale Dobson, Safety Administrator, Education and Outreach Division, Kentucky Department of Agriculture; Dr. Cheryl Witt, Extension Specialist, Ag. Nurse, Martin-Gatton College of Agriculture, Food and Environment; and Laura Weddle, Extension Specialist, Family and Consumer Science, Martin-Gatton College of Agriculture, Food and Environment.

LRC Staff: Stefan Kasacavage, Kelly Ludwig, Susan Spoonamore, and Emily Wiley.

Approval of August 24, 2023 minutes

The August 24, 2023, minutes were approved by voice vote, without objection, upon motion made by Representative McPherson and seconded by Senator Boswell.

Update on Martin-Gatton College of Agriculture, Food and Environment Programs and Projects Dr. Nancy Cox stated that the University of Kentucky's (UK) Martin-Gatton College of Agriculture, Food, and Environment serves Kentucky in different capacities, including 120 county extension offices, academic departments, research farms, 4-H camps, etc. The

General Assembly’s financial support of the Martin-Gatton College yields dividends for Kentucky, creating a multiplier effect of returns on investments. She said that 2,495 students are enrolled in the Martin-Gatton College of Agriculture, Food, and Environment and 56.4 percent of those students are Kentucky residents. Many out-of-state and international students in the college enroll in the equine program.

The Martin-Gatton College has received \$40.9 million in external grants and contracts in 2023. The Bill Gatton Foundation has committed \$100 million over the next 20 years to grow the college’s human capital to achieve goals, such as fostering the next generation of Kentucky agriculture leaders, the human-animal bond, innovation, etc. Dr. Cox provided a list of buildings to be rebuilt or repaired due to natural disasters. She identified facility renovations for on-campus buildings, including the Thomas Poe Cooper House and James B. Beam Institute for Kentucky Spirits. She said that there are dilapidated facilities that will be demolished to support the expansion of UK Healthcare, but those buildings will be supplemented with UK’s capital request for an agricultural research building and a Meat and Food Workforce Development Center. Current facility renewals include renovations to Scovell Hall, Barnhart, and USDA-ARS Lab. In response to Representative King, Dr. Cox stated that several researchers within the Agriculture Economics program are studying the utilization of agricultural conservation easements in the United States and in the world. In response to Representative Aull, Dr. Cox stated that the Martin-Gatton College of Agriculture, Food, and Environment employs about 2,000 people. She said that 1,000 of those employed are outside of Lexington. In response to Representative Tipton, Dr. Cox stated that agricultural operations on the UK Coldstream Research Campus are being phased out. Operations at the C. Oran Little Research Center in Woodford County are aimed at serving the beef industry and other commodity groups. The college is focusing efforts to identify ways for UK to support the dairy industry. Dr. Cox acknowledged the recent passing of Dr. George Heersche and his contributions as a Dairy Specialist and Extension Faculty member. In response to Chair Howell, Dr. Matthews stated that there are two roles of the college: high quality research, primarily funded by the federal government, and serving Kentucky’s needs and commodity groups. The pricing per square foot of proposed projects is attributed to the need for providing clean air environments to separate different areas of research.

Overview of the Raising Hope Initiative

Mr. Dave Morris stated that the Raising Hope program was developed in 2020 to promote the health and safety of farmers who may be at an elevated risk for suicide and accidents. Mr.

Morris outlined the prevention, intervention, and data surveillance aspects to support the Raising Hope mission. The program assisted with the 988 crisis hotline rollout, which included 2,141,355 impressions and 44,218 clicks on Raising Hope digital campaigns. This outreach led to 36 calls to the 988 hotline. Different training programs have been utilized to train community members how to approach agricultural mental health needs. The program has hosted events

impacting 260,000 people, including over 2,500 health screenings. Mr. Morris stated that eight people are alive today due to the work of Raising Hope.

Raising Hope has projects planned to expand Mental Health First Aid training, health screenings, farmer appreciation efforts, and youth curriculum. The program has established bylaws and an advisory council will be appointed by the Commissioner of Agriculture. The program is a collaboration with Mental Health America, serving as a fiscal agent to receive donations. Raising Hope has received over \$8,000 in a few months. Mr. Morris provided an overview of individuals involved with the Raising Hope program and recent events, including Farmer Appreciation Day.

Overview of Farmer Appreciation Day

Dale Dobson stated that the Kentucky Department of Agriculture hosted its first Farmer Appreciation Day on September 20, 2023, at the Kentucky State Capitol. Mr. Dobson recognized Representative Reed and Chair Heath for their involvement with the event. The event was estimated to have hosted 700 people.

Mr. Dobson stated that, over the past year and a half, a number of high schools have taken part in Raising Hope’s challenge coin initiative. The purpose of the program is to show individuals that they are appreciated. In response to Representative Stalker, Mr. Morris stated that unknown stressors such as weather, markets, profitability, and input costs impact farmers’ mental health. One priority of the Raising Hope is to reduce the stigma of discussing stressors. Mr. Dobson stated that the work of Raising Hope has allowed individuals to feel more comfortable discussing what is on their minds. He recognized 34 students from Seneca High School’s Future Farmers of America chapter for their work in downtown Louisville. Mr. Morris stated that Raising Hope programs have only begun to scratch the surface. Additional funding would be beneficial in supporting the expansion of the programs.

Discussion on Farmer Mental Health

Dr. Cheryl Witt stated that Raising Hope has incorporated nursing students to provide health screenings to farmers. This opportunity enhances the student’s cultural humility and provides hands-on experiences. Farmers have unique factors that require their own worker health model. Dr. Witt stated that Kentucky Farm Model has a synergistic relationship for the optimal health of the farmer which includes mental health, physical health, and safety. The deficit in farmers’ health lies in the complexity of the culture of farming, rural health barriers, and overall health seeking behaviors of the profession. Much of the research performed around these areas focuses on male farmers. It is important to meet farmers where they reside. This is done through farmer-centered programs within Raising Hope. Dr. Witt said she believes that farmer-centered interventions work. It is difficult to measure this success other than self-reporting.

Laura Weddle stated that the UK’s Cooperative Extension Service (UK Extension) already promotes programs to address farm stress and rural mental health. UK Extension has released a library of research

and evidence-based mental health publications that are written on a reading comprehension level for an average community member. UK Extension provides educational trainings to increase knowledge about rural mental health challenges. Over 2,000 Mental Health First Aid certifications have been administered over the past year and a half as a result of UK Extension’s efforts. Extension offices are also equipped with curricula and toolkits to assist agents. In response to Representative Stalker, Mr. Morris stated that the use of funds for Raising Hope will be decided by the Raising Hope Advisory Board. Dr. Witt stated that there is a need for administrative and human resources to support the Raising Hope initiative. In response to Senator Boswell, Dr. Witt stated that farming is the third-ranked occupation for suicide. In response to Senator Chambers Armstrong, Dr. Witt stated that farmers’ mental health will benefit from scientific advancements. In response to Chair Howell, Dr. Witt stated that Raising Hope has worked to provide curricula to rural areas for health providers to utilize.

University of Kentucky Cannabis Center 2023 Report -- NO ACTION NEEDED

Chair Howell acknowledged the University of Kentucky Cannabis Center 2023 Report. No action was required.

Adjournment

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE
Minutes of the Third Meeting
of the 2023 Interim
August 2, 2023

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Appropriations and Revenue was held at 1 p.m. Wednesday, August 2, 2023, in Room 149 of the Capitol Annex. Representative Jason Petrie, chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, co-chair; Representative Jason Petrie, co-chair; Senators Gary Boswell, Matthew Deneen, Donald Douglas, Shelley Funke Frommeyer, David P. Givens, Amanda Mays Bledsoe, Michael J. Nemes, and Robin L. Webb; Representatives Kim Banta, Danny Bentley, Adam Bowling, Josh Branscum, George Brown Jr., Myron Dossett, Patrick Flannery, Ken Fleming, Deanna Frazier Gordon, Chris Freeland, Chris Fugate, Al Gentry, Mark Hart, DJ Johnson, Bobby McCool, Shawn McPherson, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Cherlynn Stevenson, and Ken Upchurch.

Guests: Scott Young, executive director, Kentucky Rural Water Association; Brian Wright, president/CEO, Owensboro Riverport Authority, chair, Kentucky Association of Riverports; Jennifer

Kirchner, executive director, Kentuckians for Better Transportation; Rachel Bayens, partner, Government Strategies; William Downey, chair, Kentucky Rail Association; John Hicks, Executive Cabinet secretary and state budget director, Commonwealth of Kentucky; and Ryan Barrow, Office of Financial Management, Commonwealth of Kentucky.

LRC Staff: Jennifer Hays, Cynthia Brown, Katy Jenkins, Sarah Watts, Hunter Branham, and Fantasia Tackett.

Approval of the July 19, 2023 Minutes

Representative Reed made a motion, seconded by Representative Bowling, to approve the minutes from the July 19, 2023, meeting.

Kentucky Water Needs

Scott Young was given an opportunity to discuss water needs in Kentucky.

Mr. Young testified the Kentucky Rural Water Association (KRWa) represents 95 percent of the water and waste water utilities in Kentucky. Kentucky has 432 public water systems, 213 water treatment plants, approximately 64,000 miles of water mains, and an estimated 40,207 lead service lines that need to be replaced.

In 2019, the American Society of Civil Engineers published its infrastructure report card which rated Kentucky's drinking water system as a C+ and waste water infrastructure as a C-. Challenges facing Kentucky's rural water systems are aging infrastructure, regulatory compliance, funding and financial constraints, and lack of technical expertise and workforce.

In April 2023, the United States Environmental Protection Agency (USEPA) published the Drinking Water Infrastructure Needs Survey and Assessment which estimated Kentucky's 20-year infrastructure investment need at \$7.84 billion. Kentucky's rural water utility needs include infrastructure investment, technological upgrades, technical assistance, asset management and planning, regional cooperation and consolidation, workforce development, and non-capital utility investment. In response to a question from Representative Petrie, Mr. Young testified the KRWa has over 360 utility members across Kentucky. In response to an additional question from Representative Petrie, Mr. Young testified the Appropriations and Revenue Committee may also want to speak to the Kentucky Municipal Utility Authority regarding water needs in Kentucky. In response to a question from Representative McCool, Mr. Young testified apprentices hired through the KRWa's apprenticeship program will be on the pathway to become a certified operator. Mr. Young added 70 percent of utilities have lost employees, some of which were lost to bigger utilities as people tend to migrate where there is better pay, benefits, and opportunities. In response to a question from Representative Nemes, Mr. Young testified the pathway for recruiting certified operators is currently limited due to lack of interest in the industry and lack of funds. Representative Nemes commented the state used to and should be able to help with that. In response to a question from Representative Stevenson, Mr. Young testified the 20-year infrastructure investment need at \$7.84 billion

is for existing infrastructure exclusively. In response to a question from Representative Gentry, Mr. Young testified from a capacity standpoint, assistance is needed to help some water systems identify available funding opportunities. In response to a question from Senator Webb, Mr. Young testified the USEPA's projection is based on the water systems current status and laws, not potential new laws regarding emerging contaminants in water, which would increase the monetary need tremendously if passed.

Representative Petrie commented moving forward he would like to focus on trying to plan for emergency requests before they occur.

Kentucky Reserves

John Hicks and Ryan Barrow were given an opportunity to discuss Kentucky reserves.

Mr. Hicks presented the general funds budget reserve trust fund 25-year balance history which showed a significant increase in the last three years, FY 2024 being the highest at \$3.71 billion. In June 2023, the National Association of State Budget Officers released a report ranking Kentucky's balance of budget reserve trust funds sixth highest of all states, a substantial improvement from being fourth lowest four years ago. In FY 2022 the budget reserve trust fund was primarily used for economic development opportunities in Hardin County and in FY 2023 it was primarily used in response to the eastern Kentucky flooding disaster.

Mr. Barrow testified KRS 42.500 establishes the state investment commission and outlines investment objectives and goals. Current cash is managed by the commission and invested in permissible instruments. There are regulations detailing trading limits, execution, and other factors.

Three key investment objectives were highlighted: preservation of principle, liquidity, and maximizing returns. Preservation ensures no risky investments that could result in losses. Liquidity is crucial for paying bills and accommodating budget changes. Maximizing returns follows, but within responsible limits. Mr. Barrow mentioned the different tiers of investment approach and explained that the state has moved from historically negative cash balances to positive ones due to budget surpluses and federal funding, leading to improved credit ratings.

A chart was shared indicating the change in cash balances over the years, showing a positive shift since 2021. This improvement in liquidity eliminated the need for inter-fund borrowing and positively impacted the state's financial position. In response to a question from Representative Petrie, Mr. Barrow testified he would provide the FY 2020 report to the Appropriations and Revenue Committee at a later date.

Mr. Barrow testified the general fund now holds cash, unlike before, and historically, low interest rates led to modest earnings despite negative cash balances. The fund used a cost-effective repo rate for borrowing instead of issuing trans, resulting in improved financials. In 2023, the fund generated \$150 million in interest earnings due to larger cash balances and higher interest rates.

Mr. Barrow testified the short-term pool's investments were mainly in money market and repo

agreements due to COVID-related uncertainties and budget projections. A treasury and agency cash match were introduced to align with future cash needs, resulting in longer duration investments with added yields. These investments adhere to statutes and regulations, focused on fixed income securities with minimal interest rate impact. By systematically laddering out securities since January, additional yields have been achieved, reflecting in monthly and fiscal year reports.

Mr. Hicks discussed monitoring monthly interest incomes, highlighting the positive impact of high budget reserve trust fund balance, and rising short-term rates on the general and road funds. He explained the impact of accounting standards on negative values and emphasized predictability challenges in investments, including the Capital Construction income pool. He noted how past fiscal years influenced budgeting and mentioned ongoing efforts to forecast revenues and interest rates with the Office of Financial Management for the next budget consensus forecasting.

Representative Petrie thanked Mr. Barrow for the collaboration on investment returns, expressing satisfaction with the current positive results seen in monthly reports. In response to a question from Senator Boswell, Mr. Barrow clarified the investment process, involving live trading using Bloomberg compliance manager. Approved broker dealers bid on securities based on type, with quick settlements following terms of the securities. This process differs from state procurement and ensures efficiency. In response to a question from Representative Bowling, Mr. Hicks testified the investments go to the general fund.

Kentucky Riverport Needs

Brian Wright, Jennifer Kirchner, and Rachel Bayens were given the opportunity to discuss riverport needs in Kentucky.

Mr. Wright testified Kentucky has 10 riverports (seven active, three developing). A 2018 Kentucky Transportation Cabinet (KYTC) study showed these riverports facilitated over 89 million tons of freight valued at over \$18 billion in trade, with 79 percent of transactions occurring outside Kentucky. This transportation saved significant ground travel resources and supported commodities like energy, chemical, agriculture/food/lumber, and metals/minerals.

Ms. Kirchner discussed state funding for public riverports, comparing Kentucky's support to neighboring states. Since 2013, Kentucky has allocated \$500,000 annually for riverport improvement through the Kentucky Riverport Improvement (KRI) Grant Program, requiring a 50 percent local match. KRI applications are due each year in May for the new fiscal year beginning July 1. Funds must be used by June 30 or returned. Funds are not to be used on routine maintenance, port operations, or plans/studies. In response to a question for Representative Petrie, Ms. Kirchner clarified Indiana and Tennessee lack recent state grant programs.

Ms. Kirchner testified \$12.3 million is needed for asset preservation based on the 2018 KYTC study. In response to a question from Representative Petrie, Mr. Wright stated the federal fund limits vary each year.

Ms. Baynes proposed a one-time \$15 million allocation to address infrastructure, facility, and equipment needs identified by the 2018 KYTC study. In response to a question from Representative Petrie, Ms. Baynes testified needs from all 10 riverports were expressed and included in the \$12.3 million KYTC assessment.

Ms. Baynes testified the \$15 million projects could be accomplished within a two-year budget period without a local match. The goal is sustained annual funding beyond the current \$500,000 potentially sourced from the state general fund portion of the commercial watercraft property tax, which was around \$5 million in 2021.

Ms. Baynes proposed the utilization of the Riverport Financial Assistance Trust Fund instead of the KRI Grant Program. The benefits of the trust fund include carrying forward unused funds and reducing the local matching requirement from 50 percent to 20 percent. Riverports also can participate in the Kentucky Product Development Initiative and House Bill 9. In response to a question from Representative McPherson, Mr. Wright testified he is unsure what the financial impact was for each port during the Mississippi River's low water levels. He noted the biggest issue was the dock inaccessibility due to drought. In response to a question from Representative Johnson, Mr. Wright testified the primary limitation in using state funds to match federal funds is the lengthy process of obtaining and securing federal funds, which requires strategic planning for fund usage within the fiscal year.

Representative Johnson commented on the availability of funds and emphasized the importance of making wise decisions regarding their use. He expressed a preference for utilizing the funds for one-time impactful projects rather than creating new programs that require ongoing funding.

Representative Petrie commented reserve funds should be regarded as one-time resources and not used for recurring expenses. In response to a question from Senator Boswell, Mr. Wright testified there are over 100 private ports in Kentucky. In response to an additional question from Senator Boswell, Mr. Wright testified many public ports are striving to break even, maintain assets, and sustain day-to-day operations, especially smaller ports lacking growth opportunities. In response to a question from Representative Bentley, Mr. Wright testified a minimum pull for barge drafting is ensured between Olmsted Locks and Dam and Hallsville in the western part of Kentucky. Drafting is influenced by goods' travel paths, with the Mississippi's water level dictating draft restrictions during peak summer. In response to a question from Representative Petrie, Mr. Wright testified he is confident all active ports have rail connections.

Kentucky Railroad Needs

William Downey was given the opportunity to discuss railroad needs in Kentucky.

Mr. Downey testified the Kentucky Rail Association includes four primary carriers: RJ Corman Railroad Group, P&L, CSX Transportation, and Norfolk Southern. Kentucky carload data from 2021 indicated significant rail freight impact, equating to over one million trucks on roads.

Railroads invest 25 percent of revenues back into the network yearly, totaling approximately \$160 million in Kentucky. Recent investments include an Infrastructure for Rebuilding America (INFRA) grant and Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant, alongside ongoing programs like the Kentucky Rail Crossing Improvement (KRCI).

State funding programs from Ohio, Tennessee, Indiana, Virginia, North Carolina, and Pennsylvania were proposed as models for Kentucky. The Kentucky Transportation Cabinet and HDR Engineering are conducting a rail assessment study and considering funding mechanisms like the Kentucky Freight Investment Program and Kentucky Federal Freight Fund to improve the rail network.

Adjournment

The meeting adjourned at 2:43 p.m. The next meeting will be at 1 p.m. Wednesday, September 20.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 4th Meeting of the 2023 Interim

September 20, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Appropriations and Revenue was held on September 20, 2023, at 1:00 p.m. in Room 149 of the Capitol Annex. Senator Christian McDaniel, chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel co-chair; Representative Jason Petrie co-chair; Senators Gary Boswell, Matthew Deneen, Donald Douglas, Shelley Funke Frommeyer, David P. Givens, Amanda Mays Bledsoe, Michael J. Nemes, and Robin L. Webb; Representatives Kim Banta, Danny Bentley, Adam Bowling, Josh Branscum, Josh Bray, Myron Dossett, Patrick Flannery, Ken Fleming, Deanna Frazier Gordon, Chris Freeland, Al Gentry, DJ Johnson, Shawn McPherson, Ruth Ann Palumbo, Josie Raymond, Brandon Reed, Steve Riley, Cherlynn Stevenson, and Ken Upchurch.

Guests: Beau Barnes, deputy executive secretary and general counsel, Kentucky Teachers' Retirement System; David Eager, executive director, Kentucky Public Pensions Authority; Dr. Bob Jackson, president, Murray State University; Dr. Kim Schatzel, president, University of Louisville; Gex Williams, state senator, Senate District 20; Dr. Eli Capilouto, president, University of Kentucky; Bart Hardin, director of government relations, University of Kentucky; Lacey Gero, manager of state policy, National Diaper Bank Network; Cassie Chambers Armstrong, state senator, Senate District 19; and Deanna Hornback, director, St. Bernadette Diaper Bank.

LRC Staff: Jennifer Hays, Cynthia Brown, Katy Jenkins, Adam Johnson, Sarah Watts, and Fantasia Tackett.

Approval of Minutes

Representative Bowling made a motion, seconded

by Senator Douglas, to approve the minutes from the August 2, 2023, meeting.

University of Kentucky Update

Dr. Eli Capilouto and Bart Hardin provided the committee with an update on the University of Kentucky (UK).

Dr. Capilouto testified UK has made strides in its graduation rates, particularly the six-year graduation rate, which now stands at 70 percent. This places the university among the top 20 percent of similar institutions in the United States. Moreover, there has been a notable increase in the number of graduates and certificates awarded annually, reaching nearly 9,500, a substantial increase from 2010.

The adoption of the performance funding model by the General Assembly in 2019 played a pivotal role in aligning the university's priorities with the state's needs. This model led to a more significant focus on producing additional bachelor's degrees, particularly in STEM and health-related fields, and supporting underrepresented students.

UK has also made substantial advancements in research, with grants and contracts reaching

\$500 million. Research efforts have concentrated on addressing critical issues facing Kentucky such as cancer, opioid misuse, energy, and advanced manufacturing.

UK Health Care has witnessed an expansion, effectively doubling the number of patients treated over the past two decades. Investments in facilities like the Chandler Hospital Pavilion A have been instrumental in this progress.

The university has adopted innovative approaches to improve campus infrastructure, including collaborations with private entities and philanthropic donors to construct modern residence halls and dining facilities.

The institution has worked to minimize tuition and fee increases for students, with a particular emphasis on supporting students from low-income backgrounds. Initiatives like UK Leads and the provision of iPads to all students have enhanced the overall student experience.

Dr. Capilouto concluded with an anecdote about a first-generation college student whose life was transformed by the opportunities offered at UK.

Senator McDaniel thanked Dr. Capilouto for his leadership and acknowledged his significant role in advancing UK over the past decade.

Representative Palumbo thanked Dr. Capilouto for his leadership at UK and thanked Tommy Lewis for funding the Lewis Honors College under Dr. Capilouto's recruitment efforts. In response, Dr. Capilouto credited the collective efforts of the university's 25,000 faculty and staff for their achievements.

Senator Boswell agreed with the efforts to support Kentucky undergraduate students from low-income families, emphasizing the importance of not overlooking those in the middle or moderately high income brackets who may face financial challenges. Dr. Capilouto acknowledged the concern and mentioned the LEADS program, which addresses unmet financial need across income levels. He also highlighted half of UK's graduates have no debt. For

the other half with debt, it is typically around \$30,000, emphasizing their commitment to ensuring a college education at UK does not burden students and their families financially.

Senator McDaniel expressed concerns about the fragmented nature of name, image, and likeness (NIL) legislation in college athletics. He stressed the need for a uniform national solution to address this issue, acknowledging it was beyond UK's control.

Cybersecurity

Dr. Bob Jackson, Dr. Kim Schatzel, and Senator Gex Williams discussed cybersecurity.

Senator Williams testified the need for cybersecurity in Kentucky is urgent. He emphasized the increasing cybersecurity threats faced by cities and organizations, including ransomware attacks, and stressed the importance of addressing the issue.

Dr. Jackson testified the significance of cybersecurity at a personal, state, national, and global level, emphasizing its daily impact on individuals and organizations. He stressed the need for Kentucky to play a more prominent role in this field, given its projected growth and the abundance of job opportunities.

The history of cybersecurity efforts at Murray State University (MSU) was noted, highlighting its commitment to cybersecurity education and the recent accreditation from the National Security Agency (NSA). Statistics on the increased enrollment in cybersecurity programs and the rising interest among freshmen were shared. There is a collaborative effort between MSU, the University of Louisville (UofL), and other institutions to draft a proposed bill for the upcoming legislative session. The bill aims to establish a statewide Cyber Center Network, uniting institutions with cyber-related programs to better enhance and expand cybersecurity initiatives across Kentucky. The proposal also involves the Council on Post-Secondary Education as an intermediary for statewide funding allocation, ensuring efficient resource distribution.

Dr. Schatzel testified about recent cybersecurity incidents, including Clorox and MGM Resorts, to emphasize the growing threat of cyberattacks on businesses and organizations. Fifty-seven percent of small and medium-sized companies have experienced a cyberattack in the past year, with over 90 percent lacking the necessary resources, training, and skills to address such incidents promptly.

Insights were provided into UofL's cybersecurity efforts, emphasizing its status as a Carnegie research one university with national recognition in cyber excellence from both the NSA and the Department of Homeland Security. UofL has contributed to cybersecurity research and training, securing more than \$16 million in funding over the past three years. The university developed a Department of Defense-backed cybersecurity workforce certificate program, offering various cybersecurity programs, and facilitating partnerships with law enforcement and K-12 institutions. There is an urgent need for a Kentucky Cyber Consortium to centralize resources and support for addressing the escalating cybersecurity threat. In response to a question from Senator McDaniel, Dr. Jackson testified the information presented addresses

concerns related to involvement with the NSA and the potential for assistance and funding from that source. The bill, which was collaboratively developed over the summer and has received approval from various institutions will pave the way for progress in this regard.

Senator Nemes opted not to comment now but expressed the intention to have an abundance of comments and questions later.

Pension Update

Beau Barnes and David Eager provided an update on the pension.

Mr. Barnes presented an updated on the financial status of the Teachers' Retirement System (TRS), focusing on key financial aspects. He used four slides to provide a comprehensive overview.

In the presentation, the structure of the cash flow presentation was explained. Member contributions for FY 23 were \$368.2 million, slightly up from the previous year, while employer contributions for FY 23 amounted to \$1.146 billion, down due to a one-time lump sum payment of \$479 million in FY 22. Investment income increased for FY 23, resulting in a total cash inflow of \$1.898 billion.

Cash outflows were discussed in the second slide. Benefit payments constituted the largest outflow, totaling \$2.418 billion. Administrative expenses increased slightly due to an across-the-board 8 percent increase for state employees and one-time IT system upgrades. The total outflows for FY 23 amounted to \$2.432 billion, resulting in a negative cash flow of \$534.6 million. Negative cash flows were manageable due to consistent additional funding over the past eight years.

The importance of investment gains and losses was emphasized on the third slide. Realized gains occurred when selling stocks at a profit, while unrealized gains represented the increased value of TRS assets. The pension trust fund increased from \$22.9 billion on July 1, 2022, to

\$24.248 billion on June 30, 2023, a gain of \$1.348 billion.

In the fourth slide, the budget needs for the current fiscal year and projected figures for the next two fiscal years was outlined. The fixed statutory rates for pension and health insurance contributions and their budget implications were explained. Additional funding was requested for the pension fund to implement a funding plan aimed at paying off the legacy unfunded liability. Reaching 100 percent funding would significantly reduce TRS costs. The strong growth and funding prospects of the retiree health insurance trust was discussed. A thorough understanding of TRS's financial status and budgetary needs was provided, emphasizing the positive developments in both the pension and health insurance trusts. In response to a question from Representative Johnson, Mr. Barnes stated the state appropriations needs for FY's 27, 28, and 29 were approximately \$1.6 billion, \$1.7 billion, and

\$1.863 billion, respectively. In response to questions from Senator Boswell, Mr. Barnes testified that he did not have immediate access to specific information regarding the highest-paid member, including administrators, and the number

of individuals receiving annual benefits exceeding \$100,000 within the TRS. He expressed his commitment to providing this data while ensuring privacy by withholding individual names. Senator Boswell stressed the importance of transparency in disclosing such information to the public, to which Mr. Barnes agreed. In response to a question from Representative Stevenson, Mr. Barnes testified concerns raised by retirees regarding increasing health care costs. Retirees under 65 or Medicaid-eligible participate in the Kentucky Employees Health Plan (KEHP), overseen by the Personnel Cabinet's Department of Employee Insurance. There are approximately 9,300 retirees in this plan, with about 3,000 opting for family coverage. The KEHP rates for 2024 are expected to rise by 10 to 16 percent, depending on the specific coverage and plan selected by retirees.

Mr. Eager testified the Kentucky Public Pension Authority (KPPA) oversees assets for 10 plans, consisting of five pension and five retirement plans, including K-2K, K-2C, and state police. There was an additional appropriation of \$215 million in fiscal year 2022 for the state police plan, significantly impacting its financial outlook. The positive trajectory of the K-9 HAZ pension plan was emphasized, highlighting key dates in 2019 and 2049 when significant financial improvements are expected.

A robust cash flow in FY 23 was attributed to high contribution levels and substantial investment gains. The contribution rates for pensions and insurance were detailed, showcasing a budgetary improvement for 2025 and 2026. Actuarial conditions were discussed, indicating a declining unfunded liability trend and an expected full funding of most plans by 2049. Historical assumptions and structural changes, such as House Bill 8, are contributors to the system's enhanced financial condition. Changes in mortality assumptions reflects a decrease in life expectancy, which, in turn, reduces costs by lowering liabilities.

Representative Johnson commended the board for maintaining the 5.25 percent rate and acknowledged past challenges. He urged everyone to stay the course despite potential difficulties, emphasizing the importance of perseverance for long-term success. In response to comments from Senator McDaniel about positive changes and actuarial recommended reduction in contributions, Mr. Eager testified the reduction was not a deliberate action but a result of the actuarial process.

Senator McDaniel emphasized the need to maintain funding levels and suggested considering actuarial implications tied to sustained payroll growth after the budget session.

Sales and Use Tax Exemption for Diapers

Senator Cassie Chambers Armstrong, Lacey Gero, and Deanna Hornback discussed sales and use tax exemption for diapers.

Senator Chambers Armstrong thanked the committee for considering Bill Request 178, which proposes exempting sales and use tax on diapers. Drawing from personal experience, she highlighted the financial strain families face, spending up to \$2,000 annually on diapers. The bill's potential to alleviate diaper costs was emphasized, acknowledging

the limitations of existing assistance programs and the reliance on charitable organizations like Deanna Hornback's Saint Bernadette Diaper Bank.

Impact on family dynamics and potential job losses are severe consequences of diaper need. While recognizing the bill's partial impact, Senator Chambers Armstrong presented her personal contribution of purchased diapers, revealing the associated state sales tax. Drawing on positive outcomes from states with similar exemptions, she advocated for the bill as a common-sense policy, benefitting families during a crucial transitional period. The bill will also extend benefits to people with disabilities and exempt adult diapers from sales and use tax.

Ms. Gero provided insights into the National Diaper Bank Network's mission, comprising over 300 basic need banks across the country. In Kentucky, Saint Bernadette's Diaper Bank stands as the sole organization addressing diaper need, relying on donations and volunteers.

The surge in demand for diaper bank services was highlighted, reporting a 200 to 600 percent increase since 2020. Notably, one in two U.S. families with young children is experiencing diaper need. The prevalence spans income levels, with 66 percent of affected families being low income. Advocating for the exemption of diapers from state sales tax, Ms. Gero cited positive economic outcomes linked to diaper assistance.

Ms. Hornback testified about the Saint Bernadette Diaper Bank's decade-long effort to address diaper need in Louisville. Noting one in two families face diaper need, she highlighted the 28 percent of single-parent households in Kentucky. Despite the significant increase in agencies served, from 13 to 30, and a rise in distributed diapers from 195,000 to an anticipated 500,000 annually, the demand still outpaces the supply.

A family could save \$64.80 per year for one child by eliminating the 6 percent sales tax on diapers. The lack of timely diaper changes was connected to potential health issues for babies, affecting not only physical well-being but also mental health, leading to stress-related problems.

Ms. Hornback urged the committee to consider the removal of the sales tax on diapers, highlighting the potential positive impact on families, the economy, and vulnerable populations.

Senator Chambers Armstrong thanked Ms. Hornback for her volunteer work at the Saint Bernadette Diaper Bank, emphasizing her impactful contribution. Senator McDaniel expressed gratitude to Ms. Hornback, recognizing individuals like her who contribute without compensation. Ms. Hornback thanked her volunteers and the supporting church, highlighting the collaborative effort needed to address diaper need. In response to a question from Senator Douglas, Ms. Hornback testified "low income" includes those on public assistance.

Senator Chambers Armstrong testified that public assistance programs like Medicaid or WIC do not cover diaper needs, imposing a significant financial burden on families. There is an increasing trend among states, including Texas, Florida, and Indiana, to address this gap and support vulnerable residents and families during the transition of welcoming a

child. In response to a question from Representative Fleming, Senator Chambers Armstrong testified there is a fiscal note indicating a \$6.1 million estimate for diaper need. She suggested this figure might be high and highlighted the expected positive impact on families' finances during the financial strain of having a new child.

Representative Fleming brought attention to a cost disparity between blue and pink diapers, to which Senator Chambers Armstrong acknowledged the concern and committed to looking into it. In response to a question from Senator Boswell, Senator Chambers Armstrong testified the proposed tax exemption for diapers is designed to benefit anyone purchasing diapers, regardless of income. The essential nature of diapers for health reasons was emphasized, comparing them to other exempted items like groceries or prescriptions. The exemption aims to benefit all families, particularly those most vulnerable, due to the potential health implications of inadequate diaper access.

Correspondence Received

Senator McDaniel encouraged committee members to review the follow-up information and correspondence received. The follow-up information consisted of an updated PowerPoint slide from the Office of Financial Management. Correspondence received included FY 2023 Necessary Government Expenses from John Hicks; Interim Emergency Appropriation Increases for FY 2024 and Interim Allotment Adjustments for FY 2024 from Jenny Bannister; and Reports Received Since August 2, 2023 from Jennifer Hays.

Adjournment

The next meeting will be Wednesday, October 18 at 1:00 p.m. With there being no further business, the meeting was adjourned at 2:40 p.m.

**BUDGET REVIEW SUBCOMMITTEE
ON ECONOMIC DEVELOPMENT,
TOURISM, AND ENVIRONMENTAL
PROTECTION**

**Minutes of the 3rd Meeting of the 2023 Interim
August 2, 2023**

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection was held on August 2, 2023, at 9:00 AM in Room 154 of the Capitol Annex. Representative Chris Fugate, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Chris Fugate, Co-Chair; Senator Gary Boswell, Co-Chair; Representative Russell Webber, Senator Christian McDaniel, Representative Jason Petrie, Representative Brandon Reed, Representative Chad Aull, Representative Josh Bray, Representative Al Gentry, and Representative Matt Lockett.

Guests: Jeff Noel, Secretary, Cabinet for Economic Development; Katie Smith, Deputy Secretary and

Commissioner, Cabinet for Economic Development; and Matthew Wingate, General Counsel, Cabinet for Economic Development.

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

The minutes from June 07, and July 19, 2023, were approved. Kentucky Product Development Initiative Update

Representatives from the Cabinet for Economic Development (CED) gave an update on workforce development projects, performance-based incentives, and the Kentucky Product Development Initiative (KPDI). In response to a question from Chair Fugate, Mr. Noel said that the creation of jobs is a large part of a company incentive package. Mr. Noel said that he will provide information on the number of jobs created, the number of positions that need to be filled, and the investments made going back to 2017. Mr. Noel added that CED could not do their work without the partnership of the community college system. In response to a question from Representative Aull, Mr. Noel said that airport issues are not keeping Kentucky from attracting companies. He added that staffing issues at CED are related to wages, the ability to promote, and benefits to attract talent. In response to a question from Representative Lockett, Mr. Noel said that companies will turn down a deal due to a state's tax policies, however, it is more likely that a company would walk away due to the whole offer package not fitting its needs rather than a tax policy issue alone. In response to a question from Senator McDaniel, Ms. Smith said that site visits for the KPDI grants will be in September and recommendations will go to CED by early November. CED will likely announce the first round of approvals in January 2024. Ms. Smith said that there are two rounds annually for the Small Business Innovation Research and Small Business Technology Transfer program funds. She added that nine projects were approved and there is \$1.5 million in the budget for these projects. In response to a question from Senator Boswell, Mr. Noel said that companies do not like complexity. He stated that companies will walk away from a deal if there is not a clear commitment from planning and zoning.

Adjournment

There being no further business before the subcommittee, the meeting adjourned at 10:15 A.M.

**BUDGET REVIEW SUBCOMMITTEE
ON ECONOMIC DEVELOPMENT,
TOURISM, AND ENVIRONMENTAL
PROTECTION**

**Minutes of the 4th Meeting of the 2023 Interim
September 20, 2023**

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection was held on September 20, 2023, at 9:00 AM in Room 154 of the Capitol Annex. Senator Gary Boswell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gary Boswell Co-Chair; Representative Chris Fugate Co-Chair; Representatives Russell Webber, Chad Aull, Mark Hart, and Matt Lockett.

Guests: Senator Whitney Westerfield.

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

The minutes from the August 2, 2023 meeting were approved by voice vote. AN ACT related to consumer data privacy.

Senator Whitney Westerfield provided a presentation informing the subcommittee of legislation he plans to file in the 2024 Regular Session relating to consumer data privacy. In response to a question from Representative Aull, Senator Westerfield said that the entity, referred to as "controller" in the bill, is the company that a consumer is doing business with. He stated that threshold requirements define a "customer" as a one-to-one relationship. In response to a question from Representative Lockett, Senator Westerfield said that it would be nearly impossible to pass legislation where consumers would opt into data sharing. He said the business community would strongly oppose legislation that puts consumers in the driver's seat. In response to a question from Representative Webber, Senator Westerfield said that the 25,000 consumer threshold was a compromise number. He added that he believes the threshold should be one customer.

Adjournment

There being no further business before the subcommittee, the meeting adjourned at 9:52 A.M.

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/37>

BUDGET REVIEW SUBCOMMITTEE ON EDUCATION

Minutes of the 3rd Meeting of the 2023 Interim August 2, 2023

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Education was held on August 2, 2023, at 10:30 AM in Room 154 of the Capitol Annex. Representative Bobby McCool, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Bobby McCool, Co-Chair; Senator Matthew Deneen, Co-Chair; Representative Kim Banta, Co-Chair; Representative James Tipton, Senator Stephen West, Representative Shane Baker, Representative Tina Bojanowski, Representative Adam Bowling, Representative Derrick Graham, Representative Josie Raymond, and Representative Killian Timoney.

Guests: Dr. Aaron Thompson, President, Council on Postsecondary Education; Lee Nimocks, Senior Vice President and Chief of Staff, Council on Postsecondary Education; Travis Muncie, Executive Director of Data, Research, and Advanced Analytics, Council on Postsecondary Education.

LRC Staff: Seth Dawson, Justin Smith, Ethan

Williams, and Amie Elam.

Council on Postsecondary Education Update

Representatives from the Council on Postsecondary Education (CPE) were present to discuss postsecondary education goals, an assessment of Kentucky Students' Right to Know website, college affordability, and strategies to engage adult learners. In response to a question from Representative Timoney, Dr. Thompson stated that the most vital steps to reaching CPE's 60x30 goal are increasing enrollment and completion rates and obtaining more out-of-state students and adult learners. He added that in order for students to be ready to enter the workforce they must be equipped with the necessary employability and technical skills. In response to a question from Representative Tipton, Dr. Thompson said that the website for Kentucky's Students' Right to Know has been helpful to parents and students; however, not many people are aware of the resource. He said CPE's goal is to increase the visibility and use of the site. In response to a question from Chair McCool, Dr. Thompson said that campuses do not have control if a student chooses to take out a loan. He added that campuses and financial aid offices can intervene by educating students and ensuring they do not borrow beyond their actual needs. In response to a question from Representative Graham, Dr. Thompson answered that the Free Application for Federal Student Aid (FAFSA) is a complicated form to fill out and that students and families need to be better educated on the process of completing the form much earlier than junior or senior year of high school. In response to a question from Representative Tipton, Dr. Thompson said that the FAFSA form is supposed to be simplified prior to December 2023. Dr. Thompson said that school counselors have extreme caseloads and that three out of every five college students has a mental health or behavioral issue. These issues make it difficult for counselors to focus on educating students on issues like financial aid. He added that the total cost of education is not just related to tuition.

He said these costs include living expenses, such as housing, transportation, and food. All of these living expenses are reflected in the total unmet need after financial assistance is applied.

In response to a question from Representative Raymond, Dr. Thompson said the Kentucky Education Excellence Scholarship is not keeping up with the needs of students, especially low-income students. He added the importance of looking at merit-based and needs-based state scholarships holistically to see what can be done to meet student needs. Dr. Thompson said that a student's high school GPA is a much better predictor of student readiness than ACT scores. He added that campuses becoming test-optional gives them the ability to be more creative in how they help students once they are accepted. In response to a question from Representative Tipton, Dr. Thompson said that CPE is focused on expanding competency-based education, especially for the adult learner population. He stated that using three-hours of seat time to award credit is an antiquated system.

Adjournment

There being no further business before the

subcommittee, the meeting adjourned at 11:50 A.M.

BUDGET REVIEW SUBCOMMITTEE ON EDUCATION

Minutes of the 4th Meeting of the 2023 Interim September 20, 2023

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Education was held on September 20, 2023, at 10:30 AM in Room 154 of the Capitol Annex. Representative Kim Banta, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Kim Banta Co-Chair; Senator Matthew Deneen Co-Chair; Senators Christian McDaniel, and Stephen West; Representatives James Tipton, Shane Baker, Tina Bojanowski, Adam Bowling, Derrick Graham, Steve Riley, and Killian Timoney

Guests: Chay Ritter, Director, Division of Support Services, Office of Finance and Operations, Kentucky Department of Education; Bonita Brown, Interim President, Northern Kentucky University; Jay Brewer, Superintendent, Dayton Independent Schools; Angie Thomas-Perez, Student; Lisa Staley, Parent; Dr. Henry Webb, Superintendent, Kenton County School District; Keith Schneider, President, Square1; Dr. Kathy Burkhardt, Senior Director, Learning Grove (NaviGo); Jennie LaMothe, Director of School Based Services, Learning Grove (NaviGo); Lorraine O'Moore, Northern Kentucky College and Career Connector, Learning Grove (NaviGo); Ellen Bates, Vice President, Brighton Center; Melissa Hall Sommer, Senior Vice President, Brighton Center; Correy Eimer, Associate Director for Workforce Development, Northern Kentucky Area Development District

LRC Staff: Liz Columbia, David Talley, and Amie Elam

The minutes from the August 2, 2023 meeting were approved. SEEK and Student Attendance

Chay Ritter, Division Director at the Kentucky Department of Education (KDE), spoke to the committee about student attendance and Support Education Excellence in Kentucky (SEEK) funding. In response to a question from Representative Timoney, Mr. Ritter said the total enrollment number is approximately 620,000. He added KDE primarily uses district-level numbers, but he suspects that drops in enrollment are likely more prevalent in high schools. He said that KDE would work to provide the committee with school-level snapshots of student enrollment. In response to a question from Representative Bowling, Mr. Ritter said that many of the FEMA districts would qualify for one or both of the Adjusted Average Daily Attendance loss provisions. In response to a question from Senator Deneen, Mr. Ritter stated that the budget bill directs where to send excess SEEK funds. In response to a question from Representative Bojanowski, Mr. Ritter said that if SEEK calculations were based on Average Daily Membership rather than Average Daily Attendance, it would increase the total of SEEK. He added that

there would be a shift in funding, and there would be winners and losers at the district level.

Young Scholars Academy

Bonita Brown, interim president at Northern Kentucky University; Jay Brewer, superintendent of Dayton Independent Schools; Angie Thomas-Perez, student; Lisa Staley, parent; and Dr. Henry Webb, superintendent of Kenton County Schools, spoke to the committee about the Young Scholars Academy (YSA). YSA is a selective partnership between Northern Kentucky University, the Northern Kentucky Cooperative for Educational Services, and partner school districts. By the end of the program, most students earn roughly 60 hours of college credit. In response to a question from Senator McDaniel, Dr. Webb answered that in seven of the nine participating districts, SEEK funds follow the student. P-12 schools are paying \$650,000 for transportation, staff, textbooks, etc. He added that the request is to recognize these students as full-time Northern Kentucky students and fund them in the same manner as Craft and Gatton Academy students. In response to a question from Representative Bojanowski, Ms. Staley said that the school does offer support for students with disabilities. In response to a question from Representative Graham, Dr. Webb said that the goal is to establish YSA similarly to the Craft and Gatton Academies. In response to a question from Senator McDaniel, Ms. Brown said that after the students and school districts pay their respective portions, Northern Kentucky University is absorbing the remaining cost for YSA. In response to a question from Senator Deneen, Ms. Brown stated that if YSA does not receive support from the General Assembly, the number of students allowed into the program will likely have to be capped, as NKU will not be able to absorb the cost of an expanding program.

Square1 Program

Keith Schneider, president of Square1, spoke to the committee about creating equitable access to workforce development programs for at-risk youth. In response to a question from Representative Tipton, Mr. Schneider said that Square1 is a not-for-profit organization educating students in business, entrepreneurship, and leadership skills. He said that the board of directors at Square1 is comprised of local business partners. Mr.

Schneider said that because school systems are so strained, the ability to bring partners from outside businesses to coach students and provide them with additional resources is invaluable. Ms. Burkhardt stated that time is an issue for schools. She added that these businesses and programs can help fill in the gaps and provide support for students. In response to a question from Representative Bojanowski, Ms. Bates said that the Brighton Center serves approximately sixty to seventy out-of-school youth. She added that the proposal would allow many more transition students to receive services and support after high school graduation.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:34 A.M.

**BUDGET REVIEW SUBCOMMITTEE
ON HEALTH AND FAMILY
SERVICES**

Minutes of the 3rd Meeting of the 2023 Interim
September 20, 2023

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Health and Family Services was held on September 20, 2023, at 10:30 AM in Room 149 of the Capitol Annex. Senator Donald Douglas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Donald Douglas Co-Chair; Representative Danny Bentley Co-Chair; Senators Karen Berg, and Lindsey Tichenor; Representatives Samara Heavrin, Adam Bowling, Ken Fleming, and Lisa Willner.

Guests: Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services; Veronica Judy-Cecil, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services

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

Approval of Minutes

Representative Heavrin moved to approve the minutes from the June 7 and July 10 meetings of the subcommittee. Representative Bentley seconded the motion and the minutes were approved without objection.

Medicaid Budget Update: Fiscal Year 2023 Year-End Report and Fiscal Year 2024 Outlook

Mr. Bechtel and Ms. Judy-Cecil provided an update on the Department for Medicaid Services. In response to questions from Representative Bentley, Mr. Bechtel confirmed that drug rebates for state fiscal year 2023 were approximately \$1.5 billion. Ms. Judy-Cecil noted that a reduction in expenditures does not necessarily equate as a possible revenue source. Ms. Judy-Cecil stated that emergency medical services are reimbursed as part of the Ambulance Provider Reimbursement Program with emphasis on treatment, triage, and transport. In response to questions from Representative Fleming, Ms. Judy-Cecil noted that the triage portion of the Ambulance Provider Reimbursement Program covers services performed upon arrival to the emergent event. Ms. Judy-Cecil noted that most reimbursement increases are targeted, rather than across the board increases.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 11:24 AM.

Committee meeting materials may be accessed online at <https://apps.legislature.ky.gov/CommitteeDocuments/372>

**BUDGET REVIEW SUBCOMMITTEE
ON GENERAL GOVERNMENT,
FINANCE, PERSONNEL, AND
PUBLIC RETIREMENT**

Minutes of the 3rd Meeting of the 2023 Interim
August 2, 2023

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on August 2, 2023, at 9:00 AM in Room 131 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 Michael J. Nemes, Co-Chair; Representative Chris Freeland, Co-Chair; Representative Kevin D. Bratcher, Representative Randy Bridges, Senator Robby Mills, Senator Reginald Thomas, Representative George Brown Jr., Representative Mary Beth Imes, Representative DJ Johnson, and Representative Nancy Tate.

Guests: Doug Hendrix, Executive Director, Kentucky Communications Network Authority (KCNA); Mitch Powers, Executive Advisor, KCNA; Steve Murphy, Chief Financial Officer, KCNA; Mary Elizabeth Bailey, Secretary, Personnel Cabinet; Jamie Caldwell, Commissioner, Human Resources Administration, Personnel Cabinet; and, Sharron Burton, Commissioner, Department of Employee Insurance, Personnel Cabinet.

LRC Staff: Emma Mills, Jeremy Simpson, Ethan Williams, and Spring Emerson.

Approval of Minutes

Representative Tate moved to approve the minutes of the June 7, 2023, and July 19, 2023, meetings. The motion was seconded by Representative Bridges, and the minutes were approved without objection.

Kentucky Communications Network Authority

Mr. Hendrix, Mr. Powers, and Mr. Murphy provided information on the KCNA. In response to a question from Senator Thomas regarding broadband and internet coverage in Kentucky, Mr. Hendrix said their services are provided only to state government agencies.

Senator Thomas expressed his concern that all citizens are in need of access as soon as possible. In response to a question from Chair Fleming regarding coverage for schools, Mr. Hendrix said the school system is not part of the network. It had originally been discussed to include them, but in 2015 they were dropped out. The number of sites changes regularly. In response to a question from Senator Mills regarding the issue with KCNA serving only public agencies which could probably be covered by a commercial vendor, Mr. Hendrix said KCNA is not a revenue producer; however, they expect to receive a revenue share from Open Fiber Kentucky in 2032. Senator Mills requested an update on that part of the project.

Senator Mills commented that it is taking too long to wait for the vendor to generate revenue. It is dangerous to have such a long-term contract. The amount of funds that have been put into this project thus far is way too much, and the use of a commercial vendor may have been a better choice. In response to questions from Representative Bratcher, Mr. Hendrix said the KCNA was created by Executive Order by Governor Steve Beshear in 2015, and it was subsequently reissued by Governor Matt Bevin. In 2017 the General Assembly passed the statutes establishing the KCNA and its board. They entered into a Public-Private Partnership (P3) with Macquerie Capital in 2015. The universities were early partners and would pay for the service. The revenue generated flows into the restricted fund for the agency. The Commonwealth Office of Technology (COT) decides who is to be served by the KCNA. KCNA should begin receiving revenue from Open Fiber Kentucky in 2032. The project is a thirty-year contract and is slated to end in 2045. In response to a question from Representative Johnson regarding their funding request, Mr. Hendrix said they are working on the final number now, but expect the request to be along the same lines as before with an inflationary increase included. In response to a question from Representative Bridges regarding costs, Mr. Murphy said the capital portion is fixed. Inflation was factored in at 2.5 percent at that time. Mr. Hendrix said refurbishing the equipment was a risk to the state, and was not included in the original project. In response to questions from Representative Tate regarding equipment issues, Mr. Powers said the contract runs from 2015 to 2045, and the equipment is to be refreshed every ten years, or as needed. The equipment refurbishment project has gone before the Capital Planning Advisory Board, and the total request was \$44 million over a six-year period.

Personnel Cabinet

Secretary Bailey and Commissioners Caldwell and Burton provided information on their respective departments within the Personnel Cabinet. In response to a question from Chair Fleming regarding health plan profitability, Ms. Burton said the June projections are not in yet. It was expected that the rebound from COVID-19 would occur in 2022 but is happening in 2023 instead. In response to questions from Chair Fleming regarding the number of personnel by department, Ms. Bailey said they are working on their budget and do not have current numbers at this time. There are three employees in the Equality, Diversity, and Inclusion office, and they are in the process of hiring one more. Their expenditures will be provided at a later date. The number of state employees is approximately 27,000 at this moment. In the last five years, the average number was between 26,700 to 28,000 employees. Data will be provided at a later date to include the number of authorized personnel by department and possible opportunities for growth in some counties. In response to a question from Senator Thomas, Ms. Bailey said there is a possibility for differential salaries in certain markets, and it is currently being done for certain job classifications.

In response to questions from Representative Bratcher, Ms. Bailey said tuition reimbursement is a program that is available to all employees. The

number of full-time employees working from home is currently approximately nine percent. Around thirty percent of employees are on hybrid work schedules; meaning, they are in the office three days per week. Agencies are permitted to choose two days of teleworking per week, which is set by Executive Branch policy. In response to a question from Representative Johnson, Ms. Bailey said it is an ongoing task to review positions and identify any that may have become obsolete.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:28 AM.

BUDGET REVIEW SUBCOMMITTEE ON GENERAL GOVERNMENT, FINANCE, PERSONNEL, AND PUBLIC RETIREMENT

Minutes of the 4th Meeting of the 2023 Interim September 20, 2023

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement was held on September 20, 2023, 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 Ken Fleming Co-Chair; Chris Freeland Co-Chair; Senators Amanda Mays Bledsoe, Christian McDaniel, Robby Mills, and Reginald Thomas; Representatives Kevin D. Bratcher, Randy Bridges, David Hale, Al Gentry, Mary Beth Imes, DJ Johnson, and Nancy Tate.

Guests: Scott Hall, Executive Director, Georgetown/Scott County Revenue Commission, Past President of the Kentucky Occupational License Tax Administrators; Joe Meyer, Mayor, City of Covington; Shellie Hampton, Director of Government Affairs, Kentucky Association of Counties

LRC Staff: Emma Mills, Jeremy Simpson, and Jennifer Luttrell.

Approval of Minutes (August 2, 2023)

Representative Bratcher moved to approve the August 2, 2023, meeting minutes. The motion was seconded by Representative Tate, and the minutes were approved without objection.

Local Taxes Collected on Remote Workers

Mr. Hall, Mr. Meyer, and Ms. Hampton provided information on the local taxes collected on remote workers. In response to a question from Representative Bratcher regarding why remote work tax refunds are given, Mr. Hall said HB249 requires that the occupational license tax be based on payroll and net profits where the work is performed. In response to a question from Senator Mays Bledsoe regarding routinely stationed as remote workers, Mr. Hall said

the employers are correctly reporting because policies are more set in stone. The employee refund option helps employees receive the improper funds sent to the cities and counties. In response to a question from Representative Bridges regarding whether taxes are paid in the employees' homes' jurisdictions and how this is accounted for and collected, Mr. Hall said a policy was established in Georgetown, Kentucky, to notify each jurisdiction of employees working in those jurisdictions. In response to a question from Representative Tate regarding taxes that are owed being reported, Mr. Hall said it is the cities' and counties' responsibility, not the employee's, to report owed taxes. In response to a question from Senator McDaniel about whether HB249 required jurisdictions to provide the return before the issuance of a refund, Mr. Hall said there was no such provision.

Mr. Hall agreed with Chair Nemes that not all jurisdictions have an occupational tax and that the employees must know if they owe taxes when requesting a refund. In response to a question from Chair Nemes regarding whether taxes are collected on someone who travels to Toyota from Japan, Mr. Hall said yes. In response to questions from Senator Mills regarding the options needed for local governments and how the local governments would ensure the General Assembly that there was no abuse of these options, Mr. Meyer replied there are three sources of revenue, including property tax, municipal insurance premium tax, and occupational license fee which makes up 80 percent of the revenue and are directly accountable to its citizens and the structure the General Assembly creates to safeguard the citizens from abuse. In response to a question from Representative Fleming regarding whether an analysis was done regarding compensation for the loss of income to cities and counties, Mr. Meyer and Ms.

Hampton said there was no current analysis. Representative Fleming stated that an analysis would help develop a constitutional amendment for a local options sales tax that will be considered in the 2024 Regular Session. Knowing the financial impact would help in being transparent with taxpayers about what is going on and what is to be expected. Ms. Hampton added that cities and counties would need exact numbers. The Department of Revenue can also provide estimates to do an analysis. All presenters would favor a constitutional amendment. Mr. Hall emphasized Mr. Meyer's remarks that each city and county are different and that a one-size-fits-all approach would not work. In response to questions from Senator Thomas regarding other sources of revenue, Mr. Hall replied that cities and counties are constitutionally prohibited from imposing an income tax as the Commonwealth does, which is the reason for occupational taxes. There are more consumption-based taxes that may work for specific cities and counties. Still, the Kentucky League of Cities favors a constitutional amendment to provide more options, and what those options are would be open for discussion. Senator McDaniel commented that it would be wise to seek expert advice to resolve this issue of providing more revenue options.

Adjournment

There being no further business before the

subcommittee, the meeting was adjourned at 9:53 AM.

BUDGET REVIEW SUBCOMMITTEE ON JUSTICE AND JUDICIARY

Minutes of the 3rd Meeting of the 2023 Interim August 2, 2023

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Justice and Judiciary was held on August 2, 2023, at 9:00 AM in Room 149 of the Capitol Annex. Representative Patrick Flannery, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Patrick Flannery, Co-Chair; Senator Shelley Funke Frommeyer, Co-Chair; Senator Amanda Mays Bledsoe, Senator Michael J. Nemes, Senator John Schickel, Senator Robin L. Webb, Representative Nima Kulkarni, and Representative Scott Sharp.

Guests: Damon Preston, Public Advocate, Department of Public Advocacy; B. Scott West, Deputy Public Advocate, Department of Public Advocacy; Elizabeth Lucas, Director of Implementation & Court Services, Administrative Office of the Courts; Danny Rhoades, Executive Officer, Department of Court Facilities, Administrative Office of the Courts; Scott Mattingly, Chief Technology Officer, Administrative Office of the Courts; and Representative Jason Nemes.

LRC Staff: Zachary Ireland, Perry Papka, and Jennifer Luttrell.

Approval of Minutes

Representative Sharp moved to approve the minutes from the July 19, 2023 meeting of the subcommittee. Senator Schickel seconded the motion and the minutes were approved without objection.

Department of Public Advocacy - Recruitment and Retention Issues & Implementation of House Bill 568 (2023 Regular Session)

Mr. Preston and Mr. West provided an update on issues facing the Department of Public Advocacy (DPA). In response to a question from Chair Flannery, Mr. Preston noted that the best cases to utilize contracted attorneys are contempt dockets, child support dockets, and similar short cases. DPA has very few contracted attorneys working circuit court dockets. In response to questions from Senator Mays Bledsoe, Mr. Preston noted that there is a service commitment of two years associated with one-time bonus payments. If the attorney leaves after one year, they are obligated to repay fifty percent of the bonus payment. Mr. Preston stated that of every four attorneys that leave the DPA, he would estimate that half go to other state agencies, while the rest go to either the prosecutors' office or private practice. In response to a question from Representative Kulkarni, Mr. Preston stated that now that DPA is no longer competing with the Louisville Metro Public Defenders' office has positively impacted recruiting.

In response to a question from Senator Funke

Frommeyer, Mr. Preston said that it is more expensive for the commonwealth to contract out cases than to handle them in the DPA's office.

Administrative Office of the Courts - Virtual Technology in the Courts & Court Facility Construction Projects

Ms. Lucas, Mr. Mattingly, and Mr. Rhoades provided an update from the Administrative Office of the Courts regarding court facility construction and virtual courtroom technology. In response to a question from Representative Nemes, Mr. Rhoades noted that court facilities are graded on a specific set of criteria.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:54 AM.

BUDGET REVIEW SUBCOMMITTEE ON JUSTICE AND JUDICIARY

Minutes of the 4th Meeting of the 2023 Interim September 20, 2023

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Justice and Judiciary was held on September 20, 2023, at 9:00 AM in Room 149 of the Capitol Annex. Senator Shelley Funke Frommeyer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Shelley Funke Frommeyer Co-Chair; Representative Patrick Flannery Co-Chair; Senators and John Schickel; Representatives Jennifer Decker, Nima Kulkarni, and Scott Sharp.

Guests: Van Ingram, Executive Director, Kentucky Office of Drug Control Policy; TK Logan, Ph.D., Professor, Department of Behavioral Science and Center on Drug and Alcohol Research, University of Kentucky

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

Approval of Minutes

Representative Flannery moved to approve the minutes from the July 19 and August 2, 2023 meetings of the subcommittee. Senator Schickel seconded the motion and the minutes were approved without objection.

Overview and Performance Reviews of Substance Abuse Treatment Programs - Justice & Public Safety Cabinet

Mr. Ingram and Ms. Logan provided an overview of substance abuse treatment programs in the commonwealth. In response to questions from Representative Flannery, Ms. Logan noted that the University of Kentucky Center on Drugs and Alcohol receives funding from a multitude of sources but her research has not been funded with private monies. In response to questions from Representative Kulkarni, Ms. Logan noted that forty to fifty percent of program participants return to drug use after completing the program. Mr. Ingram noted that staff are training with

the Department for Behavioral Health, Developmental and Intellectual Disabilities to provide more support to those with developmental and intellectual disabilities who also have substance abuse disorder. In response to a question from Chair Funke Frommeyer, Mr. Ingram noted that he was unaware of any system that ranks substance use disorder programs numerically. In response to a question from Representative Sharp, Mr. Ingram noted that Too Good For Drugs and Sources of Strength are both evidence based programs aimed at preventing substance abuse in school aged individuals.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 9:53 AM.

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2023 Interim August 2, 2023

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on August 2, 2023, at 10:30 AM in Room 131 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Ken Upchurch, Co-Chair; Senator Jimmy Higdon, Co-Chair; Representative John Blanton, Senator Johnnie Turner, Representative Josh Branscum, Representative Thomas Huff, Representative Shawn McPherson, Representative Tom Smith, and Representative Ashley Tackett Laferty.

Guests: Robin Brewer, Executive Director, Office of Budget and Fiscal Management, Kentucky Transportation Cabinet (KYTC); Jason Siwula, Assistant State Highway Engineer, KYTC; Mikael Pelfry, Transportation Engineer, Director, Department of Highways, KYTC; Jeremy Edgeworth, Freight Rail and Waterways Coordinator, Department of Highways, KYTC; and, Mark Carter, Commissioner, Department of Aviation, KYTC.

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

Approval of Minutes

Representative McPherson moved to approve the minutes of the July 19, 2023 meeting. The motion was seconded by Senator Turner, and the minutes were approved without objection.

Road Fund Update

Ms. Brewer provided an update of the Road Fund. In response to a question from Co-Chair Higdon regarding miles driven, Ms. Brewer said an updated graph can be provided to the committee. Co-Chair Higdon expressed his concern about the increase in miles driven and the cost of construction materials.

Ms. Brewer said that a one penny increase in fuels tax equates to about \$30 million in the Road Fund. In response to a question from Representative Blanton regarding fees for electric vehicles (EVs), Ms. Brewer said the new fee goes into effect on January 1, 2024, and it is estimated to generate approximately \$2 million in the first year. In response to a question from Chair Upchurch regarding the motor fuels tax, Ms. Brewer said people are driving less due to high prices. In response to a question from Co-Chair Higdon regarding if EVs would be subject to a fee, Ms. Brewer said she assumes so, but is not certain.

In response to a question from Representative Smith, Ms. Brewer said information on the number of miles paved, including a breakdown of disbursement, will be provided at a later date.

Representative McPherson expressed his concern regarding the cost of electric for charging an EV at home.

Strategic Highway Investment Formula for Tomorrow (SHIFT)

Mr. Siwula and Mr. Pelfrey provided information on the SHIFT program. In response to a question from Chair Upchurch regarding the SHIFT formula, Mr. Pelfrey said it consists of safety, economic growth, congestion, benefit/cost, asset management, resiliency, and non-motorized mobility.

Co-Chair Higdon commented that the SHIFT scores should be included in the Road Plan. He also said the SHIFT meetings are held while the General Assembly is in session and this impedes attendance by legislators. In response to a question from Representative Tackett Laferty, Mr. Siwula said that if a project is not listed, it may have received the SHIFT score earlier on in the project. The Mountain Parkway was not scored for SHIFT.

Multi-Modal Funding

Mr. Edgeworth and Commissioner Carter provided information on their respective departments. In response to a question from Representative Blanton, Commissioner Carter said tax revenues apply to jet fuels. In response to a question from Representative Blanton, Mr. Edgeworth said Tennessee does not have a grant program for public river ports. In response to a question from Co-Chair Higdon regarding railroad crossings, Mr. Edgeworth said the KYTC works on them, but the railroads are responsible for the crossings themselves.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 11:47 AM.

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

Minutes of the Fourth Meeting of the 2023 Interim

September 20, 2023

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 September 20, 2023, 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: Representative Ken Upchurch Co-Chair; Senator Jimmy Higdon Co-Chair; Senators Amanda Mays Bledsoe and Johnnie Turner; Representatives John Blanton, Josh Branscum, Thomas Huff, Shawn McPherson, Tom Smith, and Ashley Tackett Laferty.

Guests: Mark Carter, Commissioner, Department of Aviation; Brad Schwandt, Deputy Commissioner, Department of Aviation; Matt Cole, Commissioner, Department of Vehicle Regulation; Drew Underwood, Director, DreamFlight Charities; Evie Sapp, DreamFlight Scholarship Recipient; and, Adrian Reynolds, CEO, Wings Flight Enterprise.

LRC Staff: Justin Perry and Spring Emerson.

Approval of Minutes

Representative McPherson moved to approve the minutes of the August 2, 2023 meeting. The motion was seconded by Co-Chair Upchurch, and the minutes were approved without objection.

Department of Aviation

Commissioner Carter and Deputy Commissioner Schwandt provided information on the Department of Aviation. In response to a question from Representative Branscum regarding the Elizabethtown project, Commissioner Carter said no price has been set for that. He said it would depend on what is done now, and the project funding is very dependent on the Federal Aviation Administration (FAA). There are typically three sources of funding: The FAA, the Department of Aviation, and the local governments. In response to a question from Representative McPherson regarding rankings for potential new airports, Commissioner Carter said there is no ranking system, per se. Assessments are made based on needs, and those decisions are made within the FAA. In response to a question from Representative McPherson regarding funding and House Bill 9, Commissioner Carter said he is aware of that measure, and is currently working with Representative Fleming, who is the Chair of the Aviation Caucus. In response to a question from Representative Tackett Laferty regarding economic development reports, Commissioner Carter said those will be provided to the subcommittee and will be published on the Department's web page as well. In response to a question from Chair Higdon regarding the hangar study, Commissioner Carter said the data has been gathered, and preliminary conclusions have been reached. There is clearly a need for more T-Hangars. There is a wide range of rates being used for hangar rentals, and they should be closer to the higher range of approximately \$400 per month. Chair Higdon asked if there were requests for financing hangars and Commissioner Carter replied that some of the airports accumulate federal moneys to build hangars, which creates limitations. He opined that it would be a better approach for the airports to build new hangars, and to do so, they need to charge market rates for rentals.

Chair Higdon requested an overview of the cost and funding stream for the Gallatin County airport. Commissioner Carter said the total cost was \$45 million, and the bulk of the funding came from the FAA at \$26 million, and the state funded most of the remainder, with a small amount coming from the local government. In response to a question from Chair Higdon regarding commercial carriers maxing out the fuel tax, Commissioner Carter said he is unable to get that information from the Revenue Cabinet due to taxpayer privacy rules. There are four major commercial carriers: Amazon, DHL, UPS, and Delta.

Department of Vehicle Regulation

Commissioner Cole presented information on the Department of Vehicle Regulation. In response to a question from Representative Smith regarding constituents having issues with online applications, Commissioner Cole said federal compliance is a concern. In response to a question from Chair Higdon regarding sheriff's inspections fees, Commissioner Cole said those are \$5.00 per inspection, and have been at that rate for quite some time. In response to a question from Chair Higdon regarding the Kentucky Automated Vehicle Information System (KAVIS), Commissioner Cole said that should be complete by the end of this year or January 2024. In response to a question from Representative McPherson regarding constituent complaints about Warren County, Commissioner Cole said they would look into that. In response to a question from Senator Turner regarding students applying for a driver license being required to miss two days of school in order to do so, Commissioner Cole said the Kentucky State Police (KSP) continues to review this issue, and he will contact them about it. Chair Higdon commented that he and Representative Blanton have made this a top priority, and are currently working on it.

DreamFlight Charities

Mr. Underwood, Ms. Sapp, and Mr. Reynolds provided information on the DreamFlight Charities. There were no questions.

Chair Higdon commented that they are doing a great job with an incredible program, and thanked them for their appearance before the subcommittee.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 11:50 AM.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 1st Meeting of the 2023 Interim

August 1, 2023

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, August 1, 2023, at 9:30 AM, in Room 149 of the Capitol Annex. Representative Michael Meredith, Chair, called the meeting to order, and the secretary

called the roll.

Present were:

Members: Representative Michael Meredith, Co-Chair; Senators Julie Raque Adams, Donald Douglas, Jason Howell, John Schickel, Johnnie Turner, and David Yates; Representatives Chad Aull, Josh Bray, Robert Duvall, Deanna Frazier Gordon, Jim Gooch Jr., Derek Lewis, Matt Lockett, Shawn McPherson, Michael Sarge Pollock, Rachel Roberts, Tom Smith, and Cherlynn Stevenson.

Guests: Justin M. Burse, Acting Commissioner, Department of Financial Institutions; Ballard Cassady Jr., President and CEO, Kentucky Bankers Association; Dr. Charles "Skip" Hageboeck, President and CEO, City National Bank; Jim Fuchs, Vice President, Federal Reserve Bank of St. Louis; Edna Hughes, Vice President, Bluegrass Community Bankers Association; Dr. Jeffery Talbert, Professor and Division Chief for Biomedical Informatics in the UK College of Medicine, Associate Director for the Center for Clinical and Translational Science, University of Kentucky; Dr. John R. Langefeld, Principal, Insights4Health; Jenny Goins, President and CEO, Kentuckiana Health Collaborative; Abigail Gall, Executive Advisor, Department of Insurance; and Jim Musser, Kentucky Hospital Association.

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

Consideration of Referred Administrative Regulations

806 KAR 006:072 Proposed

An amendment for proposed administrative regulation 806 KAR 006:072 was filed by the Department of Insurance on May 22, 2023. Abigail Gall briefly explained the proposed amendment. A motion was made by Senator Schickel and seconded by Representative Lewis to adopt the amendment for the proposed administrative regulation.

808 KAR 016:010 Proposed

An amendment for proposed administrative regulation 808 KAR 016:010 was filed by the Department of Financial Institutions on June 27, 2023. Commissioner Burse briefly explained the proposed amendment. A motion was made by Representative Lockett and seconded by Representative McPherson to adopt the amendment for the proposed administrative regulation.

What the failure of Silicon Valley Bank means for Kentucky Banks

Ballard Cassady provided a brief introduction. Dr. Hageboeck discussed recent bank failures and how those highlight the challenges facing the banking industry. While these particular failures were outliers, the factors that contributed to them are impacting Kentucky and will likely worsen in the coming year. He explained how community banks work, risks that banks face, and how various conditions caused by the COVID pandemic, congressional actions, and the Federal Reserve resulted in harm to banks.

Dr. Hageboeck stated that every bank in Kentucky is struggling with the same challenges as the three failed banks, but to a lesser degree. These challenges include locked in low-rate loans and investments, deposit loss, decreased capital values, and a slowing

economy due to Federal Reserve measures to reduce inflation. So far, Kentucky banks are in good condition, but stresses will continue. Bank stock analysts expect bank profitability to decrease throughout 2024.

In Dr. Hageboeck's opinion, the legislature can provide assistance to Kentucky banks by understanding the unique role that banks play within the economy, especially community banks operating in rural areas, avoiding excessive or unfair regulation, and proactively supporting smaller banking organizations. In response to Representative Lockett, Dr. Hageboeck stated that banks did not initially need to raise deposit rates because they were flush with deposits. Each bank must balance the need to raise deposit rates, while also watching their bottom line. The customer base for community banks is not as rate sensitive as the customer base for other banks. He also stated that bank customers today demand more technological savvy, which is harder for community banks to implement. In response to Representative Aull, Dr. Hageboeck stated that there is an uninsured deposit database. He would guess that Kentucky banks do not have large amounts of uninsured deposits. Dr. Hageboeck is not aware of legislation enacted in other states that puts a cap or restriction on uninsured bank deposits. In response to Chairman Meredith, Mr. Cassidy explained that excess money from the federal Paycheck Protection Program went into the system in the form of unneeded bank deposits, so banks had to make long-term investments with the money. Banks have an excess of money and are left deciding who to lend it to. Chairman Meredith responded that his bank experienced an accelerated increase in its deposit and asset bases due to organic growth in the system resulting from an influx of federal dollars and that this is not uncommon among most banks. Dr. Hageboeck explained that almost all small loans are done through community banks because larger banks do not grow earnings on small loans. Small banks are disappearing and governments can make a difference by proactively looking for ways to help. Mr. Cassidy discussed the Federal 1071 rule and how it can negatively impact banks. In response to Representative McPherson, Dr. Hageboeck stated that most loans are paid off well before 30 years. However, rising interest rates are preventing people from putting their houses on the market unless there is a life event. Most banks book five and seven year adjustable-rate mortgages (ARMs), which is a long time for bankers to worry about what deposits costs are going to do. Representative McPherson commented that he is still seeing employee retention money, which is another influx of dollars flowing into banks. Mr. Cassidy stated that the federal Consumer Financial Protection Bureau (CFPB) is looking to take location out of the algorithm for house appraisals. Representative McPherson responded that this will not work in rural areas and that the currently available data is not sufficient to replace physical inspection. In response to Representative Lewis, Dr. Hageboeck stated that on a national level, he has asked Congressman Andy Barr to consider a federal law that sets a \$10 billion limit for CFPB regulation and for debit card revenue. Mr. Cassidy believes that tailoring bank regulations to the size of the bank is very important. In response to Senator Howell, Dr. Hageboeck stated that only a

small portion of loans are ARMs, about one in seven, but these loans end up being held by community banks. Because the longer-term rates are lower than the shorter-term rates, there is an incentive for customers to opt for the 30-year mortgage. However, if the yield curve becomes steep again, then ARMs will increase. In addition to cybersecurity and building an online presence, Dr. Hageboeck added that smaller banks are also addressing fraud issues and banking through cell phone applications. He further stated that banking through cell phone applications is not really increasing fraud and security problems and that he is not aware of efforts to change how money is wired to avoid fraud. Mr. Cassidy stated that the Federal Reserve's FedNow Service will probably help because it provides people with immediate access to their funds.

Representative Smith commented that federal money is continuing to be injected into communities and that the community banking industry could benefit from public-private partnership legislation, called P3, which was enacted some time ago. Chairman Meredith replied that the government rates on P3 loans are below market, which makes it difficult for banks to compete.

Economic Update

Mr. Fuchs provided an economic, financial, and banking conditions update. He first discussed his areas of responsibility and provided information about Federal Reserve liquidity programs. Mr. Fuchs discussed economic conditions, explaining that there is a cause for both optimism and concern. Economic growth, gross domestic product (GDP), and housing affordability are seeing improvement, but as the price index decreases, challenges remain.

Mr. Fuchs is seeing strong financial markets, but the stress index is increasing and there are signs of a pending recession. With regard to banking conditions, the Community Bank Sentiment Index indicates that community bankers are not optimistic about the economy. There is an increase in the delinquency and charge-off rates for consumer loans. For business loans, the charge-off rates have increased, but the delinquency rates are trending in the right direction. Delinquencies and charge-offs in real estate and agriculture remain low.

Mr. Fuchs discussed the Bank Term Funding Program, which banks are continuing to use, "Buy Now Pay Later" products, which are not necessarily viewed as a benefit to consumers, and a center in St. Louis studying competition and competitive factors in banking. Lastly, the St. Louis Federal Reserve hosts an annual Community Bank Research Conference and has made a commitment to attract academic research on community banking.

Chairman Meredith commented that he appreciated the information about the liquidity program, which is vital right now in this environment. He also saw good news for the industry in some of the graphs presented.

Community Banking Update

Ms. Hughes introduced herself and provided a brief description of her small bank in Logan County, which is almost 130 years old, and of the Bluegrass

Community Bankers Association. She discussed the definition of a community bank and her experience working in a community bank. There are very few bank failures in Kentucky, which is due to the conservative nature of Kentucky banks and high-quality regulators, especially the Kentucky Department of Financial Institutions (KDFI). She stated that KDFI needs more money for staffing and technology. She also thanked Chairman Meredith for his leadership.

Ms. Hughes explained that community banks are a necessity. They financially support local events and nonprofits as well as physically working these events. They know their customer base and develop personal relationships, which is important in rural and underserved counties. Community banks coach and work with their customers to improve their credit and obtain good loans. Community banks also do small business lending very well, making 60 percent of all small business loans. Finally, community banks are disappearing due to several factors.

Creation of a Kentucky All-payer Claims Database

Dr. Langefeld stated that the vision for establishing an all-payer claims database (APCD) in Kentucky is to improve the overall health. An APCD seeks to achieve value by optimizing quality against cost. Kentucky has not improved its health ranking in 30 years. The APCD will attempt to create a "single source of truth" by coalescing data from many different sources. The uses and users of an APCD is a growing list, which is determined by the committee that helps control the database.

Ms. Goins talked about APCDs from an employer perspective. She provided a brief description of the Kentuckiana Health Collaborative and her background. Ms. Goins stated that APCDs can help improve the health of employees while also controlling costs. In the last year, the federal government has layered another requirement on employers, which is to pay a fair price for their employee's healthcare. How can an employer know if they are paying a fair price if they don't understand the data? She also discussed state health rankings and noted that the 10 highest-ranked states have APCDs. Kentucky is ranked forty-third and does not have an APCD. Private insurance spending is high in Kentucky and increasing faster than Medicare and Medicaid spending, which is a concern for employers and employees.

Dr. Talbert, speaking as a health services researcher, discussed myths and misunderstandings with APCDs. Although there is existing data in various sources, the data is not linked together to allow for a comprehensive picture. APCDs are not a partisan issue, as both blue and red states have adopted them to achieve various goals, and they don't cap prices, rather they only provide data and information. APCDs have comprehensive data governance requirements that determine how the data is used. APCDs do not put private data at risk because they follow rigorous data protection procedures, comply with data protection standards, and don't contain personal identifiers. They report accurate data, give submitting organizations the opportunity to correct errors, and use standard data reporting formats. Lastly, Dr. Talbert discussed the elements of good APCD legislation. Dr. Langefeld stated that the journey to creating an APCD in

Kentucky has been in process for at least five years and they are now at a point where they are asking the legislature to implement it.

Mr. Musser explained the Kentucky Hospital Association's opposition to bringing an APCD to Kentucky. The database is a solution looking for a problem. There is plenty of data and transparency measures already available. The Cabinet for Health and Family Services has been collecting data, pursuant to KRS 216.2920, in collaboration with hospitals for 20 years. Having polled on this issue, constituents do not want their information turned over to a government agency. There are additional costs involved in implementing an APCD, no direct correlation between the healthiest states and having an APCD, and this will add another layer of bureaucracy. Lastly, there is not an incentive for insureds to participate in shoppable services programs because the savings go to the insurance company. In response to Representative Bray, Dr. Langefeld stated that an APCD should not place additional burden on providers. The governance mechanism determined by the legislature will determine who has access to the information, who would maintain the database, and who is responsible for reporting the information. He does not anticipate a cost increase on the provider or the system, but there will be costs associated with operational duties, which will be included in the APCD structure itself. Dr. Talbert explained that most other states have a standardized process that comes from the APCD Council that determines how data is submitted, validated, and checked. Ms. Goins stated that while there is existing data that reflects the reasons for Kentucky ranking so low in health rankings, the data is not aligned and they are not able to look at it holistically. Dr. Talbert stated that an APCD will allow for programs seeking to address the problems to be tested. Dr. Langefeld stated that there are gaps in the existing data.

Representative Roberts stated that the National Conference of Insurance Legislators (NCOIL) has a model act on this subject and that Colorado is the gold standard in this area. In response to Representative Roberts, Dr. Talbert stated that APCDs have pricing and quality systems that provide tools to help people better understand the healthcare marketplace, obtain higher quality care, and lower costs. In response to Representative Aull, Dr. Langefeld explained that while APCD data does not come from an HL7 data feed, HL7 data could be linked to the data sets feeding an APCD. Representative Aull commented that he does not envision submitting organizations filling out paperwork, but rather the data would automatically be pulled via an electronic feed. Dr. Talbert stated that there are some focused studies using an APCD that have seen success.

Representative Lewis commented that he would like to look further into APCDs with regard to pharmacy benefit managers, spread pricing, drug rebates, and real costs. In response to Representative Lewis, Ms. Gall stated that the Department of Insurance (DOI) has met with all stakeholders, expressed their concerns, raised questions, and gave answers for pieces that concerned the department. The department feels that the claims data would be beneficial for the department as well.

Representative Roberts commented that insureds are incentivized to shop when they have deductibles and copays. Mr. Musser responded that the issue is really a matter of who gets the savings from the shopping.

Chairman Meredith commented that one of the keys to an APCD is filling gaps in the data and getting the data all in one place. Mr. Musser responded that the state does not spend as much money on Medicare and private insurance as it does on Medicaid. Medicaid also covers many elderly people as dual eligibles.

There being no further business, the meeting was adjourned.

CERTIFICATE OF NEED TASK FORCE

Minutes of the 3rd Meeting of the 2023 Interim

August 21, 2023

Call to Order and Roll Call

The third meeting of the Certificate of Need Task Force was held on August 21, 2023, at 10:30 AM in Room 171 of the Capitol Annex. Senator Donald Douglas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Donald Douglas, Co-Chair; Representative Russell Webber, Co-Chair; Senators Karen Berg, David P. Givens, Stephen Meredith, and John Schickel, Representatives Lindsey Burke, Daniel Elliott, Marianne Proctor, and Susan Witten.

Guests: Melissa Fausz, State Government Affairs Director, Americans for Prosperity; Dr. John Garen, BB&T Professor Emeritus of Economics, University of Kentucky, Board of Scholars, Bluegrass Institute; Sarah Giolando, Senior Vice President, Chief Strategy Officer, St. Elizabeth Healthcare; Mark Guilfoyle, Partner, DBL Law; Matt Klein, DBL Law; and Rosanne Nields, St. Elizabeth Healthcare.

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

Approval of Minutes

A motion to approve the minutes of the July 17, 2023, meeting was made by Senator Schickel, seconded by Senator Berg, and approved by voice vote.

Issues Relating to the Certificate of Need

Melissa Fausz, State Government Affairs Director, Americans for Prosperity (AFP), discussed the history of anticompetitive certificate of need measures, paying for indigent care, states without certificate of need, states that have higher healthcare capital investments, negative effects caused by certificate of need on access to care, outcomes for elective surgeries at dedicated surgery centers versus hospital facilities, and the lack of hospital closures in rural states without a certificate of need. In response to questions and comments from Senator Berg, Ms. Fausz stated that AFP is in conversations with the Kentucky Medical Association. AFP has talked to healthcare facilities, individual providers, and community advocates. She stated that hospital facilities will often object to individual nonhospital facilities and there can be lower rates of infection

in stand-alone ambulatory facilities. In response to questions and comments from Senator Meredith, Ms. Fausz stated that the certificate of need solution to helping a hospital be viable is to not allow other competing health facilities in the same regional area as the hospital. The literature and experiences of other states show that the scale and scope of the impact on hospital viability is less than sometimes stated, and the cost of care is lower in states that do not have a certificate of need.

In response to questions and comments from Representative Proctor, Ms. Fausz stated that several states have repealed or significantly reformed their certificate of need laws. AFP has not seen cherry-picking in the healthcare industry, and cost-shifting is not the only avenue to offset the cost of treating underinsured patients. In response to questions and comments from Representative Burke, Ms. Fausz stated that the literature review she referenced was conducted by the Institute for Justice for a paper created specifically on Kentucky certificate of need. With Medicaid eligibility redetermination, there should be an increase in reimbursements for care for individuals who have moved from Medicaid to a subsidized plan.

Dr. John Garen, BB&T Professor Emeritus of Economics, University of Kentucky, Board of Scholars, Bluegrass Institute, discussed the economic benefits of competition in markets, the harm of anticompetitive of certificate of need laws, government and private institutions that support market competition in healthcare, the evidence regarding the negative effects of a certificate of need, the overall and specific findings of two reports on certificate of need, addressing market imperfections for quality, and conclusions regarding the evidence for the removal of Kentucky's certificate of need laws. In response to questions and comments from Senator Berg, Dr. Garen stated that there is evidence showing total costs incurred by hospitals are higher in states with certificate of need. In response to questions and comments from Senator Meredith, Dr. Garen stated that certificate of need impacts access to rural healthcare, but the evidence shows that there is no systematic reduction to access to rural healthcare in states without certificate of need. In response to questions and comments from Representative Witten, Dr. Garen stated that studies have reviewed many different aspects of healthcare, and the studies show that certificate of need does not deliver what is claimed by proponents. In response to questions and comments from Senator Givens, Dr. Garen stated that the original publication date of his paper was in 2018 with updates in 2019. Dr. Garen was asked to review and write about certificate of need, and he has interests in the role of government in an economy. Dr. Garen thinks the role of government in an economy can be positive. Legal, governmental, and private institutions that work together to support a market place is critical to a modern economy.

Sarah Giolando, Senior Vice President, Chief Strategy Officer, St. Elizabeth Healthcare, discussed the history, goals, and awards for St. Elizabeth Healthcare, the benefits of merger with St. Luke hospitals, and the number, distance, and choices of hospitals in Northern Kentucky. She discussed the

reasons there is not a free market in healthcare, the unintended consequences of a repeal of certificate of need, and the commercial payor percentages in downtown Cincinnati hospitals versus Northern Kentucky suburban hospitals.

Mark Guilfoyle, Partner, DBL Law, discussed the benefits of access to healthcare provided by certificate of need, lower healthcare costs to payors, supporting the modernization of Kentucky's certificate of need laws, two federal court cases that upheld Kentucky's certificate of need law,

St. Elizabeth Healthcare's support for certificate of need applications filed by other providers, St. Elizabeth Healthcare's heart program, the consequences of cherry-picking private pay patients from safety net hospitals, and the comparison of various costs in states with certificate of need versus those without certificate of need. In response to questions and comments from Representative Proctor, Mr. Guilfoyle stated that St. Elizabeth Healthcare receives some tax payor funds, but there is another safety net hospital in the Greater Cincinnati market that has a large annual subsidy that St. Elizabeth does not receive. He addressed St. Elizabeth Healthcare's presence and support for others seeking a certificate of need in Owen County, Kentucky. Ms. Giolando stated that there is not a freestanding birthing center in Dearborn County, Indiana but there is a rural hospital that is partnering with St. Elizabeth Healthcare to continue operations in that area. In response to questions and comments from Senator Schickel, Mr. Guilfoyle stated that healthcare services do not operate in a free market, and St. Elizabeth's is not anticompetition but opposes unfair competition. In response to questions and comments from Senator Meredith, Mr. Guilfoyle stated that the 43 counties in Kentucky do not have a hospital, because it is not financially viable. In response to questions and comments from Senator Givens, Ms. Giolando stated that St. Elizabeth merged with St. Luke in 2008. Mr. Guilfoyle has worked on approximately 15-20 cases involving certificate of need. The process of certificate of need could be streamlined to help providers, and continual review of the criteria for various services on the State Health Plan would benefit the certificate of need.

Adjournment

There being no further business, the meeting was adjourned at 12:34 PM.

CERTIFICATE OF NEED TASK FORCE MINUTES OF THE 4TH MEETING OF THE 2023 INTERIM SEPTEMBER 18, 2023

Call to Order and Roll Call

The fourth meeting of the Certificate of Need Task Force was held on September 18, 2023, at 10:30 AM in Room 171 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Donald Douglas Co-Chair; Representative Russell Webber Co-Chair; Senators

Karen Berg, David P. Givens, Stephen Meredith, and John Schickel; Representatives Lindsey Burke, Daniel Elliott, and Susan Witten.

Guests: Jaimie Cavanaugh, Attorney, Institute for Justice; Matthew D. Mitchell, Ph.D., Senior Research Fellow, Certificate of Need Coordinator, Knee Center for the Study of Occupational Regulation, West Virginia University; Senator Shelley Funke Frommeyer; Mary Kathryn DeLodder, Kentucky Birth Coalition; Victoria Burslem, MSN, Faculty, Frontier Nursing University; and Nancy Shirey, CNM.

LRC Staff: DeeAnn Wenk, CSA, Logan Bush, and Becky Lancaster.

APPROVAL OF MINUTES

A motion to approve the minutes of the July 17, 2023, meeting was made by Senator Schickel, seconded by Senator Douglas, and approved by voice vote.

BIRTHING CENTERS AND CERTIFICATE OF NEED

Mary Kathryn DeLodder, Kentucky Birth Coalition, discussed the need for legislation to remove certificate of need requirements for freestanding birthing centers, how the burden of certificate of need impacts the lack of birthing centers in Kentucky, the typical birthing center design, and the 2012 denial for a freestanding birth center certificate of need application.

Victoria Burslem, MSN, Faculty, Frontier Nursing University, discussed the birth center feasibility study she developed for the university and recent birth center litigation.

Senator Shelley Funke Frommeyer discussed the need for birthing centers, meetings she has coordinated to educate the stakeholders, and maternity care deserts. In response to questions and comments from Senator Berg, Ms. DeLodder stated that anyone working at a birth center must be licensed by the state and issued by the Board of Nursing and that certified professional midwives have the same midwifery training as nurses but do not have a nursing degree. Senator Funke Frommeyer stated that the midwifery licensure is addressed in administrative regulation not in statute and that the certificate of need statute is separate from licensure requirements. Ms. DeLodder stated that birthing centers carry malpractice insurance, however other medical facilities are not mandated to carry malpractice insurance but do carry malpractice insurance for other reasons and individual providers carry malpractice insurance with mandated amounts for Medicaid and private insurance participation. Ms. Burslem stated that in Georgia an individual midwife's malpractice insurance is approximately \$50,000, which is lower than a doctors because of the scope of practice and the midwife professional is working within a team of providers. Senator Funke Frommeyer discussed rural maternity deserts, the opportunity for professional care, and the importance of hospitals. In response to questions and comments from Senator Douglas, Ms. Burslem stated that the certified professional nurse midwives are held accountable for birth outcomes similar to obstetrician-gynecologists (OB-GYNs) explaining why liability insurance and licensure is important

and that a new bill would update midwifery standards and accredit birth centers. In response to questions and comments from Senator Givens, Ms. DeLodder stated that birthing centers are under a nonsubstantive review for a certificate of need, there are lower number of birthing centers in states with a certificate of need requirement, and hospitals have been the biggest opponent of birthing centers in Kentucky. In response to questions and comments from Senator Meredith, Ms. DeLodder stated that there is not a rule that a birthing center must be within 30-minutes of a hospital, birth centers may or may not be located close to a hospital, typically uterine ruptures have warning signs, and patients are closely monitored for any distress. Ms. Burslem stated that accredited birthing centers do not provide vaginal birth after cesarean sections and that these deliveries should take place at a hospital. Senator Funke Frommeyer stated that if there are serious issues noted in the months prior to delivery the patient is recommended to see a doctor. Ms. DeLodder stated that if a hospital cannot sustain a labor and delivery unit, most likely it would not be profitable for birthing center to also be in that same community. In response to questions and comments from Representative Burke, Ms. DeLodder stated that in areas that are considered maternity deserts, patients often do not receive adequate prenatal care and that birthing center providers may also provide prenatal care in a separate facility. Senator Funke Frommeyer stated that the midwifery model offers more patient education, understanding, and awareness. Ms. DeLodder stated that in cases of emergency, such as police officers, the birthing center providers would assess and care for the patient. Ms. Burslem stated that the standard is for a birthing center provider to do a home visit on days one and two after birth to report on the maternal and neonatal status. In response to questions and comments from Senator Berg, Ms. DeLodder stated that taking care of high-risk patients is not within the scope of practice of a midwife, but is within the scope of practice of a physician at a hospital.

DISCUSSION ON CERTIFICATE OF NEED

Jaimie Cavanaugh, Attorney, Institute for Justice, discussed the history of certificate of need laws in Kentucky, how certificate of need laws do not prevent rural hospital closures, that the lack of evidence that hospitals rely on cost-shifting supports repealing the certificate of need, that certificate of need laws increase healthcare costs, the federal courts' findings regarding Kentucky's certificate of need laws, and the consequences of artificially limiting the supply of healthcare. In response to questions and comments from Senator Meredith, Ms. Cavanaugh agreed that Medicare only pays a percentage of a patients' costs and that Medicaid pays less than Medicare, discussed the differences between cross subsidization and cost-shifting in rural hospitals, and discussed the benefits of access to care.

In response to questions and comments from Senator Berg, Ms. Cavanaugh stated that it was recommended that Kentucky repeal certificate of need for home health care and imaging centers and the 12 percent of Kentucky patients do not receive care because of the healthcare costs.

CERTIFICATE OF NEED: A REVIEW OF THE LITERATURE

Matthew D. Mitchell, Ph.D., Senior Research Fellow, Certificate of Need Coordinator, Knee Center for the Study of Occupational Regulation, West Virginia University, discussed the anticompetitive features of certificate of need laws, the history of certificate of need, and the literature that examines how much certificate of need affects healthcare spending, access to care, quality of care, and underserved populations.

Adjournment

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

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 3rd Meeting

of the 2023 Interim

August 23, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Wednesday, August 23, 2023, at 9:00 AM, in Room 149 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Russell Webber, Co-Chair; Senators Jason Howell, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Shane Baker, Josh Branscum, Josh Calloway, Daniel Elliott, Al Gentry, Mark Hart, Thomas Huff, Kevin Jackson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Phillip Pratt, Rachel Roarx, Ashley Tackett Laferty, and Timmy Truett.

Guests: Donovan Blackburn, Chairman, President, and Chief Executive Officer, Pikeville Medical Center; Erich Blackburn, Senior Vice President and Chief Legal Officer, Pikeville Medical Center; Dr. Reed Adkins, Superintendent, Pike County Schools; Jessie Schook, Vice President of Workforce and Economic Development, Kentucky Community and Technical College System; Tanelle Sawyer, Executive Director of Workforce Talent Development, Kentucky Community and Technical College System; Beth Hargis, Associate Commissioner, Kentucky Department of Education; Regan Satterwhite, Executive Advisor, Kentucky Department of Education; Matt Chaliff, CTSO Program Advisor, Kentucky Department of Education; Bo Matthews, Superintendent, Barren County Schools; and Paul Mullins, Superintendent, Elizabethtown Schools and Logan County Schools.

LRC Staff: Janine Coy, Helen McArthur, Eric Rodenberg, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the July 31, 2023, meeting was made by Representative Webber,

seconded by Representative Truett, and approved by voice vote.

Project HEART – Healthcare Employment Around Regional Training

Senator Wheeler gave an introduction of the speakers and briefly spoke about the importance of collaborations like Project HEART to communities across the Commonwealth.

Project HEART is Pikeville Medical Center's approach to increasing its region's talent pipeline. The program includes new and expanded nursing partnership programs and customized on the job training. The program has created additional employment opportunities for certified nursing assistants, radiologic technologists, medical laboratory technicians, respiratory technicians, paramedics, emergency medical technicians, pharmacy technicians, and many others. Project HEART has allowed Pikeville Medical Center to create a total of 550 medical career seats thus far.

Also discussed was the Workforce Innovation Center at Pikeville Medical Center which focuses on career exploration for K-12 students. Mr. Donovan Blackburn elaborated on employee benefits and the Center's tuition assistance program.

Answering a question from Representative Gentry, Mr. Erich Blackburn confirmed that Pikeville Medical Center is an equal opportunity employer and said the Center will be taking part in upcoming conferences that specifically focus on individuals with disabilities.

Replying to Representative Tackett Laferty, Mr. Donovan Blackburn said the Center has employees from 32 counties across the Commonwealth and has a service area of 450,000 residents. Answering a follow up question, he stated he would like the General Assembly's support in expanding Project HEART and programs of the Workforce Innovation Center. He noted that the General Assembly previously passed legislation crucial to expanding the workforce in the healthcare sector.

Addressing Senator Howell, Mr. Donovan Blackburn explained that Pikeville Medical Center has retention bonuses and a high retention rate but the number of available nurses began to decline with retirements and nurses choosing to pursue travel nursing assignments. Replying to a follow up, he elaborated on the hospital's retention philosophy.

Responding to a question from Representative Lockett, Mr. Donovan Blackburn stated he did not know the workforce participation rate in Pike County.

Answering a question from Representative Calloway, Mr. Donovan Blackburn said the Pikeville Medical Center follows all national standard procedures concerning COVID. Mr. Erich Blackburn added that there were certain COVID vaccine exemptions for hospital employees.

KCTCS Workforce and Economic Development Initiatives

A broad overview was given of KCTCS's workforce and economic development programs that focus on employment success initiatives, partnership programs, labor force expansion strategies, innovations and rapid response programs, customized training, and employer concierge services. In conjunction,

employers are engaged through upskilling of their current workforce, recruitment and training of new hires, and positioning the employer for increased productivity. KCTCS emphasizes active employer partnerships through asset mapping, program alignment, faculty recruitment, career exploration, mentoring, and earn and learn opportunities. Asset mapping is being conducted to identify viable workforce partnerships between employers and KCTCS facilities. Thus far, 267 workforce solution partnerships have been identified. KCTCS Education First Employers program was discussed which focuses on talent attraction, retention, and development for 47 confirmed companies. Ms. Schook also discussed KCTCS-TRAINS funds allocated by the General Assembly to help companies willing to invest in workforce development for their employees. There are 17 total commitments totaling over \$7 million with 617 created jobs.

Answering a question from Senator Wheeler, Ms. Schook discussed the challenges to supporting KCTCS's technical programs and said she would follow up with specific details regarding Big Sandy Community and Technical College. Senator Wheeler briefly commented on the advantages of receiving a technical degree or certification.

Replying to questions from Representative Webber, Ms. Schook stated that she would follow up with more information regarding courses available to high school students participating in KCTCS's dual credit program.

Representative Tackett Laferty made remarks about the benefits of KCTCS's dual credit program.

Addressing questions from Senator Howell, Ms. Schook clarified that currently in the asset mapping process, eight of 16 KCTCS facilities have responded with data regarding their workforce solution partnerships, but all data is due to be submitted by September 30, 2023.

Local Area Vocational Education Centers

A presentation was given on career and technical education (CTE) funding with testimony from school district superintendents that discussed how they have utilized the allocated funds. During the 2021-2022 school year, approximately 70 percent of secondary students were enrolled in CTE and 98 percent of 12th graders that had at least two pathway credits earned graduated.

There are over 138 state approved career pathways with alignments to postsecondary education. There was a total of 20,696 industry certifications approved, 20,596 CTE end-of-program assessments conducted, and 309 Tech Ready Apprentices for Careers in KY (TRACK) certificates awarded. Prior to 2022, approximately one-third of secondary CTE locations were funded, no funding was available for CTE programs located in comprehensive high schools, and equipment and supplies did not meet industry standards. As a result, the General Assembly passed 22 RS HB 1 which provided an increase of \$58 million to secondary CTE, and it is the first time in the state's history that all CTE programs received funding. Bo Matthews, Superintendent of Barren County Schools, and Paul Mullins, Superintendent of

Elizabethtown Schools and Logan County Schools, discussed the improvements to their CTE programs due to the increased funding. Future funding goals were discussed that included creating an equitable funding system for all CTE programs by codifying a new funding formula.

Senator Wise made comments about the historic investment in CTE and commended the Department of Education and Office of Career and Technical Education.

Representative Jackson applauded Mr. Matthews and Mr. Mullins for their work in their respective counties.

Senator Wilson made remarks about Mr. Matthews and Mr. Mullins' work over the years and the facilities in their counties.

There being no further business before the committee, the meeting adjourned at 11:10 a.m.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 4th Meeting of the 2023 Interim September 28, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on September 28, 2023, at 9:00 AM in Room 149 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise Co-Chair; Representative Russell Webber Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Denise Harper Angel, Jason Howell, Robby Mills, Reginald Thomas, and Phillip Wheeler; Representatives Shane Baker, Josh Branscum, Steve Bratcher, Daniel Elliott, Mark Hart, Thomas Huff, Kevin Jackson, Kim King, Nima Kulkarni, William Lawrence, Matt Lockett, Phillip Pratt, Rachel Roarx, and Scott Sharp.

Guests: Michael Gritton, Executive Director, KentuckianaWorks; Myra Wilson, Director, Cumberland Workforce Development Board; Correy Eimer, Director, Northern Kentucky Workforce Investment Board; Daniel London, Executive Director, Lincoln Trail Area Development District; and Senator Matt Deneen.

LRC Staff: Janine Coy, Eric Rodenberg, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the August 23, 2023, meeting was made by Representative Lockett, seconded by Representative Branscum, and approved by voice vote.

Workforce Overview

The Commonwealth is divided into 10 workforce innovation boards (WIBs). Seven of the 10 workforce innovation boards are managed by area development districts (ADDs). A board of directors, comprised of employers and community organizations, oversees

WIBs. Workforce boards operate based on the Federal Workforce Innovation and Opportunity Act (WIOA) and receive funding through the US Department of Labor. Federal investment has shrunk over the last two decades, with a 49 percent national funding decrease and over the last five years, a 17 percent nominal decrease for Kentucky. Allocation of funding for each state and for each individual WIB is based on measures of unemployment.

Michael Gritton, Executive Director of KentuckianaWorks, discussed how the state's workforce pipeline is impacted by a disconnection of young people ages 16 to 24. During 2021, one in seven young people were not working or enrolled in school. In some rural parts of Kentucky, one in four youth and young adults are disconnected from employment and educational opportunities. Overall, Kentucky's disconnection rate is among the top 10 highest across the country.

The economic impact of the youth disconnection includes individual and national costs. A study conducted in 2012, The Economics of Investing in Opportunity Youth, showed there is a \$14,000 taxpayer burden per youth for every year of disconnection from employment and educational opportunities.

Mr. Gritton detailed a specific workforce program that KentuckianaWorks has implemented that targets youth and young adults called The Spot: Young Adult Opportunity Campus. The program provides free career resources for individuals ages 16 to 24 across the Louisville region through a partnership with Goodwill Industries. Myra Wilson, Director of the Cumberland Workforce Development Board, and Correy Eimer, Director of the Northern Kentucky Workforce Investment Board, also discussed specific programs in their respective areas.

Responding to Representative Branscum, Mr. Gritton said that although WIOA funding is used for youth outreach programs, WIBs are oftentimes introduced as a last resort or when an individual has struggled to enter the workforce for a significant period. He expressed the need to target high school seniors but stated WIOA is not designed to be utilized in that manner.

Answering a question from Representative King, Mr. Eimer agreed that workforce participation rates are better labor market indicators compared to unemployment rates. Mr. Gritton further explained that an individual must actively seek employment to be included in unemployment statistics. Any changes to the formula used to determine WIOA funding would have to be made at the federal level.

Representative Lawrence made remarks about the importance of WIBs and discussed restrictions on federal WIOA funding.

Replying to questions from Representative Bratcher, Mr. Gritton stated there is little to no information regarding the one in seven young people that were not working or enrolled in school in 2021. He said the youth and young adults that utilize their services express a wide range of reasons for not participating in the workforce. Answering a follow up question, Mr. Gritton reiterated that the allocation of WIOA funding for each state and each individual WIB is based on measures of unemployment and poverty. A state investment is needed for WIBs to continue

operating. Mr. Eimer added that the WIOA funding formula does not take employers into account.

Addressing questions from Representative Kulkarni, Mr. Gritton said the number of disconnected youths increased after the pandemic. He reported that Congress has yet to authorize additional WIOA funds. He reported that there are proposals to eliminate federal funding for WIOA. Replying to follow up questions, Ms. Wilson stated there is a proposed budgetary request for funding from the General Assembly that will be presented to the Interim Joint Committee on Appropriations and Revenue. Additionally, Mr. Gritton gave further details about restrictions on federal WIOA funding. In response to Representative Webber, Mr. Eimer said with a state investment from the General Assembly, WIBs would continue operating with a localized approach, but would be able to expand existing programs with less funding restrictions.

Addressing Senator Boswell, Ms. Wilson acknowledged the importance of vocational training, specifically for youth and young adults.

Answering questions from Senator Funke Frommeyer, Mr. Eimer expressed his support of early career exploration. He discussed his region's early childhood career exploration approach, work-based learning opportunities, and community partnerships.

Responding to a follow up question from Representative King, Mr. Gritton detailed the partnership between WIBs and the Kentucky Community and Technical College System and ensured there are no duplication of services.

Representative Lawrence testified about the impact of WIBs and other workforce partners in his district.

Representative Webber made comments about policies enacted by the General Assembly that have promoted job creation and encouraged economic growth. He thanked the presenters for aiding the General Assembly in making decisions pertaining to workforce investment programs.

Regional Economic Overview

Senator Deneen made opening remarks concerning the construction of BlueOval SK's battery park in his district in Hardin County, and noted that this is the biggest investment in the state's history. Daniel London, Executive Director of the Lincoln Trail Area Development District, provided an overview of the \$5.8 billion project, the region's economic growth, and impending infrastructure needs. The project is a partnership between Ford and South Korea's SK On and will employ more than 5,000 employees. Located on a 1500-acre site in Glendale, the two plants will encompass 23 square miles. It is estimated that the plant will produce more than 8,000 jobs in the region and add 22,000 residents to Hardin County, creating the need for more than 8,000 new hospital units, 75 new hospital beds, and will put a major strain on the local school system. Mr. London closed by briefly detailing the Lincoln Trail Area Development District's Six Year Economic Lines of Effort, Objectives, and Actions, and highlighted the region's need for utility and road infrastructure improvements.

Representative Webber made remarks on the scale of the BlueOval SK project and the resulting

concrete shortage in the southcentral region of the state.

Responding to Senator Mills, Mr. London commented on Ford choosing to shift towards electric vehicle manufacturing.

Answering a question from Senator Thomas, Mr. London confirmed that there are existing partnerships with state colleges and universities, with the goal of supplying emerging companies with a highly skilled and trained workforce. Senator Deneen added that there are several forthcoming STEM related entrepreneurial opportunities in the region.

Addressing questions from Senator Boswell, Mr. London stated that the Tennessee Valley Authority expressed concern about meeting the utility needs of BlueOval SK and other major projects planned for the region, but LG&E and Kentucky Utilities, the contracted power providers, have not expressed the same concerns.

Representative Bratcher made remarks about limited infrastructure, investing in people, and the advantages of utilizing the Kentucky Community and Technical College System.

Replying to remarks from Senator Wheeler, Mr. London stated he was not aware of the average cost of an electric vehicle manufactured by BlueOval SK or the source of materials that will be used at BlueOval SK. Senator Deneen expressed his support for BlueOval SK and other regional economic investments.

Answering questions from Representative Lockett, Mr. London said that LG&E and Kentucky Utilities will use a combination of power sources, and BlueOval SK has expressed the desire to use as much renewable power as possible. Ford, LG&E, and Kentucky Utilities made an agreement to divide the project site. In response to a follow up, Mr. London stated that he is not aware of the average cost of an electric battery produced by BlueOval SK.

Addressing comments from Senator Funke Frommeyer, Mr. London spoke about the multiple partnerships driving the progress of the BlueOval SK project and strategies to draw from all demographics and types of employees from across the Commonwealth.

Senator Mills made remarks about the importance of providing reliable and consistent power and expressed concerns about LG&E and Kentucky Utilities being able to do so.

Representative Webber commented about the magnitude of the BlueOval SK project and the strain it has put on the Hardin County Community.

Adjournment

There being no further business before the committee, the meeting adjourned at 10:50 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the Third Meeting of the 2023 Interim

August 1, 2023

Call to Order and Roll Call

The third meeting of the Interim Joint Committee

on Education was held on August 1, 2023, at 11:00 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; Representative James Tipton, Co-Chair; Senators Shelley Funke Frommeyer, Jimmy Higdon, Stephen Meredith, Reginald Thomas, Lindsey Tichenor, Gex Williams, Mike Wilson, and Max Wise, Representatives Shane Baker, Jared Bauman, Tina Bojanowski, George Brown Jr., Emily Callaway, Jennifer Decker, Kevin Jackson, Scott Lewis, Candy Massaroni, Felicia Rabourn, Steve Rawlings, Josie Raymond, Killian Timoney, Timmy Truett, Russell Webber, and Lisa Willner.

Guests: Kelly Stone DeLong, Executive Director, Kentucky Center for Mathematics; Dr. Jonathan Thomas, STEM Education Chair, UK; Dr. Kanita DuCloux, Department of Mathematics Chair, WKU; Dr. Diana McGill, Dean of the College of Arts and Sciences, NKU; Amanda Holbrook, Math Teacher, Letcher County Public Schools; Shelley Winterberg, Director of Programs and Partnerships, New Teacher Center; Angie Keene, Retired Teacher and Coaching Advocate; Tori Anders, Lead Coach and Literacy Specialist, Southeast South-Central Educational Cooperative (SESC); Melissa Conlin, Instructional Coach and Science Consultant, SESC Co-op; Lindsey Wilson, Lead Teacher and Writing Teacher, McKee Elementary; Dr. Marty Pollio, Superintendent, Jefferson County Public Schools; Dr. Terra Greenwell, Chief Academic Officer, Jefferson County Public Schools; Cassie Trueblood, Policy Advisor and Counsel, Office of Education Licensure and Effectiveness, Education Professional Standards Board.

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

Approval of Minutes - July 18, 2023

Senator West made a motion to approve the minutes of the July 18, 2023, meeting. The motion was seconded by Representative Timoney and passed by voice vote.

Chair Tipton presented a citation of appreciation to Jo Carole Ellis for her service to the LRC and the Education Committee, as she would soon be leaving LRC to assume the position of Executive Director of the Kentucky Higher Education Assistance Authority (KHEAA).

Senator Thomas recognized the accomplishments of Fayette County Public Schools in light of the address given by the superintendent earlier in the day.

Kentucky Center for Mathematics - Collaborative Partner for Excellence in Mathematics

Ms. Kelly Stone DeLong, Executive Director, Kentucky Center for Mathematics (KCM), discussed the center which was created by the legislature in 2006. The center is state funded to do professional development; become a clearinghouse for information; and provide reliable, research-based, math teaching methods. Over the past three years, more than 2,000 teachers have participated in professional learning sessions. Additionally, there is a website with resources available to teachers and parents as well as

asynchronous professional development instruction for teachers.

Dr. Kanita DuCloux, Department of Mathematics Chair, WKU, discussed how WKU is a collaborative partner with KCM and provides mentoring opportunities to classroom teachers. Dr. Jonathan Thomas, STEM Education Chair, UK, spoke to how fragmented schools can be and that KCM serves as a networking and unifying resource for teachers. He spoke to the research that comes from the universities and how KCM helps disseminate that knowledge to teachers to make real impacts in the classroom.

Ms. DeLong said KCM works with KDE to innovate in the classroom and secure grant funding to evaluate alternatives to assessment and explore micro credentialing. Professional learning is made regionally available, as are materials for classrooms, through partnerships with the KEDC. Customized district support is created in collaboration with local superintendents and administrators with a focus on Kentucky Academic Standards. She spoke to the ways that KCM supported teachers through the pandemic, by creating over 200 digitally available math intervention and teaching resources.

The KCM works with parents to help them become better math teachers at home through Family Math Night programs and partnering with KET to bring math instruction into homes across the commonwealth. Ms. Amanda Holbrook, 2nd grade teacher, spoke to the Eastern Kentucky flooding events of 2022. Following the destruction of their school, she reached out to the KCM and was provided entire classrooms of teaching materials and tools in order for school to resume.

Ms. DeLong said that the math scores on the Kentucky summative assessments were not where they should be based on many factors, including the limited effectiveness of virtual instruction during the pandemic and a change in Kentucky Academic Standards. KCM is implementing a variety of strategies to address this situation.

The KCM has an open-source Kentucky Numeracy Project available to teachers, and a continued focus on early numeracy will make a huge impact. KCM has national experts in mathematics education, and Ms. DeLong asked the members to think about the ways they might utilize the center going forward. In response to a question from Chair Tipton, Ms. DeLong said that she can only hypothesize that as students advance through school, they do not have the math facts and fluency engrained enough to deal with the more complicated mathematics courses in middle and high school. In response to a question from Representative Bojanowski, Ms. DeLong said there needs to be a strong emphasis on early numeracy as well as early focus on math facts, especially fractions. Dr. Thomas said addressing math identities is important, and intervention structures need to be careful to address that. Teacher pipelines need to be addressed.

Responding to a question from Representative Raymond, Ms. DeLong said there is a preschool curriculum, grounded in research, that the KCM would love to expand to more early childhood locations. Additionally, KCM is working with KET to develop programming and distributing ready-to-

use resources directly into homes for parents of very young children. The roadblock right now is how to scale these resources so that more schools and early learning centers know about the information available to them from KCM. In response to a question from Representative Truett, Ms. DeLong spoke to the value of grow-your-own programs and the impact of mentoring to bring in more teachers and support new teachers.

Representative Massaroni thanked KCM for their efforts to help low-performing schools in Nelson County. Ms. DeLong expressed her thanks to local administrators, especially the Nelson County superintendent, for their support. The interventions there have been customized to be truly meaningful and impactful.

Responding to a question from Senator Meredith, Ms. DeLong said the KCM believes in interventions, especially those that have been distributed to 93 schools throughout the commonwealth. The factors that led to a potential breakdown in the intervention system were many, and she will look into them to report back to the committee. Dr. Thomas said the 2015 inflection point may reflect the beginning of the teacher shortage crisis, but further information needs to be gathered. In response to a question from Senator West, Ms. DeLong said that education is a difficult profession and new teachers are expected to be able to hit the ground running, which is very hard to do with mathematics. Mathematics is a difficult subject, and teachers are underprepared to go into the classroom in the first few years. There should be an expectation that teachers just coming out of teacher preparation programs can teach at the proper level, plus there are many other skills that may need to be addressed. This is one of the reasons a teacher mentoring program is so valuable.

Responding to a question from Senator Thomas, Ms. DeLong said that the Alabama Literacy Act is a seminal piece of legislation that focuses on teacher mentors, emphasizes academic standards, and places a foundation of numeracy in the forefront. She would encourage the members to do the same with any potentially similar legislation in Kentucky.

The Impact of Instructional Coaching on Teacher Effectiveness, Recruitment, and Retention

Ms. Shelley Winterberg, Director of Programs and Partnerships, New Teacher Center, said the New Teacher Center is active in 22 states, representing over 400 school districts, and supports over 25,000 teachers. In 2019, the Southeast South-Central Educational Cooperative (SESC) created a partnership with New Teacher Center to implement and study the effectiveness of a mentorship model. The work has proven the instructional effectiveness of the mentorship model and is expanding to include even more schools going forward. Sustainability and cost effectiveness is a key element of the strategic practices for training and support.

Ms. Melissa Conlin, Instructional Coach and Science Consultant, SESC, said students need effective teachers, and 90 percent of open teaching positions are created by teachers leaving the profession. As much as one-third is due to retirement, but there are a significant number of teachers who leave within the

first three years due to lack of support, lack of decision making, lack of belonging, and an unwelcoming work environment. National data from New Teacher Center shows that teacher retention rates rose from 72 percent before NTC to 94 percent following their intervention. Students also achieve more learning in mathematics and ELA in classrooms where the teacher benefitted from New Teacher Center mentorship, as evidenced by test score data.

Ms. Tori Anders, Lead Coach and Literacy Specialist, spoke about the Option 9 pathway to alternative certification that, as defined in statute, highlights the value of teacher coaching and mentorship. This is critical for continued success in teacher training and retention. Ms. Lindsey Wilson, Lead Teacher and Writing Teacher, loves her job. She was mentored under the KTIP program, and now works as a mentor in the NTC program. The NTC mentorship program prepared her to be an effective mentor and is far more extensive than the KTIP program which provided little training for mentors. In the NTC program, the burden of work is not on the new teacher, but rather on the mentor. It is more like weekly check-in and conversation between the mentor and new teacher. The new teacher gets to ask for support in areas of interest, and they are in the same building, so there is collaboration and a foundation of trust. Mentorship is valuable for experienced teachers as well, because it recognizes the work and experience of veteran teachers and improves morale within the school. Over time, new teachers who have been through the program grow into mentors themselves and creates a network of support in school buildings.

Instructional coaching costs include professional development for coaches and school leaders, time invested to practice and collaborate with peers, and stipends for coaches who give up planning periods and other time outside of the classroom to be there for their mentees. Individualized, job-embedded coaching is very effective in transforming not only the individual teacher, but the culture of the school and district. In response to questions from Senator Funke Frommeyer, Ms. Wilson said the belief in the work is what keeps her going, but the stipend would be very attractive to any teacher doing this work. Ms. Keene said part of the grant funding for the pilot was put toward stipends for those teachers who are going above and beyond to become good mentors. It will be critically important to get funding for stipends, because while many mentors are participating because they believe in the cause, that is not sustainable. Ms. Winterberg clarified the number of teachers and mentors who are part of New Teacher Center nationally.

Representative Timoney said there is real value in coaching and mentorship, especially in the area of classroom management. There are skills necessary to be in a classroom that cannot be learned before doing, and mentorship should be part of any legislation to assist with teacher retention going forward.

Representative Decker made a comment regarding the mission and vision statement of the University of Kentucky Department of Curriculum and Instruction and her concerns that it does not specify that teachers need classroom management skills and focuses instead on being globally minded and building inclusive classrooms.

Representative Truett encouraged school administrators throughout Kentucky to consider a program like this in their schools to help address the critical teacher shortages by bolstering teacher retention. He hopes the General Assembly can work to bring a mentorship program to all schools in Kentucky.

New Jefferson County Public Schools Policies for Student Achievement

Dr. Marty Pollio, Superintendent, Jefferson County Public Schools, said he truly enjoys talking to the legislature and sharing the changes made to JCPS in the last three years. There had been little real, lasting change to the district for decades and in collaboration with teachers and staff, they began making plans to improve student attendance, experience, and outcomes. The future state plan was outlined in February 2020, but unfortunately the coronavirus pandemic hit in the weeks immediately following. The changes could not wait, however, and while change is hard, there is a lot going into effect this summer.

First, there is a new student assignment plan, to address many of the inequitable school choice bussing plans that were used to implement desegregation. Students in west Louisville were forced to leave their communities for the sake of diversity, which had a negative impact on student attendance and sense of belonging. There are now school choice zones so that parents can have a wide variety of choices. Additionally, there is financial and other support to assist the schools in high poverty districts with improved feeder patterns.

Secondly, there will no longer be only two start times with over 700 bus routes. This year there will be 10 different start times. This change was necessary in order to ensure there would be adequate numbers of bus drivers, which last year resulted in loss of instructional time as students would miss school because of lack of transportation. The change will be hard on families, but it is critically important. Also, research shows that early starts for adolescent students is unhealthy and later start times will have a positive impact on attendance and outcomes.

For the first time in 20 years, there will be new schools built in the district with over 20 new schools, especially at the elementary level. The district needed to invest in facilities including playgrounds and athletic facilities. These are symbolic of the investment that the community is making in their children. Additionally, school safety is a huge concern and presents huge challenges. The board has made the decision to use an AI system to detect weapons and move students through as quickly and efficiently as possible. In five years, these changes will be difference makers in the district.

Dr. Terra Greenwell, Chief Academic Officer, JCPS, spoke to the changes JCPS is making to curriculum to improve outcomes in literacy and numeracy. In keeping with legislative directives, the district is working to create a comprehensive K-12 literacy plan, with a core ELA curriculum, for the district. There was a focus during development on high quality, research-based, methods. The curriculum includes numeracy support and supports

for multilingual learners. Professional development for teachers has been utilized over the summer to create literacy support teams in collaboration with school administrators to make sure that teachers are prepared to implement the new curriculum this fall.

Representative Bojanowski complimented Dr. Greenwell and the district for the selection of MAP fluency as a diagnostic tool to better distinguish students who can read but may not be comprehending what they read. Teachers on the ground are grateful for the work and looking forward to hitting the ground running this fall. In response to question from Representative Willner, Dr. Pollio said there are nearly 17,000 English language learners in the district. Historically, this has been seen as a detriment to the district, and they are trying to change that perspective. Part of the difficulty comes from the weight placed on the scores of English language learners in the accountability system. Dr. Greenwell said that the curriculum shift has been in allowing students to build expertise and confidence before being assessed and addressing their multilingual abilities as a strength and asset to the district.

Responding to a question from Representative Bauman, Dr. Pollio said there have been many salary increases in recent years to address inflation and there is an intention for the district to get to a minimum of \$55,000 for starting salary as has been done in Fayette County. The ceiling of teacher pay also needs to be addressed, as does the culture of respect toward the teaching profession. Both of these will go toward addressing the teacher shortages and improving retention. In response to a question from Senator Meredith, Dr. Pollio said the measures that will indicate success will be test scores in literacy and numeracy. Baseline is to have students leaving each level of schooling fully prepared to enter the next level of schooling. There will also be measures of other career readiness skills, but there is no clear understanding of how to assess those at this time. There will be interim goals set and further reports made to show progress toward those interim checkpoints.

Responding to a question from Representative Jackson, Dr. Pollio said he is strongly opposed to dividing the district. There has been a lot of investment in allowing students to choose their school and take pride in their school facilities. There would also be a severe inequity if the district was divided, as it would quickly result in a very wealthy district and one facing severe poverty. He asked the legislature to give the district time to implement the changes and see the positive outcomes that are sure to come. In response to a question from Representative Baker, Dr. Pollio said the policy is for no student to ever bring a weapon to school. The district has a police force that is brought in for every incident. With limited exceptions for special education students, violations result in the student being placed in an alternative education facility for a year.

Consideration of Administrative Regulations

Cassie Trueblood, Policy Advisor and Counsel, Office of Education Licensure and Effectiveness, Education Professional Standards Board, was present to answer any questions regarding proposed amendments to administrative regulation 16 KAR

2:240 – Interim Certificate Emergency.

Representative Massaroni made a motion to approve the agency amendment, seconded by Representative Timoney. The motion passed by voice vote.

Adjournment

Senator Wise announced that next month, on the same day as the Interim Joint Committee on Education meeting, students will be visiting the Capitol Annex to share information with legislators about coding and K-12 computer science. He invited all members to attend the roundtable presentation.

With no further business to come before the committee, the meeting adjourned at 1:23 p.m. The next meeting of the committee will be September 19, 2023, at 11:00 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the Fourth Meeting of the 2023 Interim

September 19, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Education was held on September 19, 2023, at 11:00 a.m. in Room 154 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative James Tipton Co-Chair; Senator Stephen West Co-Chair; Senators Shelley Funke Frommeyer, David P. Givens, Stephen Meredith, Gerald A. Neal, Reginald Thomas, Gex Williams, Mike Wilson, and Max Wise; Representatives Shane Baker, Jared Bauman, Tina Bojanowski, George Brown Jr., Emily Callaway, Jennifer Decker, Kevin Jackson, Candy Massaroni, Bobby McCool, Steve Rawlings, Josie Raymond, Steve Riley, Killian Timoney, Timmy Truett, Russell Webber, and Lisa Willner.

Guests: Monique Rice, Computer Science Initiatives Program Director, AdvanceKentucky; Codeye Woody, Director of State Government Affairs, Code.org; Sean Jackson, CS & IT Academy Program Manager, Kentucky Department of Education; Ben Foster, President, Kentucky Association of Scholars; Peter Wood, President, National Association of Scholars; David Randall, Research Director, National Association of Scholars; Pam Duncan, General Counsel, Kentucky Community and Technical College System; Hannah Rivera, Chief of Staff, Board & Government Liaison, Kentucky Community & Technical College System; Chris Powers, Higher Education Manager, Huron Consulting Group; Jennifer Ramey, Higher Education Consulting Principal, Huron Consulting Group; Weronika Wasilewski, Strategy and Operations Manager, Huron Consulting Group; and Wendy Fletcher, family nurse practitioner, Morehead.

LRC Staff: Yvette Perry, Lauren Busch, Joshua Collins, and Maurya Allen.

Approval of Minutes - August 1, 2023

Following the welcome of special guests by Senator Williams, Senator Meredith, and Co-Chair West, Senator Meredith made a motion to approve the minutes. The motion was seconded by Representative Timoney and approved by voice vote.

Coding Day at the Capitol

Codeye Woody, Director of State Government Affairs, Code.org, said Kentucky is not currently offering enough computer science (CS) courses and training enough certified graduates in information technology (IT) to meet the demand for computer scientists in many fields including medicine, manufacturing, and logistics. There have been significant strides in expanding CS education by allowing CS classes to be considered an elective science or mathematics course if approved at the district level. Code.org recommends that all high schools require at least one computer science class or make it a graduation requirement. Additionally, the state could approve a preservice preparation program for teachers, and incentivize teacher preparation programs to offer computer science curriculum, to increase the number of teachers qualified to teach computer science.

Dr. Sean Jackson, CS & IT Academy Program Manager, Kentucky Department of Education (KDE), spoke to the efforts of the department through the implementation of Senate Bill 107 of the 2016 Regular Session to expand CS education. The legislation allowed KDE to create an academic discipline that encompasses the study of computers, algorithmic principles, and other information technology principles. Senate Bill 193 of the 2020 Regular Session, set the landscape to improve the number of teachers qualified to teach foundational computer science and KDE continues to remove systemic barriers for offering computer science classes in schools. They have also increased funding for all CS Advanced Placement (AP) exams and targeted industry certifications to allow access for more students to become credentialed. Looking forward, KDE wants to expand on a comprehensive K-12 state CS plan and prepare for industry skill demand, especially in cyber security, data science, artificial intelligence, and machine learning.

Monique Rice, Computer Science Initiatives Program Director, AdvanceKentucky, spoke about the AdvanceKentucky computer science initiatives which provide professional development in computer science for teachers. They partner with many groups including KDE, Code.org, CS for All, and KCTCS, to provide pathways for teachers to receive approval for computer science certification, regardless of what their original area of certification may have been. They focus on making computer science foundational by expanding CS instruction into grades K-8, and assist districts in developing a K-12 CS plan that aligns with the state K-12 CS plan.

Ms. Rice advocated for modernizing the CS pathways to address the ever-changing technological landscape. The existing pathways have not kept up with recent developments in data science, artificial intelligence, and machine learning. There need to be more area technology centers (ATCs) teaching CS

and there should be incentives for those that do not currently offer CS pathways to do so and create more opportunities for students. Lastly, Ms. Rice illustrated the demographic disparities among those students entering CS courses, especially the lack of female participation in all STEM fields, including computer science. In response to a question from Co-Chair Tipton, Cameron Wilson, President, Code.org, spoke about the implications of AI on the current landscape of computer science. AI and machine learning have been a foundational part of computer science for a while, but the current fervor around generative AI in commercial applications, such as with ChatGPT, will transform many industries. In terms of how it will impact education, it may lead to AI tutors for students, to help them learn not just coding, but other skills. It may also assist teachers in automating rote tasks or augmenting their expertise in the classroom.

Responding to a question from Representative Decker, Ms. Rice said there is an existing program available through Code.org Professional Learning. Teachers can sign up, participate in the five-day summer institute, and then complete the year-long course while teaching the subject. This allows teachers to then be credentialed to teach the CS foundational classes. If an educator is teaching the course for which they are being trained, the time commitment is approximately one synchronous meeting a week with asynchronous coursework during the week. In response to a question from Representative McCool, Dr. Jackson said that on the whole KDE has many systems in place to put additional CS courses into schools. It will take urgent support from the General Assembly to continue the budget appropriations to expand and modify pathways to answer the needs of industry today and into the future.

Responding to a question from Senator Thomas, Ms. Rice said that CS needs to be foundational and students should have a working knowledge of algorithms and how the internet works just as they understand photosynthesis. It needs to be part of elementary and K-8 education. Dr. Jackson said that it is part of the state plan to incorporate CS coursework into younger grades, and integration into the curriculum during the school day will help students connect CS to other subject areas. In response to a question from Senator Williams, Dr. Jackson said getting his doctorate and later getting a CS certification was the best path for him, but he acknowledged it is not the best pathway for everyone. KDE has created pathways for individuals looking to change their career to get CS credentialing, sometimes without need for taking additional college education courses.

Senator Givens congratulated the students who came to the Capitol to present their coding projects and encouraged members to take time to visit with the students and discuss how policy makers could get involved, not only in creation of policy but also as champions of computer science and the students.

Association of Scholars

Ben Foster, President, Kentucky Association of Scholars, spoke as a private citizen regarding his experience as a university professor and the lack of diversity of philosophy among university staff and donors. He illustrated how this has an impact on the

experience of students through anecdotal evidence of student concerns regarding statements in class syllabi. He also presented examples of anecdotal evidence of professors speaking violently regarding opposing views and how that leads to a perception of the university being equally intolerant and violent.

While professors have a right to free speech and freedom of expression, statements such as he cited may serve to chill speech among students and other faculty. He also presented concerns with official statements from public universities that appear to be political when addressing current events such as the Black Lives Matter movement and the overturning of *Roe v. Wade*. He said this illustrates a political bias in universities and requires legislative action.

David Randall, Research Director, National Association of Scholars, briefly said there are several model bills recommended by the National Association of Scholars, specifically those recently adopted in Ohio, which would be useful to reform postsecondary education institutions to encourage neutrality and diversity of opinion. Peter Wood, President, National Association of Scholars, said the organization has sought to steer higher education onto a path that fosters intellectual freedom and prepares citizens for active participation in the nation. He feels that these bills should be noncontroversial, but frequently are not seen that way. Kentucky would benefit from autonomous centers of freedom on college campuses, as demonstrated in Arizona, Florida, Ohio, Texas, and Tennessee. These create protected islands for free expression without fear of retaliation. Young people need to be trained in how to speak up for their values as much as they learn how to code. The culture needs to change beginning with the governance structures of public universities. In response to a question from Representative Bojanowski, Mr. Foster said there are individuals who feel marginalized currently and he feels that the model legislation would help those individuals.

Responding to a question from Representative Willner, Mr. Wood said he believes that universities should provide insurance so that staff and students can access mental health services in the private sector, but that administrative staff should not provide mental health services. He said the university is not the appropriate location to provide mental health services and that there needs to be further discussion about why there is such a dramatic increase in mental disturbances among young people today.

Senator Thomas said he would be opposed to taking the direction of education in Texas and Florida where the teaching of historical events appears to have been distorted to the point of not reflecting the true harm done to marginalized populations in the past.

Report of the Huron Consulting Group

Hannah Rivera, Chief of Staff, Board & Government Liaison, Kentucky Community & Technical College System, spoke briefly of the KCTCS search for a new president. The search committee has selected finalists for consideration and there is hope for a selection to be announced soon. She then transitioned to the Huron Consulting Group study which had several objectives including examining the feasibility of a four-year KCTCS college in

eastern Kentucky and what pathway changes may be necessary for the whole system.

Pam Duncan, General Counsel, Kentucky Community and Technical College System, said the resource optimization committee awarded the contract for this review to the Huron Consulting Group following an RFP process and the goal was to gather the necessary data to develop a plan to continue to provide quality education to students and supportive environments for employees. Jennifer Ramey, Higher Education Consulting Principal, Huron Consulting Group, said they performed interviews and surveys of staff and students all over the state and reviewed internal documents to get a good foundation for making recommendations. Optimization was a core principle for the study and Huron focused on the ways KCTCS could better and more efficiently educate students.

Weronika Wasilewski, Strategy and Operations Manager, Huron Consulting Group, said the focus of the final phase of work was assessment of the data that had been collected, identification of nearly 50 optimization opportunities, and a prioritization of the opportunities ranked by the Board of Regents to move forward with in the next year. KCTCS is now in the design and implementation phase with those projects with further support and consultation from Huron.

Chris Powers, Higher Education Manager, Huron Consulting Group, presented the 47 optimization opportunities broken down by different work streams including space utilization, academic programming, and financial and organizational. He highlighted the top priority areas of space utilization, capital construction projects, academic programming, organization structure, strategic sourcing, data strategies, and creation of a project management office. Huron has been helping with some elements, based on their expertise, while KCTCS pursues others. He also gave an overview of the timeline for the project and where Huron will gradually be reducing their involvement as KCTCS takes over projects.

Wendy Fletcher, family nurse practitioner, Morehead, spoke regarding her position as a parent, tax payer, and a former member of the KCTCS Board of Regents. She attended meetings regarding the RFP and resource optimization committee to select a vendor to do this necessary work. Huron Consulting Group was asked to find where KCTCS is failing, where there are opportunities to improve, and benchmark the system to the best systems in the nation. She spoke to how successful this project has been and how it is benefiting the students. She thanked the board, staff, and others who answered questions and fought to make KCTCS better. She said the legislature may need to step in to assist in certain areas, but the Huron report will provide the necessary data to make the best decisions. In response to a question from Representative Raymond, Mr. Powers said the marginalization of students of color was not part of the scope of their work so he could not comment on how it impacted the system. In response to a question from Senator Thomas, Mr. Powers said the full report includes more than could be presented today. There was a market position report that showed how KCTCS is positioned and highlights areas of study that are currently not offered by KCTCS but

could be offered in the future. Ms. Duncan said the system is still laboring under programs and processes that are ten or more years old, and this will allow the university to shed outdated processes in order to move forward and improve recruitment and academic programming. Reallocation of resources to programs that are of greater benefit to students is a significant part of the next steps.

Senator Givens said he was concerned that the system is doing a lot of reviewing and not a lot of implementing. Ms. Rivera said the Huron Consulting Group was brought in to collect data and assess that data to make recommendations. It will be up to the new president and the Board of Regents to make the decisions about implementation and execution. That is the current phase of the project and leadership will be tasked with moving forward. Senator Givens said the members are anxious to know the timelines for implementation.

Responding to a question from Co-Chair West, Ms. Rivera said the point person for implementation will be the system president, when they are hired, and they will report to the Board of Trustees.

Senator Funke Frommeyer said she is also anxious to know what the plan is moving forward and that there needs to be real change to make KCTCS meaningful, especially in eastern Kentucky.

Co-Chair Tipton said KCTCS plays a vital role in meeting the needs of Kentucky's workforce, and if the Board and president do not choose to implement changes, the General Assembly will involve themselves in making changes. Ms. Ramey said they had not looked at consolidation in the initial phase of the study, but evaluation of the possibility will be part of the next phase, as will the evaluation of academic programs and where there are gaps. The management office will provide accountability to give accurate and timely reporting on implementation.

Adjournment

With no further business to come before the committee, the meeting adjourned at 1:07 p.m. The next meeting of the committee will be October 17, 2023 at 11:00 a.m.

INTERIM JOINT COMMITTEE ON FAMILIES AND CHILDREN

Minutes of the 3rd Meeting of the 2023 Interim
August 24, 2023

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Families and Children was held on August 24, 2023, at 2:00 PM at the Kentucky State Fair in Freedom Hall, Room 2, Louisville, KY. 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; Senator Greg Elkins, Senator Stephen Meredith, Senator Lindsey Tichenor, Senator Robin L. Webb, Senator Max Wise, Representative Shane Baker, Representative Mike Clines, Representative Jennifer

Decker, Representative Daniel Elliott, Representative Ken Fleming, Representative Jim Gooch Jr., Representative Josie Raymond, Representative Steve Riley, Representative Rachel Roarx, Representative Lisa Willner, Representative Nick Wilson.

Guests: Shelby Williams Somervell, Vice President, Government Affairs & Communications, Greater Louisville Inc.; Mary Lloyd Moore, Executive Director, Suzanna Vitale Clinical Education Complex at Western Kentucky University; David Wheeler, Executive Director, LifeWorks at Western Kentucky University; Norma Hatfield, President, Kinship Families Coalition of Kentucky; Shannon Moody, Chief Policy and Strategy Officer, Kentucky Youth Advocates; Rick Wurth, Chief Executive Officer, Children's Home of Northern Kentucky Behavioral Health; Julie Raia, Chief Strategy Officer, Children's Home of Northern Kentucky Behavioral Health; Michelle Sanborn, President, Children's Alliance; Bart Baldwin, President, Bart Baldwin Consulting; and Joyce Woods, Consumer.

LRC Staff: Ben Payne, Samir Nasir, and DJ Burns.

Approval of Minutes

A motion to approve the July 25, 2023, minutes was made by Representative Wilson, seconded by Representative Elliott, and approved by a voice vote.

Welcome to Louisville Remarks

Shelby Williams Somervell, Vice President, Government Affairs and Communications, Greater Louisville Inc., welcomed all members to Louisville and to the Kentucky State Fair.

Presentation on the Operations of Lifeworks at Western Kentucky University

Mary Lloyd Moore, Executive Director, Suzanna Vitale Clinical Education Complex at Western Kentucky University (WKU), discussed the LifeWorks at WKU programs and services offered to participants including pre-vocational services, supported employment opportunities, Transition Academy, and LifeWorks Bridge. She discussed the cost associated with these programs and the benefit the state sees on this investment. David Wheeler, Executive Director, LifeWorks at WKU, discussed the employment opportunities participants have received through LifeWorks and showed a video which followed one participant at their place of employment. In response to questions and comments from Representative Heavrin, Ms. Moore stated that she would welcome all committee members to tour the LifeWorks facilities at WKU.

Easterseals West Kentucky Medical Rehabilitation

Senator Carroll introduced a group of participants of the Easterseals West Kentucky adult day training program.

Discussion of Kinship Care in Kentucky

Shannon Moody, Chief Policy and Strategy Officer, Kentucky Youth Advocates, discussed the different types of kinship care in Kentucky and the progress KY Youth Advocates has made since 2014

to assist those types. Norma Hatfield, President, Kinship Families Coalition of Kentucky, discussed the current needs of kinship care families including financial support and KTAP access as well as how to continue supporting these caregivers. In response to questions and comments from Representative Elliott, Ms. Moody stated that it would take a waiver from the federal government to allow the state to obtain child support instead of the relative caregiver. In response to questions and comments from Representative Heavrin, Ms. Hatfield stated that many relative caregivers do not understand the benefits of becoming a foster family through the Department of Community Based Services.

Presentation on the Operations of Children's Home of Northern Kentucky

Rick Wurth, Chief Executive Officer, Children's Home of Northern Kentucky Behavioral Health (CHNK), discussed background information on CHNK, their mission, and their campaign to raise funds for growth. Julie Raia, Chief Strategy Officer, CHNK, discussed CHNK's approach to expanding access to mental health services for KY's youth and why CHNK is the right choice for funding from the state. In response to questions and comments from Representative Fleming, Mr. Wurth stated that he would investigate HB 200 from the 2023 regular session in regards to the funding opportunities laid out in that bill.

In regards to questions and comments from Senator Meredith, Mr. Wurth stated that their plan is to have private funding secured within the next three years to cover 50 percent of the \$38 million needed to receive a 50 percent match.

Discussion of Psychiatric Residential Treatment Facilities in Kentucky and Behavioral Health Reimbursement Rates

Michelle Sanborn, President, Children's Alliance, discussed data and trends in children's residential care in Kentucky, areas of success and improvement, areas of concern, and what legislators can do to help. Bart Baldwin, President, Bart Baldwin Consulting, discussed legislative fixes including increasing the psychiatric residential treatment facilities (PRTF) Medicaid rate and reducing the number of Medicaid managed care organizations to three. Joyce Woods, Consumer, discussed how a PRTF has helped her daughter personally both in school and at home. In response to questions and comments from Representative Wilson, Ms. Sanborn stated that the family preservation services are where they see success after a family has been referred by the Department of Community Based Services. She stated Children's Alliance has a contract with DCBS for family reunification services in each region. In response to questions and comments from Representative Fleming, Mr. Baldwin stated that the \$30 million estimate came from 2022 paid claims from Medicaid and an increase of 25 percent. Ms. Sanborn stated that currently there is one PRTF II in Benton. She stated that PRTF I facilities are designed to be home like settings in the community with no more than 10 beds. Mr. Baldwin stated that due to rising costs associated with PRTF II's and the rate of

reimbursement from Medicaid not increasing it has made it difficult to attract new facilities to operate within Kentucky. In response to questions and comments from Representative Heavrin, Ms. Sanborn stated that funding the full continuum of care will assist in having facilities available for children in the state. She stated that the PRTF rates are in regulations and she would send that information to the committee. Mr. Baldwin stated that having a developed and appropriately funded program will help in fixing the current situation.

Adjournment

There being no further business, the meeting was adjourned at 3:50 PM.

INTERIM JOINT COMMITTEE ON FAMILIES AND CHILDREN

Minutes of the 4th Meeting of the 2023 Interim September 27, 2023

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Families and Children was held on September 27, 2023, at 1:00 PM in Room 149 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Samara Heavrin Co-Chair; Senator Danny Carroll Co-Chair; Senators Greg Elkins, Denise Harper Angel, Amanda Mays Bledsoe, Stephen Meredith, Lindsey Tichenor, Robin L. Webb, and Max Wise; Representatives Shane Baker, Mike Clines, Jennifer Decker, Stephanie Dietz, Daniel Elliott, Jim Gooch Jr., Marianne Proctor, Steve Riley, Rachel Roarx, Lisa Willner, and Nick Wilson.

Guests: Brad Turner, Commissioner, Tennessee Department of Intellectual and Developmental Disabilities; Jordan Allen, Deputy Commissioner of Program Operations, Tennessee Department of Intellectual and Developmental Disabilities; Bart Baldwin, President, Bart Baldwin Consulting; Molly Dubuque, Vice President of Clinical Standards, LittleStar ABA Therapy; Jeremy Teague, parent of a child with autism; Heather Gray, Founder & Executive Director, The Joy Closet; Tressy Wells, Assistant Director, The Joy Closet; Melinda Szymanski, Programs Director, The Joy Closet; Laura Begin, Staff Assistant, Department for Community Based Services, Cabinet for Health & Family Services; and Misty Sammons, Director, Division of Financial & Administrative Management, Department for Community Based Services, Cabinet for Health & Family Services.

LRC Staff: Ben Payne, Logan Bush, Samir Nasir, and DJ Burns.

Approval of Minutes

A motion to approve the August 24, 2023, minutes was made by Senator Meredith, seconded by Representative Heavrin, and approved by a voice vote.

Medicaid Waiver Waitlist Discussion

Jordan Allen, Deputy Commissioner of Program Operations, Tennessee Department of Intellectual and Developmental Disabilities, discussed Home and Community-Based Services (HCBS) Medicaid Waiver programs. Tennessee's efforts to reduce the wait list for waiver slots include appropriations and maximizing resources and expanding options for Medicaid participants. Brad Turner, Commissioner, Tennessee Department of Intellectual and Developmental Disabilities, discussed maximizing resources and expanding options for Medicaid participants. In response to questions and comments from Senator Carroll, Mr. Allen stated that the TN Department of Intellectual and Developmental Disabilities (DIDD) has a memorandum of understanding with Vocational Rehabilitation to ensure seamless entry and exits between funding sources. Mr. Turner stated that the TN DIDD is a stand-alone department that only reports to the Governor. In response to questions and comments from Representative Willner, Mr. Turner stated that DIDD looked at participants on HCBS waiver waitlists and determined who on the lists qualified for the services and if they didn't, moved that participant off the waitlist. Mr. Allen stated that all the screening and eligibility qualifications are done once a participant signs up for the waitlist. Mr. Turner stated that the DIDD has focused on how to reach citizens who will need government assistance and making sure TN meets their level of need. In response to questions and comments from Senator Carroll, Mr. Allen stated that the current program is under a 1115a demonstration waiver and is administered by three managed care organizations. In response to questions and comments from Representative Decker, Mr. Allen stated that the DIDD has general funds for single case agreements. In response to questions and comments from Representative Roarx, Mr. Allen stated that the provider network is strong and meeting the needs of participants, but it has been difficult for providers to determine how to staff for intermittent support needs. Mr. Turner stated that ensuring that the provider network is strong and can service the needs of participants is the foundation of supporting providers. Mr. Allen stated that as of 2016, 1915c waivers enrollment was closed. Mr. Turner stated that the DIDD has 500 employees across the state that ensure providers are meeting outcome expectations and quality control.

In response to questions and comments from Senator Carroll, Mr. Allen stated that it is a state fund and federal dollar match, that funds the Katie Beckett Waiver. Mr. Turner stated that TN has focused on how to invest state dollars quicker.

Discussion of Healthcare Services Payment Rates

Bart Baldwin, President, Bart Baldwin Consulting, discussed background on applied behavior analysis (ABA) providers including 10 RS HB 159, which created a licensing board for ABA and required commercial insurance to pay for autism ABA services. He discussed a request of a 25 percent increase in Medicaid Behavioral Health Service Organizations rates.

Molly Dubuque, Vice President of Clinical

Standards, LittleStar ABA Therapy, discussed the workforce shortage and the negative effects an autistic child undergoes while on a waiting list and not receiving ABA services.

Jeremy Teague, parent of a child with autism, discussed his perspective of ABA services for his child and how it has helped. In response to questions and comments from Senator Mays Bledsoe, Mr. Baldwin stated that he was here to talk about payment rates but agreed that it takes a combination of ABA with other therapies to be successful.

Foster Care Support Services Discussion

Heather Gray, Founder & Executive Director, The Joy Closet, discussed background information on The Joy Closet including services they offer to foster and fictive kin families. Tressy Wells, Assistant Director, The Joy Closet, discussed the need for a satellite closet in every community. Melinda Szymanski, Programs Director, The Joy Closet, discussed improvements for foster care families since The Joy Closet was opened and connecting teen foster care kids with mentors and career opportunities. In response to questions and comments from Representative Decker, Ms. Gray stated that there are no limits on the number of times a foster family can come. In response to questions and comments from Representative Roarx, Ms. Gray stated that The Joy Closet is a non-profit organization funded by 95 percent community funds and 5 percent grants.

DCBS Half-Year Block Grant Status Reports
Social Services
Community Services
Child Care and Development Fund
Low Income Home Energy Assistance Program
Temporary Assistance for Needy Families

The DCBS half-year block grant status reports, above, have been reviewed by the committee.

Consideration of Referred Administrative Regulations

921 KAR 001:400 Proposed

922 KAR 002:180 Proposed In response to questions and comments from Senator Carroll, Ms. Begin stated that 922 KAR 002:180 was changed to comply with federal regulations.

The administrative regulations, above, have been reviewed by the committee.

Adjournment

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

INTERIM JOINT COMMITTEE ON HEALTH SERVICES

Minutes of the 3rd Meeting of the 2023 Interim

August 24, 2023

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Health Services was held on August 24, 2023, at 12:00 PM, at the Kentucky State Fair. Senator Stephen

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

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senator Cassie Chambers Armstrong, Senator Karen Berg, Senator Danny Carroll, Senator Donald Douglas, Senator Greg Elkins, Senator Shelley Funke Frommeyer, Senator Michael J. Nemes, Senator Lindsey Tichenor, Senator Max Wise, Representative Steve Bratcher, Representative Lindsey Burke, Representative Emily Callaway, Representative Ryan Dotson, Representative Robert Duvall, Representative Deanna Frazier Gordon, Representative Amy Neighbors, Representative Rebecca Raymer, Representative Steve Riley, Representative Rachel Roarx, Representative Russell Webber, Representative Lisa Willner, and Representative Susan Witten.

Guests: Shelby Williams Somervell, Vice President, Government Affairs and Communications, Greater Louisville Inc; Emily Beauregard, Executive Director, Kentucky Voices for Health; Norm Thurston, Executive Director, National Association of Health Data Organizations; Dr. Jeff Talbert, Health Outcomes Researcher; Nancy Galvagni, President, Kentucky Hospital Association; Jim Musser, Senior Vice President, Policy and Government Relations, Kentucky Hospital Association; Mary Kathryn DeLodder, Kentucky Birth Coalition; Kelly Jenkins, Executive Director, Kentucky Board of Nursing; Brenda Fitzpatrick, Director, Northwest Area Health Education Center; Juliana McGuinn, Director, North Central Area Health Education Center; Kelly Owens, Director, Southern Area Health Education Center; Missy Stokes, Director, Purchase Area Health Education Center; Eric Evans, AARP Kentucky; Daniel Roe; Darryl Baker; and Mary Hass, ARMS.

LRC Staff: Chris Joffrion, Logan Bush, and Becky Lancaster.

Approval of Minutes

A motion to approve the minutes of the July 24, 2023, meeting was made by Senator Douglas, seconded by Representative Witten, and approved by voice vote.

Welcome to Louisville

Shelby Williams Somervell, Vice President, Government Affairs and Communications, Greater Louisville Inc., welcomed the committee members to Louisville and thanked them for their service.

All Payers Claim Database

Emily Beauregard, Executive Director, Kentucky Voices for Health, discussed the benefits and uses of information gathered in an all payers claim database to improve long-term health and quality of care for all Kentuckians. She discussed the workgroup creation and research gathered to support legislation for an all payers claim database.

Norm Thurston, Executive Director, National Association of Health Data Organizations, State Representative, Utah, discussed how he has assisted other states in developing an all payers claim database, the waste cost calculator in Virginia, various information gathered from an all payers

claim database, and the uses for the information. In response to questions and comments from Senator Meredith, Mr. Thurston stated that there is potential to be more efficient by reducing the redundancy of data collected, in some states universities are responsible for the all payers claim database, in others the state health systems or agencies are responsible to analyze the gathered information, and policy makers need to be willing to change the healthcare system when issues are discovered. In response to questions and comments from Representative Moser, Mr. Thurston stated that the stereoscopic view of the data is a review of all the information from different areas but an analytic infrastructure must be created to allow that stereoscopic view. He stated that in the Utah all payers claim database model, all information resides in the Department of Health and Human Services, and if other agencies want information there is a framework within the all payers claim database for deciding what information is allowed to be disseminated. In response to questions and comments from Senator Douglas, Mr. Thurston stated that an all payers claim database came in existence because there was no other data source that could give policy makers a handle on the total cost of care. He stated that in healthcare, there is a low value or wasteful spending to keep numerous systems afloat, and an all payers claim database provides an opportunity to reallocate expenses to a higher spending value. He discussed ways patients are involved in wasteful healthcare spending and how an all payers claim database would allow you to see which populations are struggling with various issues. Ms. Beauregard stated that when a patient goes to another provider the information may not be shared and having the information in a more comprehensive way is valuable to provide better care to the patient. Dr. Jeff Talbert, Health Outcomes Researcher, stated that the governance formed to protect and utilize the data resource information is generally made up of who puts the data in so that various groups can have input into how the data is used.

The Impact of COVID-19 and Anticipated Challenges in the Post-COVID Era

Nancy Galvagni, President, Kentucky Hospital Association (KHA), discussed the critical partnerships and the importance of the Hospital Rate Improvement Program during the pandemic, the serious financial risks that hospitals are facing, the improvement of health quality, the groups working together to create solutions to the healthcare workforce problem, the lessons learned during the pandemic, the benefits of fewer health regulations and red-tape, and the need for continued support of rural hospitals.

Ms. Galvagni discussed the reasons why KHA opposes the creation of an all payers claim database in Kentucky, the existing payers claim information collected by statute by the Cabinet for Health and Family Services (CHFS) from hospitals and ambulatory facilities, detailed Medicaid claims data, reports generated by the Medicaid managed care organizations, the lack of support for government access to patient records, and the federal reporting requirements for transparent pricing. In response to questions and comments from Senator Funke Frommeyer, Ms. Galvagni stated

that KHA was learning about COVID-19 very quickly with changing information, KHA was sending out information to providers daily, and KHA created a COVID-19 dashboard on Facebook with up-to-date data. In response to questions and comments from Senator Tichenor, Ms. Galvagni stated that the federal government is eliminating the Medicare required, COVID-19 mandate on hospitals. In response to questions and comments from Representative Callaway, Ms. Galvagni stated that KHA is not tracking COVID-19 data, there were other revenue streams to help cover the hospitals costs but there is still \$300 million outstanding in losses, the revenue for hospitals has not returned to pre-COVID levels, and hospitals' costs have gone up after the pandemic.

Discussion of 2023 Regular Session House Bill 54 Medicaid Coverage for Midwifery Services Representative Webber, discussed the enacted 2019 Regular Session Senate Bill 84 and his hopes to continue Medicaid coverage for midwifery services. House Bill 54 from the 2023 Regular Session was withdrawn and the panel discussed proposed changes relating to midwifery services to the enacted 2019 legislation.

Mary Kathryn DeLodder, Kentucky Birth Coalition, discussed the duties and certification of a licensed certified professional midwives (LCPM).

Kelly Jenkins, Executive Director, Kentucky Board of Nursing, discussed 2019 Regular Session Senate Bill 84 implementation and proposed changes, the number of clients served by LCPMs, live births, newborn and maternal deaths, referrals from LCPM to a hospital, patient transfers out of care, breastfeeding rates, and the Cesarean birth rate.

Ms. DeLodder discussed where LCPMs are located in Kentucky, other states that license professional midwives, states with some type of Medicaid reimbursement for certified professional midwifery services, and the potential Medicaid savings that LCPMs could generate. In response to questions and comments from Representative Moser, Ms. DeLodder stated that hospital births and obstetrician services are covered by Medicaid, and that pay parity is not addressed in the bill and rates should be implemented by Medicaid. In response to questions and comments from Senator Funke Frommeyer, Ms. DeLodder stated that a benefit to having providers licensed is to help ease the interface between different types of professionals. In response to questions and comments from Representative Roarx, Ms. DeLodder stated that the Kentucky Birth Coalition has surveyed the majority of LCPMs and the average cost of care is approximately \$4,200. She stated that when the patient arrives at the hospital they are in the care of the hospital and its providers, but depending on the situation, the midwife would stay on more as a doula type support roll and care could return to the LCPM outside of the hospital.

Update from Area Health Education Centers on Efforts to Improve the Healthcare Workforce Kelly Owens, Director, Southern Area Health Education Center, discussed the regions of the statewide area health education center (AHEC) network; the goal to have more students in the pipeline for healthcare careers; and additional funding that allowed AHECs to expand, create, and implement new programs to

address the healthcare worker shortage.

Brenda Fitzpatrick, Director, Northwest Area Health Education Center, discussed the counties reached with AHEC state funding and ongoing work with various academic and community-based partnerships.

Juliana McGuinn, Director, North Central Area Health Education Center, discussed the implementation of the nursing pipeline program, student success rates after participating in an AHEC program, and other programs supported by AHECs for rural and underserved communities.

Missy Stokes, Director, Purchase Area Health Education Center, discussed medical school preparation programs and personal success stories of healthcare professionals involved in an AHEC as a student.

Ms. Owens discussed the importance of continued funding for AHECs to reach more students and the cost of services per student served by an AHEC. In response to questions and comments from Senator Meredith, Ms. Owens stated that they would prefer the funding request to remain the same but are not opposed to an increase. Ms. Fitzpatrick stated that AHEC is reaching students in other counties by working with Health Occupations Students of America, mobile simulators, and a health career investigator program to generate student interest. Ms. Stokes stated that AHEC is hiring additional health career coordinators to reach the additional counties. In response to questions and comments from Senator Tichenor, Ms. Stokes stated that some individual AHECs keep records of how many healthcare students graduate and return to work in the state.

Adjournment

There being no further business, the meeting was adjourned at 1:34 PM.

INTERIM JOINT COMMITTEE ON HEALTH SERVICES

Minutes of the 4th Meeting of the 2023 Interim September 27, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Health Services was held on September 27, 2023, at 9:00 AM in Room 149 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Kimberly Poore Moser Co-Chair; Senator Stephen Meredith Co-Chair; Senators Cassie Chambers Armstrong, Karen Berg, Danny Carroll, Donald Douglas, Greg Elkins, Shelley Funke Frommeyer, Michael J. Nemes, Lindsey Tichenor, and Max Wise; Representatives Steve Bratcher, Josh Bray, Lindsey Burke, Emily Callaway, Ryan Dotson, Robert Duvall, Deanna Frazier Gordon, Jacob Justice, Amy Neighbors, Ruth Ann Palumbo, Steve Riley, Rachel Roarx, Scott Sharp, Russell Webber, Lisa Willner, and Susan Witten.

Guests: Matt Rohrbach, MD, Deputy Speaker, West Virginia House of Delegates; Sally West,

Regional Director State and Local Government Relations, Walgreens; Jim Musser, Senior Vice President, Policy and Government Relations, Kentucky Hospital Association; Donna Little, Director, Health Policy and Regulatory Affairs, Kentucky Hospital Association; Veronica Judy-Cecil, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services; Ronald Hamm, Chief Executive Officer, HealthPlan Data Solutions; Clark Seiling, Chief Financial Officer, HealthPlan Data Solutions; Nick Trego, PharmD, RPH, Senior Vice President, Clinical Analytics and Client Services, HealthPlan Data Solutions; Missy Runyon, Program Administrator, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Sarah Cooper, Executive Director, Office of Legislative and Regulatory Affairs, Cabinet for Health and Family Services; and Adam Mather, Inspector General, Office of the Inspector General, Cabinet for Health and Family Services.

LRC Staff: DeeAnn Wenk, CSA, Logan Bush, and Becky Lancaster.

Pharmacy Benefit Manager Reform Legislation in Neighboring States

Matt Rohrbach, MD, Deputy Speaker, West Virginia House of Delegates, discussed the details of various enacted West Virginia legislation relating to pharmacy audits, pharmacy audit integrity, and regulation of pharmacy benefit managers (PBMs). In response to questions and comments from Senator Meredith, Dr. Rohrbach stated that there has not been an increase in healthcare premium amounts in two years in West Virginia and that pharmaceutical costs have more than doubled due in part to PBMs and questionable administrative costs. In response to questions and comments from Representative Moser, Dr. Rohrbach stated that patients love the fairness and benefits of a copayment accumulator and that with legislation in West Virginia, PBMs cannot discriminate against a 340B provider or non-340B provider with protections in place. In response to questions and comments from Senator Berg, Dr. Rohrbach stated that a 340B institution must treat a designated percentage of Medicaid patients.

Approval of Minutes

A motion to approve the minutes of the August 24, 2023, meeting was made by Senator Douglas, seconded by Representative Dotson, and approved by voice vote.

Pharmacy Benefit Manager Reform

Sally West, Regional Director, State and Local Government Relations, Walgreens, discussed the basics of retail pharmacies, general business details for pharmacies and PBMs, five areas where PBMs make profit, and four recommendations to reform the PBM system. In response to questions and comments from Representative Dotson, Ms. West stated that Walgreens does not own a PBM and that CVS does own a PBM and that she believes Walgreens does not have a PBM because there is a conflict of

interest. In response to questions and comments from Representative Tichenor, Ms. West stated that smaller, independent pharmacies do not have the advantage of having large front-end sales. In a larger chain pharmacy, typically 25 percent of the total front-end sales generates 50 percent of the net profits. In response to questions and comments from Senator Berg, Ms. West stated that an advantage of Walgreens are the pharmacy technicians working the claims adjudication system to get medications approved for a patient.

White Bagging: A Growing Concern for Kentucky Hospitals

Jim Musser, Senior Vice President, Policy and Government Relations, Kentucky Hospital Association, discussed a standard hospital and health-system model, the potential issues in the payer-mandated white bagging model, white bagging patient access issues, and the negative impacts on the overall medication-use system. White bagging is when an insurance company requires a hospital to use a nonhospital pharmacy for patients in the hospital. In response to questions and comments from Senator Meredith, Mr. Musser stated that it is unclear who is responsible if a problem was caused by white bagging a medication. In response to questions and comments from Representative Callaway, Mr. Musser stated that he was not aware of any benefits to white bagging, and that insurance companies have their reasons for using the white bagging method.

Update on the 2020 Regular Session Senate Bill 50 and the Medicaid State Pharmacy Benefit Manager

Veronica Judy-Cecil, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, discussed the provisions and implementation of the 2020 Regular Session Senate Bill 50 (2020 RS SB 50) and the evaluation of the total managed care pharmacy costs.

Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services, discussed the methodology of the analysis of the years prior to and after the implementation of 2020 RS SB 50, the results and trends found in the analysis, and the amounts paid out if 2020 RS SB 50 had not gone into effect.

Ms. Judy-Cecil discussed the 2020 RS SB 50 analysis of the 340B provider claims and the fee-for-service and managed care PBM contract with MedImpact implementation date. In response to questions and comments from Senator Meredith, Ms. Judy-Cecil stated that Medicaid is overseeing the PBM and CHFS completes an annual performance evaluation, and regular audits of the PBM. In response to questions and comments from Senator Wise, Mr. Bechtel stated that traditional and supplemental drug rebates were included in the savings report and the elimination of spread-pricing is one of the normalizations completed in the savings report. Ms. Judy-Cecil stated that the report will be available to the public as soon as it is approved to send out and that the savings from 2020 RS SB 50 has allowed for funds to be used for health services. In response to questions

and comments from Senator Tichenor, Ms. Judy-Cecil stated that there are no copayments or cost-sharing in Medicaid. She listed drug categories where brand name drugs have increased significantly. In response to questions and comments from Representative Duvall, Mr. Bechtel stated that he could not guess the amount saved from PBM reform. Ms. Judy-Cecil stated that 2020 RS SB 50 brought transparency to the PBM process but that DMS is open to ideas for additional savings.

Pharmacy Payment Integrity for the Kentucky Employee Health Plan

Ronald Hamm, Chief Executive Officer, HealthPlan Data Solutions (HDS), discussed their requirements to ensure PBM payment integrity, the submittal of quarterly reports regarding the PBM's performance, the benefits to using HDS versus another company, and various elements of their cybersecurity.

Nick Trego, PharmD, RPH, Senior Vice President, Clinical Analytics and Client Services, HealthPlan Data Solutions, discussed examples of the findings which are located in their quarterly reports, collaborations used to correct the PBM's errors, and monetary recoveries completed due to overpayments to the PBM.

Clark Seiling, Chief Financial Officer, HealthPlan Data Solutions, discussed their vision and mission for pharmacy spending transparency in Kentucky, the need for their services, and highlights of their services. In response to questions and comments from Representative Bentley, Mr. Hamm stated that HDS's system is agnostic. HDS has worked with single and multiple PBMs. HDS could run a new request for proposal (RFP) for a new PBM. The majority of HDS's business focuses on the three largest PBMs. Kentucky Employees' Health Plan is working on new RFP for a PBM that will allow for multiple PBMs to place bids on the RFP.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration:

201 KAR 020:240 Proposed - Fees for applications and services.

201 KAR 021:025 Proposed - Board; officers, duties, and compensation.

201 KAR 021:041 Proposed - Licensing; standards, fees.

201 KAR 021:042 Proposed - Standards, applications and approval of continuing education.

201 KAR 021:075 Proposed - Peer review committee procedures and fees.

201 KAR 021:095 Proposed - Licensure, registration, and standards of persons performing peer review.

201 KAR 021:105 Proposed - Telehealth chiropractic services.

201 KAR 022:045 Proposed - Continued competency requirements and procedures.

202 KAR 007:510 Proposed - Air ambulance services.

202 KAR 007:555 Emergency - Ground agencies.

900 KAR 014:010 Proposed - Essential personal care visitor programs; visitation guidelines.

902 KAR 020:018 Proposed - Operation and services; End Stage Renal Disease (ESRD) facilities.

906 KAR 001:210 Proposed - Health care services agencies.

907 KAR 003:190 Proposed - Reimbursement for treatment related to clinical trials.

907 KAR 020:010 Emergency - Medicaid procedures for determining initial and continuing eligibility other than procedures related to a modified adjusted gross income eligibility standard or related to former foster care individuals.

907 KAR 020:010 Proposed - Medicaid procedures for determining initial and continuing eligibility other than procedures related to a modified adjusted gross income eligibility standard or related to former foster care individuals.

907 KAR 020:045 Emergency - Special income requirements for hospice and 1915(c) home and community based services.

907 KAR 020:045 Proposed - Special income requirements for hospice and 1915(c) home and community based services.

907 KAR 020:075 Emergency - Eligibility provisions and requirements regarding former foster care individuals, and individuals who were in out-of-state equivalents to foster care.

907 KAR 020:075 Proposed - Eligibility provisions and requirements regarding former foster care individuals, and individuals who were in out-of-state equivalents to foster care.

907 KAR 020:100 Emergency - Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards.

907 KAR 020:100 Proposed - Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards.

910 KAR 003:030 Proposed - Traumatic brain injury trust fund operations program.

The listed administrative regulations were reviewed by the committee. In response to questions and comments from Representative Moser, Adam Mather, Inspector General, Office of the Inspector General, Cabinet for Health and Family Services, agreed to defer the referred administrative regulation 902 KAR 055:015 Proposed - Schedules of controlled substances.

Legislative Hearing on the Community Mental Health Services Block Grant and the Substance Abuse Prevention and Treatment Block Grant

Missy Runyon, Program Administrator, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services, discussed the Substance Abuse and Mental Health Services Administration (SAMHSA) funding, Kentucky's unified block grant application, the SAMHSA block grant purposes, the unified block grant components, the Mental Health Block Grant (MHBG) requirements, MHBG priority populations, MHBG planned funding allotments, Substance Use Prevention, Treatment & Recovery Block Grant (SUBG), requirements, SUBG priority populations and services, SUBG planned funding allotments, additional funds provided through the block grants, and the Kentucky performance indicators for fiscal year 2024 - 2025.

A motion to approve the Community Mental

Health Services Block Grant and the Substance Abuse Prevention and Treatment Block Grant was made by Representative Moser, seconded by Representative Duvall, and approved by voice vote.

Adjournment

There being no further business, the meeting was adjourned at 1:09 PM.

KENTUCKY HEALTH & HUMAN SERVICES DELIVERY SYSTEM TASK FORCE

Minutes of the 3rd Meeting of the 2023 Interim August 22, 2023

Call to Order and Roll Call

The 3rd meeting of the Kentucky Health & Human Services Delivery System Task Force was held on August 22, 2023, at 3:00 PM in Room 171 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative David Meade, Co-Chair; Senator Stephen Meredith, Co-Chair; Senator Shelley Funke Frommeyer, Representative Samara Heavrin, Representative Kimberly Poore Moser, Representative Amy Neighbors, Representative Sarah Stalker.

Guests: Eric Friedlander, Secretary, Cabinet for Health & Family Services; Adam Mather, Inspector General, Office of Inspector General, Cabinet for Health & Family Services; Michele Barnes, Executive Director, Office of Human Resource Management, Cabinet for Health & Family Services; Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health & Family Services; Amy Staed, CEO, Kentucky Association of Private Providers; and Steve Shannon, Executive Director, Kentucky Association of Regional Programs.

LRC Staff: Samir Nasir, Logan Bush, and DJ Burns.

Approval of Minutes

A motion to approve the July 24, 2023, minutes was made by Representative Moser, seconded by Representative Meade, and approved by a voice vote.

Discussion of Nursing Home Inspections

Adam Mather, Inspector General, Office of Inspector General, Cabinet for Health & Family Services (CHFS), discussed causes for survey delays of nursing homes, vacancy and turnover rates, and solutions. Eric Friedlander, Secretary, Cabinet for Health & Family Services, discussed solutions including wage increases for nurse surveyors and the creation of a nurse career ladder. In response to questions and comments from Senator Meredith, Mr. Mathers stated that the decision to suspend surveys during the covid pandemic was from the Center for Medicaid Services (CMS). Secretary Friedlander stated that starting in 2019, the staffing numbers for surveyors began falling. He stated the cabinet has begun hiring through a temporary agency to

help improve the staffing issues. Mr. Mathers stated catching up on the backlog of surveys will take a year, the normal survey takes 3 to 5 days but with the backlog of complaints that process is extended. In response to questions and comments from Senator Funke Frommeyer, Secretary Friedlander stated that the cabinet has hired a recruiter who is focusing on recruitment for the Office of Inspector General and Department for Community Based Services (DCBS). In response to questions and comments from Representative Moser, Mr. Mathers stated that CMS has standards for certifications and recertifications. Secretary Friedlander stated that when fully staffed there are more options for flexibility. He stated pulling resources from the Department for Public Health would be an option if the workers were certified. In response to questions and comments from Representative Stalker, Secretary Friedlander stated that the cabinet revived the program to assist in reimbursement for college classes. In response to questions and comments from Representative Neighbors, Mr. Mathers stated that 53 positions are currently vacant for nurse surveyors and he would like to see a total of 83 positions filled. Secretary Friedlander stated that student loan debt forgiveness could help with making these positions more attractive to applicants. In response to questions and comments from Senator Meredith, Mr. Mathers stated that the backlog of complaints is due to lack of personnel issues and duplicate complaints on the same issue inflating the numbers.

Discussion of Turnover Rates & Vacancy Rates within CHFS

Michelle Barnes, Executive Director, Office of Human Resources Management, Cabinet for Health & Family Services, discussed CHFS recruitment, retention, and turnover rates. In response to questions and comments from Senator Meredith, Ms. Barnes stated that currently there is only one recruiter and the personnel cabinet has begun asking recruiting companies to assist in hiring employees. She stated the recruiter reports directly to herself and reaches out to the Personnel Cabinet to discuss classification and compensation for recruits. In response to questions and comments from Senator Funke Frommeyer, Secretary Friedlander stated that he doesn't believe there are any state mandates for nurses to have covid vaccines. He stated he would investigate the issue and send the information to committee members. In response to questions and comments from Representative Stalker, Ms. Barnes stated that there is a regulation for educational assistance which states the employee must remain employed with the state for 6 months after the courses are finished and depending on if the employee is obtaining their associates or bachelor's degree up to three classes a semester will be reimbursed. In response to questions and comments from Senator Meredith, Ms. Barnes stated that all the stats provided today were for fulltime positions and currently the cabinet has approximately 500 federally funded time limited (FFTL) positions. Secretary Friedlander stated that he would get the number of non-merit positions within the cabinet and send that to committee members.

Discussion of Payment Rates for Medicaid

Contracts

Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health & Family Services, discussed background information on Kentucky Medicaid, Medicaid fee schedules, and provider tax summary. Eric Friedlander, Secretary, Cabinet for Health & Family Services, discussed provider tax summary and other rates associated with Medicaid. In response to questions and comments from Senator Meredith, Commissioner Lee stated that directed payments are included in the medical loss ratio. Secretary Friedlander stated that he has discussed with the managed care organizations the fact that these directed payments have taken the risk off them. He stated that directed payments are the state share of the difference between the Medicaid rate and the average commercial rate for services and that payment is used for the directed payments to hospitals. In response to questions and comments from Representative Heavrin, Secretary Friedlander stated that the psychiatric residential treatment facility II (PRTF II) rates have not been increased in a decade and the cabinet is looking into raising those rates. In response to questions and comments from Representative Moser, Commissioner Lee stated that if there is a rate change providers should receive notification prior to that change and those providers can reach out with any concerns. Secretary Friedlander stated that provider feedback helped the cabinet catch a rate that had decreased due to federal Medicaid guidelines and the state was able to raise the rate.

Update on Waiver Programs

Amy Staed, CEO, Kentucky Association of Private Providers, discussed 1915(c) waivers waitlist, funding for 1915(c) waivers, and recommendation for the legislature. Steve Shannon, Executive Director, Kentucky Association of Regional Programs, discussed eliminating the 1915(c) waiver waitlist. In response to questions and comments from Representative Moser, Mr. Shannon stated that waitlist management is a great idea to help with duplicate members being on different waitlists and to assess participants needs. In response to questions and comments from Senator Meredith, Mr. Shannon stated that the cost of not funding the 1915(c) waivers to eliminate the waitlist is great and can affect the state in many ways throughout the system.

Adjournment

There being no further business, the meeting was adjourned at 5:03 PM.

KENTUCKY HEALTH & HUMAN SERVICES DELIVERY SYSTEM TASK FORCE

Minutes of the 4th Meeting of the 2023 Interim September 26, 2023

Call to Order and Roll Call

The 4th meeting of the Kentucky Health & Human Services Delivery System Task Force was

held on September 26, 2023, at 3:00 PM in Room 171 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative David Meade Co-Chair; Senator Stephen Meredith Co-Chair; Senators Julie Raque Adams, Shelley Funke Frommeyer, Denise Harper Angel, and Amanda Mays Bledsoe; Representatives Samara Heavrin, Kimberly Poore Moser, Amy Neighbors, and Sarah Stalker.

Guests: Dr. Steven Stack, Commissioner, Department for Public Health, Cabinet for Health & Family Services; Jan Chamness, Policy and Research Consultant, Department for Public Health, Cabinet for Health & Family Services; Sara Jo Best, Public Health Director, Lincoln Trail District Health Department; Marie Fraley, Field Services Supervisor, Northeastern Service Region, Department for Community Based Services, Cabinet for Health & Family Services; John Krakowsky, Family Support Specialist, Northern Bluegrass Service Region, Department for Community Based Services, Cabinet for Health & Family Services.

LRC Staff: Samir Nasir, Logan Bush, Becky Lancaster, and DJ Burns.

Approval of Minutes

A motion to approve the August 22, 2023, minutes was made by Representative Heavrin, seconded by Senator Funke Frommeyer, and approved by a voice vote.

Discussion of Health Department Programs & Services

Jan Chamness, Policy and Research Consultant, Department for Public Health, Cabinet for Health & Family Services, discussed 20 RS HB 129 and its subsequent effect on funding services and programs for local public health departments including Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Health Access Nurturing Development Services (HANDS), and harm reduction programs. She discussed public health transformation including, programmatic review, classification system for local personnel, and local health department needs.

Sara Jo Best, Public Health Director, Lincoln Trail District Health Department, discussed services local health departments provide and how local health departments and the state department for public health collaborate to provide those services.

Dr. Steven Stack, Commissioner, Department for Public Health, Cabinet for Health & Family Services, discussed the three circles of public health, the inner circle being foundational services, the middle circle is core services, and the outermost circle is local health priorities. He reiterated that 20 RS HB 129 helped fully fund these circles and with community health assessments help, tailor which services each local health department needs. In response to questions and comments from Senator Meredith, Dr. Stack stated that the Department for Public Health just hosted 10 of the 13 states in regions 4 & 6 and all the states are facing the same challenges. He stated that the Department for Public Health has invested in its workforce and in training employees to be able to

discuss how health departments can help improve the overall health of the Commonwealth. He stated he is open to further discussions with the members of the task force.

In response to questions and comments from Senator Funke Frommeyer, Ms. Best stated that the department focuses on nutritional habits at conception through its WIC program and each school can request to partner with local health departments for health education programs for students. She stated that qualifying for WIC is based on nutritional risk or income need and anyone can qualify for the HANDS program. Dr. Stack stated that since the Covid pandemic, the Department for Public Health has increased the HANDS program by 7 percent and increased the rates for the first time in 20 years.

In response to questions and comments from Representative Moser, Dr. Stack stated that he is looking for areas to improve efficiencies. Ms. Chamness stated that focusing on transforming public health in the state as a whole and streamlining communication between local health departments and the state is the next steps to improving public health. Ms. Best stated that 20 RS HB 129 has provided a foundation for transformation of public health. She stated that comprehensive assessments and strategic planning on those assessments will help take this transformation to the next level.

In response to questions and comments from Senator Meredith, Dr. Stack stated that Secretary Friedlander along with himself and other leadership members of the Cabinet for Health & Family Services work as a team when it comes to the Department for Medicaid Services. He stated that the Department for Public Health has updated to eight federally registered Medical Reserve Corps (MRC) to assist each region with emergencies and five area health liaisons which helps with efficiency.

In response to questions and comments from Representative Stalker, Dr. Stack stated that he does not recall the statistic, but the Department for Public Health is working on integrating the WIC program with the KYNECT benefits system. He stated that the state must have a contract with a formula manufacturer which is federally mandated for the WIC program. He stated the federal government mandates the rules for the WIC program. Ms. Best stated that an app is available for WIC participants that shows what is allowed for purchase with WIC funds.

In response to questions and comments from Senator Harper Angel, Dr. Stack stated that the state is not required to follow the lowest bid. The state must follow a scoring paradigm.

Discussion of Public Assistance Benefits

Marie Fraley, Field Services Supervisor, Northeastern Service Region, Department for Community Based Services, Cabinet for Health & Family Services, discussed available programs including Child Care Assistance Program (CCAP), Supplemental Nutritional Assistance Program (SNAP), Kentucky Transitional Assistance Program (KTAP), and Medicaid.

John Krakowsky, Family Support Specialist, Northern Bluegrass Service Region, Department for

Community Based Services, Cabinet for Health & Family Services, discussed the process for applying for public assistance benefits including in person and using the KYNECT system online.

In response to questions and comments from Senator Meredith, Mr. Krakowsky stated that once all verifications have been submitted, a decision will be made within 30 to 60 days. He stated due to the unwinding of the public health emergency, decisions are taking longer than 60 days but once a decision has been made, any benefits backdate to the date of the application being submitted. He stated to address backlog issues, the Cabinet for Health & Family Services has initiated a quick review to recertify SNAP through the optical character recognition (OCR). He stated an interview is used to verify household size, income level, resource level, and expenses allowed by federal government to determine benefit amounts. He stated that applications are processed at the state level. Ms. Fraley stated that the change was made to process applications on the state level to ensure fairness between smaller county offices and larger ones.

In response to questions and comments from Representative Meade, Ms. Fraley stated that she would have to follow up on the error rates after moving to the state level application processing.

In response to questions and comments from Senator Funke Frommeyer, Mr. Krakowsky stated that the SNAP employment and training program assists 16- to 52-year-old able bodied adults with no dependents who meet a minimum of 20 hours a week of volunteer or paid work.

In response to questions and comments from Representative Neighbors, Ms. Fraley stated that she does not believe the state wide application processing is not assisting in the backlog. She stated she would have to follow up on the number of applications backlogged before and after the switch to state wide processing. She stated CCAP processing times can affect if the participant loses their job or spot in daycare.

In response to questions and comments from Senator Meredith, Ms. Fraley stated that her opinion is that half of the regions are behind on processing applications and state wide processing is the long-term plan. Mr. Krakowsky stated that being able to pull employees from other counties assists in processing applications.

In response to questions and comments from Representative Heavrin, Ms. Fraley stated that in person traffic and phone calls have increased due to longer processing times. Mr. Krakowsky stated that prior to the OCR being instituted, an employee had to review all documents. Now the OCR verifies those documents which saves time. Ms. Fraley stated that when an elderly savings plan is closed, 2 months of the Medicaid premium is taken out of the participants check and once that plan is re-established it can take 3 to 6 months to be reimbursed.

In response to questions and comments from Representative Neighbors, Mr. Krakowsky stated that Medicaid recertifications are slightly behind by around 3 weeks. Those participants do not lose coverage, the timeline for recertifications is just moved.

In response to questions and comments from Senator Meredith, Mr. Krakowsky stated that in

his tenor with the Cabinet for Health & Family Services, Jefferson County has always been behind in processing applications.

In response to questions and comments from Senator Harper Angel, Mr. Krakowsky stated that he isn't sure if each individual counties number of days behind in processing applications can be pulled from the system. Ms. Fraley stated that offices have 30 days to process an application and once that 30 days has passed then the case is behind.

Senator Raque Adams requested for a follow up with the data members had requested during the presentation.

Adjournment

There being no further business, the meeting was adjourned at 4:40 PM.

INVESTMENTS IN INFORMATION TECHNOLOGY IMPROVEMENT & MODERNIZATION PROJECTS OVERSIGHT BOARD

Minutes of the 1st Meeting

of the 2023 Interim

September 12, 2023

Call to Order and Roll Call

The 1st meeting of the Investments in Information Technology Improvement & Modernization Projects Oversight Board was held on Tuesday, September 12, 2023, at 11:00 AM, in Room 154 of the Capitol Annex. Senator Gex Williams, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gex Williams, Co-Chair; Representative Phillip Pratt, Co-Chair; Senator Cassie Chambers Armstrong; Representatives Chad Aull and John Hodgson.

Guests: Ruth Day, Chief Information Officer, Commonwealth Office of Technology (COT); Jim Barnhart, Deputy CIO, COT; David Carter, Chief Information Security Officer, COT; Kari Welch, Executive Director, COT; Trey Grayson, Partner, Frost Brown Todd, LLP., and Managing Director, Civic Point; Tabatha Clemons, Grant County Clerk, Incoming Kentucky County Clerks Association President; Heather Stout, Executive Director, Office of Information Technology, Transportation Cabinet; Jennifer Scutchfield, Assistant Secretary of State; Rodney Barnes, System Architect, Kentucky Secretary of State's Office; David Couch, Associate Commissioner, Office of Education Technology, Kentucky Department of Education (KDE).

LRC Staff: Jennifer Hays, Sarah Watts, and Jennifer Smith.

Representative Pratt said many state agencies are still wrestling with getting new computer systems, even though discussions began as early as 2019. He compared the process in Kentucky with the process undertaken by Texas who bought a pre-built IT system rather than building from the ground up, as Kentucky has attempted to do. The Texas process took less time, was less expensive, and Rep. Pratt pointed out that Texas has a greater population than Kentucky. House

Bill 395 of the 2023 Regular Session was an attempt to get Kentucky on a different path toward a new IT infrastructure.

Senator Williams informed members that a timeline for implementation of House Bill 395 could be found in their folders. Technology projects would be determined in the 2026-2027 budget cycle, not the upcoming 2024-2025 budget session. Senator Williams added that there are immediate responsibilities to address such as legacy system projects, cyber security projects, current and ongoing operations, and maintenance of state agency information resources. The goal of the oversight board will be to determine the appropriate organizational structure for deployment of technology across the Commonwealth, as well as to review the latest information technology developments trending across the nation. He asked for the committee to consider if they will want to meet during session.

Informative Discussion from State Agencies on how Technology Procedures, Difficulties with the Current System, Upgrade Status, and the Current Computer System Impacts Department Business & Citizens of the Commonwealth.

Ms. Ruth Day, Chief Information Officer, Commonwealth Office of Technology (COT) stated that the current modern IT infrastructure used by the state is possible because of the foresight, over 10 years ago, to put together a consolidated system. The current infrastructure has served the Commonwealth well. Going forward the state will need to keep in mind the four priorities every state may face: cyber security, cloud development, digitalization, and legacy modernization. Ms. Day added that pay raises for employees were appreciated and well received, but there is still room for improvement.

Mr. David Carter, Chief Information Security Officer, COT, explained that there is no lack of desire to move forward with legacy modernization. However, that will cause service interruptions that will affect the agency. COT has in place the same technology as other large institutes and is ready to support the agency to modernize systems but there is always risk in transitioning large, flagship systems. Mr. Jim Barnhart, Deputy Chief Information Officer, COT, said the agency is ready to move things to cloud storage as they already have the equipment necessary to act.

Ms. Kari Welch, Executive Director, COT, said they continuously evaluate things from financial, operational, and security standpoints. It would cost a little under \$1 million to modernize. The agency has received \$20 million in bond funds for the legacy modernization update, and modernization has begun, starting with reduction of paper forms for the Personnel Cabinet. COT has created pilot programs for agencies to modernize and help maintain the new systems. Typically, these programs cost just under \$1 million each and have been very successful. The state still utilizes the approximately 70 mainframes initially purchased from IBM, some of which are off-campus, including the primary mainframe in Boulder, Colorado. All encryptions to the systems are up to date, but several contractors working on the system are retirees who have returned to work part-time, as there are not many capable applicants to maintain the

older technologies.

Responding to a question from Representative Aull, Mr. Barnhart said COT utilizes a four- to five-year refresh cycle. However, if a special need arises, there may be an update ahead of schedule. State employees get a new computer every four to five years. Currently, there are no state employees using equipment that is twenty years old.

Ms. Tabatha Clemmons, Kentucky County Clerk's Association, spoke regarding the agency's involvement with other state agencies. Clerks certify candidates and amendments for the Secretary of State's Office. The new process allows for online, versus mail-in certification, but there is room for improvement. Regarding public notaries, there have been many online improvements to register online and their office can retrieve applications online as well. Upon approval, the office presents certificates and administers the oath in person. With election night reporting, Ms. Clemmons said it would be helpful to have even more electronic systems for recording and certifying election results. Most voter registrations are all online or done with a QR code to register, and all voter registrations come to the office electronically. The clerks' office would benefit from being able to enter data and research on an electronic database, especially in the event a deceased person needs to be removed from the voter registration rolls, rather than waiting for the state board of elections. A state wide GIS mapping system would greatly improve voter registration accuracy. The current system results in delays which cause customers to have to wait longer to update their voter registration.

In response to a question from Chair Williams, Ms. Clemmons said constituents are demanding more online options when registering vehicles, paying taxes, and obtaining titles.

Ms. Heather Stout, Executive Director, Office of Information Technology, Transportation Cabinet, said the office supports all the IT applications for the Department of Highways, Vehicle Regulations, and Motor Vehicle Licensing, including driver licensing. If someone is already registered to vote or a non-US citizen, then the system will not ask them to register to vote online. Kentucky has one of the most robust GIS systems in the nation. However, there are flaws, primarily regarding parcel data. A pilot program is being developed to do electronic liens, and the agency is hoping that project will eventually also encompass e-titling to replace paper titles for vehicles. Beginning in January 2024, the agency will transition away from the AVIS program to KAVIS.

Responding to a question from Chair Williams, Ms. Stout said the agency has a mixture of information stored in the cloud. KAVIS is hosted through COT, driver's license data is hosted in Colorado, and other data are stored in Google Cloud storage.

Ms. Jennifer Scutchfield, Assistant Secretary of State, and Mr. Rodney Barnes, System Architect, Kentucky Secretary of State's Office spoke regarding the integrated desktop enterprise that was created within the Kentucky Secretary of State's Office and is utilized by several agencies, including public notaries and county clerks' offices. At one point in time, everything in their profession was handwritten, so it is notable how far technology has come to replace so

many paper records. Annual reports, certifications, business filings, usage fees, and business records are all now built using the integrated IT system. The Secretary of State's Office also works with the Department of Revenue to ensure business taxes are paid, and they work with courts to issue summons.

Responding to a question from Chair Williams, Ms. Scutchfield said she would love to see the state move to a nearly entirely electronic system, however, they still accept checks and cash from constituents for certain transactions, so there will always need to be some form of paper recording for some interactions.

Mr. David Couch, Associate Commissioner, Office of Education Technology, Kentucky Department of Education (KDE), said Kentucky is a national leader for cloud-based computing, in both the governmental and private sectors. KDE is the first organization to use cloud-based email and other agencies soon followed their lead. The department has had great success with their email services and prior to the pandemic, were successfully utilizing other telecommunication technologies. Staff has proven they can do their work remotely and be just as efficient. Most of the department's work is done in the districts, and if it can be done using a cloud computing option that is the department's preference.

In response to a question from Chair Williams, Mr. Couch said there is some standardization of the big data systems, because if one teacher travels between districts then the system for the two districts needs to be compatible enough to support their transfer. The districts look to KDE to set technology standards for district-level systems.

Representative Pratt closed the meeting, stating that this was just the tip of the iceberg for these discussions on information technology. The meetings will serve as a road map for where the state is going.

Adjournment

With no further business to come before the board, the meeting was adjourned at 12:32 PM.

JUVENILE JUSTICE OVERSIGHT COUNCIL

Minutes of the 4th Meeting of the 2023 Interim

August 25, 2023

Call to Order and Roll Call

The 4th meeting of the Juvenile Justice Oversight Council was held on Friday, August 25, 2023, at 11:00 AM, in Room 171 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, non-voting Co-Chair; Representative Daniel Elliott, non-voting Co-Chair; Senator Danny Carroll; Representatives Kevin D. Bratcher, and Keturah Herron; Katie Comstock, Paula Garner, Christina Weeter for Jason Glass, Steve Gold, Lesa Dennis, Kerry Harvey, Tina Robbins for Katie Marks, Laura Karem for Damon Preston, Vicki Reed, and John Ward.

Guests: Margo Figg, Director, Division of Classification and Placement, Department of Juvenile Justice; Desmond E. Bryant-White, Program Manager, Destination Innovation.

LRC Staff: Roberta Kiser, Matt Trebelhorn, and Robert Wright.

Approval of Minutes

A motion was made by Chairman Elliot and seconded by Steve Gold to approve the minutes of the July 21, 2023 meetings. Minutes were approved by voice vote without objection.

Agency Updates

Senator Westerfield examined a report provided by the Administrative Office of the Courts, regarding FAIR Team outcomes and attendance by mandated members, FAIR Team attendance improvement strategies, racial, ethnic, and equity disparities, and HB 3 implementation.

In response to a question from Senator Westerfield, Ms. Reed stated the Department of Juvenile Justice's efforts to recruit new staff is progressing favorably.

In response to a question from Senator Westerfield, Mr. Harvey stated that there is no pay differential for DJJ employees working in different facilities across the state.

In response to a question from Senator Carroll, Mr. Harvey stated that a pay differential may help recruit new staff in understaffed areas, such as Campbell County.

In response to a question from Senator Carroll, Ms. Reed stated that there have been instances in which employees in facilities and in communities have been through the juvenile justice system.

In response to a question from Senator Westerfield, Ms. Reed stated that DJJ uses many different approaches to attracting new staff, including the use of radio ads, physical advertising, and a full-time recruiter.

In response to a question from Representative Elliot, Mr. Harvey stated that the 190 current vacancies are spread across multiple facilities and not centered in one or two facilities.

Alternatives to Detention

Margo Figg, Director, Division of Classification and Placement, Department of Juvenile Justice discussed the DJJ's Alternatives to Detention (ATD) Program. Ms. Figg stated that ATDs are short-term less restrictive placements in which youth who meet the criteria are placed. Ms. Figg also outlined seven types of ATDs. Ms. Figg detailed when ATDs are used and explained pre-detention processes for placing youth in ATDs.

Ms. Figg described the Detention Alternatives Coordinator (DAC). A DAC is a DJJ employee assigned to a geographic area to provide least restrictive placements for youth who otherwise would be in secure detention. Ms. Figg stated that there are DACs employed across all 120 counties. Ms. Figg explained that case managers, foster care providers, and private child counselors are the first line of contact for the youth, but that DACs are also on-call and are expected to provide case management when necessary, making sure the youth have what is needed

to be successful in their ATD placement. DACs use an ATD placement tool to appropriately place them in ATDs.

In response to a question from Senator Westerfield, Ms. Figg confirmed that ATDs are pre-adjudication placements.

In response to a question from Senator Westerfield, Ms. Figg stated that the DJJ Frankfort Group Home and Morehead Alternative Program can only house eight youth at a time.

In response to a question from Senator Westerfield, Ms. Figg stated that DACs will consult with FAIR Teams to not duplicate unsuccessful services.

In response to a question from Representative Bratcher, Ms. Figg stated that the cost of the home incarceration programs is \$50 a day.

In response to a question from Senator Westerfield, Ms. Figg agreed to provide information on the percentage of youth in ATDs who are eventually detained.

In response to a question from Senator Carroll, Ms. Figg stated that ATDs are available in Jefferson County.

In response to a question from Representative Bratcher, Ms. Figg stated that there are four DACs currently working in Jefferson County, with two more currently being hired. Ms. Figg also stated that a supervisor is also being hired.

In response to a question from Representative Herron, Ms. Figg agreed to provide information on the state-wide cost of ATDs and ATD facilities where youth are referred.

In response to a question from Senator Westerfield, Ms. Figg stated that DJJ has served 726 youth from January 1 to August of 2023.

In response to a question from Senator Westerfield, Ms. Figg stated that the ATD program is available in all 120 Kentucky counties, but it is not utilized in every county. Ms. Reed agreed to provide information on counties where there were ATD eligible youth but the program was not utilized.

In response to a question from Senator Westerfield, Ms. Figg stated that the ATD placement tool was developed by DJJ.

In response to a question from Mr. Gold, Ms. Figg stated that the ATD placement tool is continuously reviewed and refined.

In response to a question from Representative Bratcher, Ms. Figg stated that court designated workers can recommend referral to an ATD to a judge.

In response to a question from Ms. Robbins, Ms. Figg stated that DACs are not qualified to conduct behavioral health screenings.

Destination Innovation / Progeny Kansas

Desmond E. Bryant-White, Program Manager, Destination Innovation discussed Progeny, which is a youth/adult partnership program focused on reimagining the juvenile justice system and reinvestment into community-based alternatives in Kansas. In response to a question from Senator Westerfield, Mr. Bryant-White stated that he believes safe spaces and ample resources are what policy makers in Kentucky should focus on for juveniles in the system.

In response to a question from Representative Herron, Mr. Harvey provided an update on the construction of the youth detention facility in Jefferson County.

Adjournment

There being no further business, the Juvenile Justice Oversight Council adjourned at 12:37 pm.

JUVENILE JUSTICE OVERSIGHT COUNCIL

Minutes of the 5th Meeting of the 2023 Interim

September 15, 2023

Call to Order and Roll Call

The 5th meeting of the Juvenile Justice Oversight Council was held on Friday, September 15, 2023, at 2:00 PM, in Room 171 of the Capitol Annex. Representative Daniel Elliott, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, non voting Co-Chair (Appeared via Zoom); Representative Daniel Elliott, non voting Co-Chair; Senators Danny Carroll and Robin L. Webb; Representative Kevin Bratcher; Katie Comstock, Lesa Dennis, Paula Garner, Christina Weeter for Jason Glass, Steve Gold, Kerry Harvey, Katie Marks, Damon Preston, Vicki Reed, and Tyra Walker.

Guests: Stephanie Francis, Executive Director, Community & Mental Health Services, Department of Juvenile Justice; Judge Jessica A. Moore, 30th Judicial District; Judge Kimberly W. Shumate, 9th Judicial District; Ashley Clark, Administrative Office of the Courts; and Jason Reynolds, Administrative Office of the Courts.

LRC Staff: Roberta Kiser, Matt Trebelhorn, Brett Gillispie, and Robert Wright.

Approval of Minutes

A motion was made by Senator Carroll and seconded by Representative Bratcher to approve the minutes of the August 25, 2023, meeting. Minutes were approved by voice vote without objection.

Agency Updates

Katie Marks updated the committee regarding the Kentucky Department for Behavioral Health, Developmental and Intellectual Disabilities' recent notice of award. Representative Elliot examined a report provided by the Administrative Office of the Courts regarding FAIR Team outcomes and mandated member attendance, collaboration efforts with school resource officers, and House Bill 3 implementations.

Community Supervision

Stephanie Francis, Executive Director, Community & Mental Health Services, Department of Juvenile Justice outlined the purpose and responsibilities of the Community & Mental Health Services division, including intensive case management services and community supervision.

In response to a question from Representative

Elliot, Ms. Francis stated that there are three regional psychologists working for Community & Mental Health Services.

In response to a question from Representative Bratcher, Ms. Francis stated that a juvenile is evaluated by Community & Mental Health Services after they have been adjudicated delinquent.

In response to questions from Senator Carroll, Ms. Francis discussed staffing and pay issues, but stated that turnover is low. Ms. Francis also stated that corrections staff feel safe in the facilities they work in.

In response to questions from Senator Westerfield, Ms. Francis stated that Community & Mental Health Service's employees' caseloads are manageable, but case numbers are trending upwards. Ms. Francis also confirmed that their work is done post-adjudication. Ms. Francis agreed with Senator Westerfield that the department's needs are higher salary and more employees and stated that larger office space is another need of the department.

In response to questions from Mr. Preston, Ms. Francis stated that Community & Mental Health Services has the discretion to end supervision early depending on the development of a case plan and if a juvenile is successful in following the case plan. Ms. Francis stated that Community & Mental Services has served juveniles as young as 11 years old. Ms. Francis stated that the minimum education for an entry level position at Community & Mental Health Services is a four-year degree related to social service.

Juvenile Justice System Contact Points

Judge Jessica A. Moore, 30th Judicial District; Judge Kimberly W. Shumate, 9th Judicial District; Ashley Clark, Administrative Office of the Courts; and Jason Reynolds, Administrative Office of the Courts overviewed juvenile justice system contact points.

Ms. Clark outlined the duties of the court designated worker (CDW) and how juveniles interact with CDW within the juvenile justice system, including the preliminary inquiry interview, diversion, and securing least restrictive placement for juveniles. Ms. Clark also outlined the initial hearing and valid court order aspects of the juvenile court process.

Judge Shumate and Judge Moore discussed contact points judges have with CDWs. Judge Shumate and Judge Moore outlined the adjudication hearing and disposition hearing aspects of the juvenile court process. Judge Moore discussed the anticipated impacts of House Bill 3 from the 2023 Regular Session.

In response to a question from Mr. Preston, Ms. Clark explained the upward trend in school related complaints in FY 2023.

In response to a question from Representative Elliot, Judge Moore outlined the judicial process when there is overlap between family court and a district court.

In response to questions from Senator Carroll, Judge Shumate stated that an explanation is given for when a juvenile is detained, and an explanation is not given when a juvenile is not detained. Ms. Clark agreed to provide information regarding the 458 complaints that would have been detained if HB 3 was in effect.

In response to a question from Representative Elliot, Ms. Clark confirmed that all 458 complaints from FY 2023 were violent offenses, and that in most complaints the CDW was not contacted.

In response to a question from Mr. Preston, Ms. Clark clarified that 22 percent of the 458 juveniles will be under the age of 14 in FY 2023.

Adjournment

There being no further business, the Juvenile Justice Oversight Council adjourned at 3:58 pm.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 3rd Meeting of the 2023 Interim

August 3, 2023

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Judiciary was held on Thursday, August 3, 2023, at 11:00 a.m. in Room 149 of the Capitol Annex. Representative Daniel Elliott, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Daniel Elliott, Co-Chair; Senators Karen Berg, Matthew Deneen, Johnnie Turner, and Phillip Wheeler; Representatives Kim Banta, John Blanton, Kevin D. Bratcher, Josh Bray, Lindsey Burke, Jennifer Decker, Stephanie Dietz, Patrick Flannery, Keturah Herron, Nima Kulkarni, Derek Lewis, Savannah Maddox, Kimberly Poore Moser, Jason Nemes, Jason Petrie, Steve Rawlings, and Scott Sharp.

Guests: Damon Preston, Public Advocate, Department of Public Advocacy; B. Scott West, Deputy Public Advocate, Department of Public Advocacy; April Hester APRN, CRNA; Representative Daniel Grossberg, House District 30; Representative John Hodgson, House District 36.

LRC Staff: Roberta Kiser, Matt Trebelhorn, Randall Roof, Josh Shelepak, Elizabeth Hardy, and Robert Wright.

A motion was made by Rep. Blanton and seconded by Senator Deneen to approve the minutes of the July 20, 2023 meeting. Minutes were approved by voice vote without objection.

Immunity from Criminal Liability for Health Care Providers

Representative Nemes presented on protection of healthcare providers from criminal prosecution when a mistake resulting in a fatality is made during the administration of the provider's duties, unless the provider has engaged in gross negligence, or wanton and willful, malicious, or intentional misconduct.

April Hester stated that hospitals employ security fail safes to avoid incidents of intentional or accidental misconduct, but holes in these systems can lead to situations where healthcare providers can make mistakes. Ms. Hester stated that legislation like House Bill 252 from the 2023 Session is needed to protect healthcare providers from criminal liability when accidents occur in security blind spots.

In response to a question from Representative Elliot, Representative Nemes confirmed there have been no cases like the Tennessee case in Kentucky, but House Bill 252 would put the protection in statute.

In response to a question from Representative Rawlings, Representative Nemes confirmed that House Bill 252 does not provide immunity for healthcare providers from criminal liability if they have committed an intentional violation of the law when providing medical treatment.

In response to a question from Representative Moser, Ms. Hester confirmed the impetus for House Bill 252 was a related incident in Tennessee.

In response to a question from Senator Berg, Ms. Hester stated this legislation was brought forth in response to an incident in Tennessee where a health care provider is facing criminal charges for unintentionally administering an incorrect medication which led to the death of a patient.

In response to a question from Representative Flannery, Representative Nemes stated that assault and battery charges arising from intentional conduct would not be protected under House Bill 252.

Representative Petrie questioned if House Bill 252 could be interpreted as extending immunity in a service sector that other professions might seek.

In response to a question from Representative Burke, Representative Nemes clarified House Bill 252 would not protect healthcare providers in cases of gross misconduct.

In response to a question from Representative Blanton, Representative Nemes confirmed that House Bill 252 does not prevent a criminal investigation. This bill codifies the common law for a provider to be charged with a criminal act. In response to a question from Representative Kulkarni, Representative Nemes stated he would review whether reckless conduct should be added.

Department of Public Advocacy (DPA) Update

Damon Preston and B. Scott West discussed the Department of Public Advocacy's (DPA) current staffing issues regarding staff attorneys versus contract attorneys, the upcoming merger between the Louisville-Jefferson County Public Defender Corporation with the state's Department of Public Advocacy set forth by House Bill 568, challenges facing the DPA regarding the transition and continuation of services after the merger, and DPA's legislative priorities for 2024.

In response to a question from Representative Nemes, Mr. Preston stated that the merger between the Louisville-Jefferson County Public Defender Corporation with the state's Department of Public Advocacy will occur by the deadline of July 1, 2024, set by House Bill 568 with no disturbances in service.

In response to questions from Representative Elliot, Mr. West stated that DPA does promote the federally run Public Service Loan Forgiveness program to attract young attorneys to DPA, but the average tenure of a public defender is under five years.

In response to questions from Representative Bratcher, Mr. Preston stated that it is the position of the Department of Public Advocacy that incarcerated clients should not be required to attend virtual court hearings.

Mr. Preston further stated that 56 percent of DPA's attorneys are from Kentucky. In response to a question from Representative Flannery, Mr. Preston explained how the allotted \$435 funding per new trial case is determined.

In response to a question from Representative Moser, Mr. Preston stated that underserved locations are episodic and not geographical.

In response to a question from Senator Turner, Mr. Preston stated the most efficient system is one comprised of full-time public defenders compared to contracting out to private attorneys.

In response to a question from Representative Flannery, Mr. Preston recommended that members of the General Assembly speak to their local judges to prevent DPA from being assigned cases without proper review.

Privacy Protection

Representative Hodgson, Representative Blanton, and Representative Grossberg presented on protection of Kentuckians from electronic surveillance, the sale of license plate data from license plate reader cameras, the use of AI to create deepfakes, and the mandated microchipping of individuals.

In response to a question from Representative Bratcher, Representative Hodgson stated that the bill would have four separate parts focusing on AI, deepfakes, license plate reader data, and microchipping.

In response to a question from Representative Elliot, Representative Grossberg stated that the bill does not contemplate restrictions on government-mandated microchipping of individuals. Representative Grossberg, Representative Blanton, and Representative Hodgson stated they would be amenable to include a provision that Kentucky state employees could not be mandated to be microchipped.

Adjournment

There being no further business, the meeting adjourned at 12:25 p.m.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 4th Meeting of the 2023 Interim September 21, 2023

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Judiciary was held on Thursday, September 21, 2023, 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 Daniel Elliott, Co-Chair; Senators Karen Berg, Matthew Deneen, Brandon J. Storm, Johnnie Turner, and Phillip Wheeler; Representatives Kim Banta, John Blanton, Kevin D. Bratcher, Lindsey Burke, Jennifer Decker, Stephanie Dietz, Patrick Flannery, Keturah Herron, Nima Kulkarni, Derek Lewis, Savannah Maddox, Jason

Nemes, Jason Petrie, Steve Rawlings, Scott Sharp, and Nick Wilson.

Guests: Meg Savage, Chief Legal Officer, ZeroV (formerly the Kentucky Coalition Against Domestic Violence); Angela H. Yannelli, Chief Executive Officer, ZeroV (formerly the Kentucky Coalition Against Domestic Violence); Christy K. Burch, Chief Executive Officer, The Ion Center for Violence Prevention; John L. Hardesty, Executive Director, Office of Claims and Appeals; Raymond Shields, Executive Staff Advisor, Office of Claims and Appeals; Scot Turner, Former State Representative, Georgia; Natasha Bennett, Esquire; Katie Comstock, Executive Director, Administrative Office of the Courts; Beth Lucas, Director, Implementation and Court Services, Administrative Office of the Courts; Jenny Oldham, County Attorney, Hardin County; Steve Gold, County Attorney, Henderson County; Joe Ross, County Attorney, Logan County; Hilary Dailey, Deputy Commissioner, Department of Corrections; and Beth Moore, Staff Assistant, Department of Corrections.

LRC Staff: Roberta Kiser, Matt Trebelhorn, Randall Roof, Stacy Byrns Taulbee, Joshua Shelepak, and Robert Wright.

A motion was made by Senator Wheeler and seconded by Senator Storm to approve the minutes of the August 3, 2023, meeting. Minutes were approved by voice vote without objection.

Introductory Remarks

Prior to beginning the meeting, Senator Westerfield recognized the passing of Sheldon Earl Baugh of Russellville, Kentucky on September 17, 2023. Senator Westerfield expressed his personal appreciation for Mr. Baugh who had served as a State Representative for Logan and Todd counties from 1995 until 2008. The members of the committee joined Senator Westerfield in a moment of silence in honor of Mr. Baugh.

Update on Domestic Violence in Kentucky

Angela H. Yannelli, Chief Executive Officer, ZeroV, discussed ZeroV's purpose as a statewide coalition dedicated to creating safe lives and thriving futures for survivors of intimate partner violence and their children. Ms. Yannelli presented statistics related to the reporting of intimate partner violence. She also outlined ZeroV's additional needs in upcoming fiscal years.

Meg Savage, Chief Legal Officer, ZeroV, presented information from the 2023 Domestic Violence Report that was compiled by the Criminal Justice Statistical Analysis Center (CJSAC), which is housed within the Justice and Public Safety Cabinet and includes information from the Kentucky State Police (KSP), the Administrative Office of the Courts (AOC), and ZeroV.

Christy K. Burch, Chief Executive Officer, The Ion Center for Violence Prevention outlined the needs of victims of domestic violence including flexible and affordable childcare.

In response to a question from Senator Westerfield, Ms. Yannelli stated that the 1,258 unmet shelter requests in FY 2023 were due to shelter safe homes or sponsored hotel rooms being at capacity.

In response to a question from Senator

Westerfield, Ms. Savage stated that ZeroV will engage in conversation with CJSAC, KSP, and AOC to capture ancillary statistics related to injuries and deaths that are obtained during domestic violence investigations.

In response to a question from Representative Decker, Ms. Burch stated that cuts in the Victims of Crime Act (VOCA) funding have led to organizations no longer compensating homeless shelters when they are referred domestic violence victims.

In response to a question from Representative Kulkarni, Ms. Yannelli agreed to provide data related to geographic information of children receiving crisis intervention services.

In response to a question from Representative Burke, Ms. Savage stated that the under-reporting and difficulty in prosecuting stalking cases could lead to statistics seeming low or incorrect.

In response to a question from Representative Nemes, Ms. Savage outlined laws in place for repeat offenders of domestic violence.

In response to a question from Representative Dietz, Ms. Burch stated that her program would welcome opportunities to educate family court judges on what events lead up to intimate partner violence, including manipulation of children.

Kentucky Crime Victims Compensation Fund

John L. Hardesty, Executive Director, Office of Claims and Appeals (OCA) presented on the purpose of the Crime Victims Compensation Board (CVCB). Mr. Hardesty outlined eligibility requirements for crime victims when filing claims with the CVCB, the award types and monetary caps for claims, the process of the reduction or denial of a claim, and the claims process. Mr. Hardesty discussed the Sexual Assault Examination Program (SAEP) which CVCB also administers, and outlined SAEP award caps and claim denials. Mr. Hardesty also outlined recent improvements that have been made to CVCB and SAEP and the number of claims received, awarded, and denied for CVCB and SAEP for FY 2022 and FY 2023.

In response to questions from Senator Westerfield, Mr. Hardesty stated that CVCB is not required by statute to have a conviction in a criminal case to pay a claim. Mr. Hardesty agreed to share case information on claims made for domestic violence and sexual assault related cases with CJSAC, and clarified that OCA does have civil processes for enforcement to gather reimbursement.

In response to questions from Representative Herron, Mr. Hardesty stated that CVCB does track the types of crimes for which they pay awards. Mr. Hardesty also agreed to provide information on how much funding CVCB has been provided from the General Assembly in previous fiscal years.

Georgia's Coleman-Baker Act

Scot Turner, Former State Representative, Georgia, and Natasha Bennett, Esquire, discussed Georgia's Coleman-Baker Act, which established a unit within the Georgia Bureau of Investigation designed specifically to investigate cold cases.

Victim Notification of Proceedings – VINE

Steve Gold, County Attorney, Henderson County discussed Victim Information and Notification Everyday (VINE), a program designed to notify crime victims via email, text, or phone call of inmate status, including release from custody, escape, or emergency protective order status. VINE also notifies crime victims of court dates and court case status. Mr. Gold informed the committee that in September 2021, VINE ceased to provide notifications related to court notices, and noted that AOC staff was not aware of the cessation in functionality. Mr. Gold highlighted that inmate status is still part of VINE's functionality.

Katie Comstock, Executive Director, Administrative Office of the Courts, and Beth Lucas, Director, Implementation and Court Services, Administrative Office of the Courts provided information on the basis of VINE's loss of court notice functionality.

Closing Remarks

Prior to **Adjournment** of the meeting, Representative Nemes recognized the death of Jake Luxemburger, a 5th grader at Kenwood Elementary School in Oldham County. Jake died in an accident on September 16, 2023, as a result of a motor vehicle crash caused by a person who was a repeat offender fleeing from police in a stolen car.

Adjournment

There being no further business, the meeting adjourned at 1:02 p.m.

TASK FORCE ON LOCAL GOVERNMENT ANNEXATION

Minutes of the 2nd Meeting of the 2023 Interim

August 25, 2023

Call to Order and Roll Call

The 2nd meeting of the Task Force on Local Government Annexation was held on Friday, August 25, 2023, at 1:00 PM, in Room 169 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 Jonathan Dixon, Co-Chair; Senators Michael J. Nemes, and David Yates; Representatives Randy Bridges, Michael Meredith, and Michael Sarge Pollock.

Guests: Todd Mansfield, County Judge/Executive of Todd County; Mark McKenzie County Judge/Executive of Johnson County; Amy Milliken, County Attorney of Warren County; Jeff Gregory, Mayor of the City of Elizabethtown; Ken Howard, City Attorney of the City of Elizabethtown; Ed Pope, City Administrator for the City of Elizabethtown; Troy Ethington, Mayor of the City of Shelbyville; Bruce Fraley, Mayor of the City of Berea; Alan Keck, Mayor of the City of Somerset; and Robert Blythe, Mayor of the City of Richmond.

LRC Staff: Mark Mitchell, Christopher Jacovitch, and Logan Schaaf.

Discussion of Challenges faced by Cities and Counties regarding Annexation

Amy Milliken, County Attorney for Warren County, stated that she planned to discuss annexation issues for counties with populations of over 30,000, which would include Warren County. It is important to the counties that the cities within those counties continue to grow and thrive, and that they should work together.

The concern of counties with a population over 30,000 is that cities may benefit at the expense of the counties. This number includes about 25 counties in Kentucky. Warren County has experienced a large amount of growth and by 2045 is projected to be the third largest county. The issue with annexation is not about relationships between the mayors and judge/executives, but a problem with the current law. Because the population is more than 30,000, when a city annexes territory the county loses the ability to collect any occupational tax in that territory. These laws were written in the 1980s and the rationale was unclear to County Attorney Milliken.

Smith's Grove, a city of about 750 people, can annex territory at the expense of the county. Buc-ee's originally planned to locate in unincorporated territory in Warren County, but Smith's Grove subsequently annexed the area, and will collect all occupational tax from the Buc-ee's location, while Warren County will receive nothing. This is despite Warren County's population being more than 120,000 in comparison. County Attorney Milliken does not fault the Mayor of Smith's Grove for taking those actions.

County Attorney Milliken stated that Boone and Scott Counties, which also have populations of more than 30,000, are treated differently by laws related to annexation due to things that occurred in the past. Warren County was not a beneficiary of these past legislative changes.

Counties are mandated to provide certain services by the state, and provide those to everyone within their territory at great expense. Cities can provide added services to the businesses and citizens within their territory. Counties want cities to grow and prosper, but not at the expense of county governments.

Todd Mansfield, Judge/Executive of Todd County, explained that Todd County is a booming rural county in Western Kentucky, that borders the fast-growing Clarksville/Montgomery County, Tennessee. Todd County has three incorporated cities, Elkton, Trenton, and Guthrie.

Todd County is in a much different situation than counties with populations of more than 30,000, because it does not lose payroll tax when annexation occurs. As a result, the county was able to partner with the City of Guthrie to land a project from the aluminum manufacturing company Novelis. The company made a \$365 million investment and employs 150 people. This project would not have been possible without the city and county working together and using payroll taxes as part of financial incentive package.

Concerning insurance premium taxes, annexation has not been a problem for Todd County. The insurance premium tax must be offset for those policies within a city. If the city imposes a higher rate, the county could not impose any tax within the city. The city can raise rates to match the county, which would not affect

taxpayers, but would essentially take money from the county's budget.

Mark McKenzie, Judge/Executive of Johnson County, served on the city council for Paintsville prior to serving as Judge/Executive of Johnson County, which is a rural county with a population of around 23,000. Expanding city boundaries via annexation can also affect counties from non-monetary perspectives.

Counties are concerned with maintaining adequate public safety. Maps demonstrate that annexations can occur in long strings far away from the city proper. These are often called corridor or shoe string annexations. This can affect coverage, availability, and responsiveness of public services, such as fire and police. Annexations can occur that are subsequently never utilized, but then subsequently be used for further annexations.

Judge McKenzie emphasized the good working relationship between the county and the city of Paintsville, but he hopes for a more level playing field where everyone in the community can benefit.

In response to a question from Representative Bridges, County Attorney Milliken stated that in "islands" within a city that are unincorporated, the city would not provide services but the county would provide those services. This may create problems, but it is difficult to say the affects. Some of these areas have requested not to be annexed by cities.

In response to a question from Senator Mills, County Attorney Milliken stated that the \$12 million figure for Scott County referenced previously was an annual figure. In response to another question from Senator Mills, Judge/Executive McKenzie stated that the vote on the Marathon annexation referenced previously had been close.

Troy Ethington, Mayor of the City of Shelbyville, stated that Shelbyville has a population of about 17,000 and the county has a population of about 48,000. Shelbyville and Shelby County have had a successful relationship due to an interlocal agreement between them. The interlocal agreement outlines the terms and conditions under which the city and county cooperate and collaborate on specific projects. The interlocal agreement offers benefits in relation to annexation. Where disputes may arise, cities and counties could pursue an interlocal agreement.

As a result of an interlocal agreement, a county may have cost savings in relation to the provision of services. Services such as law enforcement, road maintenance, and fire protection, can be shifted to cities through the interlocal agreement. The agreement could also lead to infrastructure in the entire county, such as roads and utilities. Revenue sharing can also be pursued, and the economic development benefits can flow to the county as well. These agreements also allow for more regional coordination on issues such as transportation and environmental responses.

Cities can receive increased revenue due to annexation, and sharing those revenues with the county may be seen as a fair compromise. The development of annexed areas helps to foster economic growth, increased property values, and better wages. The city is required to provide municipal services in newly incorporated areas such as water and sewage, and an interlocal agreement can allow a smooth transition of service provision.

The most recent interlocal agreement between Shelbyville and Shelby County commenced in 2019, and contained a 50/50 split of occupational and net profits tax revenue. Shelby County is the fourth fastest growing county in the state. The city and county have a great relationship and are no longer forced to compete over new businesses or argue over service provision. Policies which promote cooperation can have beneficial effects on this issue, but a one size fits all approach would not be beneficial due to the diversity of local governments within the state.

A voluntary approach on this issue would promote flexibility, tailoring the agreements to their own needs. This also promotes local autonomy and allows local governments to make decisions in their resident's best interests. Voluntary agreements promote good working relationships and would be less burdensome than a requirement. Mandates may cause resistance from local governments.

Jeff Gregory, Mayor of the City of Elizabethtown, reiterated that his city worked well with the county government. Hardin County, which is the site of a \$6 billion economic development project, will be stretched thin by the changes that will result. The city currently has a population of 33,000, but is projected to increase by 20,000 or 25,000 in the next 3 to 5 years. This will have a large impact on service provision in the city. Hardin County does not impose an occupational or insurance premium tax. Developers have been coming in recently to create residential developments due to economic development, and desire annexation, so that sewer services can be provided, which in turn allows for additional density. Elizabethtown needs at least 6,000 and 10,000 new housing units on a short time scale. When property is annexed, the property value will tend to increase which will allow the county to also collect additional revenue as a result.

Ed Pope, City Administrator for the City of Elizabethtown, stated that he spoke with county officials on weekly or daily basis and assisted each other concerning long-term planning. For the previous twenty years, the only annexations that have been made by Elizabethtown have been by property owner consent. The county's long-range plan identifies areas that may be subject to future annexation. Annexations are requested because the city provides sanitary sewer, which aids developments. Annexations have ranged from an acre for some small businesses to 400 hundred acres for mixed use future developments. About two square miles are added by the city each decade. This has been a controlled effort, coordinated by the city and county. Elizabethtown has resisted undertaking corridor annexations because of issues related to service provision.

Ken Howard, City Attorney of the City of Elizabethtown, previously served as the Hardin County Attorney for 17 years. He stated that the situations for each local government are different. There had been only one annexation in his time with both the city and county that had caused any issues, and it was several decades ago and related to alcohol. Because Hardin County does not impose occupational or insurance premium taxes, the revenue issues don't exist due to annexation, and all parties benefit due to increased property values. In some counties there

are no issues related to annexation. The rights of the property owners seeking annexation should also be respected.

In response to a question from Representative Bridges, Mayor Ethington stated that he would not be in favor of requiring an interlocal agreement before annexations could occur. The interlocal agreement works well for his community, but may not be necessary for every community. It should be an option that communities consider. The interlocal agreement also contains provisions related to service coverage and fire districts.

Representative Bridges commented that the Shelby County-Shelbyville interlocal agreement was seen as a model during the creation of the taskforce.

In response to a question from Senator Mills, Mayor Ethington stated that the interlocal agreement has a term of twenty years and that previous agreements were in effect as far back as 2004. The original interlocal agreement took care of some of the problems that have been discussed during this meeting.

In response to a question from Senator Mills, Mayor Gregory stated that city services cannot be extended beyond city boundaries as a result of a city ordinance. Hardin County's revenue comes only from property taxes.

Bruce Fraley, Mayor of the City of Berea, stated that the city had acquired 87 acres of property during the preceding decades for an industrial park expansion.

Cities are the engine of economic development, and many projects take a long time and significant planning. Annexation and development increases property values and local government revenue, brings jobs to communities, and improves quality of life. State law should not make cities subordinate to county government, and broadly limiting annexation would have negative impacts on all parties. The city and county have worked together along with surrounding counties to develop more proposals to receive project development initiative funds. Incentivizing counties and cities to partner on economic development is a way to avoid revenue shortfalls, which are the primary issue that might be caused by annexation.

Alan Keck, Mayor of the City of Somerset, stated that more people in Kentucky live in cities now than in counties, but that all city residents do pay taxes to their county governments. City residents contribute to jails, 911 services, and other county services. Somerset has grown at 3 times the state average over the last ten years, and the county has also grown more than a state average, which is due to a cooperative relationship and an interlocal agreement. Whatever solution the task force comes up with should be focused on growth. The state has many challenges and has seen very low population growth over the last decade. Local governments would benefit from more revenue options.

Representative Meredith commented that the presentations during the meeting demonstrated the difficulty of this issue, and that the issue was not annexation itself but the revenue that is divided due to annexations. Three parties are important: counties, cities, and property owners. Consensual annexation allows for property owners to choose whether they

want enhanced services or not, and is working as intended. Each community has different needs. The revenue issue is the most critical. Representative Meredith mentioned that insurance premium rates are increasing significantly and that setting insurance premium tax rates will be important so that insurance is not priced out of the state. While the situation for counties with populations of more than 30,000 is unfair, remedying the unfairness may result in tax increases in those counties.

In response to a question from Senator Nemes, Mayor Fraley stated that the land discussed during his testimony had been both purchased and annexed by the City of Berea over 22 years. In response to another question from Senator Nemes, County Attorney Milliken stated that the \$12 million figure discussed during her testimony was the amount that Scott County receives from their occupational tax that they would not receive if they were in the same position as Warren County.

In response to a question from Representative Bridges, Mayor Keck discussed a previously failed attempt at annexation. Mayor Keck had attempted to unilateral annexation to increase the population of Somerset and bring in additional development. County residents were not pleased with this, and Mayor Keck listened and stopped the attempted annexation. Every subsequent annexation has been consensual.

Representative Bridges commented that companies would not want to invest in communities where the city and county were not getting along. Mayor Keck commented that could only occur through electing leaders willing to do so, and could not be forced.

During a break between presenters, Senator Mills moved that the minutes from the previous meeting be approved, and they were approved.

In response to a question from Senator Mills, Mayor Fraley stated that Buc-ee's in Madison County was in Richmond and not Berea. Senator Mills requested information regarding Buc-ee's, and Robert Blythe, Mayor of Richmond discussed the circumstances regarding Buc-ee's locating in Madison County. Richmond has a "tail" that goes down the interstate, and had the foresight to install utilities around the area where Buc-ee's eventually located.

In response to a question from Representative Meredith, Mayor Blythe stated that the city had invested in the area where Buc-ee's located. The land had been privately owned, and annexed by Richmond many years before Buc-ee's decided to locate in that area.

In response to a question from Senator Mills, Mayor Fraley stated that the product development initiative funding was a good way to encourage cooperation between local governments, and that supplemental funding for infrastructure also helped in that regard.

In response to a question from Senator Mills, Mayor Keck stated that the city was not prohibited from extending utilities outside the city limits, but would not do so unless it was paid for by the property owner. Mayor Blythe stated that the City of Richmond would occasionally do so, but again only if paid for. Mayor Fraley stated that the city would require annexation before running utilities to any larger users.

In response to a question from Representative Dixon, Judge/Executive Mansfield stated that Todd County had an interlocal agreement with the City of Guthrie and that the agreement promoted a good working relationship.

Representative Pollock commented regarding the various models that had been discussed during the meeting, and stressed the importance of communication between local governments.

Senator Mills announced that the next meeting of the Task Force would be on September 29, 2023. There being no further business, the meeting was adjourned at 2:25 p.m.

TASK FORCE ON LOCAL GOVERNMENT ANNEXATION

Minutes of the Third Meeting of the 2023 Interim

September 29, 2023

Call to Order and Roll Call

The third meeting of the Task Force on Local Government Annexation was held on September 29, 2023, at 1:00 PM in Room 169 of the Capitol Annex. Representative Jonathan Dixon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills Co-Chair; Representative Jonathan Dixon Co-Chair; Senators Michael J. Nemes, Robert Stivers, and David Yates; Representatives Randy Bridges, Beverly Chester-Burton, Michael Meredith, and Michael Sarge Pollock.

Guests: Jim Henderson and Shellie Hampton, Kentucky Association of Counties; J.D. Chaney and Bryanna Carroll, Kentucky League of Cities; Richard Tanner, Franklin County Magistrate; Ron Wolf, Middletown City Council; Bullitt County Judge/Executive Jerry Summers; Whitley County Judge/Executive Pat White; J.C. Young, Kentucky Magistrates and Commissioners Association; Mike Clark, University of Kentucky Gatton College of Business and Economics; Madison County Judge/Executive Reagan Taylor; Pulaski County Judge/Executive Steve Kelley; and Corbin City Mayor Suzie Rasmus.

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

Approval of Minutes

Upon the motion of Representative Pollack, seconded by Representative Bridges, the minutes from the August 25, 2023, were approved.

Kentucky Association of Counties' Perspective on Annexation

Jim Henderson, Executive Director of the Kentucky Association of Counties, told the task force that KACo's perspective regarding a solution to the issues related to annexation involve leveling the playing field for counties, encouraging emphasis on interlocal agreements, and making the annexation process more thoughtful and deliberate. Counties

are in favor of cities flourishing and growing, but are opposed to the process that takes away revenue from counties. No proposal made by KACo would take money from cities' budgets.

Shellie Hampton, Director of Government Affairs of the Kentucky Association of Counties, discussed the occupational license fee that is taken by cities when they annex territory in counties. This is due to a 1986 law that created what is known as "crediting." This creates a natural conflict and tension between cities and counties. Current state law does not treat all counties equally, there is an arbitrary threshold of 30,000 population, and exceptions in place for nine counties. County inequities include 34 counties that have a population over 30,000 (excluding Fayette and Jefferson Counties); 25 of those counties are adversely affected by annexation with regards to occupational license fee revenue; and nine counties are treated differently due to grandfathering in state law: Boone, Boyle, Campbell, Clark, Jessamine, Kenton, Marshall, Nelson, and Scott. If Scott County was not grandfathered in and was subject to crediting, it would cost them on average \$7 million annually from their city budget. Some counties are treated differently from others in an arbitrary way. Conflict will continue until these laws are changed. KACo believes that the 25 counties which are subjected to crediting under current law, should be treated the same as those counties which are not.

Ms. Hampton stated that interlocal agreements are part of the path forward, but that there must be leverage from both sides to allow these agreements to work. In counties where crediting occurs and for all counties that issue an insurance premium tax, annexation is zero sum for the counties and they lack leverage in creating interlocal agreements. Agreements can be subject to the personalities in office, and can be threatened when office holders change. KACo believes that a solution could involve a requirement that an interlocal agreement be entered into when annexation occurs and restrictions on changing the terms of an interlocal agreement. Cities have the only real leverage in amending or withdrawing from revenue based interlocal agreements, and there should be a more equal involvement. The specifics of an interlocal agreement should be left to the local decision makers, but the playing field should be leveled so that each has negotiating power.

KACo proposes that where a county is collecting insurance premium tax, there should be a required sharing of revenue when a city annexes territory where the tax is collected. Interlocal agreements could be a tool to negotiate these agreements. Current agreements should be solidified and protected to reduce uncertainty and prevent unilateral cancellation by cities.

Mr. Henderson stated that annexation should make sense and be thoughtful. Mr. Henderson referenced maps in a booklet and slideshow provided by KACo, which show that shoestring annexations are out of control. Even counties not affected by revenue loss may face challenges as a result of these types of annexations. KACo recognizes cities may organically grow in strange ways, but that many annexations do not reflect the spirit of the contiguous and adjacent requirement of the law. Cities will

annex over the tops of mountains and miles down shorelines of rivers, which are not natural outgrowths of a cities' boundaries. Cities should be required to provide a plan for services in the area to be annexed. Five of Kentucky's neighboring states require that this information be provided by a city prior to annexation. A statement could be provided by the city that lays out a plan and timetable for service provision in the annexed territory.

There are also situations where property owners are coerced to have their territory annexed in exchange for services, and this may even happen in situations where those services have been previously provided. For example, to continue receiving water or sewage, a property owner may be required to sign a consent to annexation even though they previously were a customer of the utility. This goes against the spirit of voluntary annexation.

Currently only residents are allowed to object to annexation, but this should be extended to property owners as well. Additionally, school boards, the county itself, and large employers should be able to object when a city attempts to annex property those entities own, especially in situations where no defined benefit is proposed to be provided by the annexation.

In response to a question from Senator Stivers, Ms. Hampton replied that counties were going through a process regarding the arbitrariness of the 30,000- population threshold, but were not yet at the point where challenging it in court was desired by members and that they were focused on the task force currently.

In response to another question from Senator Stivers, J.D. Chaney, Executive Director and CEO of the Kentucky League of Cities, stated that the League had no reason to doubt that the map provided by KACo, regarding occupational taxes, are accurate. Mr. Henderson noted that the information was pulled from the Secretary of State's Office.

Senator Stivers commented that the annexation issue is not just a city versus county issue, but can involve conflicts between cities as well. A structure of what annexation looks like concerning city infrastructure needs to be developed.

In response to a question from Representative Meredith, Ms. Hampton said that grandfathering took different forms due to the 1986 annexation law. Some counties that were over 30,000 population and already imposed an occupational tax were not required to credit, others used ballot questions to avoid crediting, and some counties imposed an occupational tax prior to reaching the 30,000 population and were thus not required to credit. The rates for occupational taxes in those counties are now frozen due to the grandfathering, and even desired changes would result in revenue reduction.

Representative Meredith commented that the shapes of cities may appear strange on a map or satellite image, but there may be legitimate geographic reasons for the city to annex in those ways. For example, certain land may be unsuitable for development and thus annexation must move around those areas. In some instances, were an annexation not to have occurred due to additional restrictions, a new small city may have been created in those areas. Having many more cities in small areas may not be in

the states interest.

In response to a question from Representative Meredith, Mr. Henderson stated that he was not aware of an ability for property owners to get an annexation on the ballot. After consideration, Mr. Henderson stated that the property owner would not be able to vote on a ballot referendum in opposition to an annexation.

In response to a question from Representative Pollock, Ms. Hampton said of the 93 counties where annexation was not an issue, 85 or 86 were below the 30,000-population threshold and the balance of others were grandfathered in and were thus able to collect occupational license fees without crediting.

In looking at the map of counties from KACo's slideshow, Representative Bridges pointed out that there seems to be a lot of holes in the unincorporated areas. He noted that he has received calls where counties can no longer provide services in those areas because they are so embedded within cities.

In response, Mr. Henderson stated that the county must still provide services in those areas, they are still part of the county. Holes in annexed territory are not ideal. Ms. Hampton stated that this can create confusion regarding who provides services in an area.

Representative Bridges stated that counties and cities should look at how they can adequately offer services that property owners deserve in situations on the borders of annexed territories.

In response to a question from Representative Dixon, Mr. Henderson stated that counties have never advocated for a population threshold for occupational licensing tax crediting. All counties, regardless of size, have the same legal responsibilities. Any threshold would be arbitrary and create inequitable treatment between counties. Ms. Hampton stated that no county can survive only on property taxes, and that there needs to be other sources of revenue. Annexation can frustrate plans made by small counties that then go over population thresholds.

Senator Stivers commented that smaller counties, those under 30,000, place a higher tax burden on their citizens than the larger counties where both a city and county impose an occupational tax. Larger counties typically have a bigger tax base, and the smaller counties, which are typically poorer, have a higher potential tax burden.

In response to a question from Representative Meredith, Richard Tanner, Franklin County Magistrate, stated he was a magistrate in Christian County in 1986 when the threshold of 30,000 became policy. Christian County did not impose the occupational license tax then and does not now, and he does not know why the threshold exists.

In response to another question from Representative Meredith, Whitley County Judge/Executive Pat White said the 30,000-population threshold was a benefit to larger counties but it later became a hinderance due to changes made to the law which allowed smaller counties to impose the occupational tax while leaving restrictions on the larger.

In response to a question from Representative Meredith, Mr. Henderson said he did not know if counties can currently have a referendum for an occupational license tax or if it was only permitted

for a short time, but would find out and get back with him.

Representative Dixon announced that the next meeting of the task force would be on October 27, 2023. There being no further business, the meeting was adjourned at 2:00 p.m.

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS Minutes of the 3rd Meeting of the 2023 Interim August 22, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Tuesday, August 22, 2023, at 10:00 AM, in Room 154 of the Capitol Annex. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Matthew Koch, Co-Chair; Senators Julie Raque Adams, Donald Douglas, Michael J. Nemes, Damon Thayer, and Reginald Thomas; Representatives Kim Banta, Kevin D. Bratcher, Emily Callaway, Mike Clines, Daniel Fister, Patrick Flannery, Al Gentry, Samara Heavrin, Keturah Herron, Thomas Huff, Kevin Jackson, Nima Kulkarni, Michael Meredith, Phillip Pratt, Tom Smith, and Killian Timoney.

Guests: Cambodian Ambassador to the United States KEO Chhea; Representative Wade Williams; Bob Babbage, Founder, Babbage Cofounder; James Morris, Opticians Association of Kentucky; Molida Soth, Nail Technician; Kim Huynh, Owner, The Nails Shop Salon; Mike Carter, Retired Nail Technician and Eyelash Artist, Previous Owner of Eyelashes Now and Cosmo Nails; Lianna Nguyen, Licensed Instructor, Nail School Owner; Brian Miller, Executive Vice President, Building Industry Association of Northern Kentucky; and Dr. Vicki Berling, Director of Professional Development, Building Industry Association of Northern Kentucky.

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

Approval of the July 31, 2023, Meeting Minutes

Senator Douglas motioned to approve the IJC on Licensing, Occupations, and Administrative Regulations meeting minutes and Representative Timoney seconded the motion. The minutes were approved by voice vote.

Nail Technicians

Senator Thomas introduced Cambodian Ambassador to the United States KEO Chhea. Chairman Schickel is optimistic an agreement will be reached prior to the 2024 Regular Session. Molida Soth, Nail Technician, supports the new nail industry bill, which proposes to add a cosmetology board member who is a certified nail technician and understands the concerns of the salon owners and

employees.

Ms. Soth said the nail technicians wish to have the nail technician certification exam offered in multiple languages, such as Cambodian, Vietnamese, and Chinese. Written theory tests would be given in the applicant's first or second language, allowing the applicant's actual knowledge to be assessed. The board shall provide and compensate an interpreter certified in an applicant's first or second language during oral practical demonstrations. This would facilitate the applicant's ability to ask relevant questions and to request instruction clarification if necessary. With the applicant's consent, the board may use electronic device technology or telephonic services for this purpose. An applicant who fails a written theory test or an oral practical demonstration may retake that portion after one month from the date the applicant received actual notice of the failure. An applicant may retake any failed examination for an unlimited number of times, with the retesting fee capped at \$35 per examination per applicant. Currently, the administrative regulation requires a six-month waiting period after three failed exam attempts, and a three-year ban after five failed attempts. This is a financial burden to applicants whose first language is not primarily English. It also contributes to high unemployment rates and increases burdens on government assistance programs for these applicants who cannot work and pay taxes.

Ms. Soth said Asian applicants work long hours and dedicate themselves to their work craft. Taxes are paid in local communities, and Asian workers should be seen as an asset, not a liability. She is hopeful an agreement can be reached and a bill passed in the 2024 Regular Session of the Kentucky General Assembly. The four overall requests include: adding a nail technician to the board to provide ample representation; offering the exam in multiple languages; allowing unlimited test retakes; and giving the salon owner a written warning notice before taking punitive action, such as shutting down the salon.

Ms. Kim Huynh, Owner, The Nails Shop Salon, said the nail industry has grown into a \$10 billion industry. With half of all nail salon owners being of Asian descent, it is time to offer the exam in languages besides English. Applicants are concentrating more on learning the English words, than understanding and being able to apply the material being tested, which could lead to poor health and sanitary issues for consumers. They are not asking to make the exam easier, but more accessible, and offered in their native language.

Mike Carter, Retired Nail Technician and Eyelash Artist, would like fair, inclusive treatment for the nail industry, which is primarily comprised of Cambodian and Vietnamese immigrants, whether they be citizens or permanent residents. The Kentucky State Board of Cosmetology has implemented numerous roadblocks against the group, including tying English proficiency to earning higher tip wages. He said a seat on the board would help bridge the gap between the two groups and help the board understand the needs and difficulties of nail technician salons. It is important to give this population the opportunity to succeed and have a seat at the table.

Lianna Nguyen, Licensed Instructor, Nail School

Owner, requested better inspection procedures, transparent protocols, and nail salon shutdowns as a last resort after mediation attempts. Nail salon shutdowns are occurring at a higher level than ever before and this can hurt the business owner and employees, and results in lost revenue dollars for the state. Licensees are not allowed to discuss the board's decision or ask questions. Violations should be aligned with fair fine amounts and salons should have the opportunity to rectify non-severe violations. The board should have paper trails of due process attempts before a shutdown is issued and this should be pending for a week for review and confirmed by another inspector.

Chairman Schickel communicated his disappointment with the Kentucky Board of Cosmetology not being represented at the committee meeting. He also commented that many of his constituents value the nail salon services and recognize their hard work and commitment to their local communities.

Representative Timoney said Cambodian people just want the American dream. He said the Kentucky Board of Cosmetology may have overregulated the issue and red tape should be removed to let people work.

Senator Thayer said he is a huge supporter of people pursuing legal paths to citizenship and realizing the American dream. He hopes the legislature can pass a bill in the 2024 Regular Session and continue to remove barriers to free enterprise. He said many industries are being targeted in the current administration and the legislature will work to correct it.

Responding to a question from Representative Bratcher, Mr. Carter stated that the nail technician examination is a separate test and license from the cosmetology exam license. They want the board to administer the nail technician exam in Cambodian upon request.

Senator Adams said multiple boards and memberships need to be reexamined and updated based upon a different Kentucky economy. She encouraged the committee members to always look for new and innovative ways to increase competitiveness in Kentucky as the economy has changed.

Senator Nemes said the Kentucky Board of Cosmetology needs to be updated, as the boards were created to protect their own people. In response to his question regarding interpreters, Ms. Huynh said there are tools that can easily convert English to different languages such as Cambodian, Chinese, and Vietnamese. Senator Nemes said there are several services helping with this in South Louisville.

Representative Flannery said he is pleased the issue is being discussed as he has been faced with this as a lawyer and a legislator. He believes a heavy-handed government is playing a role and looks forward to finding a resolution to help these hard-working people and ultimately Kentucky consumers.

Dual Credit for Building Trade Students

Brian Miller, Executive Vice President, Building Industry Association of Northern Kentucky, said the building institute has been in operation since 1967. It is the longest operating trade school for skilled

construction education under the auspices of the National Association of Home Builders. He said inflation has hurt construction at a higher rate, and part of this is employing skilled labor and workforce costs. The communities that provide more affordable and attainable housing for their citizens will be the economic development winners of the next decade.

Mr. Miller would like the legislature to pass a dual credit program for the building trade students in the construction industry. He said the dual credit program offered by the Kentucky Community College and Technical System for industries such as nursing is a great approach and could easily be replicated in the construction trades in licensure obtainment. Articulation agreements would be the best route for the dual credit program, and could offset the inflationary issues with wages.

Dr. Vicki Berling, Director of Professional Development, Building Industry Association of Northern Kentucky, said each program would have its own articulation agreement that would specify the exact requirements to gain credit for prior learning in the postsecondary programs. The agreements would be specific to the institutions and the relevant programs.

Opticians

Representative Wade Williams said the proposed bill draft is a cleanup modernization bill that updates the ophthalmic dispenser license renewal fee from the flat rate of \$75, established in 1994. The bill will allow the optician board to adjust the fees through regulation. The financial needs of the American Board of Opticianry-National Contact Lens Examiners (ABO-NCLE) and the Kentucky optician board cannot be met through the \$75 optician renewal fee. Proper funding is crucial since opticians are the first line responder to the eye care patient.

Responding to a question from Chairman Schickel regarding the fee being in statute, Representative Williams said the \$75 fee was in statute.

James Morris, Executive Director, ABO-NCLE, told a personal story about how opticians can change lives and the importance of the job to the health, safety, and welfare of children and consumers. There are no known opticians, ophthalmologists, or optometrists opposed to the bill.

Curt Duff, Chairman, American Board of Opticians, said no occupational board can conduct its business on \$75 per licensee, and Kentucky has the lowest optician license renewal fee in the country. Chairman Schickel said the current Kentucky General Assembly would never set professional licensing fees in statute, preferring their establishment through administrative regulations instead.

Adjournment

With no further business before the committee, the meeting adjourned at 10:40 a.m.

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS

Minutes of the 4th Meeting of the 2023 Interim

September 28, 2023

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on September 28, 2023, at 11:00 AM in Room 154 of the Capitol Annex. Representative Matthew Koch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Matthew Koch Co-Chair; Senator John Schickel Co-Chair; Senators Donald Douglas, Denise Harper Angel, Jimmy Higdon, Jason Howell, Amanda Mays Bledsoe, Christian McDaniel, Michael J. Nemes, Damon Thayer, and Reginald Thomas; Representatives Kim Banta, Kevin D. Bratcher, Emily Callaway, Mike Clines, Daniel Fister, Patrick Flannery, Samara Heavrin, Keturah Herron, Thomas Huff, Kevin Jackson, Nima Kulkarni, Michael Meredith, Ruth Ann Palumbo, Phillip Pratt, and Tom Smith.

Guests: James L. Gagliano, President and Chief Operating Officer, The Jockey Club; Jamie Eads, Executive Director; Beth Bungert, Safety Steward; Drew Conners, Director, Division of Incentives & Development, Kentucky Horse Racing Commission; Jeffrey Bloom, President; Stacie Clark, Operations Consultant; Emily Dresen, Director, Funding & Events, Thoroughbred Aftercare Alliance; Rick Hiles, President, Kentucky Horsemen's Benevolent and Protective Association; Richard Riedel, Executive Director, Kentucky Racing Health & Welfare Fund; Dora J. Delgado, Executive Vice President & Chief Racing Officer; John K. Keitt, Jr., Executive Vice President & Chief Operating Officer, Breeders' Cup; Stephen Huffman, Government Affairs; Adam Koenig, Executive Director, Kentucky Quarter Horse Racing Association; Conor Lucas, Vice President of Government Relations, Revolutionary Racing; and Shannon Cobb, Chief Operating and Chief Financial Officer; Red Mile Racing and Gaming.

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

Approval of August 22, 2023, Minutes

Co-Chair Schickel motioned to approve the minutes and Representative Huff seconded the motion. Motion carried and the minutes were approved by voice vote.

The Jockey Club

James L. Gagliano, President and Chief Operating Officer, showed a PowerPoint presentation explaining the background and future mission of the thoroughbred racing industry in the United States. The Jockey Club was established in 1894 as a not for profit organization established in New York City. Its primary responsibility remains the maintenance of the American Stud Book in a manner that ensures

the integrity of the thoroughbred breed in the United States, Canada, and Puerto Rico. It is a founding member of The International Stud Book Committee, which serves to develop and promote the highest standards of stud book operations. Mr. Gagliano stated that most of the Jockey Club's offices are located in Lexington, employing 183 people with a payroll upwards of \$13 million. Since 2010, The Jockey Club has funded nearly \$90 million in investments across initiatives that are located in or have ties to Kentucky. The organization aims to safeguard the integrity of the thoroughbred breed and improve standards to help facilitate international trade, breeding, and racing.

Responding to a question from Representative Banta, Mr. Gagliano said different markers are used to measure horse safety. For example, horses that have not raced regularly in a certain period of time may become more injury prone. Different factors are analyzed among horse injuries to see if there are consistencies or trends.

Kentucky Horse Racing Commission

Jamie Eads, Executive Director; Beth Bungert, Safety Steward; and Drew Conners, Director, Division of Incentives & Development, provided an update on sports wagering and the horse racing industry. Ms. Eads said over \$8.5 billion has been wagered this last year at the five racetracks, and \$4.5 million has been wagered through in person sports betting. Sports betting revenue is expected to substantially increase when mobile betting begins. Kentucky has a new quarter horse racetrack and purses are strong due to monies generated through historical horse racing.

Ms. Bungert explained the new horse meet startup criteria and inspections required before a horse meet starts to help improve horse safety. Horse safety remains a top priority and risk assessment models have been implemented at racetracks in an effort to decrease horse injuries. She discussed the importance of educating the horsemen on the new regulations and improving communications with racetrack personnel.

Mr. Conners said racing is strong in Kentucky with an average purse of \$114,000 per race, which is larger than New York, California, and Florida. He explained that there are two primary sources of funding, the six percent stallion stud tax, which benefit the thoroughbred and standardbred breeders, and the pari-mutuel tax on Historical Horse Racing (HHR). The Kentucky Breeders Incentive Fund paid \$17.4 million to Kentucky thoroughbred breeders representing 4,671 wins.

Chairman Koch said Kentucky bred horses are dominating with over 30 different countries represented at the Keeneland sale. He is excited the industry is improving Kentucky's economy by adding new jobs, and increasing veterinarian visits and farm sales.

Representative Smith said Kentucky is the thoroughbred capital of the world and Kentuckians need to be cautious about outside perceptions becoming reality. Despite the best intentions, horses are animals and sickness and injuries can occur.

Representative Clines congratulated Ms. Bungert on her new position and presentation to the committee.

Senator Thayer said the industry has strong legislative support in Kentucky and he is extremely

proud of the Kentucky Breeders Incentive Fund. He thanked the Kentucky Horse Racing Commission for its efficient work in implementing and regulating historical horse racing and sports betting.

Senator Thomas said Kentucky is doing a great job of marketing to young people across the country. Thoroughbred racing is strong and news networks are integral in advertising the sport nationwide.

Representative Meredith thanked the Kentucky Horse Racing Commission for the rollout of sports wagering in Kentucky. Over \$4.5 million has been generated to support the Kentucky permanent pension fund and the problem gambling fund, monies that would have gone to the coffers of surrounding states without the passage of sports wagering this session.

Thoroughbred Aftercare Alliance

Jeffrey Bloom, President; Stacie Clark, Operations Consultant; and Emily Dresen, Director, Funding & Events, showed members a PowerPoint presentation highlighting the Thoroughbred Aftercare Alliance, an initiative started in Lexington in 2012. It is a 501 (c)(3) nonprofit that accredits, inspects, and awards grants to approved aftercare organizations to retrain, retire, and rehome Thoroughbred horses.

Ms. Dresen noted that the horse racing and breeding industry plays a substantial role in Kentucky's economy. It generates billions of dollars in economic activity, provides numerous jobs, and supports various ancillary industries. Demonstrating a strong commitment to thoroughbred aftercare reflects positively on the industry's reputation, attracting investors, sponsors, and participants who value responsible horsemanship. Kentucky is the largest seller of thoroughbreds at public auction. Fasig-Tipton and Keeneland sales generate over \$750 million in annual sales providing \$115 million in tax revenues annually. More than 60 job categories are related to the thoroughbred industry providing \$1.9 billion in labor income. In all, the equine industry combines to generate \$6.5 billion in annual cumulative direct, indirect, and induced economic activity and a total of 60,494 jobs in Kentucky. The horse industry accounts for one percent of Kentucky's Gross Domestic Product (GDP).

Ms. Clark stated that since 2012, more than 15,500 thoroughbreds have found a new home or careers through Thoroughbred Aftercare Alliance accredited organizations. These organizations have transitioned former racehorses into eventers, champion show horses, partners in equine-assisted therapy programs, living tourism destinations, and more. New opportunities are arising for off-track thoroughbreds as well. Thoroughbred aftercare is important to the state because it aligns with the state's cultural, economic, and ethical values. By prioritizing the welfare of retired racehorses, Kentucky can continue to be a leader in responsible horsemanship and set an example for the entire horse racing industry.

Senator Bledsoe thanked the Alliance for their hard work and finds that its an important component of the thoroughbred industry. She said off-track horses can become excellent show horses and can provide therapy for autistic children.

Responding to a question from Senator Thayer, Ms. Clark said The Jockey Club is a very big supporter

of the Thoroughbred Aftercare Alliance, even providing them office space. She said the Jockey Club, the Breeders' Cup, and Keeneland, have all provided seed money. Sales companies, such as Fasig-Tipton, and stallion farms have provided much support, as have the racetracks. Churchill Downs matches what the horsemen contribute. Senator Thayer said the Old Friends farm in his district is a wonderful resource.

Kentucky Racing Health & Welfare Fund

Rick Hiles, President, Kentucky Horsemen's Benevolent and Protective Association, and Richard Riedel, Executive Director, Kentucky Racing Health and Welfare Fund, gave a brief presentation to the committee. Mr. Hiles said the Kentucky Racing Health and Welfare Fund was established by state statute in 1978 giving them the ability to recapture uncashed pari-mutuel tickets at the racetracks to provide medical, dental, and pharmaceutical services for the backside workers and people employed in the training centers. The funds have decreased from \$2 million a year to

\$978,000 last year due to simulcast and electronic wagering combined with the COVID-19 pandemic. He said the staff is all volunteers and no salaries are paid. He asked the committee for guidance on supplementing the fund that takes care of approximately 2,500 workers.

Responding to a question from Senator McDaniel, Mr. Hiles said the group is asking for guidance on supplementing the fund, not necessarily a state appropriation. He said between \$1 million to \$1.5 million per year is needed to fund the program, if declines continue. He noted the program is statewide and is exclusively for workers at the training centers and other racing employees who meet the guidelines.

Breeders' Cup

Dora J. Delgado, Executive Vice President and Chief Racing Officer; John K. Keitt, Jr., Executive Vice President & Chief Operating Officer; and Stephen Huffman, Government Affairs, showed a PowerPoint presentation to the committee highlighting The Breeders' Cup. The Breeders' Cup World Championships attract the best competition from around the world including from six continents and more than 16 countries. The World Championships take place over two days and offer \$31 million in purses and awards. Ms. Delgado said the Breeders' Cup is a global marketplace with Kentucky roots. The Breeders' Cup Limited's Board of Directors and members represent most of the top breeding and racing farms based in Kentucky. It has been headquartered in Lexington since inception in 1982 and was part of the rejuvenation of downtown Lexington in 2016. To date, 76 percent of all championship starters and 81 percent of winners were bred in Kentucky. Kentucky horsemen provide nearly 80 percent of all stallion nomination revenue to the Breeders' Cup as well as 80 percent of all foal nomination revenue originates from foals born in Kentucky. Nearly 95 percent of all yearlings sold at Keeneland and Fasig-Tipton each year are Breeders' Cup nominated.

Mr. Keitt said the Breeders' Cup has been held in Kentucky 12 of the past 39 years, approximately 31 percent. Churchill Downs has hosted the Breeders'

Cup nine times, most recently in 2018. Keeneland has hosted the championship three times in 2015, 2020, and 2022. A record \$189.1 million was wagered in the 2022 Breeders' Cup. It was the highest weekend average daily rate for hotel stays ever on record for the city of Lexington. Economic benefits were \$81.8 million to Lexington in 2022 and \$74.1 million to Louisville in 2018.

Prior to 2018, Breeders' Cup Limited was awarded a tax credit for conducting the Breeders' Cup World Championships at a Kentucky racetrack via emergency legislation. A permanent bill was passed in 2018 which makes Kentucky competitive with the tax credit in California. The bipartisan bill exempts Breeders' Cup Limited from paying state taxes on its pari-mutuel handle. The exemption also allows Breeders' Cup Limited to continue its mission of supporting the thoroughbred racing, breeding, and sales industries, particularly the owners and breeders in Kentucky, through marketing and promotion of the sport, world-class purses and awards, and charitable giving.

Responding to Representative Smith, Mr. Keitt said the dates for the Breeders' Cup have been set, but it is a complicated equation to meet operational needs and follow the leads of the founders about determining locations. No locations have been determined after 2025, but they are in discussions with Churchill Downs. Representative Smith urged the Breeders' Cup Board to consider Kentucky in the near future, and to think about including claiming crown horse contenders to involve more people other than just top stallion horse owners. He said day-to-day horse owners help to keep the operation sustainable.

Senator Bledsoe said she was on the Lexington City Council when they voted to house the Breeders' Cup in Lexington and it has had such a positive influence downtown. Ms. Clark said they love their offices and being tenants in downtown Lexington. They urged committee members to stop by for a tour and visit.

Quarter Horse Racing

Adam Koenig, Executive Director, Kentucky Quarter Horse Racing Association; Conor Lucas, Vice President of Government Relations, Revolutionary Racing; Stephen Huffman, Government Affairs, Revolutionary Racing, updated the committee on quarter horse racing. Mr. Koenig discussed Sandy's Racing and Gaming in Ashland, Kentucky and all the new jobs it has created in eastern Kentucky. The first quarter horse meet since 2010 was held at the Red Mile in April in conjunction with Revolutionary Racing. Overwhelmingly positive feedback was communicated from jockeys, trainers, and owners after the six day meet. The goal is to bring more quarter horse owners and breeders to Kentucky from all over the country and elevate quarter horse racing to the same level as standardbred and thoroughbred horses within five to ten years. He said the average purse size was \$28,000 and was not supplemented with historical race monies.

Mr. Lucas provided a snapshot of the economic impact in Kentucky with Revolutionary Racing, and the anticipated opening of Sandy's Racing and Gaming in Ashland. Representative Flannery thanked

him for all the employment and construction jobs that Revolutionary Racing has brought to eastern Kentucky. People are being paid good wages and are excited about the economic development and rebuilding of the region.

Representative Palumbo thanked them for providing tax revenues to Kentucky's economy and providing good jobs for the citizens.

The Red Mile

Shannon Cobb, Chief Operating and Chief Financial Officer; and Stephen Huffman, Government Affairs, Red Mile Racing and Gaming, showed members a video highlighting recent events held at the Red Mile. She is proud to represent the standardbred horse industry in Kentucky and said the future is bright. Historical horse racing provided lifeblood to harness racing with an initial

\$50 million investment. In turn, the Red Mile offers its employees jobs with \$50,000 salaries and full benefits. Purses have grown from about \$3 million to \$15 million with championship finals at

\$40,000. She believes the revenue created from HHR saved the Red Mile from closing. Standardbred horse owners are buying farms and moving to Kentucky. Recently, sports wagering has begun at the Red Mile with Keeneland who is partnering with Caesar's to provide customers an ideal sports betting environment. Sports betting will be an integral part of the success in making the Red Mile a top entertainment facility in Kentucky.

Representative Palumbo said Kentucky must not leave the standardbred horse industry behind as it is vital to the commonwealth.

Adjournment

With no further business before the committee, the meeting adjourned at 12:31 p.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT Minutes of the 3rd Meeting of the 2023 Interim August 24, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Local Government was held on Thursday, August 24, 2023, at 11:00 AM, in South Wing C, Room 101-104 of the Kentucky Fair and Exposition Center in Louisville, Kentucky. Senator Robby Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representative Randy Bridges, Co-Chair; Senators Cassie Chambers Armstrong, Greg Elkins, Michael J. Nemes, Brandon J. Storm, Damon Thayer, Phillip Wheeler, and Gex Williams; Representatives Adam Bowling, George Brown Jr., Jonathan Dixon, Steven Doan, Deanna Frazier Gordon, Chris Freeland, Mary Beth Imes, Matt Lockett, Michael Meredith, Rebecca Raymer, Sarah Stalker, and Pamela Stevenson.

Guests: Mayor Craig Greenberg, Louisville/

Jefferson County Metro Government; W. Bryan Hubbard, Kentucky Opioid Abatement Advisory Commission; Bryanna Carroll, Kentucky League of Cities; Alan Keck, City of Somerset; Alecia Webb Edgington, Life Learning Center; Suzie Razmus, City of Corbin; Gary Moore, Boone County; Dan Mosely, Harlan County; Lauren Carr, Graves County; and Jim Henderson and Shellie Hampton, Kentucky Association of Counties.

LRC Staff: Mark Mitchell, Christopher Jacovitch, and Logan Schaaf.

Approval of Minutes

Upon a motion and a second, the minutes from the July 24, 2023, meeting were approved.

Welcoming Remarks

Craig Greenberg, Mayor, Louisville/Jefferson Metro Government welcomed the committee to Louisville. Mayor Greenberg noted Louisville's momentum toward becoming safer, stronger, and healthier and thanked the General Assembly for passing 2023 House Bill 3, which provided assistance for the youth detention center, House Bill 207, which allowed law enforcement agencies to create their own wellness programs, House Bill 380, that will help with officer shortages that many police departments are facing, and House Bill 551, that expanded sports wagering in Kentucky.

The mayor affirmed that he looked forward to initiatives that will not only benefit Louisville, but the Commonwealth, as well. Louisville hopes to augment public safety, expand economic development, and provide universal pre-k.

Opioid Fund Distribution to Local Governments and the State

W. Bryan Hubbard, Executive Director of the Kentucky Opioid Abatement Advisory Commission (KYOAAC) provided an overview of grants that were announced in April 2023 to be awarded in September 2023. Kentucky will receive a total of \$842 million in annual disbursements through 2038. Half goes to cities and counties directly, with the remaining half going to KYOAAC to be distributed through grant awards. The funds must be used for opioid abatement purposes as set out in KRS 15.291. KYOAAC awarded over \$8 million to 24 organizations in April of this year.

Mr. Hubbard noted several specific awards and provided extra detail on three awards. Operation Unite received an award. Its mission is to reduce substance misuse and decrease overdose deaths through prevention, education, and the dissemination of information. Operation Unite will provide quarterly reporting on its actions. Volunteers of America was another recipient of grant money. It will provide a combination of family recovery court and recovery community center programs in Clay, Lincoln, and Pulaski counties. It will also provide supporting services to help individuals achieve and maintain sobriety. Volunteers of America will, in addition to other data points, provide information on the number of cases served each year, client satisfaction surveys, and details about weekly harm reduction meetings. The YMCA of Greater Louisville was the

last recipient to be discussed. The YMCA will expand its YNOW mentoring program to overcome barriers to success to minors who have been impacted by the incarceration of a parent due to drug use. The YMCA will provide quarterly reporting on such points as outcome assessment measures, and verification of mentor and youth participants.

In response to a question from Senator Wheeler, Mr. Hubbard said, speaking as only one of eleven commissioners, that there are three long-term strategic goals to fight the opioid crisis. Kentucky must develop a child-based prevention infrastructure that connects children whose families have been impacted by the opioid epidemic to reliable sanctuary, stability, and their individual spirituality. In addition, all barriers than can be removed to individuals who are trying to achieve long-term recovery should be removed. Lastly, Kentucky must explore its "Manhattan Project" opportunity which is remaining open to any therapy that can deliver results that are better than any existing treatment models presently in use. Many resources are being used in abstinence-based treatment and medically-assisted treatment that primarily consist of suboxone and methadone. Some of the companies that produce opioids also produce these drugs. Exploration is being conducted on the potential therapeutic modality that may be able to diversify, expand, and improve upon the existing treatment infrastructure—an infrastructure that is working very hard, yet not delivering results quickly enough or at the scale needed to overcome the epidemic.

Senator Wheeler suggested that Kentucky should consider allocating one-time resources to existing treatments that will provide access to additional federal resources.

In response to a question from Representative Bridges, Mr. Hubbard said that the thought was to perhaps devote \$42 million to ibogaine treatment research through a public private partnership over the next six years. The entity would need to match the grant.

In response to another question from Representative Bridges, Mr. Hubbard said that the distribution of moneys in general is a result of the grant submissions presented to the commission. In the first round of awards, the commission reviewed around 70 applications. Of those, 24 were deemed to be legally compliant and socially consequential. The commission strives to make a good geographic distribution of resources in consideration of the geographic origins of the grant proposals.

Representative Bridges asked Mr. Hubbard for a list of grant allocations.

In response to a question from Representative Lockett, Mr. Hubbard said that the commission prioritized transparency and seeks to award grants to entities that provide services, rather than to those that seek to line pocketbooks.

Ms. Bryanna Carroll, Director of Public Affairs with the Kentucky League of Cities (KLC), provided an overview of city-oriented uses of the opioid abatement grant money. Cities received their first allocation of opioid settlement funds last December. There are no time limits on when the funds may be obligated or expended. In light of the devastation

of opioid abuse, the funds are miniscule, but cities are trying to put the funds to the best use. Cities are using the funds to buy naloxone, pay for emergency services for substance abuse, provide training for personnel, and to provide education about opioid use and disposal. Many cities are pooling their resources and leveraging the moneys.

Mayor Alan Keck, City of Somerset, noted the success of the Life Learning Center in Covington, and said that Somerset needed a similar program. Drugs have torn the community apart, and the money, gratefully accepted, will not fully cover the damage. The money received by Somerset must be leveraged with programs like the Life Learning Center, as well as private employers.

Ms. Alecia Webb Edgington, President and Chief Executive Officer of the Life Learning Center, noted that her service with the Kentucky State Police brought her in and around the world of narcotics. About 35 years ago she met philanthropist William P. Butler. He developed a program aimed at assisting people out of poverty. The Life Learning Center's curriculum was developed therefrom and assists people in dealing with substance abuse, mental health issues, and criminal convictions. The Life Learning Center couples a continuum of care and education in a 12-week program built upon five pillars: physical, financial, emotional, relational, and spiritual. For people to regain their dignity, they must have a job at a living wage or getting a post-secondary degree. The Life Learning Center's activities are data-driven. Only 32 percent of the center's \$2 million budget is from state or federal funding. The balance is community sourced. The center has 283 employer partners. The center has two key measures: recidivism rate (of which participants experience an 8 percent rate, while the national average is 83 percent) and the amount of money put back in the workforce (of which the center has put back in, to date, \$4.8 million).

Mayor Suzie Razmus, City of Corbin, discussed Corbin's award from the settlement. Citing familiarity with Eastern Kentucky University's Scholar House, which is primarily for substance abuse disorder affected single parents wanting to further their education, the mayor noted ECU's campus in Corbin. Adding a Scholar House program in the city within the campus would be a desirable use of settlement funds, but only with the help of partners, such as Volunteers of America.

Judge/Executive Gary Moore, of Boone County, discussed his involvement with the National Association of Counties' (NACo) opioid task force. The settlement was not based on population, but on the direct opioid impact to states. Boone County consulted with local officials and created a segregated fund to receive the settlement moneys. Boone County's first priority is to provide police, or first response, navigators. They will assist with calls involving drug use so that police and other first responders can focus elsewhere. Another priority deals with substance abuse disorder and mental health treatment in jails. The county will fund an assessment person to work with the courts to facilitate the best placement for individuals with these issues outside of the jail. The county will provide funding for its drug strike force so that Boone County will not be a preferred locality in

which to sell drugs. The county is also providing gap funding for the Northern Kentucky region in general.

Judge/Executive Dan Mosely, of Harlan County, discussed his region's issues with opioids. Harlan County benefitted from Operation Unite, and coalitions were formed therefrom for recovery. The coalitions are comprised of persons who are committed to assisting individuals out of addiction and toward recovery. The Harlan County region also has a good treatment ecosystem. Kentucky is leading the way in recovery efforts. One initiative in Harlan County is a one stop shop for people wanting help involving Casey's Law. Another use of funds that will be used in jails is the purchasing and use of the Bridge device. This wearable electronic device assists with lessening withdrawal symptoms.

Ms. Lauren Carr, Project Coordinator with the Graves County Agency for Substance Abuse Policy/Prevention, noted her family's experience with substance abuse disorder involving her brother. Her experience contributed to her professional pursuits in helping others with substance abuse disorders. Shame and stigma are pervasive throughout the Commonwealth, no matter the size of the locality. Harm reduction is a way to use settlement moneys, and a syringe exchange program is a component of harm reduction.

There being no further business, the meeting was adjourned at 12:15 p.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the Fourth Meeting of the 2023 Interim

September 26, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Local Government was held on September 26, 2023, at 9:00 AM in Room 154 of the Capitol Annex. Representative Randy Bridges, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Randy Bridges Co-Chair; Senators Greg Elkins, Denise Harper Angel, Amanda Mays Bledsoe, Christian McDaniel, Michael J. Nemes, Damon Thayer, Phillip Wheeler, and Gex Williams; Representatives Adam Bowling, Josh Bray, George Brown Jr., Beverly Chester-Burton, Steven Doan, Deanna Frazier Gordon, Chris Freeland, Mary Beth Imes, Jacob Justice, Matt Lockett, Michael Meredith, Marianne Proctor, Brandon Reed, Sarah Stalker, Pamela Stevenson, and Walker Thomas.

Guests: Stephanie Schumacher and Tabatha Clemons, Kentucky County Clerks Association; Denise Lyons, Department for Libraries and Archives; Jessica Williamson and Jordan Jones, Education and Labor Cabinet; David O'Neill and Andrew Powell, Property Valuation Administrator Association; Tom Crawford, Department of Revenue; Jaarad Taylor, Department for Local Government; Warren County Sheriff, Brett Hightower; Kenton County Deputy Sheriff, Pat Morgan; Mike Jansen and Jerry Wagner, Kentucky Sheriff's Association; Kenneth Imes,

Calloway County Judge/Executive; Jim Henderson and Shellie Hampton, Kentucky Association of Counties; and J.C. Young, Kentucky Magistrates and Commissioners Association.

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

Approval of Minutes

Upon the motion of Representative Lockett, seconded by Representative Bowling, the minutes from the August 24, 2023, meeting were approved.

Discussion of Local Electronic Records Portals

Tabatha Clemons, Grant County Clerk, discussed the modernization efforts occurring in the county clerks' offices. A survey conducted by the Kentucky County Clerks Association revealed that of 101 responding clerks, 68 percent have one to two full time recording deputies who were involved in modernization work. Of the responding clerks, 98 were also compliant with the January 2024 statutory deadline for an online search portal.

Ms. Clemons provided some background regarding the 2021 County Clerk Modernization Task Force and outlined required electronically searchable records waypoints for January 1, 2024, June 30, 2024, and June 30, 2026.

Certain liens and other documents filed on or after June 30, 1994, are required to be electronically searchable by June 30, 2024. Of the clerks that responded to the survey, 65 clerks have already met that requirement. Six clerks are not on track to meet the deadline, which appears to be a funding issue, and 16 are working toward that deadline.

Specified documents filed with the clerk's office on or after June 30, 1966, but before June 30, 1994, must be available for electronic searching prior to June 30, 2026. Six counties have already met that deadline and 37 counties are working toward the deadline. Twenty-seven counties are not on track to meet the deadline—again likely a funding issue.

Stephanie Schumacher, Mason County Clerk, discussed clerk funding sources for the project. The clerks receive a \$10 storage fee for recording certain documents, access to \$25 million available via Finance Cabinet that were allocated from the last biennium, general fees from the clerk's office itself, and available grants from the Kentucky Department for Libraries and Archives (KDLA). Clerks wholly fund this grant pool. Ninety percent of the grant funds are now to be allocated toward this project.

Ms. Clemons noted information in the presentation relating to historical funding to clerks by KDLA relative to the grant program.

Discussion of Local Records Grants

Ms. Schumacher discussed the KDLA Local Record Grant program from the clerks' perspective. Regional administrators from KDLA provided valuable guidance regarding local records retention with frequent visits to clerks' offices. Clerks would like to see regional administrators visit more frequently to assist in prioritizing projects and to assist with grant writing. This lack of assistance could be a contributing factor of why fewer clerks are applying for KDLA grants. Grant writing takes much

work. Technical errors in the application process that disqualify applicants are frustrating.

The Local Records Grant Review Committee is comprised of clerks. They review applications. There is also an administrative review by KDLA. The review committee scores grant applications. At the same time the administrative review is occurring and has determined what was appropriate to be awarded and what did not meet the standard. It appears that by the time the committee meets, the grants have already been decided.

In addition, the grant application review cycle for the committee conflicts with clerk workloads, such as the election cycle.

Clerks serving on the committee are not able to apply for grants. Consideration should be given to allowing clerks who are serving to abstain from the scoring and discussion of their own applications, but allow them to apply.

Ms. Clemons noted that several clerks were turned down for grants because they were not meeting preservation requirements in their grant applications and that the clerks' applications were more for modernization purposes. It is hard to discern the difference between the two purposes.

Denise Lyons, Commissioner and State Librarian, Department of Libraries and Archives, discussed the department's implementation of the Local Records Grant program. Local government offices seeking to improve the management and preservation of its public records may apply. Ninety percent of the program funds are to be made available to county clerks. Eligible projects include, but are not limited to microfilming, and rerecording of records and damaged records.

Ms. Lyons outlined the application process and the awards process. Among the processes for application are an advertising for bids and the choosing of the lowest bid vendor for the application. The department will award moneys, to the extent available, to applicants who meet the necessary requirements. The review and recommendation process consists of an application completeness and compliance review by the local records branch manager, application scoring by the Local Records Grant Review Committee, review and approval of projects that meet the requirements by the State Libraries, Archives, and Records Commission, and notification of approval to applicants by the commissioner. In the FY 2022 to FY 2023 cycles, the approval rate was between 90 and 100 percent. Of the first cycle of FY 2024, 22 applications were received and 15 were awarded funds.

In response to questions from Senator Thayer, Ms. Lyons said that in FY 23, 90 percent of the applications were approved that year. Regional representatives travel to counties upon request and as often as requested.

In response to a question from Representative Meredith, Ms. Lyons said that KDLA has awarded 90 percent of the grant moneys to clerks pursuant to changes in the law.

Representative Meredith asked that the department ensure that guidance provided by regional representatives to clerks for grant applications and departmental guidelines for grant approvals are consistent. Representative Meredith also asked the

department to examine its administrative regulations in light of preservation projects versus modernization projects to see if changes to the administrative regulation are warranted in light of 2022 SB 135.

In response to a question from Representative Bridges, Ms. Lyons said that her goal is to improve communications in general, and for the review committee, specifically. Discussions are continuing about improving the process.

Representative Bridges asked the department to inform the committee regarding the clerk's offices who did not respond to the clerks' association survey.

In response to a question from Representative Frazier-Gordon, Ms. Lyons said that solicitation of vendors for the grant application process is conducted by the county clerks. The application includes information to vendors for making successful bids. Ms. Lyons said she would check to ensure that all the information for a successful bid was included in the paperwork.

In response to a question from Senator Harper-Angel, Ms. Lyons said that regional advisors are staff positions subject to state hiring protocols.

Discussion of Library District Board Selection

Ms. Lyons outlined how library district board members are selected pursuant to 22 SB 167. There are 97 library boards that have been impacted by this. Fiscal courts may adopt a process to be more participatory in board member selection. Thirteen have adopted the alternative board member selection process. KDLA has taken steps to facilitate the process which include having held a meeting with public library directors to inform them of the new process, having a dedicated e-mail address for appointments, updating documents and forms, and providing additional training.

Ms. Lyons discussed the regular process and the alternative process for selecting board members.

In response to a question from Senator Elkins, Jessica Williamson, General Counsel, Education and Labor Cabinet, said that there could be a few reasons why names would be withdrawn and alternative names resubmitted which would include a possible error. If the library has not adopted an alternative process, and a term is expiring, KDLA would follow the statutory process in filling the vacancy. There is a separate statutory process for filling an unexpired term vacancy.

Discussion of Property Valuation Process and HB 44

David O'Neill, President of the Property Valuation Administrators Association, discussed the property valuation administrators' (PVAs') duties relative to property valuation. Physical inspection is performed once every four years. In placing value, industry standard methodologies are used that include cost for new construction, income, for income-producing property, and sales comparisons for single family residential properties to determine value.

Tom Crawford, Executive Director of the Office of Property Valuation, Department of Revenue, said that once the PVAs send the valuations to the Office of Property Valuation, the office compiles them, and adds the tangible assessment totals and sends that

information back to the local officials. It also uses the information to estimate state tax income. The valuation and tax estimate information goes then to the Department for Local Government so that the department can provide its rate calculation to counties.

Adjusting to the real property valuation increases, the state rate has decreased from 12.2 cents in 2019 to 11.4 cents in 2023 as they follow HB 44 (enacted during the 1979 special session of the General Assembly).

Jaarod Taylor, Local Government Advisor with the Department for Local Government (DLG) provided an overview of how DLG assists counties with calculating their rates in conformity with HB 44. DLG provides two rates to counties from the assessments it receives from the Department of Revenue: a compensating rate and a rate that is designed to produce revenue equaling four percent over the compensating revenue rate. The compensating rate is that rate which produces the same amount of revenue as the previous year absent new property and personal property. Counties can adopt rates higher or lower than these rates. If a county adopts a rate higher than the compensating rate, it must have a hearing. Any rate set to produce revenues in excess of the four percent is subject to recall to the extent the rate exceeds the level of producing revenue in excess of four percent. Counties have 45 days from the date of certification from the Department of Revenue to set a rate, otherwise it is limited to the compensating rate.

DLG also assists counties as they set their personal property rates and motor vehicle rates.

In response to a question from Senator Thayer, in which he noted his constituents' concerns that their individual real property tax liabilities have increased, while such increases in value do not add to their liquidity, Mr. O'Neill said that no PVA wishes to send a notice with a 30 to 40 percent increase, unfortunately, the statutes and constitution dictate the values be set at fair cash value.

Senator Thayer asked the PVA Association to explore potential solutions that may alleviate the taxpayers' concerns.

In response to a question from Representative Meredith, Andrew Powell, Immediate Past President of the PVA Association, said that the prime market rates dictate the housing price changes. At present, market rates are rising at the same time as home prices, which is unusual. There may be some legislative policy solutions available to assist taxpayers in this unusual situation.

In response to a question from Senator Williams, Mr. Powell said that the use of drones to assist in visual inspections of properties is not in use in his county. When funds are available, aerial imagery is employed.

In response to another question from Senator Williams, Mr. Powell said that inflation should be a factor that is considered in conjunction with adjusting and calculating rates as a potential policy consideration.

Senator Harper Angel noted the history of the passage of HB 44 and said that the rates are not keeping up with inflation. She suggested that a document sent to her from her county's PVA outlining some potential policy considerations should be sent to all members of

the General Assembly.

In response to a question from Senator Mays Bledsoe, Mr. Taylor said DLG does not track which taxing jurisdictions exceed the four percent rate, but it could be investigated. Mr. Powell said that during his term, only one school district tried one time to exceed the four percent limit. Senator Mays Bledsoe said that housing costs are a concern in Fayette County.

Representative Meredith said that school taxes make up over 50 percent of the tax bill in Kentucky. Property taxes are the life blood of schools, and only a supplemental revenue source for local governments.

In response to a question from Representative Bridges, Mr. O'Neill said that the dark store theory in property valuation is one that his office monitors closely.

In response to another question from Representative Bridges, Mr. O'Neill said that the pandemic affected house sales and then affected assessment calculations. This can lengthen the time between numerical assessment changes for a particular property.

Discussion of Sheriffs' Transportation Costs

Warren County Sheriff Brett Hightower provided an overview of Warren County's transportation costs relating to transporting juveniles. The sheriff's office is reimbursed for mileage, food, and lodging. When Warren County transports female detainees, the round-trip distance is 420 miles. The statutes also require an attendant as the same gender as the detainee ride in the vehicle as well. Reimbursement for the attendant is \$5 per hour. That trip is paid as eight hours per employee. The costs to the sheriff's department even after reimbursement are considerable. In 2019, the department conducted 65 out-of-state transports and 414 in-state transports for all detainees—not just juveniles. From August 22, 2022 to August 23, 2023, the department conducted 1,324 transports. The office has had to hire additional persons to transport detainees.

Concerns also include, for juveniles, the time spent in the back of a police vehicle in handcuffs and the public perceptions relative thereto. The distance of travel is also a hardship on families as they try to support their child who is in custody.

Kenton County Chief Deputy Pat Morgan said the closure of juvenile detention facilities have resulted in longer distances of travel. Courts should use available technology to help limit transports. Some courts use the technology, others do not. Law enforcement needs relief from these costs. When officers are away transporting, they are not available to patrol their jurisdictions. Other law enforcement officials must cover these gaps.

In response to a question from Representative Bowling, Mr. Morgan said that most court rooms and justice centers have video technology available. Detention centers have performed upgrades in order to conduct arraignments and status hearings electronically. Sometimes when a detainee is transported to a court appointment, a person involved in the court proceeding may not be present necessitating an additional trip at a future date when all can be present.

In response to another question from

Representative Bowling, Mr. Morgan said that they would prefer to have more juvenile detention facilities open to shorten transport distances.

In response to a question from Representative Freeland, Mr. Hightower said that during the COVID pandemic, some judges were more apt to use the video technology and continued it, while other judges did not embrace it. The judges decide to use or not use the technology.

In response to a question from Representative Stevenson, Mr. Hightower said the use of video technology should reduce the time on the road by 20 to 25 percent, which directly equates to paid work hours.

Consideration of Referred Administrative Regulations

Representative Bridges noted the following administrative regulations had been referred to the committee: 109 KAR 017:010; 739 KAR 002:060; 815 KAR 007:130; 815 KAR 010:060; or 815 KAR 025:020.

There being no further business, the meeting was adjourned at 10:58 a.m.

LOTTERY TRUST FUND TASK FORCE

Minutes of the 3rd Meeting of the 2023 Interim August 3, 2023

Call to Order and Roll Call

The 3rd meeting of the Lottery Trust Fund Task Force was held on Thursday, August 3, 2023, at 3:00 PM, in Room 171 of the Capitol Annex. Senator Matthew Deneen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Matthew Deneen, Co-Chair; Representative Bobby McCool, Co-Chair; Senators Lindsey Tichenor and Mike Wilson; Representatives Daniel Grossberg, Steve Rawlings, and Killian Timoney.

Guests: Jennifer Cobb, Counselor, Hardin County Schools; Dan Robbins, Principal, Hardin County Schools Early College and Career Center; Amanda Murphy, Senior Guidance Counselor, Johnson Central High School; Amiee Cantrell-Webb, Curriculum Director, Johnson County High School; Dr. Larry Ferguson, Acting President, Kentucky Community and Technical College System; Dr. John Gregory, Executive Director, Kentucky Adult Education; Mark Messingschlager, Director of Financial Aid, Thomas More University, Kentucky Association of Student Financial Aid Administrators; and Mason Dyer, President, Association of Independent Kentucky Colleges and Universities.

LRC Staff: Joshua Collins, Cynthia Brown, Katy Jenkins, Haley Webb, Justin Smith, and Mariah Derringer-Lackey.

Recognition of Special Guests

Representative McCool gave special recognition to Aimee Cantrell-Webb.

Approval of the Minutes

On a motion from Senator Tichenor, second from Representative Timoney, the minutes from the July 20, 2023, meeting were approved.

School Administrators perspective on financial aid

School administrators were involved in a question-and-answer discussion about their participation in helping students with financial aid. The panel included Jennifer Cobb, Counselor, Hardin County Schools; Dan Robbins, Principal, Hardin County Schools Early College and Career Center; Amanda Murphy, Senior Guidance Counselor, Johnson Central High School; and Amiee Cantrell-Webb, Curriculum Director, Johnson Central High School.

In response to Senator Deneen, Mr. Robbins discussed how much time he spends daily with students at the Early College and Career Center, advising them on post-secondary plans. With their Academy program, students can earn an Associate's degree before graduating high school. Ms. Cobb explained how she spends approximately an hour a day providing one on one counseling with students. Options discussed with students include going straight into a career, going to community college or four-year academic program, or going to the military.

In response to Senator Deneen, Ms. Murphy communicated she discussed all of Kentucky's scholarship programs with her students. Ms. Cantrell-Webb clarified that she mostly discusses the dual credit scholarship.

In response to Senator Deneen, Ms. Cantrell-Webb explained issues she has observed with the Kentucky Educational Excellence Scholarship (KEES) program. As an example, if a student is not considered low income and takes an Advanced Placement (AP) test, the student will not receive money for taking the test.

In response to Representative McCool, Ms. Murphy discussed how she helps her students learn about and fill out the Free Application for Federal Student Aid (FAFSA). She gave examples of FAFSA workshops which can occur during the day or in the evening, usually with a Kentucky Higher Education Assistance Authority (KHEAA) representative. Ms. Murphy also provided insight on why students do not complete the FAFSA.

In response to Representative Timoney, Ms. Murphy discussed possible reasons for low FAFSA completion rate in the 606 area. Some programs do not qualify for scholarships. For example, if a student wanted to attend lineman school, filling out the FAFSA will not help them because scholarships are not applicable for lineman school. Ms. Cantrell-Webb mentioned that the FAFSA requires family knowledge and a large population of students do not live with family. She described a real-life example of the problems one student is having because she is an independent minor. Ms. Cobb also commented that the FAFSA is easy to complete, if the student lives in a two-parent household in which the parents complete and pay their taxes. The FAFSA is difficult to fill out if the student does not fit in traditional boxes.

In response to Senator Deneen, Ms. Cobb explained how foster care students have the same issues with filling out the FAFSA.

Mr. Robbins gave his personal experience with the FAFSA. While not eligible for aid from the FAFSA, he filled it out because he is an educator who encourages all his students to complete it. Mr. Robbins proposed the idea to tie students' KEES money to the completion of the FAFSA to increase the completion rate.

In response to Representative McCool, Mr. Robbins provided his thoughts on the dual credit and work ready scholarships and how it helps high school students. He discussed improving the access system for high school counselors or transition coaches. Ms. Cantrell-Webb discussed how she educates the students and the parents on the dual credit scholarship.

In response to Senator Deneen's request for final thoughts, Mr. Robbins discussed giving students and families more control over the students' KEES monies. He provided a scenario of a student who takes dual credit courses and graduates from college in three years. The student has not used all the KEES money they have earned. Ms. Cantrell-Webb discussed restrictions on scholarships and how that affects middle-income students.

Colleges and Universities Perspective on Financial Aid

Representatives from various college and university organizations were part of a question-and-answer discussion on financial aid. The panel consisted of Dr. Larry Ferguson, Acting President, Kentucky Community and Technical College System (KCTCS); Dr. John Gregory, Executive Director, Kentucky Adult Education; Mark Messingschlager, Director of Financial Aid, Thomas More University; Kentucky Association of Student Financial Aid Administrators; and Mason Dyer, President, Association of Independent Kentucky Colleges and Universities.

In response to Senator Deneen, Mr. Ferguson and Mr. Gregory discussed the missions of their respective programs.

In response to Senator Deneen, Mr. Ferguson discussed how KCTCS students utilize the work ready and dual credit scholarships. Mr. Gregory explained how adult education uses the work ready scholarship. He also explained the problematic components of KEES with working age Kentuckians.

In response to Representative McCool, Mr. Ferguson discussed ways to improve the work ready scholarship outside of more funding.

In response to Senator Deneen, Mr. Ferguson discussed different types of partnerships KCTCS needs to focus on within the changing workforce sectors. A suggestion was proposed to expand the work ready scholarship beyond the five main work force sectors. He mentioned codifying into statute that KCTCS students only pay 50 percent of tuition for dual credit courses.

In response to Senator Deneen, Mr. Ferguson discussed how learning and teaching changed during COVID-19, but workplace training still requires in person learning. Mr. Gregory explained the idea of backward planning, and synchronizing what happens in the classroom with training. Mr. Gregory wants to see some consideration for additional subpopulations.

Mr. Ferguson clarified that Kentucky does not

receive 54 million dollars a year due to low FAFSA completion. Research shows 90 percent of students who complete a FAFSA, immediately enter post-secondary education.

In response to Senator Deneen, Mr. Messingschlager discussed several things that keep students from using financial aid. Several reasons included concerns over the FAFSA simplification act recently passed, not knowing where to find answers, and the base KEES amount not being raised since the program began. Mr. Dyer also discussed his concerns about changes to FAFSA and the implementation. He commented one barrier may be students don't know what financial aid available for them.

In response to Senator Deneen, Mr. Messingschlager discussed two issues beyond the FAFSA: overall cost and the enrollment cliff.

In response to Senator Deneen, Mr. Messingschlager explained there are 2,000 students at Thomas More, and 500 are high school students using the dual credit and work ready scholarships.

Mr. Dyer provided his final thoughts on financial aid, including different programs private institutions are offering to help students.

The next meeting is scheduled for Thursday, September 21, at 3:00 p.m. The meeting adjourned at 4:02 p.m.

LOTTERY TRUST FUND TASK FORCE

Minutes of the 4th Meeting of the 2023 Interim

September 21, 2023

Call to Order and Roll Call

The 4th meeting of the Lottery Trust Fund Task Force was held on September 21, 2023, at 3:00 PM in Room 171 of the Capitol Annex. Senator Matthew Deneen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Matthew Deneen Co-Chair; Senators Lindsey Tichenor, and Mike Wilson; Representatives Daniel Grossberg, Steve Rawlings, Steve Riley, and Killian Timoney.

Guests: Dr. Stephen Pruitt, President, Southern Regional Education Board; Frank Ballmann, Director, Federal Relations, National Association of State Student Grant and Aid Programs; and Representative James Tipton, House District 53.

LRC Staff: Cynthia Brown, Joshua Collins, Katy Jenkins, Haley Webb, Justin Smith, and Mariah Derringer-Lackey.

Approval of the minutes from the August 3, 2023, meeting

On a motion from Representative Timoney, second from Representative Riley, the minutes from the August 3, 2023, meeting were approved.

Financial Aid Programs in the Southeast Region

Dr. Pruitt, President, Southern Regional Education Board, gave a presentation on the lottery funded scholarship programs offered in states of the

Southeast region. States discussed include Arkansas, Florida, Georgia, South Carolina, Tennessee, and Kentucky. Background information such as need or merit based, requirements, or other uses of the funds was provided. Dr. Pruitt reviewed research and findings provided by agencies in the region.

Senator Deneen thanked Dr. Pruitt for the presentation and appreciated the information regarding other states. He discussed the workforce development and decisions that will need to be made regarding funding.

In response to Representative Riley, Dr. Pruitt was not aware of any states that had an award given to the student after they graduated. He thought there was a measure introduced in another state that did not pass which, a tax credit was given when the student graduated.

In response to Representative Tipton, Dr. Pruitt discussed South Carolina's uses of the LIFE (Legislative Incentive for Future Excellence) scholarship for third- or fourth-year students.

In response to Representative Tipton, Dr. Pruitt explained how the trends are focusing more toward needs based than merit based.

In response to Representative Tipton, Dr. Pruitt explained the most comparable would be states that are using state money for "last dollar scholarships." An example provided was Georgia with the HOPE (Helping Outstanding Pupils Educationally) scholarship, where it is awarded based on grade point average (GPA) and standardized scores.

Representative Timoney made several comments about allocating resources, focusing on career and technical education programs, and retaining Kentucky's best and brightest. In response to comments from Representative Timoney, Dr. Pruitt encouraged people to ask students "what's next?" instead of "are you going to college?" We should think about how to prepare the future of the workforce.

In response to Senator Deneen, Dr. Pruitt discussed the importance of a partnership with the workforce innovation boards.

National Perspective of State Financial Aid Programs

Mr. Ballmann, Director, Federal Relations, National Association of State Student Grant and Aid Programs (NASSGAP), provided a presentation on an introduction to NASSGAP, why states may offer student financial aid, differences between need based and merit based, and a table showing funding sources for different states nationally.

Next meeting announcement

Senator Deneen announced the next Lottery Trust Fund Task Force meeting will be Thursday, October 19, 2023, at 3 p.m.

Adjournment

The meeting adjourned at 4:04 p.m.

MULTIMODAL FREIGHT TRANSPORTATION SYSTEM IMPROVEMENT TASK FORCE

Minutes of the 2nd Meeting of the 2023 Interim

August 1, 2023

Call to Order and Roll Call

The 2nd meeting of the Multimodal Freight Transportation System Improvement Task Force was held on August 1, 2023, at 3:00 PM in Room 149 of the Capitol Annex. Senator Jason Howell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jason Howell, Co-Chair; Representative Suzanne Miles, Co-Chair; Senator Jimmy Higdon, Senator Brandon J. Storm, Representative John Blanton, Representative Chris Freeland, Representative Tom Smith, and Representative Ashley Tackett Laferty.

Guests: Jennifer Kirchner, Executive Director, Kentuckians for Better Transportation (KBT); Brian Wright, Chairman, Kentucky Association of Riverports (KAR), President and CEO, Owensboro Riverport; Greg Curlin, Vice Chairman, KAR, Port Director, Hickman-Fulton Co. Riverport Authority; and Amanda Davenport, Executive Director, Lake Barkley Partnership for Economic Development, Member, Water Transportation Advisory Board - Eddyville Riverport Operations.

LRC Staff: Ashley Nash, John Snyder, Dana Fugazzi, and Christina Williams.

Approval of July 18, 2023, Minutes

The minutes from the July 18, 2023, meeting were approved.

Introduction of Special Guests

Chairman Jason Howell introduced his daughter, Mary Browder to the task force.

Owensboro Riverport and Issues Specific to Larger Riverports

Jennifer Kirchner, Executive Director, KBT, and Brian Wright, Chairman, KAR, President and CEO, Owensboro Riverport, briefed the task force on issues specific to Kentucky's larger riverports. Any governmental unit by act of its legislative body or two or more units acting jointly and with approval of the Kentucky Transportation Cabinet (KYTC) may establish a riverport authority. The Kentucky Public Riverport Authorities are established under Kentucky law with powers and duties prescribed by KRS 65.510 to 65.650. Authority members are appointed by local executives; the mayor, judge executive, or both. Currently, there are 10 public riverport authorities in Kentucky. Seven of those are active and operational in the movement of goods. Three are developing and have authorities in place but are not yet fully operational. A map was shown to illustrate the location of the active and developing riverports. Over 80 of the 120 counties are considered within reasonable travel distance to the riverports.

Kentucky's waterways create value by enabling the Commonwealth to trade with the world. In 2018, Kentucky traded over 89 million tons of freight using inland waterways, valued at over \$18 billion. About 79 percent of Kentucky's waterborne trade (by tonnage) is exchanged with trading partners outside of the Commonwealth. Kentucky's waterborne transportation system overall saves approximately 2.3 billion vehicle-miles of travel (VMT) and over 43 million vehicle-hours of travel (VHT) each year in ground transportation costs. Kentucky's supply chains are highly dependent on Kentucky's waterways.

Since 2013, the Commonwealth has supported the riverport industry through the Kentucky Riverport Improvement (KRI) Grant Program, which has a current budget allocation of \$500,000 annually. The KRI funds are a General Fund appropriation in the KYTC budget and require a 50 percent local match. The KRI applications are due each year in May for the next fiscal year (FY) and funds must be used by the end of the FY or they are returned to the General Fund. There is no carryover. Funding can be used for new construction, repairs, or replacement of docks, wharves, equipment, port storage facilities, roadways and railroads, other onsite improvements, and related professional services. Funds may not be used on routine maintenance, port operations, plans, or studies. Riverports are unable to use state grant funds as a match for federal grants.

Based on the KYTC study in 2018 for asset preservation, there is \$12.3 million needed in increased annual state funding to continue investment and compete with surrounding states. A chart was shown that illustrated the investment by surrounding states into their riverports.

Kentucky has 10 public riverports with a state investment of \$500,000 annually. Ohio has eight riverports with a state investment of \$20 million, a recent increase from \$12 million. Missouri has 15 riverports with a state investment of \$12 million annually plus \$30 million as a one-time gift of American Rescue Plan Act (ARPA) funds in FY 2023. Illinois has 19 riverports with a state investment of \$150 million annually. Indiana and Tennessee do not have state grant programs.

All currently active ports in Kentucky were built in the early 1970's and preservation needs are based on "business as usual" today. Each of the Kentucky ports are similar in base commodities, such as fertilizer and grain, but additional commodities handled are based on the location to certain industries. Examples of asset preservation include: a grain conveyor at Hickman, with a replacement cost of \$4.5 million; river mooring cells to dock barges in Paducah, with a cost of

\$669,000; and heavy lift equipment in Owensboro at a cost of \$900,000. To optimize port efficiency and expand markets to attract new anchor tenants and service new industries, modernization and expansion is needed. Some examples of that include: the building of an additional terminal warehouse in Henderson at a cost of \$2 million; rebuilding a new cargo dock in Louisville at a cost of \$8 million; and a 50-acre rail site development in Owensboro at a cost of \$1 million.

Mr. Wright updated the task force on the Owensboro Riverport Authority, which was chartered

in 1966 by the City of Owensboro. From 2022 to 2023 the riverport had a short ton inbound volume of 1.2 million. On barge there were 657,000 short tons over 438 barges that came into the port, the equivalent of about 27,000 trucks. There were 230,000 short tons that came into the port on rail on 2,300 rail cars, the equivalent of 96,000 trucks. There were 329,000 short tons that came into the riverport on 13,700 trucks. The key commodities handled in Owensboro are grain, dry and liquid fertilizer, salt, aluminum, copper, steel, paper, and graphite. Revenue generation for the Owensboro Riverport includes rates for the public use of equipment, and the leasing of facilities and land. Revenue is also generated on a per ton throughput based on tonnage and commodity type.

The Owensboro Riverport supports economic development in many ways, one of which is the addition of 131 jobs to a local auto chassis manufacture through port utilization and infrastructure upgrade. The riverport was also a Better Utilizing Investments to Leverage Development (BUILD) Grant recipient for "last mile" highway upgrades enhancing multiple local industries access. Mr. Wright stated the 2018 Economic Impact Study showed an estimation of the total economic impact of the Owensboro riverport to be approximately \$16.1 million of total output, \$8.6 million of labor income, and support for 197 jobs annually. When analyzing the last six years, it is estimated that the annual impact of the Owensboro Riverport operations to the City of Owensboro is, on average, \$13.8 million of total output, \$7 million of labor income, and support for 161 jobs annually throughout the region.

Ms. Kirchner presented a proposal to the task force for a \$15 million one-time allocation to address asset preservation, with no required match. Ms. Kirchner added she believes it is important to increase annual sustainable funding. There is currently a state commercial watercraft property tax, which Ms. Kirchner suggested be used as a sustainable revenue mechanism for riverports. She added some preliminary figures showing that amount to be approximately \$5 to \$6 million annually. A one-time allocation only makes sense if it is coupled with sustaining annual funding. Similarly, using the currently unfunded Riverport Financial Assistance Trust Fund (KRS 174.210), which requires only a 20 percent local match and does not require all grants to be spent in one year (compared to the KRI grant program that requires a 50 percent local match and has no carry over provisions), could be helpful in expanding the state support for Kentucky's riverports.

Representative John Blanton expressed his support for the \$15 million request and the need to increase annual funding. In response to a question asked by Representative Blanton, Ms.

Kirchner stated the commercial watercraft property taxes are on barges and other vessels used for commercial purposes.

In response to a question asked by Co-Chair Miles, Ms. Kirchner stated they are evaluating eligibility of the matching gap funding provided through House Bill 9 of the 2023 regular session of the General Assembly. Co-Chair Miles added if funding could be carried over, it could be banked towards larger projects. In response to a follow-up

question asked by Co-Chair Miles, Mr. Wright stated there are statistics that compare safety and accidents between barge, rail, and truck, however he does not have those exact numbers, but when compared per ton mile traveled, barge is deemed the safest.

In response to a question asked by Co-Chair Miles concerning safety issues on riverways, Mr. Wright stated there are federal concerns on the M70 marine highway, as well as the M55, which is on the Mississippi River. He added the locks and dams have to be maintained and many are currently backlogged with maintenance repairs. When the Olmstead lock was launched replacing lock 52 and 53, it was done so just as locks 52 and 53 were beginning to fail routinely to the point of shutting down navigation. Mr. Wright stated such instances will continue to occur, and that the dollar amount to maintain those locks and dams is significant when compared to other types of infrastructure improvement. Mr. Wright added however, when droughts occur, Kentucky has a benefit of having locks and dams to maintain a pool of water, causing minimal impact. For that reason, the locks and dams are critical and important for the efficacy of river travel and trade.

In response to a question asked by Representative Smith, Mr. Wright stated on a national level for container movement, Kentucky is many times not an option due to many shippers only allowing containers to leave major port areas for a certain number of days, and the time it takes for those shipments to reach Kentucky ports often exceeds that allotted timeframe. He added St. Louis is currently attempting to initiate a program that includes a faster shuttle boat for container movement on the inland river system. Mr. Wright added the sheer volume needed to fill barges up to their entirety for those runs to and from the larger ports is also an issue that Kentucky faces. In response to a follow-up question asked by Representative Smith, Mr. Wright stated most of Kentucky's riverports have an active foreign trade zone.

In response to a question asked by Chairman Howell, Mr. Wright stated one of the challenges with rail and container movement is that a Kentucky riverport cannot remove a container off of a rail chassis or place a container back on a rail chassis, that must be done by employees of the rail line at those locations. He added Riverport employees have the ability to remove containers off of the river, unload them, load them, and return them to the river, but they cannot touch the rail portion of the shipments. In response to a follow-up question, Mr. Wright stated if there was a demand for a larger volume of goods being shipped, there is a possibility to coordinate with the rail line to have an employee placed at the port to oversee the loading and offloading of the rail chassis.

In response to a question asked by Chairman Howell concerning economic development of particular communities with riverports, Mr. Wright expressed the importance the aluminum industry has on the Owensboro community. Last year the Owensboro Riverport handled a record tonnage of aluminum. Owensboro services products for major companies such as Commonwealth Rolled Products, Southwire, and Logan Aluminum. Mr. Wright stated the Owensboro Riverport ships approximately 1,500 tons a day and in order to ship that amount, local

drivers are needed to make approximately three round trip runs per day, which equates to 60 to 90 trucks of employed drivers. Mr. Wright stated to his knowledge it has not been discussed to build on the relative density of aluminum production in the particular area to recruit additional users, suppliers, and manufacturers of aluminum products, adding there is a big opportunity to do so. As a major aluminum consumer, Kentucky's riverports have the London Metal Exchange and the Chicago Mercantile Exchange as backstops for the aluminum commodity, because aluminum is market driven and traded frequently.

Riverports also support local economic development through the movement of commodities, the ability to handle different products on the river, and the ability to have rail connections at sites. Mr. Wright gave an example of heavy steel pipe being brought in on rail that was to be transferred and moved for usage on a job for a gas company. Due to permitting needs and the difficulty of moving the pipe by truck, the pipe needed to be moved by barge or rail. Mr. Wright gave another example of economic development, the transport of copper. Copper comes from the far west and there is an inventory system made to be closer to the Midwest to supply end-users.

In response to a question asked by Chairman Howell concerning action needed in order to help Owensboro meet increasing demands, Mr. Wright stated they typically evaluate improvements needed internally, then look outward. He added there are some major aluminum consumers throughout the state that are looking for other ways they can connect statewide to grow their business long-term. He added it is his perspective that there needs to be better communication through the Cabinet for Economic Development (CED) and to let the riverports help, to the best of their ability, in order to connect larger riverports with industries across the Kentucky. Mr.

Wright stated CED reaches out to the riverport not for capacity issues, rather, for potential land usage, or for river/rail combination use. He added in regard to utilizing existing capacity at riverports across the state, he is unsure if the level of understanding is there for Kentuckians to know what those riverport capacities are. Mr. Wright added that more education and awareness would address the issue so that collectively as a state, we can learn how to utilize multimodal transit.

In response to a question asked by Chairman Howell concerning businesses using riverport equipment, Mr. Wright stated the equipment could be used for an hourly rate, and the riverport has specialized operators that run the equipment with that company's supervision. He added the riverport may also tandem lift a larger piece with a third-party company utilizing the riverport's crane and operator.

In response to a question asked by Co-Chair Miles, Mr. Wright stated there is a reactive strategy taken to economic development of the riverports, but not necessarily a proactive strategy.

In response to a question asked by Chairman Howell, Mr. Wright stated there needs to be clear direction on how economic development is tied into the riverports and multimodal transport, and how investments could be made to benefit the Commonwealth. Ms. Kirchner stated the KAR and

KBT have started discussions, but for long term results, it is going to take a bigger perspective to define how that should look.

Riverport Operations and Issues Specific to Smaller Riverports

Amanda Davenport, Executive Director, Lake Barkley Partnership for Economic Development, Member, Water Transportation Advisory Board - Eddyville Riverport Operations and Greg Curlin, Vice Chairman, KAR, Port Director, Hickman-Fulton Co. Riverport Authority briefed the task force on riverport operations and issues specific to smaller riverports.

The Eddyville Riverport and Industrial Development Authority (ERIDA) was established in 1976 by the cities of Eddyville and Kuttawa, and Lyon County. In 2002, the riverport combined with the Industrial Development Authority, making ERIDA, the only board in Kentucky to own and operate both the riverport and industrial park. The riverport industrial aspects focus on agriculture, maritime operations, and tourism, and directly supports 200 jobs. The riverport indirectly supports 3,200 agriculture jobs. The industrial park focuses on trucking and chemicals, with target industries in electronic vehicles (EV), plastics, and small manufacturing. The leasing of facilities and land, as well as per ton throughput charges generate revenue for the port. From 2019 to 2021, \$1.6 million in capital investment was received; \$900,000 at the riverport, and

\$700,000 at the industrial park. In 2021, the Port Infrastructure Development Program (PIDP) Small Port Grant of \$6.1 million was received including \$5.9 million in federal funds with \$1.2 million in local match funding.

Ms. Davenport stated the riverport hinterland industrial aspects include a chemical complex in Calvert City, Ascend Elements in Hopkinsville, Envision Battery in Bowling Green, BlueOvalSK Battery in Glendale, and BlueOval City in Stanton, Tennessee. In conclusion, Ms. Davenport stated Kentucky Riverports are in a perfect position to continue the growth of record-breaking economic development projects across all regions and industries in Kentucky.

In response to a question asked by Representative Freeland, Ms. Davenport stated ERIDA is in the process of attempting to acquire property from the U.S. Corps of Engineers to obtain more waterfront by cutting an inlet. She added that the inlet is a better way to utilize the space as it allows use of the land already owned and creating more water frontage without having to go through the Corps. She added that Eddyville is unique in that it is on a lake and not on a river. Because of that, fluctuating water levels and currents are not as much of an issue therefore they are able to operate differently than other ports on bigger rivers.

In response to a question asked by Chairman Howell, Ms. Davenport stated cutting an inlet involves digging a large trench and cutting some rock to create a large, engineered hole. This inlet will be big enough to hold approximately three barges. She added they are not far enough along in the process to be able to identify businesses for possible usage of the inlet, however, one of their tenants is a barge construction

facility and it may prove beneficial to relocate them to the inlet.

In response to a question asked by Chairman Howell, Ms. Davenport stated Eddyville is a very small city, but because of its location to I-69 and I-24 there is access to a population of approximately 800,000. Therefore, when industrial prospects arise workforce availability is not a significant challenge because of road access. Because there is both rail and the river access, ERIDA can compete for bigger scale projects that most communities that size would never acquire.

In response to a question asked by Co-Chair Howell, Ms. Davenport stated when a company wants to bring a project into Kentucky, they express their needs and then the state project manager with CED sends those leads out to the communities that are able to meet those needs. The company then compares sites not only across Kentucky, but across multiple states before one is chosen. She added another advantage Eddyville has is a lower cost of living because of it being a rural community.

Mr. Curlin stated a majority of business at the Hickman Riverport is the loading of grain and other agriculture products. Funding for the riverport, which was established in 1977, is mostly spent on maintenance, and growth has been difficult for the port due to lack of opportunities. Mr. Curlin stated Hickman Riverport supplies goods to industries, and they own their own crane which was replaced in 2012. Hickman sees approximately 1.3 million tons annually rotating through the riverport. Contributing to that tonnage is the neighboring agricultural company and a grain company close by.

Because of the location of the Hickman Riverport on the Mississippi River, dredging is used, and locks and dams are not present. The disadvantage is that there is silt or sand present. The riverport collaborates with the U.S. Army Corps of Engineers out of Memphis, Tennessee to keep the harbor open. The U.S. Coast Guard and a ferry are also present at the port.

Mr. Curlin stated the riverport has a crane and a second conveyor that cannot currently be utilized at the same time, and that issue needs to be resolved. He stated business is turned away based on the inability to operate those two things simultaneously. He reiterated that CED does not reach out to the riverport for opinions on how to best serve the community or how to bring more industry in. He stated CED asks what the riverports are capable of, and they do their best at completing those tasks.

Mr. Curlin stated there are industries in Hickman or Fulton County that require products to be loaded off the river such as steel wire or electrodes that require petroleum coke. He added the

Hickman Riverport is not a good fit for a company looking to be established for economic development because the resources are not currently there. The riverport does have access to rail and road, specifically access to I-69 and a Union City connection in Tennessee. Mr. Curlin stated there is short line rail into the riverport, but that it could be improved.

Mr. Curlin stated the upgrade to their conveyor is the first priority and the second priority is warehousing, as requests are consistently being

made for warehousing needs. Hickman Riverport does not handle aluminum, but most other materials and products are handled there on a small scale. The riverport directly employs 12 people. He added his personal job duties may include helping drive a forklift on a barge one day and being in a meeting the next. Hickman Riverport has applied for the PIDP grant like Eddyville and Paducah have previously and they are looking forward to the possibility of receiving that grant funding to help with the conveyor upgrade.

In response to a question asked by Representative Smith, Mr. Curlin stated the PIDP grant is an 80 percent, 20 percent match and they are focusing on how to fund that.

In response to a question asked by Chairman Howell concerning the conveyor belt upgrade needs, Mr. Carlin stated Cargill is needing the upgrade. Cargill has been there for approximately 30 years and they are behind due to running a smaller belt. He added the belt is approximately 1,200 feet long and spans a long distance across I-94 to the river. It is an extremely important piece of equipment and they must have security that there will be an upgrade, or they may look elsewhere to continue their operation. The conveyor belt used to handle eight million bushels and now handles over 18 million bushels, showing an increased demand, but the ability to meet that demand must be met.

In response to a question asked by Chairman Howell, Mr. Curlin stated the KRI Grants are used by the riverports, but the timeframe riverports have from when they receive the grants to the time the money must be spent is not enough time for a big project to be completed. Because of this, it is impossible to put any funds toward the conveyor upgrade project because that project will take approximately two to three years to complete. Mr. Curlin added companies are wanting to issue longer-term contracts, and currently the contract terms are limited to 20 years.

In response to a question asked by Chairman Howell, Mr. Curlin stated the use of older equipment has caused the funding received to be used for maintenance rather than for investing in new equipment. Ms. Kirchner added that rearranging the allocation of funds and investing in the riverports makes good sense and is good policy.

In response to a question asked by Representative Blanton, Ms. Kirchner stated the \$500,000 allocation from the KRI grant program has been that same amount since 2013, and that the Riverport Financial Assistance Trust Fund was established but never funded.

In response to a question asked by Chairman Howell, Mr. Curlin stated Hickman is one of three still water ports on the Mississippi River. He added safety is a big advantage to being a still water port because current is not as much of an issue as a main water channel.

Adjournment

With no further business to come before the task force, Chairman Howell adjourned the meeting at 4:59 P.M.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 3rd Meeting of the 2023 Interim August 3, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Natural Resources and Energy was held on August 3, 2023, at 1:00 PM in Room 154 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jim Gooch Jr., Co-Chair; Senator Adrienne Southworth, Senator Johnnie Turner, Senator Robin L. Webb, Senator Phillip Wheeler, Representative John Blanton, Representative Adam Bowling, Representative Lindsey Burke, Representative Beverly Chester-Burton, Representative Myron Dossett, Representative Patrick Flannery, Representative Chris Fugate, Representative Al Gentry, Representative Daniel Grossberg, Representative DJ Johnson, Representative Bobby McCool, Representative Tom Smith, Representative Bill Wesley, and Representative Richard White.

Guests: Asim Z. Haque, Vice President, State & Member Services, PJM Interconnection, LLC (PJM); and Timothy C. Burdis, Senior Manager, State Policy Solutions, PJM.

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

Approval of minutes for the meeting of July 20, 2023

A motion to approve the minutes was made by Representative Fugate and seconded by Representative Johnson. The minutes were approved by voice vote.

Ensuring a Reliable Energy Transition

Asim Haque stated that PJM is the regional grid operator for 13 states, which includes about half of Kentucky, and the District of Columbia. Kentucky transmission owners include East Kentucky Power Cooperative, Duke Kentucky, and Kentucky Power. Mr. Haque briefly described the process of power delivery and PJM's involvement. PJM and nine other grid operators in North America are involved in the generation and transmission of power. Distribution of power is typically regulated by state and local governments. PJM's core mission is reliability. It accomplishes this goal through operations, planning, and markets to keep costs low for consumers.

In response to Chair Gooch, Mr. Haque affirmed that states that allow utilities to construct their own power generation facilities without state approval are considered deregulated or restructured.

Mr. Haque provided a breakdown of PJM's current energy sources, such as coal, natural gas, and nuclear, as well as a growing number of renewable resources. The largest number of applications in the queued capacity come from solar, storage, and natural gas. Given PJM's pending applications for prospective energy connections, Mr. Haque stated that there is an energy transition occurring. This transition presents

some energy reliability challenges, which have been identified by PJM, in a study they published titled Energy Transition to PJM: Resource Retirements, Replacements and Risks. The findings of experts at PJM show that there is concern of a supply crunch toward the end of this decade. PJM is expecting a period of load growth that will be attributed primarily to increased electrification, including in the automotive sector, and data center proliferation. Mr. Haque stated that PJM forecasts that 21 percent of its installed generation will be retired in the next decade.

In response to Chair Gooch, Mr. Haque stated that PJM's capacity is 180 gigawatts (GW). There may be a variance in the total number due to capacity. PJM projects losing 40 GW of the total 180 GW by 2030.

Mr. Haque stated that the projected retirements will not be matched with new generation resources, which will create resource adequacy concerns.

In response to Chair Gooch, Mr. Haque stated that thermal generation, which is nonrenewable capacity, is valued more highly than renewable energy sources because they offer baseload capacity that is dispatchable on demand.

Mr. Haque stated that PJM categorized concerns about renewable resources and their reliability. The immediate concern is supporting generator performance, and the near-term concern is ensuring resource adequacy, as it anticipates a supply crunch later in this decade. PJM's goal is to maintain and attract essential reliability services. Those services are currently thermal, but PJM would also like to attract new types of baseload services. PJM attempts to maintain reliability that is cost-effective.

PJM analyzed and crafted 16 critical actions, the Reliability Initiative, to preserve reliability and alleviate concerns. Mr. Haque encouraged the committee to visit pjm.com to view the details of the Reliability Initiative.

In response to Senator Wheeler, Mr. Haque stated that, in the PJM footprint, Kentucky is composed of more than 50 percent of coal resources and 40 percent natural gas resources. He stated that the organization has not found many renewable resources to support the state. PJM is conscious of the price of energy bills and operates relatively conservatively in that regard.

PJM does not set distribution and generation rates to consumers. The Kentucky Public Service Commission (PSC) is responsible for setting those rates. PJM has less than 10 percent of renewables in their footprint. As integration of renewable generation sources increases, it will monitor the price of power. PJM is transparent about cost and will continue to interact with the Interim Joint Committee on Natural Resources and Energy. PJM ascribes a particular capacity value to each type of generation facility, based in part on the intermittency of the generation source. The net sum of those capacity values creates the overall value of those markets.

In response to Representative Blanton, Mr. Haque stated that PJM is concerned about the stability of the power grid as a result of policy decisions. PJM aims to ensure there are enough generation resources to provide essential reliability services at an affordable cost to consumers. While some other states may benefit from the reliability of electricity generation

from Kentucky's thermal units, Kentucky residents derive the primary benefits, which can include greater economic development opportunities.

In response to Chair Gooch, Mr. Haque stated that, in vertically integrated states like Kentucky, utilities supply integrated resource plans to their commissions. In deregulated states, there is a capacity market to procure resource adequacy for the future. PJM is not contemplating a reliability surcharge, but is contemplating market reform to maintain reliability. This potential market reform could result in higher rates for deregulated states.

In response to Representative Wesley, Mr. Haque stated that the risk of not having resource adequacy will increase the risk of shedding load. This could force service outages in order to preserve overall system reliability unless there is adequate replacement.

Representative Smith stated that he is in favor of providing the lowest costs to consumers and continuing the utilization of fossil fuels.

In response to Senator Southworth, Mr. Haque stated that he will provide the report that the

North American Electric Reliability Corporation released. There are regions in the country that are at a highly elevated risk to shed load during the summer. PJM is not in that zone. Kentucky has a few different grid operators. PJM covers Duke Energy and Kentucky Power.

In response to Representative Gentry, Mr. Haque stated that hydrogen power generation is in a research and development phase with several of PJM's member companies. PJM needs units that are deployable at a scale that can provide essential reliability services. PJM would be willing to have hydrogen power generation if it is safe and reliable.

In response to Senator Webb, Mr. Haque stated that PJM would create power outages specific to what is necessary for the engineering of the power grid. PJM does not deal on the retail side with end use customers. It can become dangerous to become people-centric regarding power outages. PJM is mission driven to keep the lights on and prioritize people.

In response to Representative Burke, Mr. Haque stated that PJM understands that some state and local economies are reliant on fossil fuel industries. There is a need for these thermal resources until they can effectively be replaced.

In response to Representative Johnson, Mr. Haque stated that load forecasts are consistently updated. He is unsure if the load forecasts are conservative, but retirement forecasts are. Mr. Haque stated that he cannot say with certainty if PJM will effectively prevent outages in the power grid and create an effective transition to renewable energy. Diversity of PJM's footprint gives it a fighting chance to rise above the upcoming issues in the industry. Mr. Haque stated that technology development is an unpredictable variable. The composition of PJM's energy generation queue suggests that PJM will become greener. However, it is unsure of how many projects in the queue will ultimately be constructed. Currently, there are 48 GW of energy that have come out of PJM's queue and are awaiting construction, which are now facing siting, supply chain, and financing issues. In the last year, there were only 2 GW of power generation added last

year: 1,300 megawatts (MW) in natural gas and 700 MW in renewable resources.

In response to Representative Flannery, Mr. Haque stated that, with increased electrification and retirements, he is concerned that there may not be enough power generation. The power grid needs thorough analysis before more policy decisions are made. Mr. Haque recommended that the Kentucky General Assembly prioritize reliability and cost when proposing legislation.

Thermal resources are needed for reliability until replacement technology exists to deploy at scale.

In response to Representative Wheeler, Mr. Haque stated that local transmission projects are built out at the discretion of the local utility. PJM has created a venue where stakeholder and transmission owners can present projects they intend to construct. This serves as a public forum to emphasize transparency. PJM works on regional projects rather than local projects. The oversight of this has become a cost driver for Kentucky consumers.

In response to Representative McCool, Mr. Haque stated that PJM is regulated at the federal level by the Federal Energy Regulatory Commission (FERC). The Kentucky Public Service Commission is the primary regulator for electric rates and service in the state.

In response to Chair Gooch, Mr. Haque stated that PJM does not delineate between investor owned and merchant utilities. Some industrial sites are now placing generation on their property to ensure reliability. FERC has created an opportunity for these onsite generation sources to be aggregated and placed on wholesale markets.

Chair Gooch expressed his appreciation to PJM for raising the concerns of affordability and reliability.

Adjournment

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

**Minutes of the 4th Meeting of the 2023 Interim
September 21, 2023**

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Natural Resources and Energy was held on September 21, 2023, 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: Representative Jim Gooch Jr. Co-Chair; Senator Brandon Smith Co-Chair; Senators Cassie Chambers Armstrong, John Schickel, Adrienne Southworth, Johnnie Turner, Robin L. Webb, Phillip Wheeler, and Gex Williams; Representatives Jared Bauman, John Blanton, Adam Bowling, Randy Bridges, Lindsey Burke, Myron Dossett, Ryan Dotson, Patrick Flannery, Chris Fugate, Al Gentry, Daniel Grossberg, DJ Johnson, Suzanne Miles, Tom Smith, Bill Wesley, and Richard White.

Guests: Rich Storm, Commissioner, Department

of Fish and Wildlife Resources; Heather Jeffs, Director of External Affairs, The Nature Conservancy; Will Bowling, Conservation Program Specialist, Rocky Mountain Elk Foundation; and Bob Bauer, Executive Director, Kentucky Forest Industries Association.

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

Approval of minutes for the meeting of August 3, 2023

A motion to approve the minutes was made by Representative Dotson and seconded by Representative Bowling. The minutes were approved by voice vote.

Update on the acquisition of conservation easements made pursuant to 2023 Regular Session SB 241

Heather Jeffs stated that the General Assembly's work on 2023 Regular Session Senate Bill 241 has allowed for the creation of a permanent conservation, recreation, and public access easement on more than 54,000 acres in Bell, Knox, and Leslie counties. The Nature Conservancy's Cumberland Forest project spans 253,000 acres across Kentucky, Tennessee, and Virginia, and is one of the largest land deals in the history of the organization. The Kentucky portion of this project is in the heart of the elk zone in Kentucky, which is home to the largest elk herd east of the Rocky Mountains.

In 2022, the Kentucky Department of Fish and Wildlife Resources (KDFWR) identified federal funds to acquire the easement, but there was a 25 percent non-federal match required. In the 2022 Regular Session, the Kentucky General Assembly appropriated \$3.875 million to leverage the federal funds. The Nature Conservancy has worked in strong partnership with KDFWR and the Rocky Mountain Elk Foundation since that time to complete the acquisition.

KDFWR acquired the easement under the authority provided by the passage of 2023 RS SB 241. The department submitted an amended grant request for federal Pittman-Robertson funding and selected a surveying firm. In the summer of 2023, both parties signed the land contract, completed title work, and engaged a closing attorney to establish an escrow account. All parties are committed to closing the land deal by the end of the calendar year and are optimistic that it could be completed by November.

Will Bowling stated that the mission of the Rocky Mountain Elk Foundation is to ensure the future protection of elk, other wildlife, their habitat, and our hunting heritage. Mr. Bowling called the land deal a historic conservation achievement, which was only made possible with the support of the Kentucky General Assembly. The permanent conservation easement will improve quality of life for the surrounding communities, support outdoor recreation tourism, and provide for sustainable management of the natural resources on the easement, all of which will promote economic development in the area. The KDFWR will acquire the permanent conservation easement and the property will continue to be classified as privately-owned. As a privately-owned property, the easement will continue to be taxed,

which will support local communities with revenue from property taxes.

Commissioner Rich Storm stated that the land deal is a model for the future of Kentucky and thanked Senator Webb for enabling the acquisition by sponsoring 2023 RS SB 241. The KDFWR is 25 years into an elk restoration program. There is limited public access to hunting grounds in Eastern Kentucky, and this conservation easement will provide 54,000 acres of continuous track of huntable lands for elk, deer, turkey, and other species to address that problem. Kentucky will provide five percent publicly-owned land and will continue to lose more natural resources with private property expansion.

Chair Smith congratulated presenters on the closing of the land deal and stated that the project is a historic win for Kentucky. The project was almost lost three times, and Chair Smith commended Commissioner Storm for his continued efforts.

In response to Representative Gentry, Commissioner Storm stated that there is room for growth for the Kentucky elk herd. The KDFWR is happy with the 25-year population growth, and there will be future opportunities to allow for more elk hunting tags.

In response to Representative Bowling, Commissioner Storm stated that the easement is open through a hunter access agreement.

Senator Webb thanked the partners in the easement deal and former Tennessee State Senator Mike Bell for their efforts.

In response to Senator Southworth, Commissioner Storm stated that the Kentucky Finance Cabinet prevented the progress of projects by KDFWR due to a pattern of unresponsiveness to requests for project approvals.

Senator Webb stated that she has experienced lack of communication with the Kentucky Finance Cabinet.

Representative Blanton suggested that the KDFWR consider primitive weapon hunting when developing plans for the easement.

Senator Turner commended the leadership of members of the General Assembly who supported 2023 RS SB 241 to circumvent issues that had arisen during the procurement process.

In response to Representative Smith, Ms. Jeffs stated that conversations are still open regarding utilization of the easement. Commissioner Storm confirmed that the opportunity for off-road vehicle usage on the property is being considered.

Update from the Kentucky Forest Products Industry

Bob Bauer stated that the Kentucky Forest Industries Association (KFIA) represents a wide range of forestry industry stakeholders including sawmills, loggers, and forest land owners. The forestry industry employs over 27,000 people with over \$13 billion in economic contributions. There are more loggers entering the professional field as a result of legislative efforts and state programs. The KFIA and its partners recently received funding to educate young people on forestry issues and provide information on different employment opportunities in the industry.

There has been an increasing demand for white oak as a result of the success and growth of the bourbon

industry. The KFIA has implemented measures to educate forest managers, land owners, and loggers on the best management practices of growing white oak. The price being paid for white oak has tripled in the last five years.

Mr. Bauer stated that there are still concerns in the forest industry. In Eastern Kentucky, there is a concern about the demand for lower-grade wood, as nearby papermills shut down. Stormwater renewal costs for mills may triple. If the problems are not mitigated, Mr. Bauer will return during the 2024 Regular Session to speak on the issue.

Adjournment

COMMISSION ON RACE & ACCESS TO OPPORTUNITY

Minutes

August 22, 2023

Call to Order and Roll Call

The 3rd meeting of the Commission on Race & Access to Opportunity was held on August 22, 2023, at 1:00 PM in Room 131 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 Killian Timoney, Co-Chair; Senator Karen Berg, Senator Gerald A. Neal, Senator Whitney Westerfield, Representative George Brown Jr., Representative Samara Heavrin, Representative Nima Kulkarni, James Coleman, and Erwin Roberts.

Guests: Dr. Aaron Thompson, President, Council on Postsecondary Education; Dr. Eli Capilouto, President, University of Kentucky; Ashli Watts, President and CEO, Kentucky Chamber of Commerce; and Ray Daniels, Co-Founder, President and CEO, ESG Consulting, LLC.

LRC Staff: Brandon White, and Brett Gillispie.

The Commission on Race & Access to Opportunity recognized Erwin Roberts for his service to the Commonwealth and his contribution to the Commission, on the occasion of his final meeting as a member.

Approval of Minutes

Senator Neal made a motion to approve the minutes taken at the July 24, 2023, meeting. The motion was seconded by Senator Westerfield and approved by voice vote.

Postsecondary Education - Diversity, Equity, and Inclusion

Dr. Aaron Thompson, President, Council on Postsecondary Education and Dr. Eli Capilouto, President, University of Kentucky presented on diversity, equity, and inclusion in postsecondary education.

Dr. Thompson said that the goal of Kentucky's higher education leaders is to make education Kentucky's great equalizer. He added that the best route to a strong economy is a robust postsecondary education system that is accessible to all citizens. The Kentucky Council on Postsecondary Education's

goal is to ensure that 60 percent of Kentuckians have a postsecondary credential by 2030. As of 2021, 54.3 percent of Kentuckians have a postsecondary degree or certificate, up from 50.3 percent in 2017. Additionally, Kentucky's growth in completion rates is one of the highest in the United States.

Dr. Thompson said that equity refers to providing all students, regardless of background, with the tools needed to succeed, and that diversity does not refer to forcing an ideology onto an individual or group. He added that the retention and graduation rate progress of under represented minority (URM) and low-income students often exceeds the overall progress for their sector, and that the overall rates have also increased. Kentucky is making excellent progress in postsecondary education and that the current momentum should be continued.

Dr. Capilouto said that the University of Kentucky's mission is to help build a healthier, wealthier, and wiser Commonwealth. He discussed the university's history in serving minority populations, including its status as the first university in the Southeastern Conference to racially integrate its athletics programs, and discussed its desire to provide access to opportunity for all.

Dr. Capilouto said that the overall amount of degrees and credentials awarded by the University of Kentucky has increased from 6,278 in 2014 to 9,456 in 2023, and that degrees awarded to URM students have increased from 594 to 1,416 within the same period. Additionally, total four year graduation rates rose by over 20 percent in 12 years from 2006 to 2018. This growth has been facilitated by enrolling a more diverse student body, with more than a quarter of University of Kentucky graduates being first-generation college students.

Dr. Capilouto said that the number one obstacle to student retention is unmet financial need. In response to this issue, the University of Kentucky created the UK LEADS, a one-time grant program targeted at students with an unmet financial need of more than \$5,000. This has led to greater than expected retention of students who might otherwise be unable to stay at the university. The university is also debuting a new program called UK Invests, which gives every student on campus access to their own brokerage account to invest in their financial literacy and stability.

Dr. Capilouto said that Kentucky faces unique challenges as a high poverty state, with 45 counties suffering from persistent poverty. Additionally, Kentucky has cancer rates significantly higher than the national average. The University of Kentucky is investing heavily in creating diverse teams to combat persistent poverty and cancer in an increasingly diverse Commonwealth. He added that diverse issues require a diverse workforce to solve them, and that everyone should have an open field and a fair shot at success.

Dr. Thompson said that diversity is the difference among population groups, inclusion is asking every person and group for participation, and that equity is giving every person and group the tools that they need to succeed. He added that diversity, equity, and inclusion (DEI) is not limited to racial or ethnic diversity.

In response to a question from Chairman Givens,

Dr. Capilouto said that 25 percent of all in-state students at the University of Kentucky come from families whose income is less than \$25,000/ year, and that the university is deeply committed to serving these students.

In response to a question from Representative Kulkarni, Dr. Capilouto said that the university is heavily focused on increasing the amount of STEM degrees. Dr. Thompson added that Kentucky was one of the first states to have college enrollment rebound after the COVID-19 pandemic. In response to a follow-up question, Dr. Capilouto said that the provided numbers include international students, but that international students represent a small fraction of the total number of undergraduate students.

In response to a question from Representative Brown, Dr. Capilouto said that the University of Kentucky has a responsibility to follow the law as interpreted by the Supreme Court in *Students for Fair Admissions v. Harvard* and *Students for Fair Admissions v. the University of North*

Carolina, but that the University of Kentucky also has a responsibility to continue the advances it has made serving all students. Dr. Thompson added that students need to feel that they will be welcome at the university regardless of background, and that he sees this as a DEI effort. In response to a follow-up question, Dr. Capilouto said the university is helping to teach students financial literacy through a variety of means. Dr. Thompson added that the university is working with employers to develop essential skills among students from diverse backgrounds, and that his goal is that all Kentucky students will conduct an employer-based program by 2030. In response to another follow-up question, Dr. Capilouto said that the university is making it easier to procure from diverse vendors.

In response to a question from Senator Berg, Dr. Thompson said that dialogue on issues relating to DEI between higher education and the legislature is important, but that the momentum of progress in Kentucky's higher education should not be ruined. Dr. Capilouto added that the University of Kentucky's definition of diversity is broad and includes students who were formerly in foster care, eligible for free or reduced lunch, and had no parents with a bachelor's degree.

Dr. Capilouto and Dr. Thompson emphasized the importance of higher education for individual students and Kentucky as a whole.

Kentucky Chamber Foundation's Center for Diversity, Equity, & Inclusion

Ashli Watts, President and CEO, Kentucky Chamber of Commerce and Ray Daniels, Co-Founder, President and CEO, ESG Consulting, LLC presented to the Commission on the Kentucky Chamber Foundation's Center for Diversity, Equity, and Inclusion (DEI).

Ms. Watts said that the Kentucky Chamber Foundation's Center for DEI has created a DEI task force of business and community leaders in order to help recruit a more diverse workforce for Kentucky employers and foster economic opportunity. The Center for DEI recently hosted a DEI Academy for Kentucky employers including Goodwill,

Toyota, and Bellarmine University that received an overwhelmingly positive response. Additionally, the Center for DEI hosted a Shop Conscious Minority Business Certification Event to improve access for minority-owned businesses. The Chamber has also begun hosting an annual DEI summit to bring together business and policy leaders from across the Commonwealth to discuss pressing issues facing Kentucky's economy and workforce. Finally, the Center for DEI has created a Kentucky Minority Owned Business Database to increase accessibility to smaller businesses for companies looking to diversify their supply base.

Mr. Daniels said that economic disparity was listed with health and education disparity because economic opportunity often has a positive impact on other issue areas, and that the Chamber is motivated to create a better workforce for Kentucky by accessing untapped talent. The Chamber has been using its resources to connect minority-owned businesses with the resources that they need to improve their business models and achieve success. He added that minority-owned businesses invest in their local communities by hiring local, spending their money in the local community, and paying taxes in their locality.

In response to a question from Chairman Givens, Mr. Daniels said that a major disappointment is when companies ultimately decide to leave Kentucky due to the belief that they will not be profitable here. In response to a follow-up question, Mr. Daniels said that he is concerned with workforce retention and turnover. In response to another follow-up question, Ms. Watts said that the work-life balance post-COVID-19 has become less clearly separated and that the workforce is seeking more flexibility in employment. She added that Kentucky's workforce participation rate is in the bottom 10 states, and that employers are offering more diverse benefits to attract new talent. Mr. Daniels added that young students are committed to work and are seeking out internships and dual credit opportunities before they arrive at their university.

Chairman Timoney complimented the Kentucky Chamber's DEI efforts and expressed his belief that DEI initiatives add something of value to Kentucky's economy and workforce.

Representative Brown complimented the Kentucky Chamber for its DEI efforts. He said that the Shop Conscious events have been effective, and expressed his support for the Chamber's Second Chance Hiring program that provides job training for formerly incarcerated individuals reintegrating into society.

Chairman Givens recognized the work being done by the Kentucky Office of EEO and Contract Compliance and encouraged the guests and members of the Commission to connect with that office.

Adjournment

There being no further business, Chairman Givens adjourned the meeting at 2:45 p.m.

COMMISSION ON RACE & ACCESS TO OPPORTUNITY

Minutes

September 26, 2023

Call to Order and Roll Call

The fourth meeting of the Commission on Race & Access to Opportunity was held on September 26, 2023, at 1:00 PM in Room 149 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; Senators Karen Berg, Gerald A. Neal, and Whitney Westerfield; Representatives George Brown Jr., Samara Heavrin, and Nima Kulkarni.

Guests: Senator Reginald Thomas; Molinda Soth, Nail Technician; Ponya Soth, Nail Technician; Mike Carter, Retired Nail Technician and Eyelash Artist, Previous Owner of Eyelashes Now and Cosmo Nails; Lianna Nguyen, Licensed Instructor, nail school owner; and Dr. Aleeta M. Powe, Associate Professor, Department of Chemistry, University of Louisville.

LRC Staff: Brandon White and Brett Gillispie.

Nail Technicians

Senator Reginald Thomas; Molinda Soth, Nail Technician; Ponya Soth, Nail Technician; Mike Carter, Retired Nail Technician and Eyelash Artist, Previous Owner of Eyelashes Now and Cosmo Nails; and Lianna Nguyen, Licensed Instructor, nail school owner, presented to the commission on systemic barriers facing nail technicians in Kentucky and proposed legislation to address these issues.

Senator Thomas summarized a proposed bill that he is sponsoring that would reform the Kentucky Board of Cosmetology and its licensure and review processes for nail technicians licensed to operate in Kentucky. This legislation would require the Board of Cosmetology to offer licensure exams in languages other than English, remove caps on retakes, reduce the money charged to prospective technicians to take licensure exams, require state inspectors to have a background in the cosmetology industry, and provide nail technicians representation on the Board of Cosmetology.

Ms. Molinda Soth said that the nail technicians are organizing and advocating for fairer licensure, investigation, and review processes from the Board of Cosmetology. Specifically, they are demanding the ability to take the licensure exam in languages other than English. In particular, the needed languages are Vietnamese, Lao, and Khmer, as the Asian American and Pacific Islander (AAPI) community represents a significant amount of the workforce in the industry. The nail technicians are also asking to end caps on retakes for the licensure exam. Ms. Soth said that many qualified applicants are being denied entrance into the nail technician field in Kentucky due to a lack of accessibility for applicants with limited English proficiency and that this is harming Kentucky's economic competitiveness in the cosmetology field and limiting the Commonwealth's tax base.

Ms. Nguyen said that the nail technicians are demanding transparency and due process for

the Kentucky nail industry from the Board of Cosmetology.

Ms. Ponya Soth said that testing workers in a language that they do not speak is forcing them to memorize words in preparation for the licensure exams rather than testing if they understand concepts.

Mr. Carter accused the Kentucky Board of Cosmetology of facilitating racial discrimination against the AAPI community in its regulation of the industry by disadvantaging non-native English speakers. He said that the nail technicians need a voice on the Board of Cosmetology and that a licensed nail technician should be a member of the board. He asked for support for Senator Thomas' bill.

Julie Campbell, Executive Director, Kentucky Board of Cosmetology and Chris Hunt, General Counsel, Kentucky Board of Cosmetology, presented arguments in opposition to the proposed legislation to the Commission.

Ms. Campbell said that the Board of Cosmetology consists of two educators, two salon owners, and a citizen member-at-large. The current licensing base is approximately 24,000 individual licenses, 16 percent of which are licensed nail technicians. She added that of the eight inspectors currently on staff at the Board of Cosmetology, seven are licensed cosmetologists.

Ms. Campbell said that it costs the Board of Cosmetology \$82 to administer a test to an applicant and that the nail technician pass rate for 2020-2021 was 46 percent, while the cosmetology passing rate is in the mid to high 70s. Exam takers are charged \$85 every time they take the exam.

Ms. Campbell said that the exam is written and researched at a national level and given in more than 30 states and that the three year waiting period is important due to changing safety procedures. She added that the exam is offered in several languages but not all, and that the test curriculum is only provided in English or Spanish.

Mr. Hunt and Ms. Campbell discussed the alleged incident at the Louisville nail salon. Senator Westerfield said that the discussion of the individual incident at the nail salon in Louisville is not relevant to the commission. He added that he does not find anything objectionable about the proposed legislation and believes that administering the licensure test in multiple languages is a reasonable request.

In response to a question from Senator Westerfield, Ms. Campbell said that if multiple languages are accessible through the vendor used by the Board of Cosmetology, the board would potentially be open to administering the exam in multiple languages. In response to a follow up question, Mr. Hunt said that the complaints drafted by inspectors and sent to licensees are not offered in languages other than English. Ms. Campbell added that the proposed legislation would require exams to be administered at no greater than \$35 to the taker, which she says the Board of Cosmetology cannot afford. In response to a follow up question, Ms. Campbell said that the exam administered to out-of-state applicants is the same as that administered to in-state applicants. In response to a follow-up question, Ms. Campbell said that four out of the five members of the board are licensed cosmetologists. In response to a follow up question, Ms. Campbell said that the board does not keep racial

data on exam takers and that they are unaware of any data provided at the national level.

Senator Westerfield said that he was insulted that Ms. Campbell and Mr. Hunt would use a photograph of an individual who is a subject of a complaint on the presentation that they brought before the commission as it was inappropriate. He added that it is troubling that the passing rate of the cosmetology exam is significantly higher than that of the nail technician exam, which covers much of the same material, and that he suspects that this is attributable to a language barrier. He said that he believes that the Commonwealth of Kentucky should be allowing individuals who want to work to be successful in the workforce.

In response to a question from Chairman Givens, Ms. Campbell said that an applicant can fail the licensure exam up to five times before the three year waiting period is imposed.

In response to a question from Senator Berg, Mr. Hunt said that he believes that the majority of the 22 emergency closures by the Board of Cosmetology were of nail salons. In response to a follow-up question, Mr. Hunt said that the most egregious alleged violation by the nail salon referenced earlier was that unlicensed individuals were practicing on the premises. In response to a follow-up question, Ms. Campbell said that the board does not know how many licensed cosmetologists or nail technicians were English as a Second Language (ESL) speakers.

Senator Berg commented that she is grateful that the Board of Medicine does not have the same level of animosity with medical providers that exists between the Board of Cosmetology and nail technicians. She said that the mutual animosity speaks to a significant problem. She added that the low licensure exam passing rate for nail technicians needs to be addressed.

In response to a question from Senator Berg, Ms. Campbell said that the Board of Cosmetology is responsible for the quality of cosmetic education provided to applicants but that the schools are not nationally accredited. In response to a follow-up question, Ms. Campbell said that the board performs audits and records verifications as well as trying to visit all schools providing cosmetology education. In response to a follow-up question, Mr. Hunt said that without school accreditation, the board does not have the resources to verify the quality of education at every school.

Senator Berg said that current passing rate is unacceptable and that instruction should accommodate ESL students.

In response to a question from Representative Kulkarni, Ms. Campbell said that the licensing fee for applicants is \$50 in addition to the \$85 exam fee which is paid each time a person sits for an exam. In response to a follow-up question, Ms. Campbell said that the Board of Cosmetology does not have the resources to translate the educational materials or hire translators. In response to a follow-up question, Ms. Campbell said that the board has received letters requesting that exams be provided in languages other than English from Mr. Carter and from nail technicians. In response to a follow-up question, Ms. Campbell said that the board is limited in resources and has not been able to properly review the demands

of the nail technicians but is likely open to discussion.

Senator Neal said that a lack of communication and a gap in understanding is creating divisions between the Board of Cosmetology and nail technicians.

In response to a question from Senator Neal, Ms. Campbell said that adding a nail technician to the Board of Cosmetology would complicate the decision making process by having an even number of members on the board, opening up the possibility of tie votes on decisions.

Senator Thomas, Ms. Ngyuen, and Mr. Carter returned to the table to take questions regarding the proposed legislation.

Ms. Nguyen said that the vendor and testing software used by Kentucky is also used by Minnesota which provides unlimited licensure exams in languages including Vietnamese, Khmer, and Spanish and that the test is administered for \$25. Additionally, she said that the vendor can provide interpreters for test takers.

Mr. Carter accused state inspectors from the Board of Cosmetology and Ms. Campbell of racially discriminatory behavior and inappropriate conduct.

Senator Thomas said that there is a significant administrative delay in getting licensees information that is not codified in KRS statute, and he said that having a seat at the table in decision making is important for licensed nail technicians. He added that he voted against the formation of the Commission on Race and Access to Opportunity due to his belief that bodies such as the commission are deliberate and ineffective on issues but hopes that the commission will contradict that view by supporting his proposed legislation as it is consistent with the commission's mission statement.

Chairman Givens said that the commission is not charged with any legislative authority and cannot pass legislation. He added that repairing the relationship between the Board of Cosmetology and nail technicians is a priority and encouraged Senator Thomas to help lead in finding a compromise.

Associated Health Risks of Ethnic Hair Care Products

Dr. Aleeta M. Powe, Associate Professor, Department of Chemistry, University of Louisville, presented to the commission regarding the risks associated with hair care products primarily marketed to Black women.

Dr. Powe said that disulfide bonds are primarily responsible for forming curly hair and that hair straightening products target and break down these bonds. Hair relaxing chemicals target these bonds and break them down, chemically straightening hair. The chemicals used to relax hair are very harsh and permanently destroy the disulfide bonds in the user's hair.

Dr. Powe said that American society idolizes European beauty standards and sets unrealistic standards for non-white Americans, and Black women frequently utilize hair relaxing products in order to have their hair conform to those standards. Studies have demonstrated bias against Black women who wear natural hair styles in the workplace. They are perceived as less professional and polished-looking

and are less likely to be offered a job interview. As a result, Black women spend approximately ten times the amount on hair care products as their white counterparts in order to achieve a more "professional" look.

Dr. Powe said that one of the most common types of hair relaxers is called lye relaxers, which contains the same chemicals used in drain and oven cleaners as well as hair removal creams, and they are known to cause chemical burns to the scalp and hair loss. Lye relaxers are almost exclusively marketed to Black women and are linked to increased risk of breast cancer. Formaldehyde is also used in hair products marketed to Black women in the United States and can cause severe kidney injury. Other hair care products marketed to Black women can cause dry scalp and loss of hair color, respiratory issues, fertility and reproductive issues, obesity, type 2 diabetes, and numerous types of cancer.

Dr. Powe said that Black girls are exposed to these chemical products early and will often be heavy lifelong users of them. However, only 3 percent of beauty products marketed to Black women originate with companies that are Black-owned.

In response to a question from Senator Westerfield, Dr. Powe said that breast cancer is usually found later in Black women despite them being at an elevated risk and that it has a 31 percent mortality rate. She added that the industry is not motivated to change because they believe that Black women will patronize their business regardless of whether the products are toxic, and that they have tried to creatively market their products as safer as more Black women are choosing to wear their hair naturally, but the products remain toxic.

In response to a question from Representative Kulkarni, Dr. Powe said that lye products are marketed exclusively to people with curly and kinky hair. In response to a follow up question, Dr. Powe said that brands are not uniform or clear in the concentrations of certain chemicals in their products. In response to a follow-up question, Dr. Powe said that there is very little regulation on chemical relaxers marketed to Black women, but that L'Oreal is facing a class action lawsuit from customers due to the cancer risks associated with beauty products.

Representative Brown invited Dr. Powe to come back to the General Assembly and participate in the conversation regarding the CROWN Act. He thanked her for her expert testimony and for bringing these issues to the commission's attention.

Adjournment

There being no more business, Chairman Givens adjourned the meeting at 3:15 p.m.

TASK FORCE ON SCHOOL AND CAMPUS SECURITY

Minutes of the Second Meeting of the 2023 Interim August 1, 2023

Call to Order and Roll Call

The second meeting of the Task Force on School

and Campus Security was held on August 1, 2023, at 2:00 p.m. in Room 131 of the Capitol Annex. Representative Scott Lewis, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Scott Lewis, Co-Chair; Senators Matthew Deneen, Michael J. Nemes, Reginald Thomas, and Stephen West, Representatives Savannah Maddox, Scott Sharp, James Tipton, and Lisa Willner. Guests: Jon Akers, Executive Director, Kentucky Center for School Safety; Ben Wilcox, State School Security Marshal, Kentucky Justice and Public Safety Cabinet; Matthew Courtney, Policy Advisor, Office of Continuous Improvement, Kentucky Department of Education.

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

Approval of Minutes - July 18, 2023

Senator Deneen made a motion, seconded by Representative Tipton to approve the minutes of the July 18, 2023, meeting of the task force. The motion passed by voice vote.

Kentucky Center for School Safety & Office of the State School Security Marshal

Mr. Akers shared his concern that the reporting on school resource officers (SROs) across the nation does not accurately reflect the experiences of SROs in Kentucky. To better illustrate what the SROs do, he shared a video produced by the Department of Criminal Justice Training. The video is available to view as a link in the task force meeting materials on the LRC website.

Mr. Wilcox spoke at length about the training requirements for SROs and the 120 hours of training provided. As a specialized unit, a special kind of person is required to become an effective SRO. A significant portion of the training is devoted to diversity issues, special needs concerns, cyber bullying, and trauma informed care. Threat assessment and mental health first aid are critical elements of SRO training and are more useful to them than the training on active shooter situations.

Senator Thomas said he has heard nothing but good things about Marshal Wilcox and the positive impact of SROs in Kentucky schools.

SRO training will soon be absorbed into the DOCJ training and utilize regional staff to offer training during the summer to prevent pulling SROs from their home districts for training during the school year. The department is in the midst of their fifth assessment of school safety. The data will be available soon, but trends have been very positive. Schools and administration have been proactive in achieving the goals set forth in the School Safety and Resiliency Act (SSRA) with many schools reaching full compliance. One issue that continues is the need to recruit more SROs to meet the staffing goals defined in the SSRA. Other states look to Kentucky as a model for school safety legislation. Of note is the Handle With Care program, as Kentucky is the only state that integrates it throughout all school districts which helps to address mental and emotional health before problems become crises.

Responding to a question from Senator Wise, Marshal Wilcox said Kentucky needs approximately \$25-50 million to fully fund all school SROs as required by statute. Mr. Akers said SROs have increased the number of qualified SROs, but there is a shortage due to strict screening and intensive training.

Mr. Akers said there is also an SRO mentorship program to help rookie SROs get the training they need. There is extensive collaboration between SROs, principals, and the Center for School Safety to bring in the right people. Marshal Wilcox said he is not opposed to former law enforcement, as long as they can still meet the POP certification standards. There would be more difficulties taking former military personnel into the program as it is very different training and very specialized. He would never want to reduce the amount of training received by SROs just to increase the number of applicants.

Additionally, counselors are brought in to lead the training on trauma informed care and mental health. There has been collaboration between the school counselors' association to develop a training to inform new school counselors of the mental first aid and trauma informed care training received by SROs and how to work as a team in schools.

Representative Willner said she is very impressed by the training received by SROs and the creation of an interdisciplinary team that combines the SROs, school psychologists, and counselors. National concerns about SROs highlight that there are over 2000 interactions between SROs and students, which resulted in approximately 150 arrests. This represents a very small percentage of incidents that result in arrest. The SROs strive to work with students and parents to reduce the risk of students entering the juvenile justice system. SROs are not disciplinarians; they are more like counselors who want to see students succeed.

Responding to a question from Senator Thomas, Marshal Wilcox said average pay is \$38,000 annually. Any increase in pay would be an incentive and would recognize the challenge of taking on this specialized branch of law enforcement.

Responding to a question from Senator Deneen, Marshal Wilcox said there is a portion of training in which compliance officers go into schools and work to help improve district assessments by training the SROs in how to communicate more effectively with teachers and staff.

In response to a question from Representative Sharp, Marshal Wilcox said the biggest need is to increase funding for schools to implement police departments and hire SROs. All schools he has worked with want to implement the statute, but have roadblocks of funding and getting qualified applicants.

Responding to a question from Representative Maddox, Mr. Akers said there are a large number of districts that have SROs for their middle and high schools, but there is a greater need for elementary schools.

In response to a question from Representative Tipton, Marshal Wilcox said there is a wide range in schools regarding compliance and improvements of school security. Differences in funding are an issue, but the office connects schools in order to share best practices. Innovation improves the school facilities,

and schools are making the best of their resources. Mr. Akers said that target hardening is good, but addressing school culture and training for principals is just as important. High turnover in school administration and staff is a struggle. Professional development models are being created to help address these issues. Saturating the schools with the tip line is important which makes it easier for students to ask for help. Private schools have been invited to participate in trainings so that all students in the Commonwealth benefit from the resources available from the Center for School Safety.

In response to a question from Senator Wise, Marshal Wilcox said there are no specifics on the assessment. All school districts have signed up for Handle With Care, but if there are any individuals not participating or struggling to participate. They are encouraged to reach out to address any issues.

Student Mental Health

Mr. Courtney talked about the development of the Trauma-Informed Toolkit available on the KDE website. Links to all the resources were provided to the members. Local boards of education were required to develop trauma-informed plans. KDE does not review or receive the plans, but they partnered with CTAC for a voluntary review of plans. Approximately 60 percent of the plans were copied from templates, and 40 percent were able to identify policies that needed to be reviewed or revised to develop trauma-informed policies. About 54 percent reported collaboration with the Handle with Care program. Mr. Courtney said there is some flexibility with how schools code mental health staff which could be impacting the reported mental health provider to student ratio. The Department will continue to work with schools to reach the ratios set forth in the SSRA.

In response to a question from Representative Tipton, Mr. Courtney said there may be a shortage in school psychologists and social workers due to recruitment and retention.

Responding to a question from Senator Wise, Mr. Courtney said school nurses are not included in the numbers presented, because they are primarily considered physical health workers not mental health workers. He can provide those numbers, but they would not count toward the goal of a mental health staff for every 250 students.

Returning to his presentation, Mr. Courtney presented the breakdown of how grant funding was used. Medicaid Expanded Access allows school districts to access funds beyond an IEP for other medically necessary services and for students who do not qualify for an IEP based on a disability. School districts can access individual and group therapy and counseling, which qualify under expanded Medicaid access. KDE cannot ensure compliance of the trauma-informed plans as they are not required to be submitted to the department. Also, because of the delay of having to coordinate through CTAC, there is not a way to provide immediate technical assistance. There is also not a required revision cycle for trauma-informed plans, and that is something that should be considered.

In response to a question from Representative Willner, Mr. Courtney said because KDE does not

have the authority to collect and review the plans, there is very limited data on the plans. One of KDE's goals for the upcoming school year is communicating how important the plans are and ways to review their plans. Starting with a template serves as a starting point for districts to move forward to creating stronger customized plans. A requirement for periodic review is a good idea for legislation.

Training is provided by KDE regarding what trauma-informed plans should be. Funding is an issue, because many sources of funding that can be somewhat obscure. The state could access some funding from a state or federal level and create a consistent training program across the state.

In response to a question from Representative Tipton, Mr. Courtney said the industry has moved away from adverse childhood events (ACES) to trauma-informed as it is a wider umbrella and there is less data on which specific ACES lead to the most trauma. Mr. Courtney said he would consult with staff and get further information on the differences and which is more appropriate for further consideration.

Adjournment

With no further business to come before the task force, the meeting adjourned at 3:20 p.m. The next meeting of the task force will be September 19, 2023, at 2 p.m.

TASK FORCE ON SCHOOL AND CAMPUS SECURITY

Minutes of the Third Meeting of the 2023 Interim September 19, 2023

Call to Order and Roll Call

The third meeting of the Task Force on School and Campus Security was held on September 19, 2023, at 2:00 PM in Room 131 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise Co-Chair; Senators Matthew Deneen, Michael J. Nemes, Reginald Thomas, and Stephen West; Representatives Scott Sharp, James Tipton, and Lisa Willner.

Guests: Sheila A. Schuster, Ph.D., Licensed Psychologist, Executive Director, Kentucky Mental Health Coalition; Joe Bargione, Ph.D., Executive Committee, Bounce Coalition; Steve Shannon, Executive Director, Kentucky Association of Regional MH/MR Programs, Inc. (KARP, Inc.); Joe Dan Beavers, CEO, Lifeskills; Gary Fields, Superintendent, Bowling Green Independent School District; Jennifer Willis, CEO, Pathways, and D.G. Sherrill, Director of Pupil Personnel, Bowling Green City Schools.

LRC Staff: Yvette Perry and Maurya Allen.

Strengthening Trauma-Informed Schools for Prevention and Resiliency

Dr. Joe Bargione, Ph.D., licensed school psychologist and Executive Committee, Bounce Coalition, spoke about his history working with

Jefferson County Public Schools (JCPS) and creating a robust system of support for children facing adverse childhood experiences (ACEs). The Bounce Coalition was designed to build resiliency in children and adults to overcome the impact of ACEs. They found it is necessary to work in the community at large as well as in the school system, to meet children wherever they are. He spoke on the impact of the shooting at Marshall County in 2018 and the need to address that crisis in a thoughtful way through the creation of the School Safety Working Group. The work of that group became the School Safety and Resiliency Act, which takes a proactive approach to addressing childhood trauma and mental health. Children need to be both physically and psychologically safe in schools.

Building resiliency in students requires creating Positive Childhood Experiences (PCEs) to protect against ACEs. These include four components: supportive relationships; safe, stable, and equitable environments; social and civic engagement; and emotional growth. He recommended that the members promote updating trauma-informed plans in the schools. These are very useful tools, but they need to include mechanisms for accountability and continuous monitoring. Data collection and reviews by an outside agency would better inform school districts in the revision of their plans. Monitoring results can be used to share what is working and not working regarding these plans, and best practices can be disseminated statewide. Intentional focus on building resiliency is also critical and should be included not only in the trauma-informed plans, but also in district and school improvement plans.

Dr. Bargione also spoke of the need for improved evidence-based suicide prevention programs in schools for students and staff. The law requires that students receive suicide prevention lessons and that they are presented by September 15th each year. The coalition recommended that additional lessons be given in January or the middle of the school year. He also recommended that the lessons be presented to younger children, because children as young as 4th grade (age 9-10) are suicidal. Additionally, giving students the tools to recognize and report suicidal ideation help them to feel more empowered to help their peers.

Dr. Sheila Schuster, Ph.D., licensed psychologist and Executive Director, Kentucky Mental Health Coalition, said Kentucky's community mental health centers are among the leaders in the nation in answering the 988 suicide alert line, and those are local providers and advocates that can provide local advice and referrals. She revisited the language of the School Safety and Resiliency Act that "school safety is a program of prevention" and said that was a wise choice of words. A trauma-informed approach leads to creating schools that "foster a safe, stable, and understanding learning environment for all students and staff." If a student feels seen and safe with at least one adult, it dramatically improves outcomes for that student. Dr. Schuster discussed ACEs that are assessed in the mental health questionnaires, but there are other adverse community environments including community violence, poverty, lack of opportunity, poor housing, discrimination, or community disruption that lead to trauma for students and staff. Those are areas

where policy makers can be particularly impactful.

She reiterated that PCEs, when emphasized, can overcome the negative impact of ACEs. She covered some survey data from 2021 that showed that nearly 22 percent of participating students in 6, 8, 10, and 12th grades reported serious psychological distress. Importantly, estimates are that 1 in 5 individuals will have a mental health issue in their lifetime. She also shared fears that meaningful data such as she was sharing may be difficult for mental health professionals in the schools to acquire going forward as a result of Senate Bill 150 of the 2023 Regular Session, as the surveys are now opt-in rather than opt-out, which will impact the number of surveys returned.

The goal going forward is to put more effort toward helping students before they are facing a crisis. The state continues to strive toward the goal of one mental health professional for every 250 students, but this is ultimately unattainable based on the number of individuals entering and completing training programs. As a way to address that, Dr. Schuster encouraged greater utilization of the trauma-informed teams, family resource centers (FRYSCs), school nurses, and other staff members. Improvements can be made to trauma-informed plans as well, including review of the plans by KDE, the Center for School Safety, or other outside organizations, and she recommended revision on a regular schedule based on the most current evidence-based practices. Finally, she recommended additional training for staff from UK's Center on Trauma and Children, the Bounce Coalition, school co-ops, and other community providers with expertise. The barriers to accessing these programs are low and should be easy to remove.

In closing, Dr. Schuster asked for more inclusion of SROs in trauma-informed plans and for the state to strive to ensure there is a full-time school nurse for every school building. Those individuals are frequently the front line of understanding which children need support and attention. This is an opportunity to develop greater resiliency in schools and meet the goal of safety and security for every student.

In response to a question from Co-Chair Wise, Dr. Schuster said the goal of one mental health provider per 250 students was based on national recommendations and is not too lofty, even though there are currently barriers to full realization. The team of individuals who comprise the trauma-informed team is critically important to supporting students inside and outside the school walls. The fact that Kentucky is moving closer to that target also shows that while it is not currently fully achievable, it encourages forward progress. Dr. Bargione said that being part of a team allows all the providers to reach more students through creation of universal supports for 80 percent of the student and staff population. This upstream support is critical to overall prevention.

Responding to further questions from Co-Chair Wise, Dr. Bargione said that schools were previously taking a different approach to suicide prevention and in many cases it was ineffective. Now schools are required to have evidence-based programming that is much more effective and students are more inclined to self-report or to receive support sooner.

Responding to questions from Representative

Tipton, Dr. Bargione said building resiliency skills for parents, grandparents, and other adults around young people will have a cumulative effect. Dr. Schuster said addressing community mental health and reducing the adversarial attitude between the school and families will be very helpful as well. She also encouraged support of parent groups that reach out to parents and provide them resources.

In response to a question from Senator Nemes, Dr. Bargione said the Sources of Strength program is peer driven and has been very impactful. It is relatable and there are connections with trusted adults and professionals that reach students where they are. He recommended inclusion of peer-led programs for suicide prevention in the district trauma-informed plans.

Responding to a question from Senator West, Dr. Schuster said there are several different streams of individuals who qualify as a mental health professional to meet the ratios of 1:250. However, the licensure board for licensed clinical psychologists do not have accurate data on how many are available in the state. There is a discrepancy between individuals who are licensed and those who are actually providing clinical services. But it is clear to see that there are not enough students entering the training programs and marketing of the profession to young people is necessary, as it is for many other positions in education today. Dr. Bargione said that rural districts are struggling the most to get mental health professionals because there is a limited number of local providers. He recommended financial incentives to get more applicants into programs as well as allowing school districts to partner together to hire shared mental health professionals. Dr. Schuster spoke to the impact that House Bill 200 of the 2023 Regular Session may be able to have in expanding scholarship opportunities for interested individuals to enter the profession.

In response to questions from Representative Willner, Dr. Schuster recommended that the goal of trauma-informed plans be rewritten to make prevention more central. She also suggested explicit inclusion of peer-led programs in the plans. Schools should also be required to hold regular meetings of the trauma-informed teams and that the plan be shared widely. The front-line individuals – SROs, cafeteria workers, office staff, and bus drivers, should also be actively engaged to create PCEs and foster an environment of resiliency. It has to move past a compliance document to a living document that has buy-in from teachers and staff.

Responding to a question from Representative Sharp, Dr. Bargione said that trauma-informed approaches are not taught in traditional teacher preparation programs but it should be included.

Approval of Minutes - August 1, 2023

Representative Sharp made a motion to accept the minutes, seconded by Senator Nemes. The motion passed by voice vote.

Community Mental Health

Mr. Steve Shannon, Executive Director, Kentucky Association of Regional MH/MR Programs, Inc. (KARP), said KARP brings together 14 community mental health service providers and supports school

districts throughout the Commonwealth. He said each center has a regional prevention center focused on all forms of community mental health. Data supports the need for parallel systems and a universal approach to social-emotional health for all children. It is critical but it will be costly, because it requires years of support for young people to grow. Community mental health centers also provide mental health first aid and can provide the necessary training for the staff who interact with students but may not be a classroom teacher who gets routine professional development training.

Ms. Jennifer Willis, CEO, Pathways, spoke about the ways that her community mental health center supports schools by dedicating nearly one-third of their staff to providing mental health services to schools. Mental health needs to receive the same dedication as physical health in order to truly address the mental health crisis facing the state. Working as a team with teachers, FRYSCs, and offering employee assistance, expands the reach of the mental health providers beyond students to families. After school services provide not only mental health support, but also tutoring and assistance with applications for postsecondary education and employment. This is a safe place for children and supports their mental and physical health because it reduces their risk of engaging in dangerous behaviors. Pathways also regularly reviews key performance indicators to evaluate the number of students receiving services and maintains achievable caseloads for therapists. Additionally, they now have health nurses who are available to go into schools to provide that support as well.

Mr. Joe Dan Beavers, CEO, Lifeskills, also spoke to his experience as a community mental health provider that helps connect mental health providers to schools. Having staff embedded in the school from the community mental health providers reduces stigma and invites students and staff to engage when they need assistance. He also spoke to the need to be financially sustainable, and how they worked with the schools to ensure that the services offered are billable as much as possible, with the schools contributing as they could to other costs. This proved to be a viable model that allowed them to expand into six schools, with plans to expand even further. Mr. D.G. Sherrill, Director of Pupil Personnel, Bowling Green City Schools, shared how he needed support with students attending court and addressing their traumas, so he reached out to Lifeskills to form a partnership to bring therapists into the schools. While working to bring school nurses into more schools, he realized how mental health is just as critically important. Having those staff on site and prepared to address critical issues immediately saves time and improves outcomes versus having to make referrals and set appointments. It has reduced threats, violence, and student involvement in the juvenile justice system. The success at Bowling Green City Schools has led to other schools looking to adopt the same model.

In response to questions from Representative Tipton, Ms. Willis said they do bill Medicaid and commercial insurance, but there are some therapists who cannot be credentialed by every insurance company. Pathways uses grant money to cover the cost

of seeing students whose insurance does not cover the services. Mr. Beavers said his center does not have the same designation as Pathways in order to qualify for the same financial support, and his struggles are more in finding enough trained therapists to hire. He has created some partnerships with local universities to increase the pipeline of graduates. Historically, there was more stigma around mental health that prevented schools from wanting to address mental health, but thankfully that is decreasing and schools are much more welcoming.

Responding to additional questions from Representative Tipton, Mr. Shannon said there are legitimate concerns about reciprocity between states and provisional licensing would really assist in that. Some schools are also reticent to have students leave the classroom because of the emphasis placed on school test scores and academic achievement. Additionally, staffing challenges are real, but a reciprocity agreement would be a good first step.

Adjournment

With no further business to come before the task force, the meeting adjourned at 3:55 pm. The next meeting of the task force will be October 19th at 11 a.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 3rd Meeting of the 2023 Interim

August 24, 2023

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on State Government was held on Thursday, August 24, 2023, at 1:00 PM, at the Kentucky State Fair in South Wing C of the Kentucky Exposition Center. 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 David Hale, Co-Chair, and Kevin D. Bratcher, Co-Chair; Senators Greg Elkins, Michael J. Nemes, Damon Thayer, Phillip Wheeler, and Gex Williams; Representatives Adam Bowling, Josh Calloway, Jennifer Decker, Robert Duvall, Jim Gooch Jr., Derrick Graham, Richard Heath, Samara Heavrin, Keturah Herron, John Hodgson, Thomas Huff, Mary Beth Imes, DJ Johnson, Matthew Koch, Scott Lewis, Josie Raymond, James Tipton, Wade Williams, and Susan Witten.

Guests: Bobbie Holsclaw and Frank Friday, Jefferson County Clerk's office; Tabatha Clemons, Grant County Clerk's Office; Jason Denny, Anderson County Clerk's Office; Lena Muldoon, "You Decide, Kentucky!"; Jack Whitfield, Hopkins County government; Candance Brake, Greater Owensboro Chamber of Commerce; and Suzie Razmus, city of Corbin, Kentucky. At Representative Bratcher's request, the guest speakers testified under oath.

LRC Staff: Shannon Tubbs, Daniel Carter, Jennifer Hans, and Peggy Sciantarelli.

Audience Recognition

Representative Bratcher recognized his personal guest, a student of Marian C. Moore Middle School in Louisville.

Welcome from Greater Louisville Inc.

Shelby Somervell, Vice President of Government Affairs & Communications, Greater Louisville, Inc., welcomed the committee to the Kentucky State Fair.

Approval of Minutes and Agenda Change

The minutes of the July 24 meeting were approved without objection by voice vote, upon motion by Senator Mills and second by Representative Johnson. Representative Bratcher announced that today's planned testimony by staff of the State Board of Elections is postponed to a future meeting.

Update from Local Revenue Modernization Coalition

The guest speakers were Lena Muldoon, Executive Director, "You Decide, Kentucky!"; Jack Whitfield, Jr., Hopkins County Judge-Executive; Candance Brake, President & Chief Executive Officer, Greater Owensboro Chamber of Commerce; and Suzie Razmus, Mayor, city of Corbin. Their testimony included a slide presentation.

Ms. Muldoon gave an update on the coalition's grassroots initiative to support local revenue reform in Kentucky. "You Decide, Kentucky!" is a 501(c)3 organization established in 2020. It is an initiative focused on engaging, educating, and galvanizing people and organizations statewide, with the goal to empower citizens and local governments to decide which revenue streams will improve quality of life in their communities. The coalition is rooted in the belief that giving Kentuckians the freedom and tools to create new local opportunities for investment leads to more competitive communities, economic innovation, and a better quality of life.

Ms. Muldoon stated that because the state constitution specifically outlines the types of taxes that cities and counties are able to levy, local governments have very few tools to produce revenue for basic services, additional investments, and innovation. To change this will require a constitutional amendment which, if approved by Kentucky voters, would allow the General Assembly to reenact a new structure for local tax policy that is statutorily, rather than constitutionally based. The inability of local communities to be self-sufficient inherently burdens state government, residents, and businesses in Kentucky.

"You Decide Kentucky!" wants a constitutional amendment ballot initiative to happen when it is most likely to be successful. The team, led by Mayor Razmus of Corbin and Carter Hendricks of Hopkinsville, is represented by a 28-member board of directors, with two elected officials from northern Kentucky to be added in September. The coalition will continue to focus on expansion in order to include all areas of the state.

Mr. Whitfield spoke of the importance of getting a constitutional amendment on the ballot, because cities and counties are very limited in how they can produce revenue. Giving local governments the freedom and

ability to do things differently can help spread the tax burden and ease tensions between cities and counties. Members of the coalition would like an opportunity to meet with legislators and help craft the legislation.

Ms. Brake stated that Owensboro's Chamber of Commerce has about 1,000 members and has been advocating for local options for nearly two decades. Without more options to raise revenue, the tax burden is being placed squarely on the backs of businesses and wage earners. The coalition would like to see a level playing field where local governments have more options and the flexibility to create more commercial and business growth in communities.

Ms. Razmus spoke of the importance of tourism and the revenue it generates in the Corbin community. The Corbin community has to continue relying on occupational tax dollars for revenue and is unable to capitalize on tourist visits in a way that is impactful. There are potholes in the roads used by tourists, and sidewalks need to be redone. There are also serious workforce issues in the area. When asked by Representative Bratcher, Ms. Razmus acknowledged that Corbin does have tourism taxes, but they can only be used for tourism services.

Representative Raymond stated that she is unsure whether to support the effort for a constitutional amendment. She needs to know whether it would create new revenue in her area, Louisville, and she would want assurance that it would not just "shift the burden." Ms. Muldoon responded that if the voters approved a constitutional amendment, the General Assembly would not have to act immediately. No city or county would be able to make changes without enabling legislation.

In response to Representative Graham, Ms. Muldoon stated that both the Kentucky League of Cities and the Kentucky Association of Counties support the efforts of "You Decide, Kentucky!", and the coalition has pledged to work with those organizations. Kentucky is one of 12 states that have undertaken this initiative.

Representative Herron expressed concern for the poor and elderly who might be impacted by a possible future additional sales tax.

Senator Thayer applauded the formation of the coalition but stated that he does not think the public has a firm understanding of how a constitutional amendment would work. Taxes are a difficult issue for voters. It is necessary to educate the people, because it is not only local governments that would be affected. Ms. Razmus confirmed that "You Decide Kentucky!" is committed to fulfilling the education component of the initiative.

County Clerk Modernization and Technology

Guest speakers from the Jefferson County Clerk's Office were Bobbie Holsclaw, Jefferson County Clerk; Frank Friday, Director of Government and Community Affairs; and David Summerfield, Information Technology Director. Ms. Holsclaw stated that the clerk's office has been able to combine many new services to customers, while keeping its operating budget in the black. Her testimony was summarized in a slide presentation.

Jefferson County has vote centers for both early absentee in-person voting and election day voting,

which became a reality in 2020. Vote centers require fewer election workers, and the modern print system, coupled with e-poll books, allows a much quicker turn-around.

Due to passage of 2022 RS HB 618, sponsored by Representative Bratcher, clerks are now able to deploy more advanced e-poll books that can automatically call up and print the voter's ballot, which makes the process quicker and more accurate. Finding voting locations is still a problem in some counties. Smaller counties may not have enough facilities that will permit voting or that provide adequate parking. Clerks are working to improve the situation.

Ms. Holsclaw suggested that the legislature may want to consider clarifying KRS 117.065, relating to early voting sites, due to schools not closing and government buildings not being receptive for early voting. The Help America Vote Act of 2001 included provisions to make polling places accessible and applied the Americans with Disabilities Act (ADA) standards to polling places. Many locations cannot be adjusted to accommodate the required standards, and fewer private buildings, such as churches, union halls, and community centers, are willing to host elections. A special federal Department of Justice Office for Election Compliance has insisted on tougher implementation of standards at Kentucky polling sites. Thus far, settlement agreements have been reached to expand the level of ADA compliance in Jefferson and Kenton Counties.

Ms. Holsclaw discussed 2022 RS SB 135, which established deadlines for county clerks to maintain portals for the electronic filing and searching of recorded instruments. She stated that portals have been available in Jefferson County since 2020, and they have been well received across the state. Land records are expected to be online by 2026. During the next regular session, county clerks may seek clarification of statutes relating to the vendor contract process.

The AVIS technology system for processing motor vehicle records is no longer reliable. To replace it, the new KAVIS system will come online in January. There have been no increases in motor vehicle fees since 2006. To keep up with inflation, clerks will be proposing fee increases during the 2024 regular session.

Ms. Holsclaw spoke about the advantages offered by the new modern 24-hour self-service kiosk machines for conducting motor vehicle transactions.

Representative Bowling inquired about Jefferson County's progress in modernizing records in county clerk offices. Mr. Summerfield stated that their office has a portal to allow citizens to access records free of charge and participates in programs that allow customers to file documents electronically. They have not yet created the 60-year database for records that are displayed online but expect to have that in place by the specified deadline.

Senator Williams, who co-chairs the legislature's new Investments in Information Technology Improvement & Modernization Projects Oversight Board, commended the new technology offered by the kiosk machines. He said he looks forward to discussing its possible implementation with Ms. Holsclaw and her staff and other county clerks.

Discussion on Elections

Tabatha Clemons, Grant County Clerk, and First Vice-President of the Kentucky County Clerk's Association (KCCA), addressed the committee. In reference to previous testimony regarding SB 135, she stated that, as of a few months ago, approximately 10 counties did not yet have a portal but plan to have it implemented by the specified deadline.

Ms. Clemons stated that voters are appreciative of the advancements that county clerks have made in the realm of elections. Many members of the State Government Committee are part of the collaborative effort, and conversations are continuing. Security is ensured by mandating paper ballots for every voter and provision of surveillance footage in election facilities. She spoke about the difficulty of finding voting locations, especially in view of the Department of Justice's standards for ADA compliance. She also expressed appreciation to Representative Hodgson for his engagement with county clerks regarding his legislative proposals.

Ms. Clemons stated that during the 2024 Regular Session clerks would like to see precinct funding changed from a \$255 per precinct basis to a "per-voter" basis. In addition, counties need additional reoccurring funds to pay for the added expense of elections. Current reimbursement rates have not been increased in the last 20 years. Counties are funding over 91 percent of all election costs, according to surveys by the State Board of Elections. The average cost per precinct for the 2022 general election was \$2,985.77 per precinct, and the cost for the 2023 primary was \$2,954.59 per precinct, with the state's reimbursement rate for counties only being \$255 per precinct. These costs only reflect the direct cost for conducting elections and do not include the required ongoing daily election administration overseen by clerks' offices. Clerks appreciate the funding secured by the legislature in the last budget cycle for election equipment. While the \$25 million investment did not pay for all of counties' election equipment, it did cover most of the cost for the investment in electronic poll books. In conclusion, Ms. Clemons stated that county clerks appreciate their strong working relationship with the legislature; working together they have modernized Kentucky elections and made them more secure.

When asked by Representative Bratcher, Ms. Clemons stated that most counties are involved with KCCA and that all 120 county clerks have been billed as dues-paying members.

Senator Thayer stated that Ms. Clemons is doing a great job and that he is pleased she has a governing position with KCCA. He went on to say that having three days of early voting has been good but that he would not be in favor of increasing the number of days. He is not a fan of voting centers. Although they work well in Grant County, in some areas they do not.

Discussion of 2024 RS BR 24 and BR 25 (Elections)

Representative Hodgson explained the provisions of his legislation proposed for the 2024 Regular Session—BR 24, relating to voter registration; and BR 25, relating to elections. Ms. Clemons and Jason Denny, Anderson County Clerk, participated in the discussion.

Representative Hodgson stated that, over the last 8-9 months, he has discussed the bills extensively with the Secretary of State, the State Board of Elections, and the Attorney General. Kentucky has more people on the voter rolls than should legally be allowed to vote. The Board of Elections and the Secretary of State have worked to clean up the voter rolls in recent years with some success, but the public is generally not aware of those cleanup efforts.

BR 24 would require the Secretary of State and the State Board of Elections, on or before July 1 of each year, to issue a comprehensive activity report to the Legislative Research Commission regarding voter registration records cleanup activity—and to make the report available to the public. It would also require the Board of Elections to create a data-based report, on or before February 1 of each year, containing every address in each county that lists a registered voter and the number of active and inactive voters registered at that address.

BR 25 would create a simple post-election audit that would, in order to ensure neutrality, involve the Attorney General. To validate the accuracy and fidelity of the vote tabulation and fulfill the requirement for a risk-limiting audit, the Attorney General or his designee would be required to select in every county at least one ballot scanner, and one race tabulated on that scanner, for a hand-to-eye recount to be performed by the county clerks in each county.

When Representative Tipton asked how the audit would compare to a risk-limiting audit, Representative Hodgson said it is simpler, easier to understand, and more conclusive. The clerks he has worked with on the legislation prefer it over the current risk-limiting audit protocol. It is hoped that a pilot audit will be performed this fall and that a process will be in place in all counties by November 2024.

When Representative Graham asked whether KCCA is supportive of BR 25, Ms. Clemons said that the full board has not yet taken a position but will be supportive. She cannot speak on behalf of the whole association, but there have been continuous conversations regarding funding and what BR 25 would expect of clerks. She stated that the BR 25 audit process is probably a more preferred, straightforward approach, versus a risk-limiting audit.

In response to questions from Senator Mills, Representative Johnson, and Representative Bowling, Mr. Denny and Representative Hodgson explained details of the audit process described in BR 25. Mr. Denny stated his opinion that it might replace the risk-limiting audits. It would be easier to explain to the public and would be less cumbersome to counties.

Adjournment

Representative Bratcher thanked the speakers and announced that the committee's next meeting will be Tuesday, September 26. There was no further business, and the meeting was adjourned at 2:19 p.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the Fourth Meeting of
the 2023 Interim
September 26, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on State Government was held on September 26, 2023, at 11:00 AM in Room 149 of the Capitol Annex. Representative David Hale, Chair, called the meeting to order, and the secretary called the roll. Representative Johnson recognized students of the Grace Christian Academy in Owensboro who viewed the meeting via KET.

Present were:

Members: Representatives Kevin D. Bratcher Co-Chair; David Hale Co-Chair; Senators Greg Elkins, Denise Harper Angel, Amanda Mays Bledsoe, Christian McDaniel, Michael J. Nemes, Brandon J. Storm, Damon Thayer, Phillip Wheeler, and Gex Williams; Representatives Chad Aull, Adam Bowling, Josh Branscum, Beverly Chester-Burton, Jennifer Decker, Robert Duvall, Jim Gooch Jr., Derrick Graham, Richard Heath, Samara Heavrin, Keturah Herron, John Hodgson, Thomas Huff, Mary Beth Imes, DJ Johnson, Matthew Koch, Savannah Maddox, Kimberly Poore Moser, Steve Rawlings, Nancy Tate, James Tipton, Russell Webber, and Susan Witten.

Guests: Karen Sellers, Richard House, and Taylor Brown, State Board of Elections; and Chauncey Morris, Kentucky Thoroughbred Association.

LRC Staff: Alisha Miller, Daniel Carter, Christina Gordley, Shannon Tubbs, and Peggy Sciantarelli.

Approval of Minutes - August 24 meeting

A motion by Senator Storm to approve the minutes of the August 24 meeting was seconded and passed without objection by voice vote.

State Board of Elections - Voter List Maintenance

Guest speakers from the State Board of Elections (SBE) were Karen Sellers, Executive Director; Richard House, Assistant Director; and Taylor Brown, General Counsel. They testified under oath. Their slide presentation provided information on key provisions of the National Voter Registration Act (NVRA) 52 USC section 20507(c); Kentucky law (KRS 117.015, KRS 116.112, and KRS 116.113); member states of the Electronic Registration Information Center (ERIC); the 2018 US District Court consent judgment; and the postcards used for list maintenance mailings.

The NVRA requires that in the administration of voter registration for elections for federal office, each state shall ensure that eligible applicants are registered to vote in an election, and states shall conduct a general program that makes a reasonable effort to remove the names of ineligible voters from official lists of eligible voters. In KRS 116.112 Kentucky has established such a program. KRS 117.015 directs SBE to administer the election laws of the state and supervise registration and purgation of voters.

Kentucky is one of 25 states that are members of ERIC—a nonprofit, nonpartisan membership

organization created in 2012 by state election officials and funded and governed by the participating states. ERIC provides U. S. Postal Service national change of address reports, cross-state mover and in-state update reports, reports of deceased voters, and possible duplicate registrations.

In 2017, the nonprofit organization Judicial Watch, Inc. sued then Secretary of State Alison Lundergan Grimes, alleging that the NVRA's required voter list maintenance was not happening in Kentucky, evidenced by the fact that the state had more voter registrations than residents of voting age. In 2018, the US Department of Justice (DOJ) joined the case as an intervening plaintiff. As the case continued on, meaningful voter list maintenance continued to be neglected, leading to a backlog of ineligible voters clogging the voter rolls—a backlog that is still being addressed. In July 2018, the parties entered into a consent judgment that was set to expire October 31, 2023. On September 9, 2020, with current Secretary of State Michael Adams having assumed office, and a new statutory scheme for independence of the State Board of Elections in place, the Secretary and the State Board agreed with Judicial Watch and the DOJ to extend the expiration date to March 31, 2025.

KRS 116.113 provides for removal of a voter's name upon notice of death, declaration of incompetency, notification that a person has registered to vote out of state, or notification from the Administrative Office of the Courts that a person has been convicted of a felony. Mr. Brown stated that SBE suggests amending KRS 116.113 to include notification from the DOJ regarding felony conviction, and to allow SBE to remove a registration upon notification from either AOC or the DOJ that an individual has been found incapable of serving as a juror due to lack of citizenship status.

Concluding his presentation, Mr. Brown stated that in February—the first time that SBE conducted a purge pursuant to the NVRA and current state law—more than 127,000 registrations that were proven inactive were removed from Kentucky's voter rolls. Since 2020, SBE has sent out over 830,000 postcards. In response to questions from Representative Hodgson, Mr. Brown stated that SBE provides yearly list maintenance reports on its website. They expect to meet the September 30 deadline specified in the consent decree for making list maintenance and other information publicly available.

Representative Hodgson questioned why only 12,000 voters have been purged due to death, when about 200,000 people have died in Kentucky. Mr. Brown stated that SBE has to rely on information provided by the Social Security master death index file, state vital statistics, county clerks, and other sources. Ms. Sellers said she had not examined the statistics but believes the COVID pandemic could have affected the accuracy and timely reporting of information.

Representative Aull commended SBE for continuing to participate in the ERIC program. He also asked about the procedure for reporting voter deaths. Mr. House explained that SBE gets weekly updated lists of deaths from the Kentucky Office of Vital Statistics and that county clerks perform list maintenance daily at the local level. He acknowledged

that the number of reported deaths seems low and stated that SBE would reexamine those numbers.

Representative Graham emphasized the importance of citizens having access to the right to vote. Mr. Brown stated that it is a goal of their list maintenance efforts to never remove any voter that should rightfully be on the voter rolls.

Representative Bratcher suggested that SBE try to find a good alternative source for the information currently supplied by ERIC, because he believes that program is “on life support.”

Representative Johnson stated that it has often been brought to his attention that Daviess County has more registered voters than eligible adults living in Daviess County. He questioned when this discrepancy might be resolved. Mr. Brown said he could not give an exact date, but that as more federal elections pass, the numbers will become more in line—likely within the 2020 decade. This percentage oddity is also found in other Kentucky counties.

Representative Tipton clarified that local county clerks cannot purge a registered voter but can only submit the information to SBE. When he asked about the procedure for verifying citizenship of voters, Mr. Brown explained that SBE does not research individual citizenship status.

Representative Decker stated that some states use the Systematic Alien Verification for Entitlement (SAVE) program to verify citizenship status of registered voters. Although the program is not intended for voter roll maintenance, she asked that SBE look into the merits of the program and report back to the committee. Mr. Brown responded affirmatively.

Discussion of 23 RS HB 500

Representative Richard Heath, primary sponsor of 23 RS HB 500, discussed similar legislation which he plans to propose during the 2024 Regular Session. He was accompanied by Chauncey Morris, Executive Director, Kentucky Thoroughbred Association. They testified under oath. HB 500, relating to agricultural land, passed the House during the 2023 Regular Session, with a vote of 85-9, but was not heard in the Senate.

Representative Heath stated that HB 500 arose from growing concern about foreign investment. It draws inspiration from similar measures adopted by other states and nations like Australia. In 2023, 15 states—Alabama, Arkansas, Florida, Idaho, Indiana, Louisiana, Mississippi, Montana, North Dakota, Oklahoma, South Dakota, Tennessee, Utah, Virginia, and West Virginia—enacted legislation addressing foreign ownership of agricultural land. Many of these states were addressing concerns regarding the purchase or attempted purchase of large tracts of agricultural land near military installations. He recounted examples of purchases near Grand Forks Air Force Base in North Dakota, Laughlin Air Force Base in Texas, and Travis Air Force Base in California.

HB 500 prohibits the purchase of agricultural land by nonresident aliens, foreign businesses, agents, trustees, and fiduciaries associated with governments listed in federal code 22 C.F.R. sec 126.1.—Belarus, Burma, China, Cuba, Iran, North Korea, Syria, and Venezuela. The bill allows state authorities to evaluate foreign acquisitions for any potential security threats.

It is a proactive step to identify and mitigate risk, strengthen the United States' overall security posture, and help prevent market manipulation by foreign nations. It also serves as a practical safeguard for food security for Kentuckians. In response to concerns that have been expressed, Representative Heath stated that the bill is being revised to elevate transparency in the process. Per a suggestion from Mr. Morris, it would also establish a 5-member foreign investment review board (FIRB), similar to a successful model used by Australia. The FIRB would emphasize national security and agricultural integrity and would be able to grant conditional approval, impose restrictions, and outline penalties for noncompliance in a transparent manner subject to public scrutiny. The board would include the Secretary of Economic Development Cabinet, the Commissioner of Agriculture, the executive director of the Office of Homeland Security and the State Treasurer—or their designees—and a citizen with expertise in real estate appointed by the Legislative Research Commission. The legislation would not discourage foreign investment from nations that are not on the federal codes list, nor would it prevent expansion by foreign-owned business already located in Kentucky. Concluding his presentation, Representative Heath stated that he is starting to promote the legislation early in order to receive feedback and suggestions from industry and experts and members of the legislature. To his knowledge, Kentucky realtors are taking a neutral position on the legislation.

Mr. Morris stated that the thoroughbred industry is not currently adversely affected by the type of foreign investment addressed in the legislation. However, the intent of the bill is to mitigate risk, and he believes it accomplishes that.

Representative Graham said he believes the legislation addresses a federal rather than a state government issue. Representative Heath agreed. He stated that the bill is a preemptive strike to protect Kentucky and its farmland. Hopefully, the legislation will attract attention at the federal level.

Representative Graham expressed concern about the bill's impact on families who move to Kentucky and buy property for purposes of educating their children. Representative Heath responded that the bill only applies to persons associated with a foreign government.

Representative Johnson stated he thinks the legislation is important, but he questioned whether it goes far enough, since there are properties other than agricultural land that are adjacent to military installations and other sensitive areas. Representative Heath responded that he does not have a good answer for that but is open to suggestion.

Representative Gooch commended Representative Heath for bringing the bill. He also expressed concern about other important issues facing the nation, such as prime farmland being converted for energy purposes and corn crops being used for fuel instead of food production when some people in the world are starving.

Representative Hale stated that the bill is a good proposal, and he agreed that it is a federal issue that needs to be brought to the forefront. He announced that the next meeting would be on Tuesday, October

24. There was no further business, and the meeting was adjourned at 12:13 p.m.

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 3rd Meeting of the 2023 Interim

August 23, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Wednesday, August 23, 2023, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Kim King, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representatives Kim King, Co-Chair, and Phillip Pratt, Co-Chair; Senators Jason Howell, Robby Mills, Phillip Wheeler, and Mike Wilson; Representatives Chad Aull, Shane Baker, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Chris Freeland, Chris Fugate, Daniel Grossberg, Richard Heath, Savannah Maddox, Candy Massaroni, Shawn McPherson, Michael Sarge Pollock, Brandon Reed, Rachel Roberts, Sarah Stalker, Nancy Tate, Killian Timoney, Bill Wesley, Richard White, Nick Wilson, and Susan Witten.

Guests: Ernie Price, Superintendent, Camp Nelson National Monument; Steve Phan, Chief of Interpretation, Education, and Visitor Services, Camp Nelson National Monument; Helen Dedman, Chair, 250th Harrodsburg Sestercentennial Commission; Nancy Hill, 250th Harrodsburg Sestercentennial Commission; and David Kirkpatrick, 250th Harrodsburg Sestercentennial Commission.

LRC Staff: Janine Coy, Helen McArthur, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the July 31, 2023, meeting was made by Representative McPherson, seconded by Representative Fister, and approved by voice vote.

Camp Nelson National Monument

Historically, Camp Nelson was established as a fortified supply depot for the United States Military during the Civil War and was one of the nation's largest recruitment and training centers for Black American soldiers, known as United States Colored Troops.

Camp Nelson, originally created as a park in 1998 by Jessamine County, was added to the National Park Service (NPS) by Presidential Proclamation on October 26, 2018, becoming Camp Nelson National Monument. A three-year co-management agreement between the NPS and Jessamine County was in place until October 2021, when NPS staff resumed full operational control. The national landmark now employs nine permanent staff, seven part time staff, up to five interns, and is growing its volunteer program.

Base operating funds and project fund reports

were displayed for fiscal years 2020 to 2024. In some fiscal years, project funds have been greater than base operating funds. Visitation to the park, after NPS assumed operational control, during the second full year of operation is up 67 percent, and June and July 2023 total number visitors is 15 percent higher than June and July 2022. Mr. Price discussed the economic impact of national park visitor spending to local communities, upcoming programs and events taking place at Camp Nelson, and priorities for the future.

In response to a question from Representative King, Mr. Price stated that the number of visitors to Camp Nelson may have increased due to additional marketing funds available after the site became a national monument, however, NPS is forbidden by law to use public dollars to market itself. Additionally, he gave an overview of future priorities including regional monument signage, regional civil war tourism, and promoting Kentucky's Magnificent 7 national monuments at the Louisville International Airport. Answering a follow up question, Mr. Price provided details about the NPS's mobile application and Camp Nelson's social media presence. Mr. Phan gave additional information about the monument's hours of operation and visitors center. Replying to another follow up, Mr. Price confirmed that economic impact statistics shown included all national monuments across the Commonwealth.

Addressing a question from Representative Stalker, Mr. Phan said the number of visitors to the park are tracked through the park's visitors center with traffic counter devices.

Harrodsburg Sestercentennial Commission

Representatives of the Harrodsburg 250th Sestercentennial Commission gave a presentation on the Harrodsburg 250th Celebration. The history of Harrodsburg, which was founded in June 1774, was discussed along with cultural, political, and military contributions to the Commonwealth. The board members of the commission are made up of organization and community leaders as to have everyone in the city represented. Events planned for the celebration include themed walking tours, music programs, ghost walks, activities for children and youth, ceremonies honoring Revolutionary War veterans, book signings, and numerous others. The list of event partners continues to grow as local entities provide additional events and program spaces that carry historical significance.

There being no further business before the committee, the meeting adjourned at 2:23 p.m.

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 4th Meeting of the 2023 Interim

September 28, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on September 28, 2023, 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; Phillip Pratt Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Denise Harper Angel, Jason Howell, Robby Mills, Brandon J. Storm, Reginald Thomas, Phillip Wheeler, and Mike Wilson; Representatives Chad Aull, Shane Baker, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Daniel Grossberg, Richard Heath, Nima Kulkarni, William Lawrence, Savannah Maddox, Candy Massaroni, Shawn McPherson, Michael Sarge Pollock, Brandon Reed, Rachel Roberts, Sarah Stalker, Ashley Tackett Laferty, Bill Wesley, Richard White, Nick Wilson, and Susan Witten.

Guests: Tom Underwood, State Director, National Federation of Independent Business; Sharla Wells, Director Legislative Affairs, Big Rivers Electric Corporation; Tim Lindahl, President and CEO, Kenergy Corporation; Melissa Hagan, Kenergy Customer; and Dr. Roman Yampolskiy, AI Safety Researcher

LRC Staff: Janine Coy, Eric Rodenberg, Crystal Thompson, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the August 23, 2023, meeting was made by Representative Reed, seconded by Representative McPherson, and approved by voice vote.

Tax Policy on Small Business Health Insurance

Tom Underwood, State Director of the National Federation of Independent Business, spoke about the inequitable tax on health insurance for small businesses. He gave an overview of changes made to the health insurance tax policy over the years and highlighted that health insurance premiums remain taxed on gross at one percent even though the tax may no longer be necessary. With rising health insurance costs, small businesses are experiencing dramatic effects. Mr. Underwood reported that under KRS, there is an expansive category of those that are exempt from the tax, but small businesses and individuals are not.

Responding to Representative King, Mr. Underwood stated he did not currently have estimations for the total revenue from the one percent tax.

Answering a question from Representative Aull, Mr. Underwood stated LRC Staff could perform an analysis of the allocation of revenue from the one percent tax.

Representative Pratt gave his perspective on the matter as a small business owner and National Federation of Independent Business member and said he looks forward to reviewing a draft of legislation addressing the issue.

Future with AI

Dr. Roman Yampolskiy, an artificial intelligence researcher that presented on his own behalf, gave an overview of the future of AI from a nonpartisan perspective based on his research of the topic over the last 10 years. He reported that it was

projected by experts, over a decade ago, that by 2023, technology will exist with computational capacity comparable to that of a human brain. In spring 2023, OpenAI released GPT – 4, which can garner similar standardized test results as a human performing in the top percentile. Top field professionals predict that AI technology will reach artificial general intelligence levels within two to three years. Artificial general intelligence is a hypothetical intelligent agent that could learn to accomplish any intellectual task that a human being can perform. Dr. Yampolskiy reported that evolving technology may lead to artificial superintelligence, a hypothetical agent that possesses intelligence that surpasses that of any human. Many researchers have expressed concerns if it will be possible to control artificial superintelligence, but Dr. Yampolskiy cautioned that any solutions to future challenges must be explainable, comprehensible, predictable, verifiable, and unambiguously communicative.

Addressing Senator Thomas, Dr. Yampolskiy stated he did not want to give specific legislative recommendations but explained, as AI advances, who controls the future artificial superintelligence will not matter because the technology will be an independent agent. The key to any solutions will be to learn from the systems over time to deploy more capable systems that meet acceptable safety and security standards.

Responding to Representative Baker, Dr. Yampolskiy discussed the threat created by deepfake AI which is a type of AI technology used to create convincing images, audio, and video by manipulating existing source content. Without intelligence limits, this type of AI has endless capabilities that cannot be regulated by any law.

Representative Grossberg detailed his thoughts on the future of AI, comparing AI to the discovery of fire or language. He stressed the nonpartisan nature of the subject, and discussed the importance of exploring targeted parameters. In response to a question, Dr. Yampolskiy suggested incentivizing companies and business leaders to monetize existing technology instead of rashly developing newer technology.

Answering a question from Representative Kulkarni, Dr. Yampolskiy discussed the differences between super intelligence security and standard cybersecurity and nonexistent emotional biases of AI.

Replying to Representative Stalker, Dr. Yampolskiy discussed the short-and long-term effects of deploying AI technology on the workforce.

Responding to Representative Dotson, he spoke about using cryptographic information to determine source origins in cases when deepfake technology is used.

Addressing remarks made by Representative McPherson, he further discussed the irrelevance of who will be in control of future artificial superintelligence.

In response to Senator Howell, Dr. Yampolskiy said researchers are studying direct human computer interfaces and protection for freedom of human thought.

Representative Pratt thanked Representative Grossberg for recommending that Dr. Yampolskiy present to the committee and emphasized the bipartisan nature of the matter.

Kenergy Broadband Project Update

Tom Lindahl, President and CEO of Kenergy, gave a brief historical overview of utility related legislation that eventually led to the passage of 2021 Regular Session HB 320. The legislation appropriated funding to expand broadband and invest in infrastructure. As a result, Kenergy has embarked on a broadband deployment project to bring internet service to unserved and underserved Kentuckians. Initially, Kenergy's 14 county service area had 23,000 unserved and underserved homes based on Federal Communication Commission maps. Thus far, Kenergy has connected over 2,000 homes in 2023 and has over 8,000 more in progress. He stated that the project is a joint venture made possible through local, state, and federal grant funds in conjunction with Kenergy's banking partners and internet service provider. Melissa Hagan, a Kenergy customer, testified about her experience since obtaining sustainable fiber internet service.

Answering a question from Senator Mills, Mr. Lindahl stated Kenergy has not received any state funding for the project, but a funding application is pending. In response to a follow up, he expanded on the cost of service and noted Kenergy's costs to set up a broadband connection at a home or business is one of the lowest in the state at about \$3,000.

Responding to Senator Boswell, Mr. Lindahl said Kenergy divides costs of infrastructure amongst all membership of the cooperative to provide reliable broadband service to its customers.

Addressing a question from Representative Pratt, Sharla Wells, Director of Legislative Affairs for Big Rivers Electric, confirmed that 2021 Regular Session HB 320 granted electric cooperatives the authority to leverage up to 25 percent of their total assets for capital investment into an affiliate with a subsidiary. Representative Pratt continued by commenting on broadband mapping and pole attachment challenges.

Adjournment

There being no further business before the committee, the meeting adjourned at 2:17 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2023 Interim August 1, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Transportation was held on August 1, 2023, 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.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative John Blanton, Co-Chair; Senator Karen Berg, Senator Johnnie Turner, Senator Phillip Wheeler, Senator Gex Williams, Senator Mike Wilson, Senator David Yates, Representative Josh Branscum, Representative Randy Bridges, Representative Jonathan Dixon, Representative Daniel Elliott, Representative Ken Fleming, Representative David

Hale, Representative Samara Heavrin, Representative Keturah Herron, Representative John Hodgson, Representative Thomas Huff, Representative Mary Beth Imes, Representative Derek Lewis, Representative Bobby McCool, Representative Amy Neighbors, Representative Ruth Ann Palumbo, Representative Rachel Roberts, Representative Tom Smith, Representative Ashley Tackett Laferty, Representative Walker Thomas, Representative Ken Upchurch, Representative Bill Wesley, and Representative Wade Williams.

Guests: David McFaddin, President, Eastern Kentucky University (EKU); Dennis Sinnett, Executive Director, EKU Center for Aviation; Seth Cutter, Vice President, Public Affairs, Cincinnati/Northern Kentucky International Airport; Sarah Jackson, REAL ID Project Manager, Kentucky Transportation Cabinet (KYTC); Terry Sebastian, Pop-Up Program Manager, KYTC

LRC Staff: John Snyder, Dana Fugazzi, Ashley Nash, and Christina Williams.

Approval of July 18, 2023 Minutes

The minutes of the July 18, 2023, meeting were approved.

Introduction of Special Guests

Representative Wesley introduced his guest Kinsley Kidd from Powell County. Representative Hale introduced his grandson Gavin Hale. Both guests were welcomed by members.

Presentation from Eastern Kentucky University's Aviation Program

David McFaddin, President, EKU, and Dennis Sinnett, Executive Director, EKU Center for Aviation, briefed the committee on EKU's Aviation Program. The EKU Aviation program began in 1982 from a feasibility study that determined the Commonwealth needed a university-level aviation program to keep top candidates from leaving the state to pursue degrees in a rapidly growing field. Since 1991, when it received state approval, the EKU Flight Program has grown substantially as Kentucky's only four-year, university-based flight program, with an enrollment that has more than doubled between 2018 and 2023.

The current record enrollment of 425 students drives the need for facility improvements. In 2021, the General Assembly appropriated funds to assist in purchasing 25 fixed-wing aircraft for the EKU. In the 2022 budget, \$4.9 million was allocated for planning and site preparation for classroom building and other airport improvements. President McFaddin stressed the importance of the new classroom building to the future growth of the program.

A comparison of EKU to other aviation programs in the region was provided, showing enrollment, tuition cost, number of aircraft, and facilities. There are several differentiators that set EKU's flight program apart from others, most importantly, it is the most affordable among competitors, costing a total of \$56,000 for the program. The enrollment of the flight programs highlighted ranged from 400 students to over 1,100 students.

The hire rate for EKU's professional flight and aerospace management graduates is 99 percent. The

EKU Flight Program currently has 31 planes, 25 of which are owned, six are leased.

President McFaddin stated Central Kentucky Regional Airport in Madison County is the third busiest in Kentucky behind Louisville Muhammad Ali International Airport (SDF), and Cincinnati/Northern Kentucky International Airport (CVG). Student flight hours per year have increased from 3,500 in 2013 to 14,300 in 2022. There are students enrolled in the program from 25 different states, which is a major economic driver as people fall in love with Kentucky. People from additional states could be recruited if adequate classroom space is added.

President McFaddin stated EKU's program facilities need upgrades because the current training space does not reflect the quality and professionalism of the program. The current facilities give a negative impression when recruiting students and their parents. The program's students need a flight experience that reflects what they will see in the workforce. Compliance with the Federal Aviation Administration (FAA) regulations require private briefing spaces, which are needed. The current flight training space utilizes decommissioned trailers purchased from other government entities. In 2021, House Bill 192 provided a big leap forward for the EKU Flight Program, allocating \$3.2 million for pilot equipment (aircraft) and a \$4.9 million architectural planning and site preparation budget. In 2024, EKU will be requesting \$25 million from the biennial budget for new classrooms and a training building and supporting facilities, which will include a flight education building, maintenance and aircraft storage hangars, flight simulators, classroom desks, chairs, etc.

In response to a question asked by Chairman Higdon, President McFaddin stated the funding that will be requested from the upcoming biennial budget is a capital investment, it will not be used for buying simulators or paying salaries. This investment would give EKU the ability to become a first-class flight training facility that can accommodate a student body in excess of

500. The investment would provide appropriate facilities for briefing, student engagement space, and instructional space. President McFaddin stated separating the aircraft, general aviation, and the flight school will allow for things to be more manageable.

In response to a question asked by Senator Berg, President McFaddin stated the starting salary for a graduate of the EKU flight school that has completed the 1,000 hour requirement is approximately \$80,000 to \$85,000 annually at a regional airline. He added within two to three years of their employment, the salary tends to exceed \$100,000 annually. Regional airlines are offering signing bonuses at career day, ranging anywhere from \$25,000 to \$70,000.

In response to a question asked by Senator Yates, President McFaddin stated staging aircraft and moving aircraft due to incidents such as inclement weather and co-mingling that area with general aviation areas is not the best layout. He stated it would work best if there was not an open floor plan for the hangars and they could be separated. In response to a follow-up question from Senator Yates concerning possible sponsorship engagement, President McFaddin stated there have been sponsorship conversations, however,

most companies that are hiring do so in the spirit of competition with other providers. In doing so, they attempt to attract students by offering larger signing bonuses or a better benefits package. Therefore, getting companies to invest at the beginning stages with education in the form of sponsorships has been a challenge. He added it is preferable not to label the EKU flight program as a specific airline school, as the students tend to explore which airline is the best fit for them after completion of the program.

In response to a question asked by Senator Wheeler, President McFaddin stated a graduate of the EKU Flight Program is qualified to fly any fixed-wing aircraft, other than a helicopter. He added flying jets or turbine powered aircraft is explored on their initial employment with general airlines.

In response to a question asked by Representative Thomas, President McFaddin stated Madison County was not included in the funding provided through the passage of House Bill 9 in the 2023 regular session of the General Assembly.

In response to a question asked by Senator Berg, President McFaddin stated upon the completion of the flight program, students will have a bachelor's degree that will include university classes as well as workforce training.

In response to a question asked by Representative Fleming, President McFaddin stated EKU offers the flight training program, partnered with that is the aviation management program which includes other operations in an airport from tower operations, to keeping things punctual and running smoothly, to the leadership and management of airports. The aviation management program is a growing sector and one where capable, qualified professionals are needed. A manufacturing engineering program was also just launched at EKU. It is the hope to have an airspace aviation track inside of that program as programs are blended. Unmanned aircraft is also an area that is being explored. There are two programs at Kentucky community colleges for Aviation Mechanic Technicians (AMTs), at Somerset Community College and Jefferson Community College.

Mr. Sinnett stated the pilot shortage is what is getting national visibility, but for every one pilot job that is available, there are five positions short on the management side (operating airports, safety, etc.) Those positions need to be filled as well. Unmanned Aerial Systems (UAS) is also an area that is showing rapid growth in the flight industry, however, experts agree that manned aircraft will remain prevalent for the foreseeable future.

In response to a question asked by Representative Fleming, Mr. Sinnett stated approximately 15 percent of the EKU flight program students are female, and about the same number are minorities.

In response to a question asked by Senator Turner, President McFaddin stated college credits will transfer into the program, however, the sooner a student starts logging the required flight hours, the better, in order to complete the program timely. He added the flight training portion must be completed at EKU for instrument and commercial licenses due to FAA requirements.

In response to a question asked by Chairman Higdon, the \$56,000 cost for the program is the tuition

cost for all four years of just the flight program. In response to a follow-up question by Chairman Higdon, President McFaddin stated the EKV airport would be considered a general aviation airport, however, by activity, it would be a training facility.

Representative Fleming encouraged members to take interest in the activity of the Aviation Caucus.

Renewable Aviation Fuel

Seth Cutter, Vice President, Public Affairs, CVG, and also a representative of the Kentucky Sustainable Aviation Fuels Coalition, briefed the committee on renewable aviation fuel. Mr. Cutter highlighted Kentucky's aviation economic impact across the three major airports of CVG, SDF, and Bluegrass Airport (LEX). Total passengers served pre-COVID through the three major airports are just under 15 million, supporting just under 135,000 direct and indirect jobs, causing a total annual economic impact of approximately \$18.27 billion.

Sustainable Aviation Fuel (SAF) is what is considered a drop- in fuel, which means it is dropped in, or co-mingled with a kerosene-based jet fuel and can be used in aviation equipment today. It requires no engine, aircraft, or infrastructure changes, and is chemically the same as conventional jet fuel. Mr. Cutter stated alternative jet fuel is the nearest way to curb impact on the environment as it reduces the lifecycle carbon dioxide (CO2) emissions. By making SAF with alternative feedstocks and processes instead of fossil-based feedstock, lifecycle CO2 emissions can be reduced during production. Currently the FAA has seven approved pathways to create SAF and those feedstocks range from solid wastes, hardwood residues and resins, fat, soils, and greases, etc.

Mr. Cutter stated the Kentucky Sustainable Aviation Fuel Coalition members consist of engine manufacturers, passenger airlines, cargo airlines, aviation trade groups, original equipment manufacturers (OEMs), and startup companies. Members of the coalition have very public and ambitious commitments to buy SAF as part of their fuel mix. Not only are markets creating demand for these solutions, but customers, airline passengers, and the companies that ship with DHL, UPS, or Amazon, all are more mindful of the environmental impacts of the transportation of these goods.

Making up approximately one percent of jet fuel today, there is a high demand and low supply of SAF. That imbalance causes a great disparity in price. It will likely be an expensive proposition compared to petroleum-based jet fuel for years to come. Mr. Cutter highlighted why SAF would be beneficial for use in Kentucky. He indicated Kentucky has substantial commercial airline activity and air cargo prowess. The presence of OEMs and aviation industry, research and development strength and potential, and agriculture and feedstock availability, are also reasons why SAF should be utilized in Kentucky. A map was also shown that displayed existing and announced SAF production locations, most of which were in foreign nations, particularly Europe and Asia.

Mr. Cutter highlighted the SAF opportunity for Kentucky as federal government incentives enacted in 2022 are available through 2025. There is also an

opportunity for economic development investment through SAF production. The development of state-level policy shows potential incentives to address price disparity through per-gallon credit.

In response to questions from Representative Blanton, Mr. Cutter stated that currently, SAF can only be used for up to 50 percent of the fuel mix, but testing is being done on the feasibility of using 100 percent SAF fuel, and the current cost of SAF is around \$9 per gallon, while the cost of Jet-A fuel is around \$3.50. Representative Blanton expressed concern that using government incentive to promote an option which is more expensive in the quest to reduce the carbon footprint will result in higher travel and shipping costs for consumers.

Senator Wheeler echoed many of Representative Blanton's points and expressed grave concern regarding increased costs customers. Representative Hodgson also expressed concern, stating the since the fuel does not improve engine performance, the only reason companies are interested in this fuel is to improve their environmental, social, and governance (ESG) ratings, and the General Assembly has made their skepticism of such metrics clear with recent legislation banning the use of ESG by the state's pension fund managers.

Representative Roberts stated most major flight booking websites now offer CO2 imprint information. In response to a question asked by Representative Roberts, Mr. Cutter stated there is an evaluation being done on how to repurpose abandoned coal fields, possibly for the use of growing crops to be used for the creation of SAF. He added there is also an abundance in hardwood residues such as saps and resins that can be utilized. Mr. Cutter stated there are other agricultural products that can be easily converted to liquid and made into fuels, but there is a reluctance in the industry to displace those food supply chains. He added the method of using cooking oils and greases is an option as they are already in a liquid state and can easily produce the fuel. In a follow-up question asked by Representative Roberts, Mr. Cutter stated there have been conversations had with the Cabinet for Economic Development in the search for SAF production sites. He added that Marathon Petroleum is considering potential SAF production sites in Kentucky.

In response to a question asked by Senator Yates, Mr. Cutter stated coalition members DHL, UPS, and Amazon have invested hundreds of millions of dollars in Kentucky, and there has been a good case made as to why Kentucky is a good place to continue to invest. He added with the use of SAF, Kentucky could get ahead of other states that are evaluating this opportunity. He stated if action is not taken, the risk is that other states will beat Kentucky to the punch on this opportunity.

In response to a question asked by Senator Berg, Mr. Cutter stated he does not have an estimate on what the SAF costs will ultimately be when supply and demand issues stabilize. He stated ideally the cost will normalize to the point where it replaces or is sufficient to replace what jet a fuel is today. In response to a follow-up question, Mr. Cutter stated he does not think the requirement for the use of SAF

additive will occur in the United States or Kentucky. He believes an incentive approach with an economic development opportunity, on the whole across the country, is a much better policy rather than regulation.

In response to a question asked by Representative Dixon, Mr. Cutter stated Marathon Petroleum is a part of the coalition even though they are a fossil fuel company, because they are hoping that it will ultimately be a profitable line of business for them.

Driver License Regional Office System Update

Sarah Jackson, REAL ID Project Manager, KYTC and Terry Sebastian, Pop-Up Program Manager, KYTC, updated the committee on the driver license regional office system. Ms. Jackson stated that there are 32 regional driver license offices that are open and fully functional across

Kentucky. The cumulative total of daily issuance numbers across the state are matching, and in many cases exceeding the average cumulative total of daily issuance numbers when Kentucky Circuit Clerks were handling issuance. Nearly 400,00 Kentuckians have skipped a trip to a licensing office and have renewed their driving credentials online in the last two years alone.

Kentuckians have also had the option of renewing or replacing lost or stolen credentials or completing an address change through a mail-in process. Currently, 45,000 people have utilized the mail-in option since it was first offered in October 2021. Ms. Jackson stated the REAL ID enforcement date is now May 7, 2025. Of the total credentials issued through June, 22.3 percent were in the form of REAL IDs, less than the 30 to 40 percent of Kentucky's population the federal Department of Homeland Security estimated would obtain a REAL ID.

Ms. Jackson stated since September 2022, herself and Mr. Sebastian visited all 32 regional offices unannounced for observation, with the end goal of improving all aspects of customer service. Ms. Jackson stated the ongoing customer initiatives include the addition of more cash stations, customer friendly kiosks, statewide Saturday hours, continuing to welcome customer feedback, increased public outreach, the dispatching of specialized training teams, appointment and walk-in oversight, customer credential delivery, mail-in renewal expansion, new phone systems, and a newly launched website.

Mr. Sebastian gave an update on the pop-up driver licensing stations. The pop-up program visits each Kentucky county that does not have a regional office. Most recently the pop-up program won the best IT Collaboration Among Organizations award at the Government Technologies Kentucky IT awards ceremony. In 2022, pop-up stations occurred in 93 counties, with 215 visits, and over 7,000 credentials were issued. In 2023, those numbers are still on track to mirror those same successes. There are 14 regional office pop-up hubs that will service various counties.

The issuance of REAL ID seems to be the most requested form of identification. The pop-up offices offer any service that a regional office offers, including the renewal of CDLs and motorcycle credentials. The pop-up offices also assist with disasters using emergency pop-up stations. Most recently services were provided in the disasters in Eastern and Western

Kentucky, as well as a fire disaster in Hazard, Kentucky. Mr. Sebastian also added the pop-up stations also work with county judge executives in each county, as they are trusted leadership and know the best locations in those communities for residents to attend pop-ups. Mr. Sebastian stated the 2024 pop-up schedule is online.

In response to a question asked by Senator Turner, Chairman Higdon stated the issue of students missing school days to test and receive their driving credentials is being examined and the Kentucky State Police, which handles driver testing, will appear before the committee later in the interim.

In response to a question asked by Representative Heavrin, Ms. Jackson stated the floor plans for the new Hardin County regional office are still being considered. She added they were on target to have a new office in Hardin County, but new landlords have assumed that property, which has caused a delay. She stated the Finance Cabinet is working diligently to get everything finalized and bid. Ms. Jackson stated the Elizabethtown regional office has improved significantly, and that office tends to have more walk-ins which is why it has been chosen to be one of the locations that has a pilot kiosk project.

Representative Herron expressed a negative experience she had at a facility and expressed her concerns for citizens that do not have adequate transportation to get to and from a regional office as needed. In response to a question asked by Representative Herron, Ms. Jackson stated there are not currently any kiosks in Jefferson County.

In response to a question asked by Representative Elliott, Ms. Jackson stated staffing in the Danville office is a priority and is being addressed. Currently the office has a mix of permanent and temporary staff.

Adjournment

With no further business to come before the committee, Chairman Higdon adjourned the meeting at 2:57 P.M.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the Fourth Meeting of the 2023 Interim

September 18, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Transportation was held on September 18, 2023, at 2:00 PM in Room 149 of the Capitol Annex. Representative John Blanton, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon Co-Chair; Representative John Blanton Co-Chair; Senators Karen Berg, Robby Mills, Brandon J. Storm, Phillip Wheeler, Gex Williams, Mike Wilson, and David Yates; Representatives Josh Branscum, Randy Bridges, Ken Fleming, David Hale, Keturah Herron, Thomas Huff, Mary Beth Imes, Bobby McCool, Amy Neighbors, Ruth Ann Palumbo, Tom Smith, Ashley Tackett Laferty, Walker Thomas, Ken Upchurch, and

Bill Wesley.

Guests: Mike Hancock, Deputy Secretary, Kentucky Transportation Cabinet (KYTC); Robin Brewer, Executive Director, Office of Budget and Fiscal Management, KYTC; John Moore, Assistant State Highway Engineer, KYTC; Jason Siwula, Assistant State Highway Engineer, KYTC; David Roy, Vice President, Gas Operations, Columbia Gas; Phil Tolliver, Manager, Distribution Systems, Kentucky Power; Representative Walker Thomas, State Representative, District 8; Jerry Gilliam, Christian County Judge Executive; and Alana Baker Dunn, Trigg County Magistrate.

LRC Staff: John Snyder, Dana Fugazzi, Ashley Nash, and Christina Williams.

Approval of August 1, 2023 Minutes

The minutes from the committee's August 1, 2023, meeting were approved.

Special Recognition

John Snyder, Committee Staff Administrator, Transportation Committee, Legislative Research Commission, was recognized for being chosen as the Staff Vice-Chair of the National Conference of State Legislators (NCSL). In 2024, when the NCSL Summit will be held in Louisville, Mr. Snyder will become the Staff Chair.

Road Fund Report

Mike Hancock, Deputy Secretary, KYTC, and Robin Brewer, Executive Director, Office of Budget and Fiscal Management, KYTC, gave the Fiscal Year (FY) 2023 report for the Road Fund. Total actual Road Fund revenues for FY 2023 were \$1,753.3 million, \$32.3 million over the estimate. Motor Fuels Tax collected in FY 2023 was \$798.3 million, \$35.5 million lower than estimated. Motor Vehicle Usage Tax collected in FY 2023 was \$660.3 million, \$56.6 million over the initial estimate of \$603.7 million. Other Road Fund revenues exceeded the estimate by \$11 million, totaling \$294.6 million. The first quarter of FY 2023 showed a decline in Road Fund revenue of -0.3 percent over FY 2022, however, the second, third, and fourth quarters showed growth over FY 2022 of 7.3 percent, 5.7 percent, and 6.1 percent, respectively.

The comparison between actual revenues collected in FY 2023 to FY 2022 showed increases of \$23.6 million, or 3 percent, in Motor Fuels Tax collected; \$31.3 million, or 5 percent in Motor Vehicle Usage Tax, and \$23.1 million, or 7.8 percent in other revenues. Overall, FY 2023 showed an increase in revenue collections of \$78.0 million, or 4.7 percent.

The total Road Fund revenue estimate for FY 2024 is \$1,679.2 million. Estimates by category for FY 2024 include Motor Fuels Tax collection of \$817.2 million, Motor Vehicle Usage Tax of \$569.1 million, Motor Vehicle License Fees of \$121.7 million, Weight Distance Tax of \$96.6 million, Motor Vehicle Operator revenue of \$28.3 million, investment revenue of \$2.1 million, and other revenue estimates of \$44.3 million.

In response to a question asked by Chairman Blanton, Ms. Brewer stated the Motor Vehicle License portion of Road Fund revenue collected does

not include state and local property taxes, only the registration fees.

In response to a question asked by Representative Smith, Deputy Secretary Hancock stated KYTC is researching how to collect Road Fund revenue from the usage of electric vehicles (EVs), however, there is not yet a plan in place to tackle the issue. In a follow-up statement, Representative Smith requested a proposal from KYTC to address the matter. Chairman Blanton reminded members legislation was recently passed that will require EV owners to pay an additional \$120 when they register an EV, and a \$60 charge is incurred if the person registers a hybrid vehicle. This legislation is set to take effect in January 2024, and the additional funding will help offset some of the cost of road usage by these types of vehicles.

Co-Chair Higdon reminded the committee that there is a three cent per kilowatt hour tax collected at charging stations throughout the state to collect revenue from people traveling through Kentucky.

In response to a question asked by Co-Chair Higdon, Ms. Brewer confirmed that the increase in the Motor Fuels Tax is the first increase that has occurred since 2014.

Co-Chair Higdon requested the SHIFT scores, which are the KYTC's priority ranking of projects, to be included in the KYTC's budget request.

In response to a question asked by Co-Chair Higdon, Ms. Brewer stated the surplus funds are placed into the state construction fund at the end of the year. In response to a follow-up question asked by Co-Chair Higdon, Ms. Brewer stated the way the budget works with the highway plan is that the legislature appropriates a certain amount of money for the state construction program. Then, the cabinet utilizes that amount to attempt to complete as many projects as possible that are in the actual plan itself. The plan has estimates of how much projects will cost, but the appropriation from the budget bill itself is not directly tied to a specific project in the highway plan.

In response to a question asked by Representative Hale, Ms. Brewer stated a two-cent increase in the Motor Fuels Tax would equate to approximately \$60 million in revenue.

Contracting Review for FY 2023 / Forecast for FY 2024

John Moore, Assistant State Highway Engineer, KYTC, and Jason Siwula, Assistant State Highway Engineer, KYTC, gave a review of contracting projects for FY 2023 and FY 2024. Mr. Siwula stated the last couple of years have been robust for highway improvements. In addition to numerous needs which have been addressed through staff conducted maintenance, operations, and contracts via on call services, KYTC has awarded 1,171 projects totaling \$1.98 billion. For each project receiving bids, KYTC produces an independent construction cost estimate during advertisement, which is called the engineer's estimate. For the projects awarded during this timeframe the corresponding engineer's estimate totals \$2.02 billion. Included in this total are 695 asphalt projects awarded for \$403 million with a corresponding engineer's estimate of \$420 million.

Mr. Siwula highlighted several projects that will be let to construction through the balance of this

calendar year. In September there will be lettings in Laurel County on US-25, in Henry County on I-71, and in Kenton County on I-275. In October, there will be lettings in Pike County on US-460/KY-80 from KY-195 to Dunleavy Hollow, in Bullitt County on the I-65/KY-480 interchange, and two lettings for Fayette County, one on Ky-4, and the other on KY -922 from KY-4 to I-75. November's letting schedule shows a letting in Union County on KY-56 from KY-109 to West of KY-360, and in Grayson County on KY-3155 from the Southern Intersection at KY-259 Westerly to KY-54, and a letting in Kenton County on KY-536 from KY-1303 to Williamswood Road/Calvary Drive. Lastly in December, there is an expected letting in Oldham County on I-71. Beyond this calendar year, KYTC anticipates a similar number of projects (approximately 600 projects per year) and a similar total as in recent years (approximately \$1 billion).

In response to a question asked by Co-Chair Higdon, Mr. Siwula stated Kentucky and Ohio were the recipient of over \$1.6 billion in federal grants for the Brent Spence Bridge Corridor companion bridge project. The cabinet is working through procurement and early contracting on the project as the year continues. Mr. Siwula added KYTC is seeking additional federal discretionary grants of \$632 million for the I-69 river crossing and that application was made recently in conjunction with Indiana. Federal grants are also being sought for the completion of the Mountain Parkway. Mr. Siwula stated updates will be provided as the United States Department of Transportation (USDOT) makes their decisions on those projects. Mr. Siwula stated he would provide the figures on what the proposed federal match is on the I-69 crossing and the Mountain Parkway projects.

In response to a question asked by Chairman Blanton, Mr. Moore stated there is a decline in the number of resurfacing projects due to rising costs. Chairman Blanton requested information on what would be required to allow more resurfacing projects to be completed. Mr. Moore mentioned the recently updated Asset Management Plan that is available on KYTC's website. The plan provides updates on KYTC's outlook and what the needs are.

Utility Work Zone Safety

David Roy, Vice President, Gas Operations, Columbia Gas; and Phil Tolliver, Manager, Distribution Systems, Kentucky Power, briefed the committee on utility work zone safety and their respective companies. Mr. Roy stated Columbia Gas of Kentucky, which is a Nisource company, serves approximately 135,000 customers in 30 counties across Kentucky. Columbia Gas of Kentucky employs approximately 260 employees and 310 contracted employees, and was voted one of 2023's Best Places to Work in Kentucky.

Mr. Roy stated work zone risks consistently represent one of the most significant hazards employees and contractors face each day and Columbia Gas is always seeking to reduce risks in work zones and to keep everyone safe. He stated some of the most common causes of work zone intrusions involve impatient and disgruntled drivers, distracted drivers, driver intoxication, medical events, and confused motorists. The reason behind focusing on

mitigating vehicle intrusions is to prevent injuries, prevent vehicular crashes, ensure public safety, and to minimize risk of escalated natural gas incidents. There has been a 260 percent increase in work zone intrusions over the past five years on Columbia Gas projects. Mr. Roy stated work zone risk mitigation options include the usage of cones and signage, lane/road closures, flaggers, portable speed bumps/rumble strips, law enforcement (off duty officers), concrete or water-filled traffic control barriers, a crash truck with attenuator, automated flagger assist devices, work zone intrusion alarm systems, and radar speed indicators. Mr. Roy stated utility workers seek harsher penalties to incent drivers not to disregard work zone safety setups and a way for work zone violators to be penalized, if they can be identified, even if an officer did not witness the event.

Mr. Tolliver stated Kentucky Power, headquartered in Ashland, provides services to approximately 163,000 customers in all or part of 20 eastern Kentucky counties. Kentucky Power's distribution operations work from service centers in Ashland, Hazard, and Pikeville and from area offices in Paintsville and Whitesburg. Kentucky Power has 10,108 miles of distribution lines and 1,263 miles of transmission lines.

Kentucky Power has experienced near misses in traffic control zones. Because they cannot control the actions of drivers, they cannot fully eliminate the risk to utility workers in work zones. Risks include distracted driving, speeding, and fatigued and impaired drivers. Kentucky Power employees complete annual flagging certification through the University of Kentucky, Basic Work Zone and Flagger Train-the-Trainer program. Safety observations are conducted by Kentucky Power Safety and Health and Management to verify proper work zone set up.

Mr. Tolliver stated every work zone is different and several items must be considered in determining traffic control. Workers should always consider the safety of motorists, pedestrians, and workers moving through their zone, traffic controls should keep vehicles moving safely and quickly, motorists and pedestrians should be warned, informed, and guided in a clear and positive manner while they approach and travel through the work zone, workers should periodically assess the effectiveness of the traffic control, workers should plan for the possibility of errant vehicles leaving the roadway and affecting the work zone, and lastly, references to the Utility Work Zone Traffic Control Field Manual (MUTCD) should be made.

Chairman Blanton stated work zone safety is a very concerning issue that employees are dealing with daily, and it is his goal to provide a safe working environment for the employees. He added that an officer in Kentucky is correct if they did not witness an incident, then they cannot issue a citation. However, employees can contact the county attorney with evidence and obtain a summons for an individual as witnesses themselves, and law enforcement will serve that summons. The witness may not be able to prove speeding, but they may be able to prove reckless driving if they have the license plate number and their testimony. Each individual county attorney has discretion if they will or will not follow through

with the request.

In response to a question asked by Chairman Blanton, Mr. Roy and Mr. Tolliver agreed that there are a few tools that can be utilized to help alleviate motorists adhering to work zone safety guidelines, although some of them are challenging to execute. Portable speed bumps, cameras, and an increase in penalties are tools that can be used to help issues within work zones. Additionally, heightening awareness for the public, such as the implementation of an information campaign can involve interstates and also secondary roads. Both gentlemen praised local law enforcement for the help provided, but they understand police forces are busy as well.

In response to a question asked by Chairman Blanton, Mr. Roy stated he has investigated how other states address infractions within work zones across different jurisdictions, and it seems there has not been one solid solution. He added several states are investigating hands-free legislation which limits distracted driving. Different states are also investigating and employing higher fee structures and higher penalties, aligning penalties similar to DUIs in some locations with respect to repeat offenders. Mr. Roy concluded that all states are struggling with trying to find the right solution mix that suits its citizens and Kentucky is no different. He added that any incremental action would be a step in the right direction. Mr. Tolliver added most states follow the MUTCD as the standard and if it is deployed and used properly, it is a good system for temporary traffic control.

In response to a question asked by Co-Chair Higdon, Mr. Tolliver reiterated the liability issue with the usage of portable speed bumps. He also stated they are made of a heavy, durable rubber and weigh approximately 60 to 90 pounds. They can either be staked to the pavement or laid across the needed area. There are varying opinions on the municipal, county, and state level on the deployment of portable speed bumps. Mr. Tolliver stated they have utilized them, sometimes successfully, other times, unsuccessfully, but portable speed bumps are a tool that can be used, preferably on a lower speed roadway, not a highway.

Senator Wheeler praised the use of law enforcement at each end of work zones to help reduce speed. He also voiced his issues with the use of cameras within work zones.

In response to a question asked by Senator Wheeler, Mr. Tolliver stated that to his knowledge in the past year, Kentucky Power has not had any injuries related to work zones. Mr. Roy stated Columbia Gas had a flagger that had their foot rolled over this past construction season. Employees of both companies are trained to be very aware because they know how prevalent this issue is.

In response to a question asked by Senator Storm concerning work zone safety plans being peer-reviewed by KYTC or the local municipality prior to beginning any work, Mr. Roy stated it depends on the jurisdiction. Mr. Roy stated when state roads are involved, especially road lane closures or shifting of traffic patterns, those plans are reviewed at least with respect to what will be done with traffic, however details on barricade types and other things are not usually discussed. Mr. Tolliver stated there are two

different types of work zones, short-term and long-term duration. If a long-term project is planned, a traffic control plan must be filed and approved with the highway department. Short-term duration when companies anticipate being there an hour or two, and that falls under temporary traffic control. Mr. Tolliver stated the shorter duration plans are not submitted for peer or law enforcement review to his knowledge.

In response to a question asked Representative Smith, Mr. Roy stated he would not say that Columbia Gas fully endorses the use of cameras. Columbia Gas has evaluated the use of live, as well as non-functioning cameras, which seem to act as a deterrent as well without videotaping.

Chairman Blanton clarified the difference in utility work zones and road construction work zones. Utility work zones tend to be short-term, whereas road construction work zones are usually more long-term. He also reiterated that without being respectful of the signage and speed limits set forth in work zones, drivers also become a danger to not only the workers, but other motorists as well. He stated a solution must be found to change the mindset and behavior.

Proposed Legislation Regarding Wheels on Non-motorized Vehicles

Representative Walker Thomas, District 8; Jerry Gilliam, Christian County Judge Executive; and Alana Baker Dunn, Trigg County Magistrate discussed the effects steel wheels on non-motorized vehicles have on roads, particularly rutting of the roads, which causes dangerous driving conditions and reduces the useful life of asphalt. Representative Thomas welcomed the committee's input on how to address the issue.

Ms. Dunn stated the usage of steel wheels on roadways is a statewide issue that needs to be addressed. A slideshow of picture and video examples of steel wheel damage was shown. She welcomed any suggestions to combat the issue as it grows and becomes more of a problem.

Ms. Dunn stated according to a two-phase study conducted by the Ohio Department of Transportation (ODOT), routes with rubber wheeled traffic have up to 10 years' service life. Routes with heavy steel wheel usage only have an average of two years' service life. The ODOT research also showed that partial depth repairs performed on routes with heavy steel wheel traffic are four times more expensive. The main distress that causes damage, is rutting in the surface layers caused by high stress intensity from the steel wheels.

Mr. Gilliam reiterated the use of the steel wheels do not just affect county roads, but they affect state roads as well. Even on newly resurfaced roads, damage is quickly visible. He stated wagons that have these types of wheels are loaded down with commodities are a real concern due to the amount of weight being transported on those steel wheels. Mr. Gilliam stated the Amish community in his area of Christian County presents them a payment of approximately \$10,000 as an acknowledgement of the issues caused by using steel wheels, however, they spend approximately \$1.5 million a year in resurfacing. He added the rutting of the roads causes hydroplaning and safety issues with water pooling.

Ms. Dunn stated the legislation that was put forth in the 2023 Regular Session of the General Assembly was vague, therefore they wanted to come before the committee to gain insight and for the committee to converse on actions needed to solve the issue. She added possible solutions of a buggy tax, or even the decision to outlaw steel wheels as options.

Representative Thomas stated as of 2022, three states with large Amish populations, Pennsylvania, Ohio, and Indiana, have been trying to pass legislation to address the issue as well. Pennsylvania has not been able to pass legislation, and Ohio has passed a buggy tax and registry.

In response to a question asked by Chairman Blanton, Representative Thomas stated the reason the people of Amish faith in particular use steel wheels instead of rubber wheels is to reduce comfort and thus the temptation to use farm equipment. It was clarified that it is the air inside the rubber wheels that the Amish are opposed to using as it provides more comfort. Senator Yates suggested looking into the use of wheel coverings that are not inflated as a potential alternative.

Ms. Dunn stated the study the Ohio Department of Transportation conducted has two phases. The first phase was to study the impact that steel wheels have on roads, and the second phase was to study different road mixes that could be used. She added they even looked at alternative horseshoes for horses and the impact that would have on the animal. Representative Thomas stated after the study, Ohio passed legislation requiring the registration of buggies with 60 percent of the funding going to the county, 30 percent to the township, and 10 percent was allocated to the state. Representative Thomas stated that he understands two-wheel passenger buggies with little weight are causing some damage, but the real concern lies with buggies that are hauling a significant amount of weight, therefore causing the most damage. Because of this, placing a weight limit on the usage of steel wheels could be a solution.

In response to a question asked by Senator Wheeler, Representative Thomas stated Ohio had an Amish Steering Committee in 2003 to establish the fee of \$50 per buggy and open cart annually and this fee is distributed by ODOT. Representative Thomas stated a resolution should involve the roads not being damaged as much, as well as sufficient funding available to repair the damage that is caused.

Chairman Blanton stated the discussion is about steel wheels and the damage they cause to Kentucky's roadways, regardless of the person's faith that is operating the non-motorized vehicle with the steel wheels.

Representative McCool urged the committee to consider the safety of the horses when considering road material solutions as the horseshoes may not be able to gain as much traction on certain roadway materials. Representative Thomas stated at this time, he would like to address the steel wheel issue.

Adjournment

With no further business to come before the committee, Chairman Blanton adjourned the meeting at 3:35 P.M.

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

Minutes of the 3rd Meeting of the 2023 Interim

August 22, 2023

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Tuesday, August 22, 2023, at 11:00 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: Representative Walker Thomas, Co-Chair; Senator Rick Girdler, Co-Chair; Senators Karen Berg, Matthew Deneen, Whitney Westerfield, Gex Williams, and Mike Wilson; Representatives John Blanton, Steve Bratcher, Stephanie Dietz, Myron Dossett, Chris Freeland, Chris Fugate, Jim Gooch Jr., Mark Hart, Matthew Koch, Scott Lewis, Savannah Maddox, Candy Massaroni, Marianne Proctor, Rebecca Raymer, Scott Sharp, Sarah Stalker, Ashley Tackett Laferty, and Bill Wesley.

Guests: Special Agent T.J. Hanna, Federal Bureau of Investigation; Ashli Watts, President and Chief Executive Officer, Kentucky Chamber of Commerce; Zach Morgan, Project Manager, Kentucky Chamber Foundation; Angela Parkerson, Tami Boblitt, and Ashley Greene, The Never Alone – Nick Rucker Foundation; Representative Nancy Tate, House District 27; and Monica Kelsey, Founder and Chief Executive Officer, Safe Haven Baby Box Foundation.

LRC Staff: Jessica Zeh, Mark Mitchell, and Logan Schaaf.

Public Corruption and Other Threats

Special Agent T.J. Hanna, Federal Bureau of Investigation (FBI), delivered a presentation on public corruption and other threats. Special Agent Hanna discussed scenarios in which the FBI could prosecute people for threats against public officials, and the balance between free speech and true threats. He played voice messages that sparked FBI investigations, each containing threats to public officials that rose to the level of a true threat.

Responding to questions from Senator Berg, Special Agent Hanna detailed the circumstances in which the FBI could make someone surrender their firearms or seek mental health evaluation. He also covered laws around speech targeting people based on race, gender, and religion, and circumstances in which that speech could rise to the level of stalking.

Responding to a question from Representative Dietz, Special Agent Hanna detailed the laws around threatening posts on social media, and when a threatening post could rise to the level of FBI investigation.

Responding to a question from Representative Thomas, Special Agent Hanna covered the process FBI agents go through when changing locations or divisions within the agency.

Military Transition Workforce Initiative

Ashli Watts, President and Chief Executive Officer of the Kentucky Chamber of Commerce, and Zach Morgan, Project Manager for the Kentucky Chamber Foundation, presented on the Military Hiring Academy, a new project by the Chamber Foundation's Workforce Center.

Responding to a question from Representative Koch, Ms. Watts and Mr. Morgan emphasized that the Military Hiring Academy program is primarily aimed towards employers. They also highlighted the importance of making servicemembers aware of which businesses are participating in the program.

Responding to a question from Representative Hart, Mr. Morgan said that there will be a cost to employers for participation in the program, and that Chamber members will pay a discounted rate.

Responding to a question from Representative Stalker, Mr. Morgan emphasized the importance of ongoing dialogue between employers and veteran employees, particularly surrounding mental health.

The Never Alone – Nick Rucker Foundation

Representative Candy Massaroni, House District 50, Angela Parkerson, Tami Boblitt, and Ashley Green of the Never Alone – Nick Rucker Foundation, discussed the fentanyl crisis. Ms. Parkerson, Ms. Boblitt, and Ms. Green each lost children to fentanyl. They started the Never Alone – Nick Rucker Foundation to bring fentanyl awareness and prevention to Kentucky, to reduce the stigma around treatment, and to change laws that deal with the crisis.

Representative Fugate spoke about the dangers of the fentanyl crisis and discussed his work on drug prevention for the Kentucky State Police. He advocated for tougher penalties for drug dealers.

Representative Blanton discussed his work on legislation to charge drug traffickers with murder if their product causes someone to die.

Senator Deneen spoke about the importance of funding drug task force teams to work against the flow of drugs into Kentucky.

Senator Westerfield discussed the existing statutes relating to drug trafficking.

Safe Haven Baby Boxes

Representative Nancy Tate, House District 27, and Monica Kelsey, Founder and Chief Executive Officer of the Safe Haven Baby Box Foundation, provided an update on the Safe Haven Baby Boxes in Kentucky. Ms. Kelsey explained how the Baby Box system works and its importance as an alternative to abandonment. The boxes are located in fire stations and automatically call 911 if a baby is placed in it. Three babies have been surrendered in Kentucky since the program started.

Responding to a question from Representative Bratcher, Representative Tate said that no babies have yet been placed in the box outside of Hardin County.

With no further business before the committee, the meeting was adjourned at 12:45 PM. The next meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection is scheduled for Wednesday, September 27, 2023, at 11:00 AM in Room 154 of the Capitol Annex.

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

Minutes of the 4th Meeting of the 2023 Interim September 27, 2023

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on September 27, 2023, at 11:00 AM in Room 154 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler Co-Chair; Representative Walker Thomas Co-Chair; Senators Karen Berg, Gary Boswell, Matthew Deneen, Denise Harper Angel, Jimmy Higdon, Stephen Meredith, Gex Williams, and Mike Wilson; Representatives Steve Bratcher, Stephanie Dietz, Myron Dossett, Chris Freeland, Jim Gooch Jr., Mark Hart, DJ Johnson, Matthew Koch, Scott Lewis, Candy Massaroni, Marianne Proctor, Scott Sharp, Sarah Stalker, Pamela Stevenson, Ashley Tackett Laferty, and Bill Wesley.

Guests: Kyle Cummins, Chief Helicopter Pilot, Director of Aviation - Rotorcraft; Colonel (Ret.) Phil Miller, State Chair, Kentucky Employer Support of the Guard and Reserve; Delynn Gibson (Ret.), State Command Chief Warrant Officer; Ben Wilcox, State School Security Marshall, Kentucky Justice and Public Safety Cabinet; John Moberly, Executive Director, Kentucky Law Enforcement Council; Van Ingram, Executive Director, Kentucky Office of Drug Control Policy; Tommy Loving, Executive Director, Kentucky Narcotics Officers Association; and Ronald Eckart, Director, Greater Hardin County Narcotics Task Force.

LRC Staff: Jessica Zeh, Mark Mitchell, and Logan Schaaf.

Approval of August Minutes

The minutes of the August 22, 2023, meeting were approved.

Distinguished Veteran

Colonel (Ret.) Larry Arnett was honored by the Committee as a Distinguished Veteran. He spoke about his military service and his continuing work with the Joint Executive Council of Veterans Organizations and was presented with a legislative citation and a VMAPP Challenge Coin.

School Resource Officers

Kyle Cummins, Chief Helicopter Pilot and Director of Aviation for Rotorcraft; Delynn Gibson (Ret.), State Command Chief Warrant Officer; and Colonel (Ret.) Phil Miller, State Chair of the Kentucky Employer Support of the Guard and Reserve, delivered a presentation on the potential for veterans to serve in the school resource officer (SRO) program.

Responding to a question from Chair Girdler, Mr. Gibson discussed the possibility of reforming the training requirements for National Guard veterans who want to become SROs.

Responding to a question from Representative

Johnson, Mr. Cummins emphasized the importance of veterans for the SRO program, and discussed how their military backgrounds could factor into SRO training.

Representative Koch urged caution around the rules for SRO training and discussed the differences between military service and school security. He also said that teachers should be brought into this discussion. Mr. Cummins said that he does not want to see training reduced, but wants to see veterans' backgrounds considered when evaluating their suitability for the SRO program. Mr. Gibson said that approachability is important for SROs.

Responding to a question from Representative Tackett Laferty, Mr. Gibson and Mr. Cummins discussed how different counties might bring veterans into their SRO programs and properly vet candidates.

Responding to a question from Representative Sharp, Mr. Cummins said that he was unsure whether military rank would play a decisive role in deciding which veterans to hire as SROs.

Representative Massaroni expressed concern over the balance of duties as a law enforcement officer and a school resource officer, and questioned the policies on reporting low level crimes or infractions to local law enforcement. Mr. Gibson and Mr. Cummins said that SROs must balance their duties to enforce laws with maintaining the trust of students.

John Moberly, Executive Director of the Kentucky Law Enforcement Council; and Ben Wilcox, State School Security Marshall, Justice and Public Safety Cabinet, provided updates on the School Resource Officer program, including staffing and training progress. They also discussed the different pathways someone might take to become an SRO.

Senator Boswell said that his primary concern is to have someone on school campuses to protect students, and that future training requirements can be evaluated after each school has someone protecting them.

Representative Hart said that military occupational specialties should be considered when evaluating veterans as candidates for the SRO program. He also said that the program should decide whether it wants to function as law enforcement on campuses or as specialized school security.

Representative Bratcher said that the National Guard and the Department of Criminal Justice Training should both be involved in this process.

Responding to a question from Representative Sharp, Mr. Moberly discussed the rules around law enforcement reciprocity with military police.

Representative Johnson said that Coast Guard veterans should also be considered as candidates for the SRO program.

Kentucky Drug Task Force – Update

Van Ingram, Executive Director of the Kentucky Office of Drug Control Policy; Tommy Loving, Executive Director of the Kentucky Narcotics Officers Association; and Ronald Eckart, Director of the Greater Hardin County Narcotics Task Force, delivered a presentation on drug enforcement in Kentucky.

They discussed the history of drug task forces in Kentucky and reviewed the current operations and

funding statistics.

Senator Deneen spoke about the importance of drug task forces and some of the issues they are facing.

Senator Wilson asked that the presenters request a specific amount of money for the upcoming budget.

With no further business before the committee, the meeting was adjourned at 1:00 PM. The next meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection is scheduled for Wednesday, October 25, 2023, at 11:00 AM in Room 154 of the Capitol Annex.

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 4th Meeting of the 2023 Calendar August 9, 2023

Call to Order and Roll Call

The 4th meeting of the Capital Planning Advisory Board was held on Wednesday, August 9, 2023, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Phillip Wheeler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Phillip Wheeler, Co-Chair; Representative Nancy Tate, Co-Chair; Senator Adrienne Southworth, Representative William Lawrence; Pat Abell, Katie Comstock, Carole Henderson, John Hicks, Bryan Hix, Patsy Jackson, and Holly Johnson.

Guests: Dr. Bill Payne, Vice President for Finance and Administration, Shaun McKiernan, Director for Finance and Budget, Dr. Doyle Friskney, Senior Fellow, Council on Postsecondary Education; Carole Henderson, Budget Director, and Jenny Lafferty, Director of Office of Finance and Administration, Administrative Office of the Courts; Katie Smith, Deputy Secretary, Kentucky Cabinet for Economic Development; and Aaron Jones, Branch Manager, Office of State Grants, Department for Local Government.

LRC Staff: Liz Columbia and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the May 17, 2023, June 14, 2023, and July 20, 2023, meeting was made by Senator Wheeler, seconded by Mr. Hicks, and approved by voice vote.

Welcome New Judicial Member

Katie Comstock, Director of the Administrative Office of the Courts, was appointed by the Chief Justice to replace Laurie Givens.

Information Items

Senator Wheeler said two information items were included in the meeting materials in response to questions raised at the board's July 20 meeting regarding proposed capital projects for Kentucky State University and the following amended capital plans.

The capital planning system is open ten days after the monthly board meeting. During that time,

agencies may amend their capital plans as needed. Since the July 20 meeting, the University of Kentucky/Hospital added the following projects: Construct/Improve Medical/Admin Facility 9 (C-O), 2024-2026 Biennium, \$500,000,000 OT-LTF; Implement Land Use Plan 2 (C-O), 2024-2026 Biennium, \$150,000,000 RF; Construct/Improve Medical/Admin Facility 7 (C-PI), 2024-2026 Biennium, \$500,000,000 RF; Construct/Improve Medical/Admin Facility 8 (C-PI), 2024-2026 Biennium, \$500,000,000 RF; Improve State Street Medical Facilities (C-PI), 2024-2026 Biennium, \$50,000,000 RF. The University of Louisville added the International Center Expansion (C-PI), 2026-2028 Biennium, \$1,500,000 RF; Cultural and Equity Center Expansion (C-PI), 2026-2028 Biennium, \$1,500,000 RF; Purchase-Next General Financial System (IT), 2026-2028 Biennium, \$20,000,000 OT-LTF; and deleted Purchase-Next Generation/ERP Support System - 11 (IT), 2024-2026 Biennium, \$20,000,000 GF/\$20,000,000. The Kentucky State University added Construct STEM Building (C-O), 2028-2030 Biennium, \$65,000,000 GF, and deleted Expand Campus Communications Infrastructure - 3 (C-O), 2024-2026 Biennium, \$2,407,000 GF; Construct Business & Technology Center (C-PI), 2028-2030 Biennium, \$42,717,000 GF; Replace Enterprise Resource Planning System - 4 (IT), 2024-2026 Biennium, \$7,000,000 GF.

Presentation - Postsecondary Capital Project Review

As part of the capital planning process, the Council on Postsecondary Education (CPE) is responsible for reviewing and evaluating capital construction and information technology (IT) projects submitted by postsecondary institutions. Dr. Payne, Mr. McKiernan, and Dr. Friskney discussed the review process and the results.

In response to questions from Senator Wheeler, Dr. Payne replied that the \$7.3 billion would be divided among the institutions, with a significant amount going toward UK and Murray State University, research institutions with more extensive facilities footprints with a more substantial need. The University of Kentucky cannot contribute the funds toward asset preservation because 94 percent are restricted funds endowed for a specific purpose, like a scholarship fund or to support an endowed chair. The proceeds from that endowment cannot be used as a match for asset preservation funding. With input from the universities, CPE decided it would be fairer to every institution to suggest no match for the upcoming biennium. The council's budget needs to be finalized and voted on, so it is advocating that there not be a required institutional match for the upcoming biennium.

Responding to a question from Mr. Hicks, Dr. Payne said the match value to the \$959 million since 2014 on asset preservation was \$815 million in 2021, with approximately \$1,000,000,000 in additional matching funds added in the last two years. He agreed that the asset preservation fee adopted by the council allowed institutions to go above the tuition and fee caps, and those guidelines specified that the proceeds from those asset preservation fees could be used for an institutional match.

In response to a question from Representative Tate, Mr. McKiernan and Dr. Payne responded that Kentucky State University (KSU) requested \$25 million in its capital plan for asset preservation. The council recommends a \$16.6 million appropriation for the 2024-2026 biennium. It is an overlap. KSU has a great need for asset preservation, but this allocation method would only provide \$16 million in state funds plus whatever institutional funds it adds toward asset preservation.

In response to a question from Representative Tate, Dr. Friskney replied that the institution will look for departmental fund balances within the university, or the university collects fund balances within the approved criteria to upgrade a campus-wide network or add a new learning management system instead of asking the General Assembly for funding.

In response to questions from Senator Southworth, Dr. Payne said that over the last 12 years, \$815 million in institutional resources were used to match \$959 million of state funding to address the original starting point of \$7.3 billion in assessed capital needs. With construction costs increasing, topping potentially 30 percent over three years, that \$7.3 billion projection made in 2021-22 has risen significantly. CPE can provide the board with an updated number, but Vanderweil Facilities Advisors (VFA) would have to complete an updated study on its cost projections. Then CPE would have to use the calculations Mr. Hicks mentioned and subtract the institution contributions and state funding over the past 10 to 12 years to get to that exact number. Mr. McKiernan added that the \$2.8 billion is the sum of all projects that request general funds for asset preservation. The total scope of those projects is a subset of all the requested asset preservation projects for the biennium, and the institutions won't be able to start all these projects in two years. Still, there will always be a larger total than the institutions can reasonably accomplish.

Dr. Payne added that the \$6.9 billion is the total project cost from any funding source, including the \$2.8 billion. The bond funds were paid for in the current biennium. The debt service in the regular appropriation of the institutions in the first biennium is authorized. The debt service payments are transferred to the Finance and Administration Cabinet, and the state pays the debt service on the state-funded portion of those bonds. The institution bears the debt service if it issues agency bonds. The extent of debt at the institutional level and whether it can issue more agency bonds factor into the council's decision on a required match because interest rates are currently high, so this is not a suitable time for the institutions to issue agency bonds to meet those matching requirements. CPE's responsibility is to identify resource needs for asset preservation funding. CPE relies on the board, the General Assembly, and the governor to determine how much, if any, to fund and if the source of funding would be debt financing or cash.

In response to a question from Dr. Jackson, Dr. Friskney said all institutions, including the Kentucky Community Technical College System, would be included in the KyWired network program.

In response to a question from Representative Tate, Mr. McKiernan stated that there were no

duplications across agency budget requests.

Review of Agency Capital Plans

The Capital Planning Advisory Board received testimony regarding four state agency capital plans: the Council on Postsecondary Education, the Kentucky Economic Development Cabinet, the Kentucky Court of Justice, and the Department for Local Government. The testimony included a discussion of capital construction, information technology, and equipment needs for 2024-2030.

Council on Postsecondary Education

Mr. McKiernan clarified that no projects were included in the Council on Postsecondary Education's capital plan.

Kentucky Court of Justice

Ms. Henderson and Ms. Lafferty provided a brief overview of the Kentucky Court of Justice capital plan.

In response to questions from Senator Southworth, Ms. Lafferty said the Court of Appeals building is being constructed on vacant land adjacent to the Administrative Office of the Courts (AOC) building on Vandalay Drive, Frankfort, Kentucky. The Owsley County Court Facility's requested amount is more to include multiple courtrooms with more expensive construction material costs and to address security concerns. The Court of Appeals building is more like an office building with only one courtroom and cheaper construction material costs. AOC, which occupies the courthouses, pays 100 percent of the debt service and operating costs associated with all courthouses and no longer accounts for county growth. Since the pandemic, project construction costs have been approximately \$575 per square foot.

In response to a question from Dr. Jackson, Chair Wheeler said the General Assembly could decide to fund partial requests, if necessary.

Kentucky Cabinet for Economic Development (CED)

Katie Smith, Deputy Secretary, briefly overviewed the cabinet's capital plan.

In response to questions from Senator Southworth, Ms. Smith said \$30 million was included in the last budget for the program. Some larger commitment projects were unsuccessful, so those funds were used for other projects.

In response to questions from Chair Wheeler, Ms. Smith stated there is a statutory requirement called the "but for" requirement. "But for" the incentives, the project would not locate or expand in Kentucky. In all certifications, applications, and fact sheets, CED notifies the projects not to spend money, make press releases, or sign agreements unless there is appropriate contingency language. The project would share those agreements with CED to ensure the correct contingency language. The Kentucky Business Investment Program is one of CED's most popular incentive programs. CED informs small businesses about the small business tax credit. Under that program, the project would perform before it applies and may be eligible as a small business, statutorily defined as 50 or fewer employees. For larger

businesses, CED has another program, the Kentucky Enterprise Initiative Act, that allows the business to start. However, it would not be eligible for a sales and use tax refund on potential construction materials and building fixtures. Under that program, only eligible expenses can be incurred after the project has been approved. CED cannot incentivize an investment that is completed. CED informs the businesses that it will take that investment into consideration for future projects with them.

Department for Local Government

Aaron Jones, Branch Manager, Office of State Grants, gave an overview of the department's capital plan.

Mr. Jones agreed with Mr. Hicks that the department needs funding in the budget to provide for unforeseeable circumstances.

In response to a question from Dr. Jackson, Mr. Jones stated that FEMA has requirements and strict procedures that guarantee funds are correctly distributed, and the US Army Corps of Engineers' feasibility studies help ensure certain disasters do not occur again.

Board Discussion of Planning Issues

Representative Tate stated that as part of the capital planning process, board members select projects they would like to see highlighted in a separate section of the capital plan for funding consideration by the General Assembly. The selections encompass state general fund projects for the 2024-2026 biennium. Three worksheets containing projects in the categories of new construction, construction to protect investment in plant (maintenance and renovation construction), and information technology will be e-mailed to members after the meeting. Instructions and a link to the project descriptions will also be provided. If they choose to participate in this portion of the planning process, members are to identify up to 15 projects in each category and return them to the board's staff no later than September 20 for staff to have them ready for the last meeting on October 11.

Adjournment

The next meeting is Wednesday, September 13, 2023, in Room 169 Annex starting at 1:00 PM. There being no further business, the meeting adjourned at 2:59 PM.

CAPITAL PLANNING ADVISORY BOARD

Minutes
September 13, 2023

Call to Order and Roll Call

The fifth meeting of the Capital Planning Advisory Board was held on September 13, 2023, at 1:00 PM in Room 169 of the Capitol Annex. Representative Nancy Tate, Chair, called the meeting to order, and the secretary called the roll.

Present were:
Members: Representative Nancy Tate Co-Chair; Senator Phillip Wheeler Co-Chair; Senator Adrienne

Southworth; Representative William Lawrence; Pat Abell, Katie Comstock, Carole Henderson, John Hicks, Bryan Hix, Holly Johnson, and Danny Rhoades.

LRC Staff: Liz Columbia and Jennifer Luttrell.

Approval of Minutes (August 9, 2023)

A motion to approve the minutes of the August 9, 2023, meeting was made by Senator Wheeler, seconded by Mr. Hicks, and approved by voice vote.

Information Items

Representative Tate said three information items, including the Project Recommendation Instructions, the Criteria List and Scoring Matrix, and the Scoring System, were shared with board members via email detailing the scoring and ranking process used to select the board's project recommendations that will be incorporated into the "2024-2030 Statewide Capital Improvements Plan" (SCIP). All project recommendations should be shared with board staff by Wednesday, September 20, 2023, to provide time to finalize the draft capital plan for final vote and approval at the October 11 meeting.

In response to a question from Senator Southworth regarding a missing project under the Council on Postsecondary Education (CPE), Ms. Columbia stated CPE originally submitted a project in the system but then clarified during their testimony that it was an error that was previously funded in the previous biennium. CPE had no capital projects submitted in the final version and was not on any project list.

In response to a question from Senator Southworth about the best way to choose project recommendations, Mr. Hicks said one option would be to support the concept of an asset preservation pool for the institutions in the policy recommendations rather than pick nine projects from the nine institutions out of the 15 that members are supposed to rank.

In response to a question from Senator Southworth regarding cash financing versus bond funding, Ms. Columbia pointed to page 8 of the SCIP proposed content, which gives a brief historical view of the maintenance pool appropriations under the State Agency Maintenance Pool Policy Recommendations. In the 2022-2024 fiscal biennium, there was a significant increase in general fund support. The board supported those projects with general fund cash financing versus bonds. There is a statement that the 2022 General Assembly adopted the policy of supplanting the use of bond fund appropriations with traditional general fund cash financing. There is another statement that says it is a top priority. At the beginning, the caption also states that despite its benefits, bond funding should not be used for traditional cash financing. The board may maintain that policy or amend any of these statements.

In response to a question from Chair Tate regarding pass-through dollars and whether grant loan benefits are separate project categories from what is represented, Ms. Columbia stated that the projects are strictly new construction, renovations, or IT and would not be on this list. Those projects are listed as proposed projects and on the cumulative list at the end of the document, but they're not part of each member's project recommendations. Mr. Hicks said

the maintenance pools also have a policy and were purposely left off the list. It is still a priority, but the board is not picking projects from it.

In response to a question from Senator Southworth about maintenance pools on the project lists, Ms. Columbia added that the maintenance pools were included in the project list as submitted to the system. Still, the board may decide not to include those in the specific recommendations and address it as a group policy recommendation as it was historically done.

In response to questions from Senator Southworth about the Finance and Administration Cabinet's (FAC) eMars project and federally funded projects, Mr. Hicks said the system is not dependent upon new money for the \$13 million upgrade project being implemented now. It was to add new functionality and other modules, including travel, but not necessary for the existing system. Ms. Columbia said she would provide the board with the specific proposed project details in the system, including more narrative than what's available online and an update on FAC's projects on the Construction - Protect Investment in Plant (PIP) maintenance list.

In response to a question from Senator Southworth regarding the duplicity of fund requests for dam upgrades, Mr. Hicks stated that the Department of Parks (DOP) having a specific item here could be duplicative because that dam could be part of the state-owned dam repair as in the past. The specificity of what DOP is asking for might be helpful. Ms. Columbia said she would clarify which dams they are responsible for versus the Kentucky River Authority and the Energy and Environment Cabinet pools.

Responding to questions from Senator Southworth and Chair Tate about whether the committee could recommend only funding a certain percentage of a project, Mr. Hicks said the board should look at the project's purpose more than the dollar figure and that this committee is recommending which projects the board ranks highest to the decision-makers but leave the amount of money necessary to the budget process.

The board agreed with Senator Southworth and Senator Wheeler that the Court of Appeals building is a well-thought-out and necessary project maximizing the already owned space to reduce the cost to the taxpayer.

In response to a question from Chair Tate about why some projects by area of government were not included or were added to the Project Needs by Area of Government pie chart in the

2024-2026 SCIP Proposed Content and Organization document, Ms. Columbia explained that she ranked these based on total project requests from highest to lowest, and those under one percent were removed. She combined those with the other government agencies and identified them at the bottom.

2024-2030 Statewide Capital Improvements Plan

Chair Tate explained that the last document in the members' packets includes draft sections and planned content of the "2024-2030 Statewide Capital Improvements Plan." The project recommendation on page five is mainly unchanged from the previous six-year capital plan.

In response to a question from Senator

Southworth concerning amending the language about cash versus bond funding for maintenance pools, Ms. Columbia suggested adding the sentence, "The board encourages continued use of traditional cash financing as done in the 2020-2024 budget." Mr. Hicks explained that historically the Commonwealth of Kentucky has never implemented a dedicated funding stream for capital maintenance. The Capital Construction Investment Income Account is dedicated to that purpose but is subject to variations in interest rates and balances. He prefers the language in the draft, considering that agencies shouldn't debt finance all maintenance pools. Yet, there is some usefulness to having bond funds and recognizing that the current biennium's general fund value is \$143.8 in the budget. That's a recognition that the funds were available, and it was a good use of cash, not debt, for some pools.

He agreed that the agencies should not rely entirely on debt. Still, to not have any reliance because the practicality is that there is no dedicated revenue source of size. Some maintenance pool projects meet a test of bonds. The board should adjust this to acknowledge the budget's approach in the current biennium because there was a greater emphasis on cash. The board agreed with his recommendations.

Mr. Hicks addressed a long-standing policy of the board about the Budget Reserve Trust Fund. Considering recent significant occurrences, the Budget Reserve Trust Fund is \$3.7 billion due to three consecutive years of billion-dollar surpluses. He suggested that the board remove the word "replenishing" on page 5, maintaining the idea that it is essential. Kentucky is not in a replenished situation any longer. His suggestion is to modernize it slightly for the current circumstances. The board agreed with his proposal.

Ms. Columbia highlighted the maintenance pool policy recommendation on page 10 of the SCIP. Under the heading State Interest Pools for Construction Needs, a bolded sentence says "maintained," the first word on line two of that paragraph. The previous statement was that the board recommends increasing maintenance pool appropriations for all agencies. She changed it to "maintain" due to increased general fund support. The board confirmed the change in wording.

In response to a question from Chair Tate regarding an additional sentence in the SCIP concerning maintenance pools, Ms. Columbia stated that she added the historical information because she thought it was helpful. Chair Tate agreed that it would be beneficial. She said that historical data regarding the number and dollar amounts of projects requested in a table format under the Budget Reserve Trust Fund heading would also be helpful because almost twice as much money is being requested in 2023 compared to 2021. A table to explain that would be beneficial. Senator Southworth suggested adding the total that got funded to see if funding catches up on that table over time. The board agreed that this table would be beneficial.

Adjournment

The next meeting is Wednesday, October 11, 2023, in Room 169 Annex, at 1:00 PM to vote on the final "2024-2030 Statewide Capital Improvements Plan." A quorum is strongly encouraged to meet the

statutory delivery date of November 1. Hence, our next order of business is to provide our recommendations to Ms. Columbia by September 20. There being no further business, the meeting adjourned at 1:45 PM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

August 23, 2023

Call to Order and Roll Call

The August meeting of the Capital Projects and Bond Oversight Committee was held on Wednesday, August 23, 2023, at 3:00 PM, in Room 131 of the Capitol Annex. Representative Deanna Frazier Gordon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Deanna Frazier Gordon, Co-Chair; Senators Jason Howell and Robin L. Webb; Representatives Keturah Herron, Jason Petrie, and Walker Thomas.

Guests: Kevin Cardwell, Deputy State Budget Director, Office of State Budget Director; Mark Bowman, Executive Director, Office of Kentucky Veterans Centers, Department of Veterans Affairs; Scott Baker, Executive Director, Office of Facility Development and Efficiency, Department for Facilities and Support Services, Finance and Administration Cabinet (FAC); Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, FAC; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development (CED); Kylee Palmer, Director of Programs Administration, Department for Financial Services, CED; Tracy Thurston, Senior Director of Financial Management, Kentucky Housing Corporation; and, Ryan Barrow, Executive Director, Office of Financial Management (OFM).

LRC Staff: Katherine Halloran and Spring Emerson.

Approval of Minutes

Senator Girdler moved to approve the minutes of the July 31, 2023 meeting. The motion was seconded by Representative Thomas, and the minutes were approved without objection.

Information Items

Ms. Halloran referenced two information items. Pursuant to KRS 45.760(5); the University of Kentucky reported five restricted funds purchases of medical equipment totaling over \$1.9 million, one for UK Good Samaritan Hospital and four for UK Chandler Hospital. UK also reported a \$1.13 million rotary furnace system purchase for the UK Center for Applied Energy Research with U.S. Army Corp of Engineers' Engineer Research and Development Center federal funding. Pursuant to KRS 45.812(1), through their fiscal agents; three school districts, none of which needed an additional tax levy to pay debt

service, reported upcoming debt issues to finance new projects. The school districts were Hart County, Raceland-Worthington in Greenup County, and Williamsburg Independent in Whitley County.

Project Report from the Finance and Administration Cabinet

Mr. Cardwell submitted a \$212,500 appropriation increase for the Tourism, Arts, and Heritage Cabinet, Kentucky Horse Park Commission, Barn Repair and Upgrades project. The original appropriation was \$10 million in general fund cash and the 2.2 percent increase, from unbudgeted agency restricted funds, will result in a \$10.215 million project total. Due to time constraints relating to the events and activities at the Horse Park, the Division of Engineering and Contract Administration decided to build a traditional steel-structured building rather than a pre-engineered metal building structure. This will cut approximately six weeks off the construction time. That, coupled with an unanticipated extension of tent rentals into the beginning of next season, led to the need for the appropriation increase.

Representative Thomas moved to approve the appropriation increase; Representative Herron seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Cardwell reported the Emergency Repair, Maintenance, or Replacement Project (Amendment) – General Government Cabinet, Kentucky Department of Veterans Affairs, Radcliff Veterans Center Building Repairs, for which no action was required. The project amount was amended from \$5 million to \$6.012 million and the difference will come from the Emergency Repair, Maintenance, and Replacement account. The money will finance the lowest of the three construction bids and the project included replacement of the roof and siding and repairs to the gutters, soffits, retaining walls, fence posts, concrete sealant, and other related issues. The project is funded with \$5,898,500 from the Emergency Repair, Maintenance, and Replacement account; \$20,000 from KDVA's investment income maintenance pool; and \$2,500 from KDVA's agency restricted funds. Repairs are necessary to maintain operations and correct structural defects.

In response to questions from Representative Thomas, Mr. Bowman said the Radcliff Veterans Center opened in 2017. Mr. Baker added that the normal construction warranty period is two years after completion and most of the system failures happened after the expiration of the warranty period.

In response to a question from Representative Petrie, Mr. Baker confirmed that the amended project amount was twenty percent over the original amount and stated that the needed materials, particularly roofing systems, had a higher inflation rate than most other building materials.

Lease Report from the Finance and Administration Cabinet

Ms. Brawner submitted a lease modification of at least \$50,000, Justice and Public Safety Cabinet, Department of Corrections, Jefferson County, PR-5586. The lease modification was to add forty parking spaces at a facility operated by the Parking Authority

of River City at a \$106 per space per month rental rate. The agency currently leases forty-four spaces in that facility at a \$95 per space per month rental rate. The annual rental rate will increase by \$50,880 from \$50,160 to \$101,040.

In response to questions from Chair Frazier Gordon, Ms. Brawner said that DOC staff prefers the PARC facility because of security, including carded access.

Senator Howell moved to approve the lease modification; Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Ms. Williams submitted a Clean Water State Revolving Fund (Fund A) Program loan, an Infrastructure Revolving Fund (Fund B) Program loan, and a Cleaner Water Program grant reallocation. Senator Howell moved to roll them into one roll call vote, Co-Chair Girdler seconded the motion, and the committee approved without objection.

The Louisville and Jefferson County Metropolitan Sewer District (Jefferson County) requested a \$1.118 million Fund A loan for its \$233.28 million Paddy's Run Flood Pumping Station (FPS) and Capacity Improvements project. The existing FPS, designed by the U.S. Army Corp of Engineers and put into service in 1953, will be decommissioned. The FPS routinely pumps combined sewer overflows during wet weather events when the Ohio River is elevated, further protecting the public and many critical assets within MSD's sewer system. In addition to providing critical flood protection, the FPS serves as essential wastewater infrastructure for combined sewer overflow control and is a required project in MSD's federal consent decree. This project will also help protect critical infrastructure within Rubbertown; which could have a catastrophic consequence if flooded, releasing volatile chemicals and emerging contaminants into the Ohio River. The loan is funded under the Bipartisan Infrastructure Law's new Emerging Contaminants funding and will receive one hundred percent principal forgiveness.

The City of Bowling Green requested an \$8.616 million Fund B loan for its Bowling Green Municipal Utilities North Industrial Park Force Main project; construction of around 8,500 linear feet of 24-inch force main in the Kentucky Transpark as well as ancillary equipment and an odor control station. The project is one of several in the area being driven by substantial growth. New facilities; including the Envision Battery Plant, Ol Glass Manufacturing, and Tyson Foods have recently broken ground in the industrial park and the current infrastructure is incapable of meeting future demand. The loan term is twenty years at a half percent interest rate.

The Cleaner Water Program Round Two grant reallocation was for a sewer project in Springfield.

In response to questions from Representative Herron, Ms. Williams said that she would send a copy of MSD's federal consent decree and that the new flood pump station would alleviate odors due to flooding.

Senator Howell moved to approve the Kentucky

Infrastructure Authority transactions, Co-Chair Girdler seconded the motion, and the committee approved by unanimous roll call vote.

Report from the Office of Financial Management Cabinet for Economic Development – Economic Development Fund (EDF) Grants

Ms. Smith and Ms. Palmer submitted five Kentucky Product Development Initiative EDF grants. Representative Herron moved to roll them into one roll call vote; Senator Howell seconded the motion, and the committee approved without objection.

The Kentucky Product Development Initiative program administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades. An independent site selection consultant identified the infrastructure projects as having potential for future economic development opportunities. CED disburses funds to the project applicants through the local government entities on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress reports. CED is submitting Round One grants and the consultant is evaluating Round Two grant applications.

The Kentucky Economic Development Finance Authority approved a \$1,580,600 KPDI EDF grant to the City of Somerset on behalf of the Somerset-Pulaski Economic Development Authority for due diligence, infrastructure extensions, site preparation, and road improvements at the Commerce Park. Matching funds are a local grant via the EDA for a \$11,832,500 total project cost. KEDFA approved a \$204,200 KPDI EDF grant to the Bracken County Fiscal Court on behalf of the Augusta-Brooksville-Bracken County Industrial Development Authority to improve waterlines within the Bracken County Industrial Park. Matching funds are IDA monies for a \$408,300 total project cost. KEDFA approved a \$366,600 KPDI EDF grant to the Fleming County Fiscal Court on behalf of the Flemingsburg-Fleming County Industrial Development Authority for a Build-Ready Pad and road improvements within the Industrial Park. Matching funds are a utilities grant and IDA monies for a \$733,100 total project cost. KEDFA approved a \$1.104 million KPDI EDF grant to the Hopkins County Fiscal Court on behalf of the City of Madisonville to transform a 72-acre property on Rose Creek Road into the largest shovel-ready site in Hopkins County. Matching funds are municipal bonds and the city's sewer and water revenues for a \$21,791,500 total project cost. KEDFA approved a \$148,600 KPDI EDF grant to the Menifee County Fiscal Court on behalf of MMRC Regional Industrial Development Authority for infrastructure improvements at the John Will Stacy MMRC Regional Industrial Park. This was a regional project with support from Menifee, Morgan, and Rowan Counties. Matching funds are a local grant via the IDA for a \$404,800 total project cost.

Co-Chair Girdler moved to approve the five KPDI EDF grants, Senator Howell seconded the motion, and the committee approved by unanimous roll call vote.

**Report from the Office of Financial Management
Office of Financial Management
Kentucky Housing Corporation Debt Overview**

Ms. Thurston provided an overview of the Kentucky Housing Corporation's (KHC) debt structure. Typically, OFM submits KHC multi-family conduit debt issues to the committee for approval that are not KHC obligations. KHC serves first-time home buyers through low-rate mortgages and down payment assistance. From 1973 until about 2010 or 2011 when interest rates declined, KHC used single-family mortgage revenue bonds to fund those mortgages. Over the last decade, KHC pooled its loans and delivered them to the secondary market. With rising interest rates (and rising spreads between taxable and tax-exempt rates) and increased housing costs, KHC believed it was the best option to return to issuing single-family mortgage revenue bonds. Since 1973, KHC issued \$6 billion of single-family mortgage revenue bonds and approximately \$167 million is outstanding as of June 30.

New Debt Issues

Mr. Barrow submitted two new debt issues. Senator Howell moved to roll them into one roll call vote, Co-Chair Girdler seconded the motion, and the committee approved without objection.

The first was the Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2023 Series A. The estimated issuance amount is \$97.77 million with an estimated net interest cost of just over five percent and is a limited obligation of KHC, payable only by assets under the indenture. The second was the State Property and Buildings Commission Revenue Bonds, Project No. 128 Series A to finance \$200 million of the \$2.861 billion general fund debt supported projects authorized in the 2010 through 2022 appropriations bills. The Office of State Budget Director estimates the cash flow needs for projects on the authorized but unissued debt list for the next six to eighteen months and allocates the bond proceeds based upon the projects' progression. Fitch, in May, and S&P, in June, upgraded the state's credit rating by one notch. With the lower cost of capital, one can either keep the debt issuance at the same amount; resulting in lower debt service, or increase the debt issuance (if authorized in the budget) with the debt service at the budgeted amounts. The estimated all-in true interest cost is 4.156 percent.

There being no questions, Senator Howell moved to approve the new debt issues, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

**Report from the Office of Financial Management
School District Debt Issues with School Facilities**

**Construction Commission Debt Service
Participation – New Projects**

Mr. Barrow submitted six school district debt issues with SFCC debt service participation totaling \$57.01 million for new projects; over ninety percent with locally supported debt service and under ten percent with SFCC debt service participation. Senator Howell moved to roll the six issues into one roll call vote, Senator Webb seconded the motion, and the

committee approved without objection.

The school districts, none of which needed an additional tax levy to pay debt service, were Cumberland County, Grant County, Ludlow Independent (Kenton County), Menifee County, Science Hill Independent (Pulaski County); and, Somerset Independent (Pulaski County).

Senator Howell moved to approve the six school district debt issues with SFCC debt service participation, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Adjournment

The next meeting is scheduled for September 27, 2023 at 3:00 PM. There being no further business before the committee, the meeting was adjourned at 3:36 PM.

**CAPITAL PROJECTS AND BOND
OVERSIGHT COMMITTEE
Minutes**

September 27, 2023

Call to Order and Roll Call

The September meeting of the Capital Projects and Bond Oversight Committee was held on September 27, 2023, at 3:00 PM in Room 131 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Deanna Frazier Gordon, Co-Chair; Senators Shelley Funke Frommeyer, Jason Howell, and Robin L. Webb; Representatives Jason Petrie, and Walker Thomas.

Guests: Billie Hardin, Director of Asset Management and Space Utilization, Kentucky Community and Technical College System; Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University Budget Office, University of Kentucky; Kevin Cardwell, Deputy State Budget Director, Office of State Budget Director; Nicole Rivera, Deputy Executive Director, Kentucky Horse Park; Randy White, Deputy Commissioner, Office of Adult Institutions, Department of Corrections; Andy Casebier, Assistant Vice President, Facilities and Support Services, Kentucky Community and Technical College System (KCTCS); Natalie Brawner, Director, Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet (FAC); Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Sarah Butler, Deputy Commissioner, Department for Financial Services, Cabinet for Economic Development (CED); Kylee Palmer, Director of Program Administration, Department for Financial Services, CED; and, Ryan Barrow, Executive Director, Office of Financial Management (OFM).

LRC Staff: Katherine Halloran and Jenny Bannister.

Approval of Minutes (August 23, 2023)

Co-Chair Frazier Gordon moved to approve the August 23, 2023 meeting minutes, Senator Howell

seconded the motion, and the committee approved without objection.

Information Items

Ms. Halloran referenced six information items. Pursuant to KRS 45.812(1), through their fiscal agents; six school districts, none of which needed an additional tax levy to pay debt service, reported upcoming debt issues to finance new projects. The school districts were Daviess County, Greenup County, Madison County, Mason County, Russell County, and Wayne County. Pursuant to KRS 45A.180(2), the University of Kentucky reported its intent to use the construction manager-general contractor project delivery method for its Construct Agriculture Research Facility 1 project. Pursuant to KRS 48.111(6)(a), the Division of Real Properties reported a pending Cabinet for Health and Family Services lease invitation for 9,253 square feet of office space with sixty-three reserved parking spaces in Mayfield. The space will replace the temporary (post tornado) facility from which CHFS is operating. Pursuant to KRS 164A.600(2), UK reported a \$1.2 million emergency replacement of the roof system at the south tower of Kroger Field due to sustained high winds of over 75 miles per hour on March 3, 2023. The new roof system will have a twenty-year warranty and be funded from insurance proceeds. Pursuant to House Bill 1, UK reported the status of its assumed forty-six leases, eight of which will be terminated, as well as King's Daughter's \$232 million in debt outstanding and \$5.123 million in interest rate swap agreements as of June 30, 2023. UK received no indication that the debt assumption would negatively impact its credit rating. UK reported two project authorization consolidations. The combined new projects are Cancer/Ambulatory Facility Parking – UK HealthCare and Facilities Renewal and Modernization.

**Lease Report from the Postsecondary Institutions
- New Leases**

**Kentucky Community and Technical College
System**

Ms. Hardin submitted a Jefferson Community and Technical College (Jefferson Education Center, PR00478) lease. JCTC has leased space at 200 West Broadway in Louisville since 2000 and was notified in February 2023 that the building was going to be sold. Due to the central location of the building and its vital role, the secretary of the Finance and Administration Cabinet granted a "Not Practicable to Bid" determination, allowing KCTCS to renegotiate the lease without advertising for space. The base rent will increase from \$17.38 to \$21.78 per square foot. The lessor plans to invest \$30 million in the building to add affordable student housing, student success coaches, and other student services. KCTCS supports the lessor's proposed development.

Senator Howell moved to approve the new lease, Representative Frazier Gordon seconded the motion, and the committee approved by unanimous roll call vote.

University of Kentucky

Ms. Baker submitted a UK HealthCare King's Daughters (PR-320179) lease for its Primary Care

Clinic in Flatwoods, Greenup County; 5,772 square feet at \$17.78 per square foot for a \$102,626.16 annual cost.

Senator Webb moved to approve the new lease, Senator Howell seconded the motion, and the committee approved by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

Mr. Cardwell submitted a new project, appropriation increase, and new project (amendment) requiring action and reported an emergency repair, maintenance, or replacement project and seven pool allocations requiring no action. Representative Frazier Gordon moved to roll the action items into one roll call vote, Senator Howell seconded the motion, and the committee approved without objection.

The new project was the federally funded (Higher Education Emergency Relief Fund) \$2.888 million Kentucky State University's Fiber Infrastructure: an upgrade to include installation of single-mode fiber on campus with redundant connection hubs to enhance KSU's network connection; ensuring greater reliability, security, and speed. The appropriation increase was \$696,000 in federal funds (U.S. Department of Veterans Affairs) for the Kentucky Department of Veterans' Affairs, Expansion of Lawn Crypts – Kentucky Veterans Cemetery West project. The original appropriation was \$2.6 million in federal funds and the increase, resulting in a \$3.296 million project total, will cover the higher than estimated project bids due to inflationary cost increases. The new project (amendment) was an increase of \$636,560; \$343,900 in federal funds and \$262,660 in restricted funds for the Department of Military Affairs, DMA Construct Joint Force Headquarters Boone National Guard Center project; a 6,726 square foot National Guard Readiness Center. The project was originally approved for \$17,623,440; \$406,100 in federal funds and \$217,340 in restricted funds and the amended total is \$18.26 million; \$17.717 million in federal funds and \$510,000 in restricted funds. The amendment is due to higher-than-expected bids, acceptance of add bid alternates, and change orders.

Representative Thomas moved to approve the action items, Senator Howell seconded the motion, and the committee approved by unanimous roll call vote.

The emergency repair, maintenance, or replacement project was the \$3.195 million Tourism, Arts and Heritage Cabinet, Kentucky Horse Park Commission, Emergency Rolex Stadium Roof Damage project; funded from insurance proceeds. The Rolex Stadium suffered roof damage during weather events in March 2023. Initially, it was thought that only a partial roof replacement was needed; however, upon further investigation, it was determined that a full roof replacement will be required due to structural issues.

Of the seven pool allocations, three were Justice and Public Safety Cabinet, Department of Corrections, Adult Correctional Institutions projects utilizing Maintenance Pools - 2020-2022 and 2022-2024 funds and four were KCTCS projects utilizing Asset Preservation Pool - 2022-2024 bond funds. The \$3.266 million Blackburn Correctional Complex

Selected Low Slope Roof Replacements and the \$3.247 million Northpoint Training Center Selected Low Slope Roof Replacements were funded from the general fund 2022-2024 maintenance pool. The \$2.366 million Western Kentucky Correctional Complex Operation Building HVAC Repair/Replacement was funded with \$20,000 from the bond funded 2020-2022 maintenance pool and \$2.346 from the general fund 2022-2024 maintenance pool.

The KCTCS projects were the \$14.9 million Renovate Academic Building – Hopkinsville Community College, renovation of the academic building including flooring, windows, restrooms, and HVAC upgrades; \$25 million Replace Hartford Building Phase I – Jefferson CTC, construction of a new laboratory building (one of two low-rise energy-efficient replacement buildings); \$2.4 million Upgrade Life and Fire Safety – Owensboro CTC, upgrade of fire alarm, sprinkler, and safety systems at all campuses; and \$3.7 million Water Infiltration Remediation – Maysville CTC, repair of window and other related leaks at the Maysville, Mt. Sterling, and Rowan campuses. Eighty-five percent of the project costs came from the bond-funded Asset Preservation pool and KCTCS provided its fifteen percent match from restricted funds. In response to Representative Petrie, Ms. Rivera stated that the insurance reimbursement matched the costs for the Emergency Rolex Stadium Roof Damage project. Mr. White stated that the \$20,000 in Maintenance Pool - 2020-2022 funds for the WKCC project were residual monies left over from the original study. Mr. Casebier stated that KCTCS's Board of Regents approved the Water Infiltration Remediation – Maysville CTC project on September 22, 2023.

Lease Report from the Finance and Administration Cabinet

Ms. Brawner submitted a lease modification of at least \$50,000, Justice and Public Safety Cabinet, Department of Juvenile Justice, Franklin County, PR-4232. The lease modification was to increase the leased space by 6,789 square feet for 24,571 total square feet at the same rental rate of \$9.41 per square foot, which will result in a \$63,884.48 annual increase for a new \$231,213.12 annual cost.

Senator Howell moved to approve the lease modification, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Ms. Williams submitted two Infrastructure Revolving Fund (Fund B) Program loans, a Drinking Water State Revolving Fund (Fund F) Program loan (increase), and nineteen Cleaner Water Program grants. Co-Chair Frazier Gordon moved to roll them into one roll call vote, Senator Howell seconded the motion, and the committee approved without objection.

The City of Benton (Marshall County) requested a \$4 million Fund B loan for its \$4,119,980 Symsonia Road Water Main Replacement project; replacement of approximately 39,000 linear feet of existing asbestos cement water main along Symsonia Road

in Marshall County. The original line was installed in 1962 and is experiencing low pressures and numerous line breaks. This project will reduce water loss in the system. The loan term is twenty years at a two and one quarter percent interest rate. [The remaining \$119,980 will come from the city's Water Maintenance Fund.]

The City of Bardstown (Nelson County) requested a \$5.148 million Fund B loan for its East Bardstown Water Transmission Main and Booster Pump Station project; construction of a booster pump station with a two million gallon per day pumping capacity and approximately 9,800 linear feet of sixteen-inch transmission main that will serve the Nelson County Industrial Park and provide capacity for future growth. The loan term is twenty years at a two and one quarter percent interest rate.

Due to a revised cost estimate and anticipation of higher bids than originally budgeted, the City of Paris (Bourbon County) requested a \$500,000 Fund F loan increase for its now \$3.755 million Water System Improvements project. The loan term is twenty years with a one percent interest rate.

Of the nineteen Cleaner Water Program grants, ten were County Pool reallocations and nine were grants from the Supplemental Funding Pool (ten percent increases from prior grants to accommodate bids coming in over budget). Four grants were for sewer projects and fifteen were for water projects.

Representative Petrie moved to approve the KIA transactions, Senator Howell seconded the motion, and the committee approved by unanimous roll call vote.

Cabinet for Economic Development - Economic Development Fund (EDF) Grants

Ms. Butler and Ms. Palmer submitted two Kentucky Product Development Initiative EDF grants. Co-Chair Frazier Gordon moved to roll them into one roll call vote, Senator Howell seconded the motion, and the committee approved without objection.

The Kentucky Product Development Initiative program administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades. An independent site selection consultant identified the infrastructure projects as having potential for future economic development opportunities. CED disburses funds to the project applicants through the local government entities on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress reports. Including today's grants, CED submitted thirty-seven of the fifty-four recommended Round One grants and the consultant is evaluating Round Two grant applications.

The Kentucky Economic Development Finance Authority approved a \$450,000 KPDI EDF grant to the City of Cynthiana on behalf of the Cynthiana-Harrison County Economic Development Authority for infrastructure extensions and improvements to assist in the development of a business park on Seabiscuit Way. Matching funds are a bank loan, nonprofit contribution, and utility credit for a \$2.366 million total project cost. KEDFA approved a \$890,700 KPDI EDF grant to the Graves County Fiscal Court

on behalf of Graves County Economic Development for development and construction of a speculative building in Hickory Industrial Park. Matching funds are an ED and local developer contribution for a \$6.7 million total project cost.

Co-Chair Frazier Gordon moved to approve the two KPDI EDF grants, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Office of Financial Management – New and Previous Debt Issues

Mr. Barrow submitted three new Kentucky Housing Corporation multifamily conduit debt issues. KHC conduit debt issues affect neither the Commonwealth’s nor KHC’s financials, since debt service is paid by the developer, and are applied towards the state’s private activity volume cap. Senator Webb moved to roll them into one roll call vote, Senator Howell seconded the motion, and the committee approved without objection.

The first was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Lees Lane Project), Series 2023; \$40.5 million net proceeds with an over \$84 million project cost for 312 units in Louisville. The second was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Winterwood Portfolio III Project), Series 2023; \$13.5 million net proceeds with a nearly \$39 million project cost for six multifamily facilities (221 units) dispersed throughout the commonwealth. The third was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (The Path off Cane Run Project), Series 2023; \$20 million net proceeds with a \$42.5 million total project cost for 128 units in Louisville. [The Path of Cane Run debt issue was a resubmittal as the approval amount was revised from \$17.5 million and the transaction was not completed within the year]. The anticipated sale dates are Winter 2023 for Lees Lane and October 31 for the other two debt issues.

Senator Howell moved to approve the new debt issue, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Barrow reported five previous Kentucky Housing Corporation multifamily conduit debt issues and a previous postsecondary debt issue. The first was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Richwood Bend Project), Series 2023; \$10 million net proceeds with a \$24.7 million project cost for 84 units in Lexington. The second was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Yorktown Senior Housing Project), Series 2023; \$8.5 million net proceeds with a \$20.5 million project cost for around 100 units in Louisville. The third was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Beecher Terrace Phase IV Project), Series 2023; \$39.3 million net proceeds with a just over \$106 million project cost for 210 units in Louisville. The fourth was the Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Shawnee Apartments Project), Series 2023; \$19.37 million net proceeds with a \$49.4 million project cost for 177 units in Louisville. The fifth was the

Kentucky Housing Corporation Conduit Multifamily Revenue Bonds (Churchill Park Project), Series 2023; \$31 million net proceeds with an approximate \$72 million project cost for 248 units in Owensboro. The respective sale dates were April 20, 2023; October 27, 2022; August 11, 2023; November 3, 2022; and November 30, 2022.

The \$5.175 million Morehead State University General Receipts Bonds, 2023 Series A debt issue financed the university’s match for the state asset preservation pool. The transaction priced, competitively as is typical for postsecondary debt issues, July 18 and closed August 8. The all-in true interest cost was 4.166 percent for the twenty-year debt issue and KeyBanc Capital Markets was the successful bidder.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Mr. Barrow submitted twelve school district debt issues with SFCC debt service participation totaling \$49.11 million for new projects; about 81.6 percent, just over \$40 million, with locally supported debt service and around 18.4 percent, just over \$9 million. Co-Chair Frazier Gordon moved to roll them into one roll call vote, Senator Howell seconded the motion, and the committee approved without objection.

The school districts, none of which needed an additional tax levy to pay debt service, were Barren County, Bracken County, Carter County, Henry County, Knox County, Lawrence County, Lincoln County, Nelson County, Rockcastle County, Russellville Independent (Logan County), Wayne County, and Whitley County.

Senator Webb moved to approve the six school district debt issues with SFCC debt service participation, Senator Howell seconded the motion, and the committee approved by unanimous roll call vote.

Remaining Calendar Year 2023 Meeting Dates

Wednesday, October 25 - Representative Frazier Gordon, Chair (Submissions due October 11)

Wednesday, November 15 - Senator Girdler, Chair (Submissions due November 1)

Thursday, December 14 - Representative Frazier Gordon, Chair (Submissions due December 1)

Adjournment

There being no further business, the meeting was adjourned at 3:42 PM.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the August Meeting

August 8, 2023

Call to Order and Roll Call

The August meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, August 8, 2023, at 2:00 PM, in Room 149 of the Capitol Annex. Representative Derek Lewis, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative Derek Lewis, Co-Chair; Senators Julie Raque Adams, Damon Thayer, and David Yates; Representatives Randy Bridges, Deanna Frazier Gordon, and Daniel Grossberg.

Guests: Cassie Trueblood, Education Professional Standards Board; Jamie Caldwell, Rosemary Holbrook, Robert Long, Jr.; Personnel Cabinet; Carrie Bass, Jessica Beaubien, Liza Welch, Kentucky Public Pensions Authority; Cordelia Harbut, Board of Architects; Kelly Jenkins, Board of Nursing; Sara Boswell Janes, Racheal Kuperus, D.C., Clay Patrick, Board of Chiropractic Examiners; Steven Curley, Board of Physical Therapy; Eddie Sloan, John Wood, Board of Emergency Medical Services; Steven Fields, Jenny Gilbert, Michael Scott, Department of Fish and Wildlife Resources; Nathan Goens, Steve Potts; Justice and Public Safety Cabinet; Amy Barker, Amelia Howell, Department of Corrections; Leah Boggs, Department of Juvenile Justice; Shaun Orme, Benjamin Seigel, Department of Insurance; Drew Conners, Jamie Eads. Dr. Bruce Howard, Horse Racing Commission; Molly Cassady, Max Fuller, Rick Rand, Department of Housing, Buildings, and Construction; Adam Mather, Office of Inspector General; Wesley Duke, Lisa Lee, Jonathan Scott, Department for Medicaid Services; Scott Collins, Victoria Eldridge, Sarah Puttoff, Department for Aging and Independent Living; Joe Barnett, Laura Begin, Kelli Blair, Department for Community Based Services; Emily Beauregard, Melissa Newland, Cara Stewart, Kelly Taulbee, Kentucky Voices for Health, Tiffany Hays, Central Kentucky Cancer Care; Margaret Hill, University of Louisville School of Dentistry, Jeffery Okeson, University of Kentucky School of Dentistry, Pamela Stein, University of Pikeville – College of Dental Medicine; Molly Nichol Lewis, Kentucky Primary Care Association; Alicia Whately, Kentucky Oral Health Coalition, Dr. Bill Collins and Carrie Collins, Redbird Clinic.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Ange Darnell, Emily Harkenrider, Karen Howard, and Carrie Nichols.

Administrative Regulations Reviewed by this Subcommittee:

EDUCATION AND LABOR CABINET: Education Professional Standards Board: Alternative Routes to Certification

016 KAR 009:080E. University-based alternative certification program. Cassie Trueblood, counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 3 and 6 to clarify that the exception for the Exceptional Children or Interdisciplinary Early Childhood Education candidate only being able to renew two (2) times, only applies to a candidate who is employed in a public school for consistency with Senate Bill

49 from the 2023 Regular Session of the General Assembly and 34 C.F.R. 300.156(c)(2); and (2) to amend the RELATES TO paragraph and Sections 6 and 11 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

016 KAR 009:080. University-based alternative certification program.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 3 and 6 to clarify that the exception for the Exceptional Children or Interdisciplinary Early Childhood Education candidate only being able to renew two (2) times, only applies to a candidate who is employed in a public school for consistency with Senate Bill 49 from the 2023 Regular Session of the General Assembly and 34 C.F.R. 300.156(c)(2); and (2) to amend the RELATES TO paragraph and Sections 6 and 11 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

016 KAR 009:100E. Alternative Route to Certification Program.

A motion was made and seconded to approve the following amendments: (1) to amend Section 7 to clarify that the exception for the Exceptional Children or Interdisciplinary Early Childhood Education candidate only being able to renew two (2) times, only applies to a candidate who is employed in a public school for consistency with Senate Bill 49 from the 2023 Regular Session of the General Assembly and 34 C.F.R. 300.156(c)(2); and (2) to amend Sections 7 and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

016 KAR 009:100. Alternative Route to Certification Institute.

A motion was made and seconded to approve the following amendments: (1) to amend Section 7 to clarify that the exception for the Exceptional Children or Interdisciplinary Early Childhood Education candidate only being able to renew two (2) times, only applies to a candidate who is employed in a public school for consistency with Senate Bill 49 from the 2023 Regular Session of the General Assembly and 34 C.F.R. 300.156(c)(2); and (2) to amend Sections 7 and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PERSONNEL CABINET: Classified

101 KAR 002:034. Classified compensation administrative regulations. Jamie Caldwell, assistant division director; Rosemary Holbrook, assistant general counsel; and Robert Long, Jr., general counsel, represented the cabinet.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 2, 3, 9, and 13 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

101 KAR 002:095. Classified service general requirements.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1, 9, and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

101 KAR 002:181. Repeal of 101 KAR 002:180.

Unclassified

101 KAR 003:045. Compensation plan and pay incentives for unclassified service.

A motion was made and seconded to approve the following amendments: to amend Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Kentucky Public Pensions Authority: General Rules

105 KAR 001:220. Periodic disability review. Carrie Bass, staff attorney supervisor; Jessica Beaubien, policy specialist; and Liza Welch, division director, represented the authority.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 3 through 8, and 10 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend the STATUTORY AUTHORITY paragraph and Section 2 to clarify the agency’s authority. Without objection, and with agreement of the agency, the amendments were approved.

BOARDS AND COMMISSIONS: Board of Architects

201 KAR 019:225. Examinations required; general provisions. Cordelia Harbut, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2, 5, and 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Nursing

201 KAR 020:240. Fees for applications and

service. Kelly Jenkins, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Chiropractic Examiners

201 KAR 021:025. Board; officers, duties, and compensation. Sara Boswell-Janes, staff attorney, and Rachael Kuperus, D.C., board member, represented the board.

201 KAR 021:041. Licensing; standards, fees.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 3, 4, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 7 to update incorporated material. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 021:042. Standards, applications and approval of continuing education.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1, 2, and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 021:075. Peer review committee procedures and fees.

201 KAR 021:095. Licensure, registration, and standards of persons performing peer review.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 021:105. Telehealth chiropractic services.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Physical Therapy

201 KAR 022:045. Continued competency

requirements and procedures. Stephen Curley, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Emergency Medical Services

202 KAR 007:510. Air ambulance services. Eddie Sloan, executive director, and John Wood, counsel, represented the board.

In response to a question by Co-Chair Lewis, Mr. Sloan stated that Kentucky was experiencing a staffing shortage pertaining to air ambulance services. There were not enough paramedics for continuous operations statewide.

In response to a question by Senator Yates, Mr. Sloan stated that the board was working to address the staffing shortage by improving educational opportunities, recruitment, retention, and pay for paramedics.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 4 through 7, 9, and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

202 KAR 007:555E. Ground agencies.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Water Patrol

301 KAR 006:001. Definitions for 301 KAR Chapter 6. Steven Fields, staff attorney; Jenny Gilbert, legislative liaison; and Michael Scott, division director, represented the department.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

301 KAR 006:020. Boating safety equipment.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 4 and 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Administrative

301 KAR 011:020. Procurement of architectural and engineering services.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 3 to clarify department employee responsibilities. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Internal Investigation Branch: Special Law Enforcement Officers

500 KAR 002:020. Filing and processing SLEO commissions. Nathan Goens, attorney, and Steve Potts, investigative agent supervisor, represented the branch.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph and Sections 3, 4, 7, 8, and 11 through 14 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Special Local Peace Officers

500 KAR 003:010. Definitions.

A motion was made and seconded to approve the following amendments: to amend the TITLE, the STATUTORY AUTHORITY paragraph, and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

500 KAR 003:020. Filing and processing SLPO commissions.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph and Sections 2 through 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Corrections: Office of the Secretary

501 KAR 006:150. Eastern Kentucky Correctional Complex policies and procedures. Amy Barker, assistant general counsel; Leah Boggs, general counsel; and Amelia Howell, program administrator, represented the cabinet.

A motion was made and seconded to approve the following amendments: to amend Section 1 and the material incorporated by reference to: (1) align provisions with other departmental policies; (2) clarify procedures; and (3) comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Juvenile Justice: Child Welfare

505 KAR 001:200E. Cell entry teams, emergency response teams, and emergency response training.

In response to a question by Co-Chair Lewis, Ms. Boggs stated that the three (3) emergency administrative regulations for consideration by the subcommittee implemented specific provisions of Senate Bill 162 from the 2023 Regular Session of the General Assembly, which established a return to a regional model. The department, along with the Kentucky Department for Public Advocacy, was in the process of developing a plan to transition to the regional model, and the plan would be presented to the General Assembly once it was ready. Nothing in these administrative regulations would prohibit the transition to a regional model once the department was ready.

In response to questions by Senator Yates, Ms. Boggs stated that the department had begun working on oversight and training, including regarding juveniles with disabilities. Developing these protocols was a high priority for the agency.

505 KAR 001:200. Cell entry teams, emergency response teams, and emergency response training.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Sections 2 and 3 to require the training to include how to interact with juveniles with mental or physical disabilities. Without objection, and with agreement of the agency, the amendments were approved.

505 KAR 001:210E. Restraints and control methods.

In response to questions by Co-Chair Lewis, Ms. Boggs stated that authorized force-related equipment was established in Section 1 of this administrative regulation. Incident reports were typically completed by one (1) individual, with statements from each staff person involved. Often, there was video pertaining to the incident, and a medical statement might be part of the incident report, if applicable.

505 KAR 001:220E. Transportation of juveniles.

505 KAR 001:230. Facility, capacity, staffing, and population count.

A motion was made and seconded to approve the following amendment: to amend Section 3 to specify the types of information that a facility may be required to report about its juvenile population. Without objection, and with agreement of the agency, the amendment was approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Health Insurance Contracts

806 KAR 017:570E. Minimum standards for Medicare supplement insurance policies and certifications. Shawn Orme, executive director, and

Benjamin Seigel, general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1, 6, 7, 10, 11, 13, 14, 16, and 27 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: Horse Racing Commission: Flat and Steeplechase Racing

810 KAR 004:090. Owners. Drew Conners, division director; Jamie Eads, executive director; and Dr. Bruce Howard, equine medical director, represented the commission.

A motion was made and seconded to approve the following amendments: to amend the TITLE; the NECESSITY, FUNCTION, AND CONFORMITY paragraph; and Sections 1 through 5, 7, and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Incentive and Development Funds

810 KAR 007:030. Kentucky Thoroughbred Development Fund.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

810 KAR 007:060. Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund.

In response to a question by Representative Bridges, Mr. Conners stated that the equitable basis for funding involved allocating funds from each track, based on from where the funds were derived, and using those monies to fund purses. Percentages were determined by the advisory committee, as approved by the commission.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Medication Guidelines

810 KAR 008:020. Drug, medication, and substance classification schedule.

Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Elevator Safety

815 KAR 004:030. Elevator licensing. Molly Cassady, general counsel; Max Fuller, deputy commissioner; and Rick Rand, commissioner, represented the division.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 and 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.

Building Code

815 KAR 007:130. Kentucky Industrialized Building Systems.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 5, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Heating, Ventilation, and Air Conditioning Licensing Requirements

815 KAR 008:010. Licensing requirements for master HVAC contractors and journeyman HVAC mechanics.

Standards of Safety

815 KAR 010:060. Standards of Safety.

A motion was made and seconded to approve the following amendments: to amend Section 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Plumbing

815 KAR 020:030. Plumbing licenses.

Manufactured Homes and Recreational Vehicles

815 KAR 025:020. Recreational vehicles.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3, 5, and 7 through 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 025:060. Licensing and certifications with manufactured homes and mobile homes.

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 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Electrical

815 KAR 035:060. Licensing of electrical contractors, master electricians, and electricians.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 3, 6, 8, 10, and 11 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Essential Personal Care Visitor Program

900 KAR 014:010. Essential personal care visitor programs; visitation guidelines. Adam Mather, inspector general, represented the office.

Health Services and Facilities

902 KAR 020:018. Operation and services; End Stage Renal Disease (ESRD) facilities.

Controlled Substances

902 KAR 055:015. Schedules of controlled substances.

Division of Health Care: Health Care

906 KAR 001:210. Health care services agencies.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Medicaid Services

907 KAR 001:038E. Hearing Program coverage and requirements. Wes Duke, general counsel; Lisa Lee, commissioner; and Jonathan Scott, regulation coordinator, represented the department. Emily Beauregard, executive director, Kentucky Voices for Health; Dr. Bill Collins, DMD, Redbird Mission and Redbird Clinic; Carrie Collins, Redbird Mission and Redbird Clinic; Tiffany Hays, oncology social worker; Dr. Margaret Hill, interim dean, University of Louisville School of Dentistry; Molly Lewis, chief executive officer, Kentucky Primary Care Association; Melissa Newland, caregiver and Medicaid recipient; Dr. Jeff Okeson, professor and dean, University of Kentucky School of Dentistry; Dr. Pamela Sparks Stein, professor and dean, University of Pikeville College of Dental Medicine; Cara Stewart, director

of policy advocacy, Kentucky Voices for Health; and Alicia Whatley, policy and advocacy director, Kentucky Oral Health Coalition, appeared in support of 907 KAR 1:038E, 1:126E, and 1:632E.

In response to a question by Co-Chair Lewis, Ms. Beauregard stated that Kentucky Voices for Health supported 907 KAR 1:038E, 1:126E, and 1:632E. Kentucky was safer and had a better workforce with these provisions. Medicaid providers needed assurance of adequate reimbursement, access to participating providers needed improvement, and procedures and processes needed to be streamlined. Managed Care Organizations (MCOs) were allowed to pay reimbursement rates well below the fee schedules; however, if access did not meet statutory requirements, perhaps those lower rates should be reconsidered. This expansion would provide a good return on investment from a health and financial standpoint.

In response to a question by Co-Chair Lewis, Ms. Stewart stated that Kentucky Voices for Health examined data that demonstrated that dental health significantly affected job opportunities. Survivors of domestic violence also needed dental care to heal both physically and emotionally from trauma. Corrective lenses were important for caregiving and driving safety. The department was unable to force MCOs to pay specific reimbursement rates. Networks needed to be effective and tested by the Department of Insurance the same way that private-pay networks were tested.

In response to a question by Co-Chair Lewis, Ms. Newland stated that, as a caregiver and Medicaid recipient, these administrative regulations were life changing. With many health and dental conditions, these services were vital for her. Ms. Newland worried about losing benefits.

In response to a question by Co-Chair Lewis, Ms. Hays stated that, as an oncology social worker, she worked in some of the most impoverished areas of Kentucky. Oral health was probably one of the most common co-morbidities with the cancer patients she treated and further complicated their care. There were also issues with treatment delays due to the shortage of participating providers. Some cancer treatment also created conditions regarding vision.

In response to a question by Co-Chair Lewis, Dr. Sparks Stein stated that the University of Pikeville College of Dental Medicine was concerned with patient access to dental care. Poor dental hygiene correlated with diabetes, heart attack risk, and stroke. Tooth extraction in lieu of root canal could cause other dental conditions that might cause a cascade of health problems. Those without teeth or dentures had difficulty finding employment, eating a healthy diet, and engaging socially. Kentucky had high rates of toothlessness, and many did not have the resources for dentures. Substance abuse disorder was sometimes related to medication to treat painful dental health conditions. Fifty-four (54) percent of Kentucky's children were insured through Medicaid, and many had unmet dental care needs.

In response to a question by Co-Chair Lewis, Dr. Hill stated that the University of Louisville School of Dentistry had treated more than 50,000 Medicaid patients in the past year. Because of a lack of Medicaid-participating providers, Kentucky's

dental schools served as a safety net, and many patients would not be able to receive care were it not for these schools. Dental students typically left school with a lot of debt, which made serving the Medicaid community financially untenable. Dr. Hill asked the subcommittee to allow this program to continue and to make reimbursement rates more reasonable.

In response to a question by Co-Chair Lewis, Dr. Okeson stated that Medicaid dental providers were becoming difficult to access in Kentucky because of dwindling providers. Ninety-five (95) percent of the funding the University of Kentucky School of Dentistry received was used for dentistry education. Caring for Medicaid patients was threatening to affect educational funding. Reimbursement rates of thirty (30) percent were unsustainable. For the sake of Medicaid patients and for the quality of dentistry education, Dr. Okeson requested that this program of expansion continue and become permanent.

In response to a question by Co-Chair Lewis, Ms. Lewis stated that the Kentucky Primary Care Association was a significant provider that had provided care to over 1,000,000 unique clients last year. High quality, cost-effective care was important, and savings could be generated by helping patients get and maintain good health through taking care of the whole patient. Dental care wait lists were long, and access was limited. Kentucky Primary Care Association was dedicated to working with the General Assembly to find creative solutions to Kentucky's Medicaid health care concerns.

In response to a question by Co-Chair Lewis, Ms. Whatley stated that Kentucky Oral Health Coalition's primary goal was optimal oral health. Emergency room visit costs related to dental health conditions could be resolved by access to dental care. Reimbursement rate increases had helped, and the coalition hoped that it would also bring more providers into the networks. Ms. Whatley read a letter from Dr. Kayla Fields, DMD, which reiterated concerns about access and the need for restorative dentistry in the context of substance abuse disorder.

In response to a question by Co-Chair Lewis, Dr. Collins stated that, as a Medicaid dentist and dental director at Redbird Mission and Clinic, he identified problems that non-Medicaid providers did not experience. Funding was always challenging. Reaching prior-authorization standards was also a hurdle for some patients. The department needed to work with Medicaid dentists to develop appropriate reimbursement rates. Dr. Collins asked that the subcommittee not find these administrative regulations deficient.

Representative Frazier Gordon stated that, as an audiology provider, she was unsure during treatment planning when funding should come from the Office of Vocational Rehabilitation and when it should come from this Medicaid expansion. Each MCO had a different process for handling pre-authorization requests, and many claims went without reimbursement. Providers were leaving the Medicaid program because of reimbursement issues. In response to questions by Representative Frazier Gordon, Ms. Lee stated that the department would work with the MCOs involved to resolve specific reimbursement problems. The department also planned to work on

access and reimbursement issues in general.

In response to questions by Representative Bridges, Ms. Lee stated that \$15 million had already been spent on this expansion, with \$24 million remaining. The federal matching fund was eighty-five (85) percent. Representative Bridges stated that matters pertaining to these Medicaid expansion administrative regulations should have first gone through the Interim Joint Committee or Standing Committees on Appropriations and Revenue or the Budget Review Subcommittee on Health and Family Services. These administrative regulations were found deficient by this subcommittee, not because of the policies involved, but because of problems with circumventing the appropriation process. In response to questions by Representative Bridges, Mr. Duke stated that the previous versions of these administrative regulations were found deficient by this subcommittee and nullified by Senate Bill 65 from the 2023 Regular Session of the General Assembly. That bill authorized the department to refile these administrative regulations if they were substantively distinct from the previous versions. In order to comply with the bill's requirements, the new versions of these administrative regulations were significantly different than the previous versions. This expansion had already helped many Kentuckians, and the funding was from an appropriation that had already taken place.

Senator Yates stated that Kentucky's health challenges had been mounting for many years. He thanked the department for its leadership in developing this package of administrative regulations. Future budgets should fund these programs, and these programs should not be stopped due to technicalities. A budget represented the General Assembly's moral compass, and a small amount of state expenditure was having a tremendous impact, including getting citizens back to work. Legislators all had the same goal of a healthier, more work-ready Kentucky.

Representative Bridges stated that the department should have brought this matter to the General Assembly during this past legislative session, rather than waiting and filing them immediately thereafter. The department should utilize the appropriate process for this to become a permanent, sustainable program. If other agencies followed this process precedent, Kentucky would quickly become financially dismantled. In response, Ms. Lee stated that the department had these funds already appropriated and budgeted and would be ending under budget.

In response to a question by Co-Chair Lewis, Ms. Lee stated that Secretary Friedlander had met with several legislators concerning these administrative regulations. Co-Chair Lewis stated that he supported the department's goals and had some concerns about certain, specific expenditures. All stakeholders and key legislators needed to work together to develop this program to meet the health care needs of Kentuckians.

907 KAR 001:126E. Dental services' coverage provisions and requirements.

907 KAR 001:632E. Vision program coverage provisions and requirements.

Payment and Services

907 KAR 003:190. Reimbursement for treatment related to clinical trials.

Medicaid Eligibility

907 KAR 020:010E. Medicaid procedures for determining initial and continuing eligibility other than procedures related to a modified adjusted gross income eligibility standard or related to former foster care individuals.

907 KAR 020:010. Medicaid procedures for determining initial and continuing eligibility other than procedures related to a modified adjusted gross income eligibility standard or related to former foster care individuals.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

907 KAR 020:045E. Special income requirements for hospice and 1915(c) home and community based services.

907 KAR 020:045. Special income requirements for hospice and 1915(c) home and community based services.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

907 KAR 020:075E. Eligibility provisions and requirements regarding former foster care individuals, and individuals who were in out-of-state equivalents to foster care.

907 KAR 020:075. Eligibility provisions and requirements regarding former foster care individuals, and individuals who were in out-of-state equivalents to foster care.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 4 and 8 through 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

907 KAR 020:100E. Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards.

907 KAR 020:100. Modified Adjusted Gross Income (MAGI) Medicaid eligibility standards.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 4 and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Aging and Independent Living: Brain Injury

910 KAR 003:030. Traumatic brain injury trust fund operations program. Joe Barnett, branch manager, and Kelli Blair, procedures development specialist, represented the department.

Department for Community-Based Services: Child Support

921 KAR 001:400. Establishment, review, and modification of child support and medical support orders. Laura Begin, regulation coordinator, represented the department.

Day Care

922 KAR 002:180. Requirements for registered relative child care providers in the Child Care Assistance Program.

A motion was made and seconded to approve the following amendments: to amend Section 2 to clarify that cabinet approval for certification for age-appropriate CPR and first aid training shall be based on research-based, scientific best practices. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred or removed from the August 8, 2023, subcommittee agenda:

BOARDS AND COMMISSIONS: Kentucky State Board of Accountancy

201 KAR 001:050. License application.

Board of Nursing

201 KAR 020:700. Medication aide training programs and credentialing of medication aides.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Justice: Capital Punishment

501 KAR 016:310. Pre-execution medical actions.

Department of Juvenile Justice: Child Welfare

505 KAR 001:010. Definitions.

505 KAR 001:100. Admissions.

505 KAR 001:180. Day treatment admissions.

505 KAR 001:185. Day treatment programs.

505 KAR 001:210. Restraints and control methods.

505 KAR 001:220. Transportation of juveniles.

PUBLIC PROTECTION CABINET: Horse Racing Commission: General

810 KAR 002:100. Self-exclusion.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: State Health Plan

900 KAR 005:020. State Health Plan for facilities and services.

Division of Certificate of Need

900 KAR 006:075. Certificate of need nonsubstantive review.

900 KAR 006:080E. Certificate of Need emergency circumstances.

Department for Medicaid Services

907 KAR 001:038. Hearing Program coverage provisions and requirements.

907 KAR 001:126. Dental services' coverage provisions and requirements.

907 KAR 001:632. Vision program coverage provisions and requirements.

Department for Community Based Services: Child Welfare

922 KAR 001:360E. Private child care placement, levels of care, and payment.

922 KAR 001:360. Private child care placement, levels of care, and payment.

Day Care

922 KAR 002:245. Kentucky infant and toddler credential.

922 KAR 002:255. Kentucky school-aged youth development credential.

The subcommittee adjourned at 4:15 p.m. The next meeting of this subcommittee was tentatively scheduled for September 12, 2023, at 1 p.m.

**ADMINISTRATIVE REGULATION
REVIEW SUBCOMMITTEE**
Minutes of the September Meeting
September 12, 2023

Call to Order and Roll Call

The September meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, September 12, 2023, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Derek Lewis, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Derek Lewis, Co-Chair; Senators Julie Raque Adams, Damon Thayer, and David Yates; Representatives Randy Bridges, Deanna Frazier Gordon, and Daniel Grossberg.

Guests: Cassie Trueblood, Education Standards Professional Board; Jennifer Scuthfield, Secretary of State; Leslie Saunders and John Steffan, Registry of Election Finance; Charla Sands, Department of Military Affairs; Joe Donohue, Board of Accountancy; Eden Davis, Amber Harding, and Johana Swiney, Board of Pharmacy; Marc Kelly, Board of Social Work; Matt Byrd and Doug Hardin, Boxing and Wrestling Commission; Samuel Thorner, Kentucky Housing Corporation; Eddie Sloan and John Wood, Board of Emergency Medical Services; Dave Dreves, Steven Fields, and Jenny Gilbert, Department of Fish and Wildlife Resources; Clint Quarles, Department of Agriculture; Amy Barker and Jonathan Gifford, Law Enforcement Council; Kara Daniel and Adam Mather, Office of Inspector General; Julie Brooks, Bob McFalls, and Kyndall Raburn, Department for Public Health; Wesley Duke, Lisa Lee, and Jonathan Scott, Department for Medicaid Services; John Bowman, Dream.org; Steve Houghland and Molly Lewis; Kentucky Primary Care Association; Ann Perkins, Safe Harbor; Sheila Schuster, Advocacy Action Network; and Melvyn Yeoh, DMD, University of Kentucky.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Ange Darnell, Emily Harkenrider, Karen Howard, and Carrie Nichols.

Administrative Regulations Reviewed by this Subcommittee:

EDUCATION PROFESSIONAL STANDARDS BOARD: Teaching Certificates

016 KAR 002:240E. Interim certificate. Cassie Trueblood, counsel, represented the board.

SECRETARY OF STATE: Safe at Home Program

030 KAR 010:010E. Definitions for 30 KAR Chapter 10. Jennifer Scuthfield, assistant Secretary of State, represented the office.

030 KAR 010:020E. Application and certification.

030 KAR 010:030E. Notification of expiration and recertification in the Safe at Home Program.

030 KAR 010:040E. Cancellation, appeal, and withdrawal.

030 KAR 010:050E. Application assistant training and designation.

030 KAR 010:060E. Release of participant information to criminal justice officials or agencies.

030 KAR 010:070E. School enrollment and record transfers.

030 KAR 010:080E. Substitute address.

030 KAR 010:090E. Exercise of program participant's privileges.

030 KAR 010:100E. Attaining age of majority.

030 KAR 010:110E. Service of process.

030 KAR 010:120E. Recognition of certification in other state.

Kentucky Registry of Election Finance: Reports and Forms

032 KAR 001:020. Statement of spending intent and appointment of campaign treasurer. Leslie Saunders, general counsel, and John Steffen, executive director, represented the registry.

In response to a question by Representative Grossberg, Mr. Steffen stated that these administrative regulations applied to all political parties. Changes were based on recent legislation.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

032 KAR 001:030. Campaign finance statements.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

032 KAR 001:046. Repeal of 32 KAR 1:045 and 32 KAR 1:070.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

032 KAR 001:050. Political organization registration.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Military Affairs: Military Burial Honors Program

106 KAR 004:020. Commonwealth of Kentucky Military Burial Honor Guard Trust Fund and Military Burial Honor Guard. Charla Sands, counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

BOARDS AND COMMISSIONS: Kentucky State Board of Accountancy

201 KAR 001:050. License application. Joe Donohue, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend the TITLE 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.

Board of Pharmacy

201 KAR 002:076. Compounding. Eden Davis, general counsel, and Amanda Harding, pharmacist inspector, 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 6 and 8 through 10 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Social Work

201 KAR 023:160E. Temporary permission to practice. Marc Kelly, executive director, represented the board.

Boxing and Wrestling Commission

201 KAR 027:005. Definitions for 201 KAR Chapter 27. Matt Byrd, executive director, and Doug Hardin, staff attorney, represented the commission.

In response to questions by Co-Chair Lewis, Mr. Byrd stated that he believed licensure fees were

last addressed between 2006 and 2008. Contestant licensing had been established by administrative regulation for many years.

In response to a question by Senator Yates, Mr. Byrd stated that if a youth amateur boxing event charged admission, the event came under the commission's regulatory jurisdiction; therefore, there was effectively a statutory prohibition on charging admission for youth amateur boxing events. Mr. Hardin stated that there had been a bill during the 2023 Regular Session of the General Assembly to address the issue of youth amateur boxing events; however, that bill did not pass.

A motion was made and seconded to approve the following amendments: to amend Section 1 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 027:008. License requirements and fees.

A motion was made and seconded to approve the following amendments: to amend Section 10 and incorporated material to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 027:011. General requirements for boxing and kickboxing shows.

A motion was made and seconded to approve the following amendments: to amend Sections 3, 20, and 23 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 027:012. General requirements for wrestling shows.

201 KAR 027:016. General requirements for mixed martial arts matches, shows, or exhibitions.

In response to a question by Senator Yates, Mr. Byrd stated that changes to weight classes and ranges applied to mixed martial arts only.

A motion was made and seconded to approve the following amendments: to amend Sections 3, 18, 20, and 24 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

INDEPENDENT ADMINISTRATIVE BODIES: Kentucky Housing Corporation

202 KAR 002:020E. Rural Housing Trust Fund. Samuel Thorner, general counsel, represented the corporation.

Board of Emergency Medical Services

202 KAR 007:555. Ground agencies. Eddie Sloan, executive director, and John Wood, counsel,

represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 2 through 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish

301 KAR 001:201. Taking of fish by traditional fishing methods. Dave Dreves, fisheries director; Steven Fields, staff attorney; and Jenny Gilbert, legislative liaison, represented the department.

301 KAR 001:410. Taking of fish by nontraditional fishing methods.

In response to a question by Co-Chair Lewis, Mr. Dreves stated that traditional fishing meant using a rod and reel. Any other legal method of fishing was classified as nontraditional.

DEPARTMENT OF AGRICULTURE: Amusement Rides

302 KAR 016:010. Business registration and permit for amusement rides or attractions. Clint Quarles, counsel, represented the department.

In response to questions by Senator Yates, Mr. Quarles stated that rides could be verified as registered with the department by a seal on the ride and by contacting the department, which could also provide insurance information in the event of an injury.

A motion was made and seconded to approve the following amendments: to amend Section 2 to establish that a permit expires at the end of the calendar year; to amend Section 4 to clarify submission procedures for itineraries; and to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 through 4 and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 016:020. Inspection and operation of amusement rides or amusement attractions.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 2 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 016:030. Determination of administrative or safety violations which cannot be corrected immediately; section stop order.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 3, and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection,

and with agreement of the agency, the amendments were approved.

302 KAR 016:071. Repeal of 302 KAR 16:070.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 016:072. Notification of occurrence involving an amusement ride or attraction.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 016:111. Violations, civil penalties, revocations, and suspensions of permits for amusement rides or attractions.

Grain

302 KAR 033:010. Grain dealers and grain warehouse operators.

A motion was made and seconded to approve the following amendments: to amend Section 1 to establish application and renewal procedures for grain dealer and grain warehouse operator licenses; to amend Sections 4 and 5 to clarify deadlines for moving grain out of temporary storage; and to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs; Section 1 through 8; and the material incorporated by reference to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Justice: Kentucky Law Enforcement Council

503 KAR 001:140E. Peace officer, telecommunicator, and court security officer professional standards. Amy Barker, assistant general counsel, and Jonathan Gifford, staff attorney, represented the department.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Division of Certificate of Need

900 KAR 006:080E. Certificate of Need emergency circumstances. Kara Daniel, deputy inspector general, and Adam Mather, inspector general, represented the division.

Department for Public Health: Health Services and Facilities

902 KAR 020:500. Medical reserve corps. Julie Brooks, regulation coordinator; Bob McFalls, branch manager; and Kyndall Raburn, public health associate, represented the department.

Department for Medicaid Services

907 KAR 001:025. Payment for services provided by an intermediate care facility for individuals with an intellectual disability, a dually-licensed pediatric facility, an institution for mental diseases, or a nursing facility with an all-inclusive rate unit. Wes Duke, general counsel; Lisa Lee, commissioner; and Jonathan Scott, regulation coordinator, represented the department. John Bowman, campaign coordinator, Dream.org; Dr. Melvyn Yeoh, University of Kentucky; Ann Perkins, Safe Harbor Kentucky; Sheila Schuster, executive director, Kentucky Mental Health Coalition; and Alicia Whatley, Kentucky Oral Health Coalition, appeared in support of 907 KAR 1:038, 1:126, and 1:632.

907 KAR 001:038. Hearing Program coverage provisions and requirements.

907 KAR 001:126. Dental services' coverage provisions and requirements.

907 KAR 001:632. Vision program coverage provisions and requirements.

In response to a question by Co-Chair Lewis, Mr. Bowman stated that Dream.org supported 907 KAR 1:038, 1:126, and 1:632. These programs were important for communities and especially vital for people who were in recovery.

In response to a question by Co-Chair Lewis, Ms. Perkins stated that Safe Harbor Kentucky supported these administrative regulations, which were part of the support system for domestic violence survivors. It was difficult to escape domestic violence situations without a strong community support system.

In response to questions by Senator Thayer, Ms. Perkins stated that these programs were necessary to help people break the cycle of domestic violence and dependence. Good health was a part of obtaining employment. In her experience, most Medicaid recipients worked part time. If recipients transitioned to full-time employment, they lost Medicaid benefits.

In response to a question by Representative Frazier Gordon, Ms. Perkins stated that, in addition to Medicaid, she also relied on Vocational Rehabilitation, which had work requirements. Senator Thayer stated that he appreciated the work Ms. Perkins did to help domestic violence survivors. However, Kentucky was investing a significant amount in Medicaid, at a time when the Commonwealth was experiencing a low workplace participation rate.

Senator Yates stated that able bodied people should participate in the workforce, and participation required providing for basic needs like vision, dental, and hearing. In response, Ms. Perkins stated that she recently encountered a cancer patient who was unable to begin chemotherapy because of abscessed teeth.

Because Medicaid reimbursement rates were so low, the dental care and the chemotherapy were delayed due to difficulty finding a Medicaid participating dental provider.

In response to a question by Co-Chair Lewis, Ms. Schuster stated that the Kentucky Mental Health Coalition supported these administrative regulations because Medicaid recipients needed integrated health services. Conditions related to vision and hearing had safety implications. Conditions pertaining to vision, dental, and hearing also contributed to other significant health problems, which were often costly. Dental pain was linked with opioid addiction. Unresolved medical conditions also created obstacles to workforce readiness. Ms. Schuster referenced a letter of support from the Mackenzie Wallace, director of public policy with the Alzheimer's Association.

Senator Thayer stated that Representative Poore Moser informed him that the General Assembly was working toward addressing the Medicaid benefits cliff, which ended benefits abruptly if certain criteria were met. Legislators were working to develop a more transitional system to phase out benefits for those recipients leaving the program. Vocational Rehabilitation, which had work requirements, might be a vehicle to assist with the transition process.

In response to a question by Co-Chair Lewis, Ms. Whatley stated that the Kentucky Oral Health Coalition supported a permanent path for these programs. The coalition thanked the General Assembly for assisting with and understanding the importance of continuity of care for those who had already begun treatment under these administrative regulations. Providers had been reluctant to participate in the Medicaid program due to the tenuousness of these administrative regulations and because of low reimbursement rates.

In response to a question by Co-Chair Lewis, Dr. Yeoh stated that oral cancer patients often had deformities from treatment for which Medicaid previously did not reimburse. This expanded program was a step toward addressing those and many other types of situations. There was a shortage of providers, especially in rural areas, and many patients traveled long distances for care. Late treatment, which often had poorer outcomes, could be expensive because progressive conditions sometimes required surgery or hospitalization. Medicaid providers improved the economic conditions of their communities.

In response to a question by Senator Yates, Ms. Lee stated that the agency amendment proposed removing certain diagnostic service coverage limitations that were determined to be unnecessarily stringent.

Representative Bridges stated that the Administrative Regulation Review Subcommittee was not the appropriate venue for considering this appropriation related matter.

A motion was made and seconded to approve agency and suggested amendments for 907 KAR 1:025, 907 KAR 1:038, 907 KAR 1:126, and 907 KAR 1:632. The motion failed.

Department for Community Based Services: Supplemental Nutrition Assistance Program

921 KAR 003:020. Financial requirements. Laura

Begin, regulation coordinator, and Amandeep Burns, division supervisor, represented the department.

921 KAR 003:095. Elderly Simplified Application Project or "ESAP."

A motion was made and seconded to approve the following amendments: to amend Sections 5 and 8 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred or removed from the September 12, 2023, subcommittee agenda:

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: KHEAA Grant Programs

011 KAR 005:001. Definitions pertaining to 11 KAR Chapter 5.

011 KAR 015:040. Kentucky Educational Excellence Scholarship award determination procedure.

011 KAR 015:110. Scholarships for Registered Apprenticeship and Qualified Workforce Training programs.

PERSONNEL BOARD

101 KAR 001:365E. Appeal and hearing procedures.

KENTUCKY COMMISSION ON HUMAN RIGHTS

104 KAR 001:010. Posting, distribution and availability of notices and pamphlets.

104 KAR 001:040. Guidelines for advertising employment or licensing opportunities.

104 KAR 001:050. Standards and procedures for providing equal employment opportunities.

104 KAR 001:080. Guidelines on fair housing.

104 KAR 001:100. Nondiscrimination on the basis of disability by a place of public accommodations, licensing agencies and trade organizations.

BOARDS AND COMMISSIONS: Board of Pharmacy

201 KAR 002:020. Examination.

201 KAR 002:050. Licenses and permits; fees.

201 KAR 002:105. Requirements for wholesalers, medical gas wholesalers, wholesale distributors, and virtual wholesale distributors.

201 KAR 002:205. Pharmacist-in-charge.

201 KAR 002:225. Special limited pharmacy permit- medical gas.	505 KAR 001:260. Education.	oversight.
201 KAR 002:240. Special limited pharmacy permit- charitable.	505 KAR 001:270. Grievances.	809 KAR 010:004E. Sports wagering accounts.
201 KAR 002:320. Requirements for manufacturers and virtual manufacturers.	505 KAR 001:280. Hair and grooming.	809 KAR 010:005E. Licensed premises.
201 KAR 002:340. Special limited pharmacy permit- clinical practice.	505 KAR 001:290. Juvenile allowance and work detail.	809 KAR 010:006E. Audit and internal control standards.
201 KAR 002:390. Requirements for third-party logistics providers.	505 KAR 001:300. Juvenile records and information.	809 KAR 010:007E. Responsible gaming and advertising.
Board of Nursing	505 KAR 001:310. Leave, releases, and furloughs.	809 KAR 010:008E. Disciplinary actions and hearings.
201 KAR 020:700. Medication aide training programs and credentialing of medication aides.	505 KAR 001:320. Library services.	Horse Racing: General
TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish	505 KAR 001:330. Personal property, dress, and clothing and bedding supply.	810 KAR 002:100. Self-exclusion.
301 KAR 001:122. Importation, possession, and prohibited aquatic species.	505 KAR 001:340. Recreation.	Horse Racing: Licensing
DEPARTMENT OF AGRICULTURE: Livestock, Poultry, and Fish	505 KAR 001:350. Religious practice.	810 KAR 003:010E. Licensing of racing associations.
302 KAR 022:150. Cervids.	505 KAR 001:360. Searches.	CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: State Health Plan
ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division for Air Quality: National Ambient Air Quality Standards	505 KAR 001:370. Treatment.	900 KAR 005:020. State Health Plan for facilities and services.
401 KAR 051:010. Attainment status designations.	505 KAR 001:380. Mail, visiting, and telephone use.	Certificate of Need
JUSTICE AND PUBLIC SAFETY CABINET: Department of Justice: Capital Punishment	505 KAR 001:390. Juvenile Accounts and Youth Activity Fund Account.	900 KAR 006:075. Certificate of need nonsubstantive review.
501 KAR 016:310. Pre-execution medical actions.	505 KAR 001:400. Behavior management and progressive discipline.	900 KAR 006:080. Certificate of Need emergency circumstances.
Department of Juvenile Justice	505 KAR 001:410. Isolation and protective custody.	Division of Health Care
505 KAR 001:010. Definitions.	505 KAR 001:420. Youthful offenders.	902 KAR 020:300. Operation and services; nursing facilities.
505 KAR 001:100. Admissions.	EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: School Terms, Attendance and Operation	Radiology
505 KAR 001:110. Intake and orientation.	702 KAR 007:065. Designation of agent to manage middle and high school interscholastic athletics.	902 KAR 100:019. Standards for protection against radiation.
505 KAR 001:180. Day treatment admissions.	PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Sports Wagering: Licensing	902 KAR 100:040. General provisions for specific licenses.
505 KAR 001:185. Day treatment programs.	809 KAR 001:002E. Service provider licensing.	902 KAR 100:050. General licenses.
505 KAR 001:210. Restraints and control methods.	809 KAR 001:003E. Occupational licenses.	902 KAR 100:058. Specific licenses to manufacture, assemble, repair, or distribute products.
505 KAR 001:220. Transportation of juveniles.	Sports Wagering: Technical Criteria	902 KAR 100:065. Reciprocal recognition.
505 KAR 001:240. Dietary services.	809 KAR 010:001E. General provisions.	902 KAR 100:165. Notices, reports, and instructions to employees.
505 KAR 001:250. Drug screening and testing.	809 KAR 010:002E. Standards for sports wagering.	902 KAR 100:185. Standards for protection against radiation from radioactive materials.
	809 KAR 010:003E. Technical requirements and	902 KAR 100:195. Licensing of special nuclear

material.	which passed without objection.	K24-115; Grace Consulting, Inc., K24-116; CMTA Inc., K24-117; Rockcastle Hospital and Respiratory Care Center, Inc., K24-118; St. Claire Regional Medical Center, K24-119; NAMI Lexington (KY), Inc., K24-122; Sworn Testimony, PLLC d/b/a GameDay Captions, K24-123.
902 KAR 100:200. Licenses and radiation safety requirements for irradiators.	A motion was made by Senator Douglas to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Senator Boswell seconded the motion, which passed without objection.	THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:
Department for Community-Based Services: Child Welfare	A motion was made by Senator Douglas 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 Boswell seconded the motion, which passed without objection.	ADMINISTRATIVE OFFICE OF THE COURTS Dentons Bingham Greenebaum, LLP, 2300001640.
922 KAR 001:360E. Private child care placement, levels of care, and payment.	A motion was made by Senator Douglas 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 Boswell seconded the motion, which passed without objection.	BOARD OF MEDICAL LICENSURE Multi, 2200000053.
922 KAR 001:360. Private child care placement, levels of care, and payment.	THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:	DEPARTMENT OF EDUCATION Donna A. Meyer, 2200002035; DPJ Consulting, LLC, 2200003286; Central Kentucky Interpreter Referral, Inc., 2200003386; Brian P. White, 2200003504.
Day Care	DEPARTMENT OF HIGHWAYS Strand Associates, Inc., 2400000001; Palmer Engineering Company, 2400000003; H W Lochner, Inc., 2400000005; QK4, Inc., 2400000006; Beam, Longest and Neff, LLC, 2400000007; Haworth Meyer Boleyn, Inc., 2400000009; HDR Engineering, Inc., 2400000010; Burgess and Niple, Inc., 2400000014; WSP USA, Inc., 2400000050; Palmer Engineering Company, 2400000084; Michael Baker International, Inc., 2400000118.	DEPARTMENT OF HIGHWAYS Palmer Engineering Company, 1200002167; Stantec Consulting Services, Inc., 1300001775; T.H.E. Engineers. Inc., 1300002985; QK4, Inc., 1500001282; Wood Environment Infrastructure Solutions, Inc., 1900002819; QK4, Inc., 2000000386; HMB, Inc., 2000000389; H. W. Lochner, Inc., 2000000469; Strand Associates, Inc., 2100001707; Michael Baker International, Inc., 2100001791; Burgess and Niple, Inc., 2100001880; Palmer Engineering Company, 2100003447; QK4, Inc., 2100003448; HMB Engineers, Inc., 2200001263; HMB Engineers, Inc., 2200001937; Palmer Engineering County, 2200004664; Michael Baker International, Inc., 2300000752; Johnson, Mirmiran & Thompson, Inc., 2300001492-1; American Engineers, Inc., C-03060711.
922 KAR 002:245. Kentucky infant and toddler credential.	DEPARTMENT OF INSURANCE Tabitha Brown Consulting, LLC, 2300003772.	EASTERN KENTUCKY UNIVERSITY Omni Architects, 1504-2022.
922 KAR 002:255. Kentucky school-aged youth development credential.	EASTERN KENTUCKY UNIVERSITY Donna Fishter Consulting, LLC, 2251-2024.	FACILITIES & SUPPORT SERVICES Strand Associates, Inc., 2000000293; CMTA, Inc., 2100000607; GRW Engineers, Inc., 2100003157; Omni Architects, 2300000392; John A. Newman Consulting Engineers, 2300000772; CMTA, Inc., 2300001347; GRW Engineers, Inc., 2300001529; Patrick D. Murphy Company, Inc., 2300001754; Kesler Simpson Architects, LLC, 2300001917; Patrick D. Murphy Company, Inc., 2300001991.
The subcommittee adjourned at 2:15 p.m. The next meeting of this subcommittee is tentatively scheduled for October 10, 2023, at 1 p.m.	FACILITIES & SUPPORT SERVICES Ross Tarrant Architects Inc., 2300003857; Marcum Engineering, LLC, 2400000015; Clotfelter/Samokar PSC, 2400000154; GRW Engineers, Inc., 2400000156.	THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:
GOVERNMENT CONTRACT REVIEW COMMITTEE	KENTUCKY PUBLIC PENSIONS AUTHORITY Arvin & Manning, PLLC, 2400000004.	BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Committee Minutes	KENTUCKY STATE POLICE Law Enforcement Services, Inc., 2300003597.	
August 8, 2023	MURRAY STATE UNIVERSITY JRA Architects, 017-24; Multi, 021-24.	
Call to Order and Roll Call	NORTHERN KENTUCKY UNIVERSITY LB Wellbeing, LLC, 2024-144; ML Weekes & Company, PC, 2024-145.	
The Government Contract Review Committee met on Tuesday, August 8, 2023, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.	UNIVERSITY OF KENTUCKY Sherman Carter Barnhart, A231220; JRA Architects, A241040; Bluegrass Law Group, PLLC,	
Present were:		
<u>Members:</u> Senator Stephen Meredith, Co-Chair; Representative Mark Hart, Co-Chair; Senators Gary Boswell, and Donald Douglas; Representatives Beverly Chester-Burton and Michael Sarge Pollock.		
<u>Guests:</u> Karen Wirth, Rhonda Sims, Micki Ray, Nat Colten, Dr. Kirk Pomper, Tom Harris, Barry Swanson, Andrea Anderson, Hannah Rivera, Buddy Combs, Pam Duncan, Debbie Hall, Tammy Brown, Lisa Lee, Edith Slone, and Jennifer Thornhill.		
<u>LRC Staff:</u> Kim Eisner, Jarrod Schmidt, and Kim Smith.		
A motion was made by Representative Pollock to approve Minutes of the July 2023, meeting of the committee. Senator Douglas seconded the motion, which passed without objection.		
A motion was made by Senator Douglas to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Senator Boswell seconded the motion, which passed without objection.		
A motion was made by Senator Douglas 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 Boswell seconded the motion,		

Jessamine County, 2300003421; Kentucky Office of Adult Education, 2300003640.

COUNCIL ON POSTSECONDARY EDUCATION

Monroe County Board of Education, 2300003839; Daviess County Board of Education, 2400000058; Monroe County Board of Education, 2400000062.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Kentucky Medical Services Foundation, Inc., 2300002481; United States Department of the Interior, 2400000044.

DEPARTMENT FOR INCOME SUPPORT
Commonwealth Center for Fathers and Families, Inc., 2300003549.

DEPARTMENT FOR LOCAL GOVERNMENT
Louisville Zoo Foundation, Inc., 2300000690; Calloway County Fiscal Court, 2300002847; Hart County Fiscal Court, 2300002848; Campbell County Fiscal Court, 2300003431; Pike County Fiscal Court, 2300003433; Big Sandy Regional Detention Center, 2300003466; Warren County Jail, 2300003469; Montgomery County Treasurer, 2300003562; Owsley County, 2300003644; Backroads of Appalachia, Inc., 2300003828; City of Harrodsburg, 2300003842; Kentucky Mountain Regional Recreation Authority, 2400000002; City of Fort Mitchell, 2400000047; Todd County, 2400000083; The Appalachian Wildlife Foundation, Inc., 2400000086; Perry County, 2400000110; Hopkins County, 2400000111; Martin County Fiscal Court, 2400000113; Lawrence County Fiscal Court, 2400000115.

DEPARTMENT FOR PUBLIC HEALTH
Mountain Comprehensive Care Center, 2300003779; Chrysalis House, Inc., 2300003781; Northern Kentucky Community Action, 2300003782; Voices of Hope - Lexington, Inc., 2300003783; Edith & Henry Heuser Hearing Institute, Inc., 2300003784; Grin Grant, Inc., 2300003792.

DEPARTMENT OF AGRICULTURE
Dare To Care, Inc., 2300003237.

DEPARTMENT OF EDUCATION
Bluegrass Community and Technical College, 2300002875; Campbell County Board of Education, 2300003158; Edmonson County Board of Education, 2300003245; Fayette County Board of Education, 2300003260; Floyd County Board of Education, 2300003263; Ft. Thomas Independent School District, 2300003264; Kentucky Office of Adult Education, 2300003269; Fulton County Board of Education, 2300003285; Garrard County Board of Education, 2300003289; Hardin County Board of Education, 2300003299; Jackson County Board of Education, 2300003309; Jefferson County Board of Education, 2300003311; Larue County Board of Education, 2300003320; Lawrence County Board of Education, 2300003322; Mason County Board of Education, 2300003348; Menifee County Board of Education, 2300003355; Ohio Valley Educational Cooperative,

2300003369; Rowan County Board of Education, 2300003388; Russell County Board of Education, 2300003389; Trigg County Board of Education, 2300003401; Trimble County Board of Education, 2300003402; Warren County Board of Education, 2300003405; Utah State University, 2300003471; Fulton Independent Board of Education, 2300003537; Leslie County Board of Education, 2300003547; Mayfield Independent School District, 2300003557; Metcalfe County Board of Education, 2300003561; Wayne County Board of Education, 2300003571; Williamstown Board of Education, 2300003574; Global Game Changers Children S Education Initiative, Inc., 2300003585; Harlan County Boys and Girls Club, 2300003593; City of Saint Matthews, 2300003615; Barren County Board of Education, 2300003617; Laurel County Board of Education, 2300003633; Kentucky Center for Education and Workforce Statistics, 2300003763; Graves County Board of Education, 2300003778; Jessamine County Board of Education, 2300003799; Monroe County Board of Education, 2300003804; Whitley County Board of Education, 2300003817; Nelson County Board of Education, 2300003823; Floyd County Board of Education, 2400000122; Green River Regional Educational, 2400000123.

DEPARTMENT OF JUVENILE JUSTICE
University of Cincinnati Research Institute, 2300002576; Volunteers of America Mid-States, Inc., 2300002863; Todd County Board of Education, 2300003021.

DEPARTMENT OF MILITARY AFFAIRS
Multi, 2300000083.

KENTUCKY DEPARTMENT OF PARKS
Breaks Interstate Parks Commission, 2400000052.

PUB PROTECTION - OFFICE OF THE SECRETARY
The Hope Initiative, Inc., 2400000029.

UNIVERSITY OF KENTUCKY
Gateway Community & Technical College, 005-24; Southeast Kentucky Community & Technical College, 006-24.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS
Brian D. Bohannon, 2000001217.
BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Fletcher Group, Inc., 2300001789.

DEPARTMENT FOR COMMUNITY BASED SERVICES
Kentucky River Foothills Development Council, Inc., 2200002464; Audubon Area Community Services, 2300001796; West Kentucky Allied Services, Inc., 2300001910.

DEPARTMENT FOR LOCAL GOVERNMENT
City of Columbia, 2100002713.

DEPARTMENT OF EDUCATION
Barren County Board of Education, 2300003038; Leslie County Board of Education, 2300003193.

DEPARTMENT OF MILITARY AFFAIRS
University of Kentucky Research Foundation, 2200004743.

EDUCATION AND LABOR CABINET
The Coleridge Initiative, Inc., 2300001711.

KENTUCKY STATE POLICE
NW3C, Inc., 2200004439.

THE FOLLOWING KENTUCKY ENTERTAINMENT INCENTIVE PROGRAM AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ECON DEV - OFFICE OF THE SECRETARY
War Movie, LLC, 2400000127; Born To Lose Limited Partnership, 2400000128; Horntak Valley, LLC, 2400000130; Albert Productions, LLC, 2400000132; Whispers Movie, LLC, 2400000146; FAV Films, LLC, 2400000147.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF EDUCATION
ICF Incorporated, LLC, 2300003479. Karen Wirth, Rhonda Sims, and Micki Ray discussed the contract with the committee. A motion was made by Senator Boswell to disapprove the contract. Senator Douglas seconded the motion, which failed with Representative Chester-Burton, Representative Pollock, Representative Hart, and Senator Meredith voting no. A motion was made by Senator Boswell to defer the contract to the September 2023 committee meeting. Representative Hart seconded the motion, which passed.

KENTUCKY STATE UNIVERSITY
Earth Tools Inc. d/b/a Apogee Climate and Energy Transitions, 24-11. Nat Colten and Dr. Kirk Pomper discussed the contract with the committee. A motion was made by Representative Chester-Burton to consider the contract as reviewed. Senator Boswell seconded the motion, which passed.

UNIVERSITY OF KENTUCKY
Ologie, LLC, K24-120; Cornett Integrated Solutions, K24-121. Tom Harris and Barry Swanson discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Pollock seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY
Kerrick Bachert PSC, 232414. Andrea Anderson discussed the contract with the committee. A motion was made by Senator Boswell to consider the contract

as reviewed. Senator Douglas seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF EDUCATION

ACT, Inc., 2200003795. Karen Wirth, Rhonda Sims, and Micki Ray discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Representative Chester-Burton seconded the motion, which passed.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Huron Consulting Group, 896. Hannah Rivera, Buddy Combs, and Pam Duncan discussed the contract with the committee. A motion was made by Representative Pollock to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF EDUCATION

Jefferson County Board of Education, 2300003588; Jefferson County Board of Education, 2300003589; Jefferson County Board of Education, 2300003590; Christian County Board of Education, 2300003851; Ashland Board of Education, 2300003852; Daviess County Board of Education, 2300003853; Graves County Board of Education, 2400000012; Raceland Independent School District, 2400000048; Bullitt County Board of Education, 2400000049; Ft. Thomas Independent School District, 2400000051; Corbin Independent School District, 2400000056; Fayette County Board of Education, 2400000080; Christian County Board of Education, 2400000085; Ohio Valley Educational Cooperative, 2400000089; Perry County Board of Education, 2400000090; Jefferson County Board of Education, 240000106. Karen Wirth, Micki Ray, and Rhonda Sims discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Pollock seconded the motion, which passed.

OFFICE OF EDUCATIONAL PROGRAMS

Coalition Supporting Young Adults, 2400000008. A motion was made by Representative Hart to defer the contract to the September 2023 committee meeting. Senator Boswell seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

ADMINISTRATIVE OFFICE OF THE COURTS

Chrysalis House, Inc., 2000000282; Chrysalis House, Inc., 2000000663. Debbie Hall and Tammy Brown discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Senator Boswell seconded

the motion, which passed.

CHFS - OFFICE OF THE SECRETARY

Multi, 2200000063. Lisa Lee and Edith Slone discussed the contract with the committee. No motion was made. Contract moves forward as reviewed.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR COMMUNITY BASED SERVICES

Children and Family Futures, Inc., 2300003610. Jennifer Thornhill discussed the contract with the committee. A motion was made by Senator Pollock to consider the contract as reviewed. Representative Chester-Burton seconded the motion, which passed with Representative Hart voting no.

EXEMPTION REQUESTS:

JUSTICE AND PUBLIC SAFETY CABINET:

The Department of Justice Administration requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium to execute seventy-five (75) subawards for the American Rescue Plan Act (ARPA) in the amount of \$11,000,000. A motion was made by Representative Hart to grant the request to October 31, 2024. Representative Chester-Burton seconded the motion, which passed without objection.

JUSTICE AND PUBLIC SAFETY CABINET:

The Department of Justice Administration requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium to execute thirteen (13) subawards for the Edward Byrne Memorial Justice Assistance Grant Program (JAG) in the amount of \$1,600,000. A motion was made by Representative Hart to grant the request to September 30, 2025. Representative Chester-Burton seconded the motion, which passed without objection.

JUSTICE AND PUBLIC SAFETY CABINET:

The Department of Justice Administration requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium to execute thirty (30) subawards for the Violence Against Women Act (VAWA) STOP Formula Program in the amount of \$2,000,000. A motion was made by Representative Hart to grant the request to June 30, 2025. Representative Chester-Burton seconded the motion, which passed without objection.

JUSTICE AND PUBLIC SAFETY CABINET:

The Department of Justice Administration requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and

agreements from extending beyond the current biennium to execute thirteen (13) subawards for the Byrne State Crisis Intervention Program in the amount of \$2,735,000. A motion was made by Representative Hart to grant the request to September 30, 2026. Representative Chester-Burton seconded the motion, which passed without objection.

JUSTICE AND PUBLIC SAFETY CABINET:

The Department of Justice Administration requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium to execute four (4) subawards for the Project Safe Neighborhoods (PSN) Formula Grant Program in the amount of \$298,000. A motion was made by Representative Hart to grant the request to September 30, 2025. Representative Chester-Burton seconded the motion, which passed without objection.

JUSTICE AND PUBLIC SAFETY CABINET:

The Department of Justice Administration requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium to execute one hundred thirty (130) subawards for the Victims of Crime Act (VOCA) in the amount of \$17,000,000. A motion was made by Representative Hart to grant the request to September 30, 2025. Representative Chester-Burton seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET:

The Office of Energy Policy requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium for the State Energy Program (SEP) Bipartisan Infrastructure Law (BIL) projects awarded under the Office of Energy Policy BIL Program grants. A motion was made by Representative Hart to grant the request to June 30, 2028. Representative Chester-Burton seconded the motion, which passed without objection.

COUNCIL ON POSTSECONDARY EDUCATION:

The Council on Postsecondary Education requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium for 1) State and Fiscal Recover Funds (SFRF): Healthcare Workforce Initiative & Simmons College Teacher Education Initiative and 2) Gaining Early Awareness for Undergraduate Programs (GEAR UP). A motion was made by Representative Hart to grant the request to September 30, 2026. Representative Chester-Burton seconded the motion, which passed without objection.

KENTUCKY COMMISSION ON MILITARY AFFAIRS:

The Kentucky Commission on Military Affairs (KCMA) requested an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the current biennium for the Kentucky COMPETES

(Collaborative Opportunities to Modernize Practices Engagements Teams and the Economy of Success) Project grant. A motion was made by Representative Hart to grant the request to February 28, 2025. Representative Chester-Burton seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 11:16 AM.

GOVERNMENT CONTRACT
REVIEW COMMITTEE
Minutes

September 12, 2023

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, September 12, 2023, at 9:00 AM, in Room 131 of the Capitol Annex. Representative Mark Hart, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Mark Hart, Co-Chair; Senators Gary Boswell, Donald Douglas, and Reginald Thomas; Representatives Beverly Chester-Burton, Bobby McCool, and Michael Sarge Pollock.

Guests: Micki Ray, Karen Wirth, Colleen Chaney, Amy Scarborough, Linda Birdwell, Robert Long, Stephanie Craycraft, Jennifer Moore, Tania Basta, Andrea Anderson, Austin Griffiths, Daniel Boamah, Kimberly Green, Eric Pelfrey, and Amanda Desmond.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Senator Meredith to approve minutes of the August 2023, meeting of the committee. Senator Douglas seconded the motion, which passed without objection.

AUGUST DEFERRED ITEMS:

DEPARTMENT OF EDUCATION

ICF Incorporated, LLC, 2300003479. Karen Wirth and Micki Ray discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Pollock seconded the motion, which passed.

OFFICE OF EDUCATIONAL PROGRAMS

Coalition Supporting Young Adults, 2400000008. The Agency requested that the contract be cancelled/withdrawn on September 8, 2023.

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. Representative Pollock 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. Representative Pollock 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. Representative Pollock 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. Representative Pollock 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. Representative Pollock seconded the motion, which passed without objection.

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

THE FOLLOWING PERSONAL SERVICE
CONTRACTS WERE REVIEWED WITHOUT
OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS
CGL Companies, LLC, 2400000420.

BOARD OF MEDICAL IMAGING AND
RADIATION THERAPY
Carson Forge Kerr, PLLC, 2300003841.

DEPARTMENT FOR PUBLIC HEALTH
Choosing the Best Publishing, 2300001812.

DEPARTMENT OF HIGHWAYS
Palmer Engineering Company, 2400000195;
QK4, Inc., 2400000196; Johnson, Mirmiran &
Thompson, Inc., 2400000197; HNTB Corporation,
2400000205; Johnson, Mirmiran & Thompson, Inc.,
2400000291; AECOM Technical Services, Inc.,
2400000399; Stantec Consulting Services, Inc.,
2400000400; WSP USA, Inc., 2400000401; Burgess
and Niple, Inc., 2400000414; Parsons Transportation
Group, Inc., 2400000498.

DEPARTMENT OF VETERANS AFFAIRS
Cornerstone Diagnostics, Inc. d/b/a FKA
Premiertox 2.0, Inc., 2200002490-1; Cornerstone
Diagnostics, Inc. f/k/a Premiortox 2.0, Inc.,
2200003371-1; Proactive Medical Review and
Consulting, LLC, 2400000417.

ECON DEV - OFFICE OF THE SECRETARY
Aecom Technical Services, Inc., 2400000160.

FACILITIES & SUPPORT SERVICES

CMTA, Inc., 2300003834; Treanorhl,
2400000155; John A Newman Consulting Engineers,
2400000411; Ross Tarrant Architects Inc.,
2400000524.

GENERAL ASSEMBLY

Leidos Digital Solutions, Inc., 2400000422.

HORSE RACING COMMISSION

GLI Capital Group, Inc., Gaming Laboratories
International, LLC, 2400000564.

JUSTICE - OFFICE OF THE SECRETARY

Patriot Medical Laboratories, LLC, 2400000208.

KENTUCKY EMPLOYERS MUTUAL
INSURANCE

Randy Walker Electrical and Communications
Contractors, 24-RWE-002.

KENTUCKY LOTTERY CORPORATION

Ellipse Solutions, LLC, 24-17-016; Lockton
Companies, LLC, 24-23-028.

KENTUCKY STATE UNIVERSITY

Demetrio P. Zourarakis, 24-13.

KY COMMUNITY TECHNICAL COLLEGE
SYSTEM

Economic Modeling, LLC, 909.

KY HOUSING CORPORATION

The St. Bernard Project, Inc., 2024-52; Federation
of Appalachian Housing Enterprises d/b/a Fahe, 2024-
53; Novogradac & Company, LLP, 2024-54.

MILITARY AFFAIRS COMMISSION

Kratzer Consulting, LLC, 2400000404.

MURRAY STATE UNIVERSITY

Shelton Appraisal Services, 022-24; CBTS
Technology Solutions, LLC, 023-24; Peake
Associates, LLC, 024-24.

NORTHERN KENTUCKY UNIVERSITY

Luminaut, Inc., 2024-147.

UNIVERSITY OF KENTUCKY

NOMI Design, A241010; Morris Workshop
Architects, A241060; KFI Engineers, A241070;
Pappalardo Media Company, LLC, K24-124; APAX
Software, K24-125; Cornerstone Government Affairs,
K24-126.

UNIVERSITY OF LOUISVILLE

John O. Trent, PhD, 24-006; Snell & Wilmer,
LLP, 24-007.

WESTERN KENTUCKY UNIVERSITY

University Professional and Continuing
Education Association, 232417; RATP Dev USA,
Inc., 232424; Parker Executive Search, LLC, 232425.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Multi, 2200000093.

BOARD OF MEDICAL LICENSURE
Multi, 2200000053; Multi, 2200000053.

DEPARTMENT FOR COMMUNITY BASED SERVICES
Public Consulting Group, LLC, 2200001764;
Public Consulting Group, LLC, 2200002806.

DEPARTMENT FOR PUBLIC HEALTH
Multi, 2300000073.

DEPARTMENT OF CRIMINAL JUSTICE TRAINING
Rafilson & Associates, LLC, 2300003383.

DEPARTMENT OF EDUCATION
TCB Consulting, LLC, 2200003439.

DEPARTMENT OF HIGHWAYS
WMB, Inc., 0700003516-1; HDR Engineering, Inc., 1000003299; HDR Engineering, Inc., 1200001709; QK4, 1500001028; Strand Associates, Inc., 1500001578; HDR Engineering, Inc., 1900002815; Burgess and Niple, Inc., 1900003425; Michael Baker International, Inc., 1900004337; H. W. Lochner, Inc., 2000000384; HMB Engineers, Inc., 2000000520; HMB Engineers, Inc., 2000000526; Palmer Engineering Company, 2000001237; Strand Associates, Inc., 2200002111; Burgess and Niple, Inc., 2200003830; Qk4, Inc., C-99067714.

DEPARTMENT OF JUVENILE JUSTICE
Necco, Inc., 2200002215.

DEPARTMENT OF VETERANS AFFAIRS
Multi, 2200000114; Envivo Health, LLC, 2200003371.

DEPARTMENT OF WORKERS' CLAIMS
Fair Health, 2200004515.

EASTERN KENTUCKY UNIVERSITY
Tetra Tech, Inc., 2018-2023.

FACILITIES & SUPPORT SERVICES
Paladin, Inc., 1700002128; EOP Architects PSC, 2100002073; Omni Architects, 2200001209; American Engineers, Inc., 2300001427; KFI Engineers PC, 2300001629; EOP Architects PSC, 2300001911; Patrick D. Murphy Company, Inc., 2300001915.

KENTUCKY STATE POLICE
Multi, 2300000076.

TRANSPORTATION - OFFICE OF THE SECRETARY
Embry Merritt Womack Nance, PLLC,

2200001953.

UNIVERSITY OF KENTUCKY
Eveland Consulting, LLC d/b/a Small Business Consulting, 23-049; Ross Tarrant Architects, A201110; Champlin Architecture, A221170; Baxter Hodell Donnelly Preston, Inc. d/b/a BHPD Architecture, A231150.

UNIVERSITY OF LOUISVILLE
Trane U.S., Inc., 23-040; Multi, 23-043; Gene McLean, 23-096; Ignew, LLC d/b/a Slingshot, 23-139.

WESTERN KENTUCKY UNIVERSITY
Multi, 222406; Multi, 222407.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL
Appalachian Research and Defense Fund of Kentucky, Inc., 2400000220; Chrysalis House, Inc., 2400000230; Cumberland Trace Legal Services, 2400000232; Family Scholar House, Inc., 2400000233; Isaiah House, 2400000234; Kentucky Alliance of Boys & Girls Clubs, Inc., 2400000235; Lake Cumberland Community Action Agency, Inc., 2400000236; Lake Cumberland District Health Department, 2400000237; Legal Aid of the Bluegrass, 2400000238; Legal Aid Society, 2400000239; Metro Louisville Harm Reduction Task Force, 2400000240; Mountain Comprehensive Health Corporation, 2400000275; Mountain Comprehensive Care Center, 2400000278; Unlawful Narcotics Investigations Treatment and Education, 2400000283; Prevent Child Abuse Kentucky, 2400000292; Appalachian Restoration Project, Inc., 2400000293; Revive Ministries, Inc., 2400000294; Scott County Sheriff, 2400000296; Seven Counties Services, Inc., 2400000297; Shepherd's House, Inc., 2400000298; Taylor County Board of Education, 2400000300; Volunteers of America Mid-States, Inc., 2400000304; Young Mens Christian Association of Greater Louisville, Inc., 2400000306; Young People In Recovery, 2400000307.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING
Multi, 2300000130; Western Kentucky University, 2300003626.

CHFS - OFFICE OF THE SECRETARY
Goodwill Industries of Kentucky, Inc., 2400000013.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION
University of Louisville Research Foundation, 2300002600; University of Kentucky Research Foundation, 2300003520.

DEPARTMENT FOR LOCAL GOVERNMENT
Grayson County Fiscal Court, 2300002529; Barren County Fiscal Court, 2300002966; Kentucky

Pilots Association Education Foundation, Inc., 2300003827; Monroe County Fiscal Court, 2300003844; Pike County Fiscal Court, 2300003845; Boone County Fiscal Court, 2300003846; Scott County Fiscal Court, 2400000105; City of Cave City, 2400000109; Henderson County, 2400000135; Mason County Treasurer, 2400000137; Grant County Fiscal Court, 2400000138; Lincoln County Fiscal Court, 2400000143; Johnson County Fiscal Court, 2400000203; Floyd County Fiscal Court, 2400000206; Henderson Regional Industrial Development Authority, 2400000210; Clay County Fiscal Court, 2400000301; Martin County Fiscal Court, 2400000303; Martin County Fiscal Court, 2400000305; City of Jackson, 2400000327; City of Benton, 2400000331; McCracken County Fiscal Court, 2400000392.

DEPARTMENT FOR PUBLIC HEALTH
La Casita Center, 2300003780; Kentucky Community and Technical College System, 2400000078; Appalshop, Inc., 2400000141; Green River Regional Educational, 2400000290; Architects Community Health Coalition, Inc., 2400000358; Southeast/Southcentral Educational Cooperative, 2400000361.

DEPARTMENT FOR WORKFORCE INVESTMENT
Ekentucky Advanced Manufacturing Institute, Inc., 2400000421; Tek Center, Inc., 2400000426.

DEPARTMENT OF AGRICULTURE
Kentucky FFA Foundation, 2400000124; Kentucky 4-H Foundation, 2400000125.

DEPARTMENT OF EDUCATION
Kentucky Coalition for English Learners, Inc., 2300003015; Barren County Board of Education, 2300003131; Bullitt County Board of Education, 2300003152; Corbin Independent School District, 2300003172; Grant County Board of Education, 2300003291; Greenup County Board of Education, 2300003295; Hopkins County Board of Education, 2300003307; Kenton County Board of Education, 2300003317; Lee County Board of Education, 2300003323; McCracken County Board of Education, 2300003350; Metcalfe County Board of Education, 2300003357; Monroe County Board of Education, 2300003359; Montgomery County Board of Education, 2300003360; Muhlenberg County Board of Education, 2300003362; Owensboro Independent School District, 2300003371; Pendleton County Board of Education, 2300003376; Perry County Board of Education, 2300003377; Spencer County Board of Education, 2300003397; Union County Board of Education, 2300003403; Williamstown Board of Education, 2300003411; Bell County Board of Education, 2300003618; Bullitt County Board of Education, 2300003621; Franklin County Board of Education, 2300003776; Rowan County Board of Education, 2300003810; Breathitt County Board of Education, 2300003854; Northern Kentucky University Research Foundation, 2400000060; Jefferson County Board of Education, 2400000107; Washington County Board of Education, 2400000207;

Kentucky Community and Technical College System, 2400000211; Calloway County Board of Education, 2400000315; Simpson County Board of Education, 2400000316; Scott County Board of Education, 2400000328; Madison County Board of Education, 2400000374; Covington Independent School District, 2400000493; Eminence Independent Board of Education, 2400000494; Marshall County Board of Education, 2400000495; Newport Independent School District, 2400000496; Paducah Independent School District, 2400000497.

DEPARTMENT OF JUVENILE JUSTICE

Western Kentucky Regional Mental Health & Retardation Advisory Board, 2300002877; Home of the Innocents, 2400000330; Rhema Word Foundation (RWF), 2400000379.

DEPARTMENT OF MILITARY AFFAIRS

Louisville & Jefferson Metropolitan Sewer District, 2300002570; Louisville & Jefferson Metropolitan Sewer District, 2300002571; Louisville & Jefferson Metropolitan Sewer District, 2300002577; Town of Wayland, 2300002689; Floyd County, 2300002696; Louisville & Jefferson Metropolitan Sewer District, 2300002708; University of Kentucky Research Foundation, 2300002980; University of Kentucky Research Foundation, 2400000087.

DEPARTMENT OF TRAVEL

Multi, 2400000008; Multi, 2400000011; Multi, 2400000012; Multi, 2400000013; Multi, 2400000014; Multi, 2400000015; Multi, 2400000016; Multi, 2400000021; Multi, 2400000022.

EDUCATION AND LABOR CABINET

Kentucky Entrepreneurship Education Network, Inc., 2200003681-1.

MILITARY AFFAIRS COMMISSION

University of Louisville Research Foundation, 2400000377.

PUB PROTECTION - OFFICE OF THE SECRETARY

Mayfield Rotary Foundation, 2300002116.

TRANSPORTATION - OFFICE OF THE SECRETARY

Kentucky Association of Chiefs of Police, 2400000287; Kentucky Association of Chiefs of Police, 2400000299; Kentucky Association of Chiefs of Police, 2400000312; Kentucky Association of Chiefs of Police, 2400000314; Kentucky Association of Chiefs of Police, 2400000318; Kentucky Association of Chiefs of Police, 2400000319; Kentucky Association of Chiefs of Police, 2400000320; Unite Corporation, 2400000321; Students Against Destructive Decisions, 2400000323.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS
Mountain Comprehensive Care Center,

2300001380.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Multi, 2200000028; People Advocating Recovery, 2200001755; Chrysalis House, Inc., 2200002664; University of Louisville Physicians, Inc., 2300000041.

COUNCIL ON POSTSECONDARY EDUCATION

Kentucky Department of Education, 2300000921.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Multi, 2200000045; Community Coordinated Child Care, 2200001895; Maryhurst, Inc., 2200002245; Appalachian Early Childhood Network, Inc., 2200002561; Youth Villages, Inc., 2200002604; Central Kentucky CAC, Inc., 2200002894; Child Care Council of Kentucky, 2200002975; Early Childhood Learning Education Assessment Resource, 2200002998; International Centre for Missing and Exploited Children, 2300000923; Licking Valley Cap, 2300001832; Middle Kentucky Community Action Partnership, Inc., 2300001874.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

University of Kentucky Research Foundation, 2200000720; Corbin Independent School District, 2200003519; Washington County Board of Education, 2200004602; Trigg County Board of Education, 2200004603; Owensboro Independent School District, 2200004813; Breathitt County Board of Education, 2200004815.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Multi, 2200000027.

DEPARTMENT FOR LOCAL GOVERNMENT

Clay County Fiscal Court, 2300002487.

DEPARTMENT FOR MEDICAID SERVICES

University of Louisville Research Foundation, 2200004066.

DEPARTMENT FOR PUBLIC HEALTH

University of Louisville Research Foundation, 2200002772; Kentucky Pharmacy Education and Research Foundation, Inc., 2200002829; Matthew 25 Aids Service, Inc., 2200003220.

DEPARTMENT OF AGRICULTURE

Multi, 2300000118; Multi, 2300000119; Gods Pantry Food Bank, Inc., 2300000602; Feeding America, Kentucky's Heartland, 2300000648; Northern Kentucky Area Development District, 2300000650; Purchase Area Development District, Inc., 2300000651; Tri State Food Bank, Inc., 2300000655; Northern Kentucky Area Development District, 2300002860; Dare To Care, Inc., 2300002879; Feeding America, Kentucky's Heartland, 2300002880; Gods Pantry Food Bank, Inc., 2300002881; Purchase

Area Development District, Inc., 2300002882.

DEPARTMENT OF CORRECTIONS

Voices of Hope - Lexington, Inc., 2300000007.

DEPARTMENT OF EDUCATION

Frankfort Independent School District, 2200001815; Kentucky School Board Association Educational Foundation, Inc., 2200003298; Calloway County Board of Education, 2200004733; Simpson County Board of Education, 2200004734; Board of Control for Southern Regional Education, 2300002973; Lincoln County Board of Education, 2300002994; Spencer County Board of Education, 2300003029; Scott County Board of Education, 2300003050; Marion County Board of Education, 2300003079; Carter County Board of Education, 2300003456; Northern Kentucky Cooperative for Educational Services, Inc., 2300003517; Perry County Board of Education, 2400000090.

DEPARTMENT OF JUVENILE JUSTICE

The Methodist Home of Kentucky, Inc., 2200002208.

KENTUCKY HORSE PARK

Georgetown Scott County Parks and Recreation, 2200003351.

KENTUCKY STATE POLICE

Kentucky Medical Services Foundation, Inc., 2200002516.

THE FOLLOWING KENTUCKY ENTERTAINMENT INCENTIVE PROGRAM AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ECON DEV - OFFICE OF THE SECRETARY
Kentucky Hustler, LLC, 2400000568.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

EASTERN KENTUCKY UNIVERSITY

Vision Point Marketing, LLC, 2324-2024. Colleen Chaney and Amy Scarborough discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Chester-Burton seconded the motion, which passed with Senator Boswell and Senator Meredith voting no.

KY PUBLIC SERVICE COMMISSION

Orrick Herrington Sutcliffe, LLP, 2400000091; Saber Partners, LLC, 2400000092. Linda Birdwell discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Representative Pollock seconded the motion, which passed with Senator Boswell and Senator Douglas voting no.

OFFICE OF THE CONTROLLER

All-Star Talent, Inc., 2300000126-1. Robert Long discussed the contract with the committee.

A motion was made by Representative Chester-Burton to consider the contract as reviewed. Senator Meredith seconded the motion with Senator Boswell, Representative McCool, Senator Meredith, and Representative Hart voting no, contract moves forward.

WESTERN KENTUCKY UNIVERSITY

Michael Reece, Ph.D., MPS, 232420. Tania Basta discussed the contract with the committee. A motion was made by Representative McCool to disapprove the contract. Senator Boswell seconded the motion, which passed with Senator Thomas and Representative Chester-Burton voting no.

WESTERN KENTUCKY UNIVERSITY

Dinsmore & Shohl, LLP, 232421. Andrea Anderson discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Thomas seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY

Launchvox, Inc., 232422. Austin Griffiths, Daniel Boamah, and Kimberly Green discussed the contract with the committee. A motion was made by Representative Chester-Burton to consider the contract as reviewed. Senator Thomas seconded the motion, which passed with Senator Meredith and Representative Hart voting no.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF HIGHWAYS

Prime AE Group, Inc., 2200003067. Eric Pelfrey and Amanda Desmond discussed the contract with the committee. A motion was made by Representative McCool to consider the contract as reviewed. Senator Douglas seconded the motion, which passed.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

TrendyMinds, LLC, 886. A motion was made by Senator Meredith to defer the contract to the October 2023 meeting of the committee. Senator Douglas seconded the motion, which passed.

OFFICE OF THE CONTROLLER

Crown Services, Inc., 2200000118. Stephanie Craycraft and Jennifer Moore discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Thomas seconded the motion, which passed.

There being no further business, the meeting adjourned at 10:41 AM.

LEGISLATIVE OVERSIGHT & INVESTIGATIONS COMMITTEE

Minutes of the 3rd Meeting of the 2023 Interim

August 10, 2023

Call to Order and Roll Call

The 3rd meeting of the Legislative Oversight & Investigations Committee was held on Thursday, August 10, 2023, at 1:00 PM, in Room 131 of the Capitol Annex. Senator Brandon J. Storm, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon J. Storm, Co-Chair; Representative Adam Bowling, Co-Chair; Senators Donald Douglas, Jason Howell, Gerald A. Neal, Michael J. Nemes, and Reginald Thomas; Representatives John Blanton, Lindsey Burke, Ken Fleming, Matt Lockett, Steve Riley, and Pamela Stevenson.

Guests: Steve Shannon, Executive Director, KARP Inc.

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 Ashley Taylor, Committee Assistant.

Minutes for July 14th, 2023

Upon motion by Representative Fleming and second by Senator Douglas, the minutes for the July 14th, 2023, meeting were approved without objection.

Senator Storm made a brief introduction by announcing the retirement of the Committee Staff Administrator of the Legislative Oversight and Investigations Committee, Gerald Hoppmann. Senator Storm and Representative Bowling thanked Mr. Hoppmann for his service and commended his work while on the committee.

Staff Report: Kentucky Child Fatality and Near Fatality External Review Panel 2023 Update

Committee Analysts Jeremy Skinner and Jacob Blevins presented a brief summary of the most recent evaluation of the Kentucky Child Fatality and Near Fatality External Review Panel which included the report's findings and recommendations. Staff's full presentation is available on the Legislative Oversight and Investigations Committee Webpage.

Upon conclusion of the presentation Representative Lockett referenced recommendation 3.3 and asked staff why agencies were not following up on the panel's recommendations as required by statute. Mr. Blevins explained the law passed last year and he suspects agencies are not in practice with the process yet. Senator Storm asked what types of agencies and approximately how many agencies are not complying at this point. Mr. Skinner stated the agencies are typically within the Cabinet for Health and Family Services (e.g. the Department for Public Health) and other entities such as the Kentucky Board of Pharmacy. Representative Burke referenced table 3.8 and asked if the General Assembly was not in

compliance with statute. Mr. Skinner explained staff are unsure of the interaction between the panel and applicable committees. He further explained staff's recommendation is important since it discusses the need for processes and standardized steps. In response to Representative Burke's question, Mr. Skinner explained that three vacancies on the panel were filled since July, which were all Attorney General appointments.

Steve Shannon introduced himself as well as Elisha Mahoney, and Rebecca Norton both with the Justice and Public Safety Cabinet. Mr. Shannon stated that staff's report is very good and action will be taken to update the MOU between the panel and cabinet moving forward. He noted that the panel is made up of volunteers, with the exception of the case analysts and the epidemiologist. He explained the panel now meets monthly verses quarterly and the panel's work has escalated. A lot of cases involve individuals who have a history of substance abuse and a lot of cases include children who take parents' suboxone treatment, which is often laying around. He noted this past year there is a noticeable change in more cases of children with diabetes who are not managing themselves well and some cases involving family members who do not support the management. There are also a lot of situations involving young people who have access to firearms in the home.

Representative Blanton thanked the panel as well as committee staff for the progress that has been made during the past three years. In response to Representative Blanton's question regarding fatality and near fatality numbers in comparison to last year, Mr. Shannon did not have exact numbers but stated his expectation would be that numbers are going up. That information is located in the panel's most recent annual report, as well as staff's report.

Senator Thomas thanked Mr. Shannon for his hard work and dedication that he provides to the panel. He asked if there are other reasons as to why there is an increase in cases besides what had already been discussed. Mr. Shannon stated that a huge percentage of these cases are substance abuse related. Ms. Mahoney added that overdose and ingestion cases have historically resulted in near fatalities, but that the panel is now seeing more fatalities. In response to a question from Senator Neal, Mr. Shannon stated there is additional case demographic and trend information in the panel's annual reports. He also agreed to provide the most recent annual report to the committee. Mr. Shannon agreed with Senator Neal that the panel's data suggests the need for certain policy steps related to prevention.

In response to a question from Representative Stevenson, Mr. Shannon explained yes, records do indicate the first time families enter the system, subsequent times, as well as identification of failures or missed opportunities. He explained sometimes there can be three generations of involvement with the Department of Community Based Services. The panel uses missed opportunities to further break down problem areas in order to help identify solutions. Representative Stevenson asked about the definition of a near fatality. Ms. Mahoney stated there is a statutory definition, which requires a physician to certify.

Representative Bowling thanked the panel for the all of its hard work on behalf of the state. In response to a question from Representative Bowling, Ms. Mahoney explained the members of the panel are the ones that provide training. The panel partners with other involved agencies to help them conduct the trainings. The panel is growing and developing and thankful for the work of committee staff as well as the legislative support on Senate Bill 97, which Ms. Mahoney stated is huge for the panel's work. In response to Representative Bowling's question regarding annual allocations, Ms. Norton explained that any unused funds from the previous year lapse back to the general fund. Ms. Norton stated they do not anticipate remaining funds this year due to hiring more staff members and keeping the SharePoint data system up to date. Ms. Norton said there is a draft for the panel's biennial budget request, but that they are working collaboratively to finalize it.

Representative Blanton commented that our legal and justice system in Kentucky seems to protect those who are committing crimes, but that someone should pay for the near fatalities and fatalities of innocent children. He emphasized the importance of the laws that are passed in regards to criminal justice reform because currently it is easy to defend oneself after committing a crime.

Senator Douglas spoke regarding citizen compliance, degradation of family structures, childcare providers, and the multiple social and environmental issues they must deal with, but which are rarely discussed. He explained that ours is not a perfect system and even if it was, one could not resolve every issue since the system can only handle so much. In response to a question from Senator Storm, Ms. Mahoney stated there are not any statistics on children removed from the home and then put back into the same home, but that DCBS history is tracked. This can show if a child has previously been removed and put back into the home. That information is shared in the panel report for DCBS history.

Upon motion by Senator Douglas and second by Representative Bowling the Kentucky Child Fatality and Near Fatality staff report was adopted with a roll call of 10 yes votes 0 no votes.

Upon motion by Representative Bowling and second by Senator Douglas, Co-chair Strom adjourned the meeting.

LEGISLATIVE OVERSIGHT & INVESTIGATIONS COMMITTEE

Minutes of the 4th Meeting of the 2023 Interim

September 14, 2023

Call to Order and Roll Call

The 4th meeting of the Legislative Oversight & Investigations Committee was held on Thursday, September 14, 2023, at 1:00 PM, in Room 131 of the Capitol Annex. Representative Adam Bowling, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Adam Bowling, Co-

Chair; Senator Brandon J. Storm, Co-Chair; Senators Julie Rague Adams, Danny Carroll, Donald Douglas, Jason Howell, Gerald A. Neal, Michael J. Nemes, and Reginald Thomas; Representatives John Blanton, Lindsey Burke, Ken Fleming, Matt Lockett, Steve Riley, Scott Sharp, and Pamela Stevenson.

Guests: Shannon Moody, Chief Officer of Policy and Strategy, Kentucky Youth Advocates; Terry Brooks, Executive Director, Kentucky Youth Advocates; Cynthia Schepers, Peer Coach Coordinator, Kentucky Youth Advocates; Stephanie Craycraft, Deputy Commissioner, Department for Behavioral Health, Developmental, and Intellectual Disabilities; Rachel Bingham, Director, Office of Statewide Programs, Administrative Office of the Courts; and Ashley Clark, Executive Officer, Department of Family and Juvenile Services, Administrative Office of the Courts.

LRC Staff: William Spears, Committee Staff Administrator; Committee Analysts Jacob Blevins, Joel Thomas, Jeremy Skinner, Shane Stevens, Chris Hall, Ryan Brown, Taylor Johnston, McKenzie Ballard; and Ashley Taylor, Committee Assistant.

Minutes for August 10, 2023

Upon motion by Senator Storm and second by Senator Douglas the minutes for the August 10, 2023, meeting were approved without objection.

Representative Bowling announced William Spears as the new Committee Staff Administrator of the Legislative Oversight and Investigations Committee.

A6 Programs

Terry Brooks, Shannon Moody, and Cynthia Schepers, from Kentucky Youth Advocates, introduced themselves. Mr. Brooks explained that children in Kentucky attend one of three school types: A1 schools are typical public schools, A5 programs are alternative education programs for students with disciplinary issues who cannot stay in a A1 school, and A6 programs are explicitly designed for children who are in state care of the Department for Juvenile Justice or the child welfare system.

Representative Bowling asked how long it had been since a formal review was conducted of A6 programs. Mr. Brooks replied that A6 programs have never been reviewed. Representative Bowling noted this was one of the reasons they brought the witnesses before the committee today.

Ms. Schepers spoke about her personal experience as a foster child in an A6 program. Her 9th grade math class consisted of students from 6th to 12th grades and was taught by a single instructor. While she was given credit for completing her 9th grade math class, she was unprepared for higher level math when she transferred to an A1 school. Kentucky Youth Advocates interviewed about 40 people who were in residential foster care and found some A6 program students did not receive credits needed for graduation. Other interviewed adults compared A6 programs to "dumbed-down" versions of an A1 public-school curriculum.

Mr. Brooks said the real question was how to ensure that young people, who have experienced trauma, enter adulthood as viable members of the

workforce rather than being dependent upon their community. He noted that he has been in contact with other states that run programs similar to Kentucky's A6 programs but operate in a different way and produce good results for students. Mr. Brooks said that if the committee decides to take up A6 programs, members may wish to look into whether money is used for its intended purpose and review student outcomes from A6 programs. Other states are assessing how much children learn in their programs.

In response to Representative Riley's questions about teacher certifications in A6 programs, Mr. Brooks said the goal is to have certified teachers from the facility's district. There are mixed results in whether the teachers are certified in the appropriate subjects and at the appropriate level. A6 schools are affected as much as other schools by teacher shortages.

Representative Riley asked if A6 Programs are offered online to compensate for teacher deficits. Mr. Brooks said that A6 facilities have different solutions, but states such as Florida offer entire curricula online.

In response to Representative Burke's question about the demographics of A6 students, Ms. Moody answered that the most recent numbers for A6 students in Kentucky was about 8,300 youths for the entire year; at any point in time, it was about 1,300 students. About half of those students are from the child welfare system and the other half are from the Department of Juvenile Justice.

Representative Burke asked whether Kentucky A6 programs are in violation of any Federal laws or program requirements such as the McKinney-Vento Homeless Assistance Act, Individual Education Programs, or 504 plans. Mr. Brooks answered affirmatively. For example, there are gaps in compliance with the timeframe for assessment and placement of students in special education programs. Ms. Moody added that many Kentucky A6 programs are not in compliance with Every Student Succeeds Act, which requires that every child have the opportunity to access community schools. Representative Burke expressed concern over these issues and noted that having students at their home school can be the only stability in that child's life. She said if the committee goes forth with this topic, there should be a priority to get as many students as possible into their home schools.

Senator Thomas expressed concern to hear that money allocated for A6 programs are not used for its intended purpose. Mr. Brooks said that he did not know why, but the allocation versus the need and process do not line up.

In response to a question from Senator Storm, Ms. Moody said there are 74 A6 programs in Kentucky.

In response to a question from Senator Douglas regarding accountability at A6 Programs, Mr. Brooks replied that there are many areas that need improvement and used school district test scores as an example. Test scores of students taught at an A6 program are attributed to their home district, not the district of the A6 program. Mr. Brooks hypothesized that if scores counted for the district where the child was taught, there might be more interest in improving instruction at A6 programs. He also indicated that state agencies could make better use of federal matching dollars, noting that A6 programs are not using a 3:1

federal match for money to provide wraparound services.

Court-Ordered Assisted Outpatient Treatment

Stephanie Craycraft and Patti Clark introduced themselves and explained that court-ordered assisted outpatient treatment (AOT) is the practice of providing community-based mental health treatment under civil court commitment. Ms. Craycraft reviewed the statutory eligibility requirement for AOT and reviewed Kentucky's federal Substance Abuse and Mental Health Services Administration (SAMHSA) grant award for supporting AOT implementation. The full presentation is available on the Legislative Oversight and Investigations webpage.

Representative Fleming praised the AOT program and asked if he was correct that a third of AOT participants do well, a third need additional support services, and a final third struggle with the treatment program regardless of services. Ms. Craycraft confirmed that was close to accurate and noted that an individual may need multiple tries before they find the right mix of support services.

Representative Fleming asked if there was any cost analysis to determine return on the \$24,000 spent on each AOT individual. Ms. Craycraft said that they do not have those figures, but it is in process.

Senator Raque Adams said that in the first two years of the SAMHSA grant, Jefferson County should have received \$2 million but the cabinet returned over \$700,000 of unspent grant money. She further noted that the cabinet secretary had agreed those dollars would be filled with general fund dollars. In response to questions from Senator Raque Adams, Ms. Clark said that she would provide the committee with the number of dollars returned and also agreed to provide an explanation of whether Jefferson County fully realized what they were promised in the original grant.

In response to questions from Senator Raque Adams about budget requests to continue the program, Ms. Craycraft said that the cabinet was still working on its budget proposal.

Senator Raque Adams asked where evaluations are occurring. Ms. Craycraft stated that nearly all referrals come from hospitals and those evaluations occur at the hospital. Ms. Clark noted they had received nine referrals from Jefferson County Courts in the last two weeks. She also added that SAMHSA grant dollars cannot be used to fund AOT for inmate referrals; those referrals are funded with state dollars.

In response to a question from Representative Burke, Ms. Craycraft said that Fayette County's AOT program should be fully functional in October 2023.

Update on Recommendations for the Administrative Office of the Courts from 2018 Report on Kentucky's Foster Care System

Rachel Bingham and Ashley Clark, from the Administrative Office of the Courts (AOC), introduced themselves and provided a presentation on status and implementation of three recommendations from the Program Review and Investigation Committee's 2018 study of Kentucky's Foster Care System. The full presentation is available on the Legislative Oversight and Investigations webpage.

Senator Raque Adams asked about the results of

a pilot program where family courts were opened to the public. Ms. Bingham said that she would provide the committee copies of all reports and analyses associated with the pilot program. They did not find a large difference from when judges had the ability to open court if those chose so.

In response to Senator Storm's questions about how quickly judges submit forms, Ms. Bingham said there is not a specific rule that judges must meet but most judges file paperwork promptly. Senator Storm said he has knowledge of a judge who did not file his order for six months. Ms. Bingham agreed to take the issue back to the family court and see if a time requirement could be a potential rule addition in the future.

Senator Carroll asked if AOC or anyone else had studied when it is in the best interest of the child to not reunify them with their family. Ms. Bingham said the answer is case-specific and it depends on the perspective from which the case is viewed. She agreed to return to the committee to discuss what a study might look like if AOC decided to undertake it.

Representative Lockett asked if judges are provided guidance for determining how long the courts should wait for a parent to successfully complete their reunification plan. Ms. Bingham said that judges' decisions are guided by the social worker and the case plan. They have pieces of the family court rules in place, using National Children's Bureau material to support timely parameters. She offered to provide the material to the committee. She also noted that AOC offers training for individuals that represent youth and parents.

Upon motion by Representative Lockett and second by Senator Storm, the meeting was adjourned.

PUBLIC PENSION OVERSIGHT BOARD

Minutes

August 22, 2023

Call to Order and Roll Call

The 5th meeting of the Public Pension Oversight Board was held on August 22, 2023, at 3:00 PM in Room 154 of the Capitol Annex. Representative DJ Johnson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative DJ Johnson, Co-Chair; Senator Karen Berg, Senator Robby Mills, Senator Michael J. Nemes, Senator Mike Wilson, Representative Ken Fleming, Representative Derrick Graham, Representative Jason Petrie, Representative Phillip Pratt, Representative James Tipton, Representative Russell Webber, Mike Harmon, John Hicks, and Victor Maddox.

Guests: Bo Cracraft, Executive Director, Judicial Form Retirement System; David Eager, Executive Director, Kentucky Public Pensions Authority; and Beau Barnes, Deputy Executive Secretary and General Counsel, Teachers' Retirement System.

LRC Staff: Brad Gross, Michael Clancy, Jennifer Hans, and Angela Rhodes.

Approval of Minutes

Senator Mills moved that the minutes of the May 22, 2023, meeting be approved. Representative Pratt seconded the motion, and the minutes were approved without objection.

FY Ended Investment Returns/Cash Flows & Budget Projections for 2024-2026 Biennium

Bo Cracraft, Executive Director, Judicial Form Retirement System (JFRS), provided a quarterly update for the Judicial Retirement Plan (JRP) and the Legislators' Retirement Plan (LRP). He discussed the fiscal year ending investment performance for the defined-benefit and hybrid cash balance plans. He provided the 1-, 3-, 5-, 10-, 20-, and 30-year rates of return.

Mr. Cracraft discussed the asset allocation for both plans. He reviewed the equity, fixed income, and cash allocations, and stated that JFRS is close to their target range.

Mr. Cracraft discussed cash flow for both plans for FYTD 2023 compared to FYTD 2022. He reviewed the cash inflows, outflows, investment gains or losses, and the total net plan assets across both time periods.

Lastly, Mr. Cracraft provided the current JFRS budget and projected employer costs and employer fund trends. In FY 2024, JFRS received \$5.3 million for JRP with no projected funds needed for FY 25 and FY 26 based off projections produced in 2021. The JFRS actuary is currently sorting through data for future projections. LRP has not received employer funds since FY 2018 but did receive appropriations in FY 2019 and FY 2020 for administrative expenses.

Those administrative expenses are now incorporated in the valuation and included in the employer contribution. He stated that, along with JRP, LRP should have no funding requests for the upcoming biennium.

In response to a question from Representative Tipton, Mr. Cracraft confirmed a misprint on the slide presenting the cash flow, stating that the investment income for LRP FY 2023 inflows should show 4.0 percent.

In response to a question from Representative Johnson, Mr. Cracraft confirmed JFRS should not be requesting funds for FY 2024 and FY 2025, but that preliminary information will be available October 1, 2023. In response to a follow-up regarding the target allocation for cash on hand, Mr. Cracraft stated JFRS tries to stay fully invested and that most of the cash making up the 1.1 percent cash allocation was due to maturities right at the end of the quarter. So, any cash held was more of a timing issue.

David Eager, Executive Director, Kentucky Public Pensions Authority (KPPA), began his presentation with fiscal year 2023 highlights. He stated there was a wide variance in returns by asset class. KPPA met or exceeded its performance benchmarks in all ten plans. KPPA is still working to get asset allocations into compliance within IPS ranges. Cash flows were positive in all five pension plans. Kentucky Employees Retirement System (KERS) nonhazardous required contributions will decline by \$193.2 million in both FY 2025 and FY 2026.

Steve Willer, Chief Investment Officer, KPPA, discussed the market asset class returns for the fiscal year ending June 30, 2023. He commented that the

dispersion of asset class returns in FY 2023 were one of the most unusual seen in years. Large cap growth dominated the investment landscape, but was also very narrow. There were a number of asset classes that traditionally serve as ballast that produced negative performance for the fiscal year.

Mr. Willer discussed the pension and insurance investment fund returns for the fiscal year ending June 30, 2023. He provided the 1-, 3-, 5-, 10-, 20, and 30-year net of fees rates of return. He noted that all the plans under pension and insurance exceeded their assumed rates of return and benchmarks. Mr. Eager reminded the board that the insurance trust has \$6 billion.

Mr. Willer discussed the asset allocation for all plans. He reviewed equity, fixed income, and cash allocations, stating that the progress has been slow, but they are progressing.

Mr. Eager discussed cash flow for all plans for FYTD 2023 compared to FYTD 2022. He reviewed the cash inflows, outflows, investment gains and losses, and the total net plan assets across both time periods.

In response to a question from Representative Johnson, Mr. Eager stated that the State Police Retirement System has a \$1 million negative cash flow.

Mr. Eager discussed the 10-year (2017–2026) projected employer costs. He provided estimates on salaries, total employer contributions, including the normal cost and actuarial accrued liability contribution for the KERS nonhazardous plan, and assumption rates by year.

In response to a question from Senator Berg, Mr. Eager stated there have been no asset reallocations as a result of Senate Bill 250.

In response to a question from Representative Tipton, Mr. Eager stated that the impending assumption rate changes are calculated into the contribution rates for FY 2025 and FY 2026 for the CERS nonhazardous plan.

In response to a question from Representative Johnson, Mr. Willer stated that they are not closer to the 4.4 percent cash allocation target because while the capital has been committed to private equity investments, the fund manager has not yet called the capital or drawn down the funds, so it has not transferred out of cash. When the manager calls, the capital will be taken directly out of cash and should bring the 15.5 percent current cash holdings down closer to the target allocation. In response to a follow-up question, Mr. Willer stated that if they carved out all the calls for cash, they were looking at around 8 percent of the portfolio invested in cash.

In response to a question from Senator Mills, Mr. Willer stated that commercial real estate and real estate generally is a very broad asset class and KPPA has a small amount of exposure, but it is limited across the entire exposure.

In response to a question from Representative Johnson regarding the funded status versus the desired lower contribution rates, Mr. Eager stated that the funding status will continue to improve, but any additional appropriations would contribute to the overall funded status.

Beau Barnes, Deputy Executive Secretary,

General Counsel, Teachers' Retirement System (TRS), began his presentation with the investment performance. He discussed the preliminary and unaudited gross and net performance for the retirement and health insurance plans for the fiscal year ending June 30, 2023. He provided net returns for the 1-, 3-, 5-, 10-, and 20-year time periods. The retirement plan's 30-year compounded gross return was 7.7 percent.

Mr. Barnes discussed cash flow for both plans for FYTD 2023 compared to FYTD 2022. He reviewed the retirement and health insurance cash inflows, outflows, investment gains or losses, and the total net plan assets across both time periods.

Mr. Barnes discussed asset allocation. He reviewed the equity, fixed income, and cash allocations, stating the only change for FY 2024 is the lower end of domestic large cap, but overall range for domestic equity was unchanged. The Additional Categories target increased three percent for reclassification of timber; and equity targets reduced to offset the change. FY 2023 percentages are unaudited.

Mr. Barnes discussed funding sources and the contribution details for retirement and health insurance trends. He provided a chart for the insurance contributions that showed FY 2009 to 2023, state contributions, other employer contributions, and member/retiree contributions. Mr. Barnes also provided a chart for the retirement trust that showed FY 2017 to 2026, state unfunded liability payments, state employer fixed contributions, other employers fixed contributions, and members fixed contributions. He noted that FY 2023 figures are unadjusted and unaudited.

Mr. Barnes discussed the actuarial 30-year retirement cost projections based on an assumed

7.1 percent investment return. He provided a chart that shows funded ratios, unfunded liabilities, and required contributions, which are sometimes called the actuarially determined employer contributions. He noted that, at full funding once the amortization period has ended, the required contributions from the Commonwealth of Kentucky will decrease dramatically.

Mr. Barnes discussed the 10-year state and other employer contribution trends. He provided information for FY 2017 to FY 2026 for the retirement trust. He noted that FY 2023 is unadjusted and unaudited and FY 2024 through 2026 are based on budget and estimates.

In response to a question from Representative Johnson, Mr. Barnes agreed that after the next five-year period, the increases in contributions will not be as steep. Over the next five years, the annual increases in the state/other employer contributions are estimated at over \$100 million. After the five-year period, the annual increases in the state/other employer contributions will be closer to \$15 million per year. In response to a follow-up request, Mr. Barnes agreed to provide a 10-year projection.

In response to a question from Senator Berg, Mr. Barnes stated that there are certainly more international investments other than what is shown in the chart of 16 to 27 percent non-U.S. equities. He stated some of the other international or non-domestic investments fall under the alternative investments. In response to a

follow-up question regarding the actual percentage of investments outside of the United States, Mr. Barnes stated he would have to research the data and follow up with a response.

In response to a question from Representative Johnson, Mr. Barnes stated that within the asset allocation class of alternative investments is private equity. The additional categories class are the private credit and timberland.

Regarding state and other employer contribution projections, Representative Petrie commented that he would like to have 30-year projections, and Mr. Barnes agreed to produce those numbers.

Mr. Barnes continued discussing the 10-year state and other employer contribution trends. He provided information for FY 2017 to FY 2026 for the insurance trust.

Lastly, Mr. Barnes presented the 2024-2026 budget request for TRS. For the pension trust, the Actual FY 2024 budget is \$650,706,000; the Preliminary FY 2025 request is \$809,940,000; and preliminary FY 2026 request is \$907,250,000. The state's shared responsibility portion towards health insurance in Actual FY 2024 is \$77,700,000; preliminary FY 2025 is \$76,900,000; and preliminary FY 2026 is \$84,200,000. These numbers do not include the SEEK formula numbers. He noted that FY 2025 begins the assumed return reduction to 7.1 from 7.5 percent.

In response to a question from Mr. Hicks, Mr. Barnes stated he would have to confirm, at a later time, that FY 2027 is year five of the five-year phase-in of the 7.1 percent assumed rate of return. In response to a follow-up question, Mr. Barnes confirmed that the rate of return is the only assumption or element of the most recent experience study remaining to be continuously phased-in.

Adjournment

PUBLIC PENSION OVERSIGHT BOARD Minutes

September 26, 2023

Call to Order and Roll Call

The 6th meeting of the Public Pension Oversight Board was held on September 26, 2023, 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: Representative DJ Johnson Co-Chair; Senator Jimmy Higdon Co-Chair; Senators Karen Berg, Danny Carroll, Gerald A. Neal, Michael J. Nemes, and Mike Wilson; Representatives David Hale, Derrick Graham, Phillip Pratt, and James Tipton; Mike Harmon, John Hicks, and Victor Maddox.

Guests: Chris Biddle, Executive Director, and Allen Powell, Counsel, Kentucky Deferred Compensation Authority; Jim Carroll, Kentucky Government Retirees; Larry Totten, President Kentucky Public Retirees; Allison Ball, State Treasurer; and Erin Surratt, Executive Director, Office

of Benefits, Kentucky Public Pensions Authority.

LRC Staff: Brad Gross, Michael Clancy, Jennifer Hans, and Angela Rhodes.

Approval of Minutes

Representative Pratt moved that the minutes of the August 22, 2023, meeting be approved. Senator Wilson seconded the motion, and the minutes were approved without objection.

Deferred Compensation Authority Update/ Housekeeping Proposal

Chris Biddle, Executive Director, Deferred Compensation Authority (DCA), updated members on the continued increase in participants as a result of auto-enrollment. He discussed the financial planning program that is free for participants and the implementation of FastPay for customized electronic payroll submissions.

Mr. Biddle discussed 2024 legislation requests, which include: codifying a fiduciary standard, offering legal services for the board and staff, purchasing fiduciary liability insurance, adding a self-correcting mechanism to maintain compliance with federal law, and authorizing DCA to offer self-directed brokerage accounts (SDBA) to participants with a focus on the federal Thrift Savings Plan (TSP).

In response to questions from Senator Higdon, Mr. Biddle stated that it is hard to gauge the exact returns on the federal TSP, due to the wide variety of offerings that are available through the fund. The statistic that best demonstrates the return on the TSP is participant account balance, which is specifically performance-based. Historically, a participant using an SDBA has an average account balance that is seven and a half times greater than a participant who is not using this tool, which speaks to its performance.

In response to additional questions from Senator Higdon, Mr. Biddle explained there is no extra cost to participants for the financial planning program. He confirmed that people generally do not want to fill out a paper to get in or out of the deferred compensation plan, so auto-enrollment has been very beneficial in getting new member participation up to where it currently sits at 94 percent. Every participant has a 90-day window to fill out and sign a form to opt out of the deferred compensation plan.

In response to a question from Auditor Harmon, Mr. Biddle agreed that legislation would not include any impermissible environmental, social, governance (ESG) investing. In response to a follow-up, Mr. Biddle stated that, for those participants who are auto-enrolled but not actively investing, the DCA board has selected a qualified default investment target fund account as a safe harbor.

In response to a question from Senator Higdon, Mr. Biddle stated that it is possible for there to be an employer match with the deferred compensation plan provided there is the ability to access the payroll system.

In response to questions from Representative Graham, Mr. Biddle stated the average participant account balance is about \$40,000.

KPPA COLA Discussion

Jim Carroll, President of Kentucky Government

Retirees and Larry Totten, President of Kentucky Public Retirees, presented proposals for a one-time extra monthly pension check for all Kentucky Public Pension Authority (KPPA) retirees. With the last cost-of-living adjustment (COLA) granted on July 1, 2011, retirees have seen the cost-of-living soar over the past two years.

Representative Graham commented that he believes the retirees deserve an increase and hopes the General Assembly can work towards that goal.

In response to a question from Senator Higdon regarding whether the amount of increase would be the same for all retirees no matter their retirement date, Mr. Totten and Mr. Carroll agreed that their proposal is a general 13th check for all retirees, but welcome discussions on other scenarios.

In response to a question from Representative Johnson, Mr. Carroll and Mr. Totten agreed that this increase is a one-time transaction.

In response to a question from Senator Carroll regarding the possibility of not providing an increase to those retirees still working, Mr. Totten stated he did not have access to retiree information.

In response to a question from Representative Tipton, Mr. Totten and Mr. Carroll both agreed that they are not aware if state funds have been contributed into the County Employees Retirement System in the past.

Update on Restricted Financial Institutions/ Energy Boycott List

Allison Ball, State Treasurer, gave a brief update on SB 105 (2022) and the restricted financial institutions and energy boycott list. From her office's review of companies around the world who were actively engaged in fossil fuel boycotts within the financial sector, they identified 11 companies actively engaged in boycotting the fossil fuel industry. The Treasurer's office made its findings public and notified state government entities in January 2023. Ms. Ball and her office is continuing to engage with the 11 companies regarding compliance. Unless a company reverses its boycott, state entities unless exempted will have until May 2024 to divest their holdings from that company.

In response to a question from Senator Berg, Ms. Ball responded that a state entity is supposed to divest from a restricted financial institution that refuses to comply, unless the agency can make an argument that divestment would be harmful to the Commonwealth. In response to a follow-up question, Ms. Ball stated that fossil-fuel industries are significant to the state economy, so it is important to not use taxpayer dollars to harm signature industries. SB 105 relating to energy boycotts is separate from legislation that passed during the 2023 Regular Session regarding ESG investing, which said that agencies could not invest for political reasons only for returns. Senator Berg commented that it appears antithetical to tell Kentucky voters that money will not be invested in companies that want to be environmentally sound or socially conscious because they are not solely focused on making a profit, but if state funds are invested with a company that will not play with fossil fuels, it will be a required disinvestment even if that company makes a profit.

Other Business

Erin Surratt, Executive Director, Office of Benefits, KPPA, was asked to update the members regarding contract negotiations between Humana and Baptist Health Medical Group under the Medicare Advantage Plan. An agreement was not reached by the contract end date, so for retirees who have the KPPA Medicare Advantage Plan, their benefits with Baptist Health Medical Group will be considered out-of-network. However, at this point, there is no cost difference between in-network and out-of-network benefits.

In response to a question from Representative Tipton, Ms. Surratt stated that as long as Baptist Health Medical Group continues to accept out-of-network benefits and Medicare there should be no additional out of pocket cost to KPPA Medicare Advantage Plan members. Ms. Surratt noted that Baptist Hospitals are still in-network.

In response to a question from Senator Carroll, Ms. Surratt stated there has not been any breach of contract to date, but she would have to update the Board at a later time regarding what would happen in the event of a contractual breach.

In response to a question from Senator Berg, Ms. Surratt stated that the agreement issue is only with Baptist Health Medical Group, and it is her understanding that the physicians have agreed to accept the out-of-network payment.

In response to a question from Representative Graham, Ms. Surratt stated that KPPA has updated messaging on their website and social media and believes that members have received information from both Humana and Baptist Health.

Adjournment

JAIL & CORRECTIONS REFORM TASK FORCE

Minutes of the 3rd Meeting of the 2023 Interim

August 28, 2023

Call to Order and Roll Call

The 3rd meeting of the Jail & Corrections Reform Task Force was held on Monday, August 28, 2023, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Josh Bray, Chair, called the meeting to order, and the secretary called the roll.

Members: Representative Josh Bray, Co-Chair; Representatives Keturah Herron, Jason Petrie, and Wade Williams.

Guests: Reagan Taylor, Madison County Judge Executive; Joe Pat Covington, Scott County Judge Executive; Adam O'Nan, Union County Judge Executive; Rick Stiltner, Menifee County Judge Executive; Mark McKenzie, Johnson County Judge Executive; and Harry Clark, Rowan County Judge Executive.

LRC Staff: Roberta Kiser, Randall Roof, Joshua Shelepak, and Jennifer Smith.

Fiscal Impact of Jails on the Counties

Reagan Taylor, Madison County Judge

Executive, addressed the fiscal impact of jails on the county. In 2015, he put together a jail task force with 14 individuals from the community which realized there was a drug problem. They proposed building a rehabilitation center and raising taxes which was opposed by the community. Madison County currently has a 180-bed facility, which cannot accommodate the 474 individuals being held by Madison County courts including 62 state inmates. Last year the county spent nearly 1 million dollars housing inmates with other counties. The budget estimate for this year is \$800,000 for inmate housing with an additional \$3.6 million from the county budget for jail expenses. Judge Taylor asked for direction from the legislators on what to do and how to address the situation.

Joe Pat Covington, Scott County Judge Executive, addressed the fiscal impact of jails in Scott County. They have an 86-bed facility for inmates built in 1992. They have 121 inmates in the facility, with an additional 10-15 inmates being held in other counties through contract. He agreed that this is a drug problem. Judge Covington asked for direction from the legislative body. Building a new jail would be a significant expense for their community.

In response to a question from Representative Petrie, Judge Taylor said he would rather not have a jail in their county, because the county cannot afford it. Judge Covington said there needs to be a joint approach to address the issues on a state and local level. Judge Taylor said it would be good for Kentucky if all county jails had uniform programming.

Responding to additional questions from Representative Petrie, Judge Covington said the goal would be developing programs to reduce recidivism by having every county offer the same drug and rehabilitation programs. Judge Taylor said there will always be state inmates, but the time they are incarcerated in county jails depends on when they are classified and relocated by the Department of Corrections. Judge Covington said the county's revenue went from \$270,000 in 2021-2022 to \$460,000 in the current fiscal year.

Adam O'Nan, Union County Judge Executive, addressed the fiscal impact of jails on the county. Union County has a 47-bed facility built in 1974. The maintenance cost is incredibly high plus a new HVAC and roof are needed. Union County is experiencing a jail crisis driven by the drug crisis. He said they have three paths the county could take: continue as things are, build a new jail, or close the jail. After reaching out to many, the county will be closing their jail. He has extended bids to have other counties house their inmates and currently Webster County has been housing Union County inmates. Transporting prisoners to Webster County is a considerable cost savings compared to what they were spending on housing inmates locally. If the state does take over the jails, he asked members to ensure that counties do not find themselves in a worse financial situation than they are currently experiencing. He expressed concern that the state is not being proactive at creating programs to keep inmates from coming back to the jails.

Rick Stiltner, Menifee County Judge, addressed the impact of jails on his county. Menifee has a \$4 million dollar budget, and 42 percent of the county is owned by the federal government, limiting the

county's ability to generate revenue. Menifee County does not have a jail, and has no intention of establishing one. They have been transporting all their inmates to either Rowan or Montgomery County, with whom the county contracts to house inmates. However, going forward, due to rising costs, Menifee County will begin transporting inmates to Lee County. Judge Stiltner emphasized that delays in the court system are contributing to the rising jail cost.

In response to questions from Co-Chair Bray, Judge O'Nan said there is a revolving door for many offenders and it does not take long for the same 'frequent flyers' to come back through the system. Judge Stiltner said there are cases where individuals, before they even get officially charged for one drug charge, are released, and picked up again on another drug charge before the first charge has been processed. Judge O'Nan added there is about a 35 minute drive between the counties for transporting inmates. Judge Stiltner said it is about an hour drive to transport Menifee County inmates to Lee County, inmates held on misdemeanor offenses will be transported to Powell County.

Responding to additional questions from Co-Chair Bray, Judge O'Nan said the state per diem for housing goes straight to Webster County in hopes of keeping costs stable. Judge Stiltner stated that the costs for housing is a significant component of seeking additional revenue.

Mark McKenzie, Johnson County Judge Executive, addressed the fiscal impact of jails on his county. Inmates are housed in a 150-bed regional jail utilized by 4 counties. Built in the late 1980s, each county pays their own rate for inmates. Johnson County contributes about 35 percent of the inmates. Primary jail costs consume about 80 percent of property tax collections. There is a decision-making board governing the regional jail including hiring and setting rates. Johnson County is the host county so other counties do have to budget transportation costs. Programs offered to inmates include GED classes and substance abuse programs.

Harry Clark, Rowan County Judge Executive, addressed the fiscal impact of jails on the county. In 2016, following a decision that the old facility was incapable of meeting county needs, the county bonded for \$15 million to build a 279-bed facility. In 2017, there was an additional bond issue of \$4.8 million bringing the total cost to \$19.8 million. A tax increase was levied to help make bond payments for the jail, with the remainder going to emergency services and roads. There are 335 inmates housed at the facility, 126 of whom are state inmates. Rowan County have an \$18 million budget and the jail accounts for approximately \$6 million. Rowan County also offers GED and counseling programs to inmates, as well as an inmate work program.

In response to a question from Co-Chair Bray, Judge McKenzie said the regional jail system operates as a pretty good model. If you have a jail administrator who does not perform, then the board can fix that. The only negative is that other counties are still responsible for transportation costs, which can be a burden. Additional money received from state inmates housed at the facility is a significant support and allows the jail to function as well as it

does. The jail is also a job creator.

Adjournment

With there being no further business, the meeting was adjourned at 11:07 AM.

JAIL & CORRECTIONS REFORM TASK FORCE

Minutes of the 4th Meeting of the 2023 Interim
September 26, 2023

Call to Order and Roll Call

The fourth meeting of the Jail & Corrections Reform Task Force was held on September 26, 2023, at 9:30 AM in Room 169 of the Capitol Annex. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel Co-Chair; Representative Josh Bray Co-Chair; Senators Brandon J. Storm, Whitney Westerfield, and Phillip Wheeler; Representatives David Hale, Keturah Herron, and Jason Petrie.

Guests: Alecia Webb Edgington, President & CEO, Life Learning Center; Kentucky Jailers Association Board Members Steve Harmon, Warren County Jailer; William Hensley, Boyd County Jailer; and Lisa Yeary, Mason County Jailer.

LRC Staff: Roberta Kiser, Randall Roof, and Jennifer Smith.

Approval of Minutes of the July 24, 2023, Meeting and of the August 28, 2023, Meeting

Upon motion by Representative Hale and second by Senator Storm, the minutes for July 24, 2023, and August 28, 2023, meetings were approved without objection.

Inmate Reentry Programs

Alecia Webb Edgington, President and CEO, Life Learning Center, provided an overview of the work the Life Learning Center does for those with felony convictions in Northern Kentucky to achieve successful reentry upon completion of their sentence. Inmate reentry programs are provided by non-profit organizations that support the at-risk in the community. A good portion of those served suffer substance abuse and mental health disorders. The Life Learning Center was established with the mission to create a cognitive approach to change and help at-risk citizens reach their highest potential.

Ms. Webb Edgington shared the experience of one of the individuals they have been able to serve, Mr. James Lay. Mr. Lay endured trauma during his childhood and experienced a cycle of incarceration as an adult. Through programming provided by the Life Learning Center, Mr. Lay learned the life skills necessary to obtain employment and full custody of his children.

Ms. Webb Edgington described the methods the center uses to help everyone that is court ordered to receive treatment and other citizens who participate in the center's programming. Ms. Webb Edgington described the methods the center uses to help

individual that is court ordered to receive treatment and other citizens who participate in the center's programming. There are twelve steps to the Life Learning Center program, including some dealing with past or present traumas and mental disabilities. With this program there are five pillars; physical, emotional, relational, financial, and spiritual. The care continuum is administered by social workers and peer support specialists who have three years of sobriety. In 2023, the center received 943 referrals, conducted 623 interviews, and accepted 312 individuals into the program. There were 271 individuals that required a higher level of care, meaning they were in active use or in an active state of psychosis. The other 40 individuals did not qualify because of the nature of their convictions. However, 127 individuals have graduated the program.

Senator Schickel said he appreciated that the center and its relationship to clients is not transactional and thanked Ms. Edgington for her leadership.

Senator Westerfield said after touring the Life Learning Center he would love to see it replicated in other communities.

In response to a question from Representative Bray, Ms. Webb Edgington responded they have been visiting other facilities and speaking across the state. There is definitely a way to communicate with community action groups, hospitals, and other rehab facilities. People appreciate that the Life Learning Center knows who they are and that the services provided are not transactional. If given the opportunity to move into other areas of the Commonwealth, that is her passion right now.

Alternatives to a State Administered Correctional System

Kentucky Jailers Association Board Members Steve Harmon, Warren County Jailer; William Hensley, Boyd County Jailer; and Lisa Yearly, Mason County Jailer, were present to propose alternative solutions to the current problems the corrections system is facing. Mr. Harmon proposed that the General Assembly create an office within the Department of Corrections to perform jail inspections and create a new grading scale. Mr. Harmon also proposed that the Department of Corrections be authorized to enter into contracts with individual detention facilities. This would allow the Department of Corrections to make contracts with local facilities based on the needs and resources of both parties.

Mr. Harmon stated that classification of inmates is still an issue for local jails because the inmates are unable to participate in any programing. The length it is taking to classify inmates is becoming a financial burden on the county and the Commonwealth. Finally, Mr. Harmon proposed that inmates with mental health issues should be housed by the Commonwealth because not all local facilities have mental health providers on staff and the financial burden is too high.

Lisa Yearly, Mason County Jailer, provided 3 more proposals from the association. First, Ms. Yearly proposed that the Commonwealth reimburse the county when an inmate receives credit on their sentence for time they have served in the local facility. Second, Ms. Leary proposed that the General Assembly provide for specific speedy trial timelines in statute. There are 35 other states that have speedy

trial rules either by statute or court rule. Finally, Ms. Yearly suggested that the General Assembly consider expanding the diversion program. Kentucky's current diversion statute is unique because it prohibits entry into the program for people previously convicted of specific types of offenses and establishes a lookback period for any prior conviction. Only California and Delaware have equally exclusionary laws.

Senator Storm stated that the speedy trial bill he filed in the 2023 Regular Session had the support of the district judges, however, the circuit court judges were not in favor. Senator Storm further explained that 98 percent of cases are resolved by plea bargain and only 2 percent of cases go to trial.

Adjournment

With no further business to come before the task force, the meeting adjourned at 10:46 A.M. The next meeting of the task force will be October 23, at 11 A.M.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

August 10, 2023

Call to Order and Roll Call

The 4th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on August 10, 2023, at 10:30 AM in Room 131 of the Capitol Annex. Representative Myron Dossett, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Myron Dossett, Co-Chair; Senator Amanda Mays Bledsoe, Co-Chair; Senator Gary Boswell, Senator Matthew Deneen, Senator Denise Harper Angel, Senator Robin L. Webb, Representative George Brown Jr., Representative Kim King, Representative Phillip Pratt, Representative Brandon Reed, and Representative Rachel Roarx.

Guests: Brian Lacefield, Executive Director, Kentucky Office of Agricultural Policy; Bill McCloskey, Deputy Executive Director, Kentucky Office of Agricultural Policy; and Johnna McHugh, Acting Director, Division of Conservation, Department for Natural Resources, Energy and Environment Cabinet.

LRC Staff: Stefan Kasacavage, Hillary Abbott, Kelly Ludwig, Rachel Hartley, and Emily Wiley.

Approval of minutes for the meeting of June 15, 2023

A motion to approve the minutes was made by Representative Reed and seconded by Representative Pratt. The minutes were approved by voice vote.

Report on the projects considered for funding by the Agricultural Development Board

Brian Lacefield gave a brief overview of various events and site visits. Mr. Lacefield provided a loan update for the Kentucky Agricultural Finance Corporation.

Bill McCloskey described the Agricultural Development Board's projects under the program for June and July 2023. Mr. McCloskey highlighted programs including the County Agricultural Investment Program (CAIP), Deceased Farm Animal Removal, On-Farm Energy Program, Next Generation Farmer, Shared-Use Equipment Program, and the Youth Agriculture Incentives Program (YAIP).

The requested program amendments discussed included:

- Johnson County Agriculture Advancement Council requested an additional \$36,000 in Johnson County funds for CAIP. The board recommended approval, which would bring the program total to \$116,000.
- Washington County Conservation District requested an additional \$20,000 for YAIP. The board recommended approval, which would bring the program total to \$39,000.
- Washington County Conservation District requested an additional \$106,600 in Washington County funds for CAIP. The board recommended approval, which would bring the program total to \$226,600.
- Grayson County Cattlemen's Association requested an additional \$100,000 in Grayson County funds for CAIP. The board recommended approval, which would bring the program total to \$250,000.
- Clark County Conservation District requested an additional \$20,000 in Clark County funds for CAIP. The board recommended approval, which would bring the program total to \$170,000.
- Marion County Conservation District requested an additional \$38,904 for CAIP. The board recommended approval, which would bring the program total to \$163,904.

The following were approved for funds through the On-Farm Energy Program:

- Sustainable Harvest Farm in Laurel County was approved for \$10,150.
- Carlton Page Barker in Logan County was approved for \$10,150.
- Joe Paul Mattingly in Marion County was approved for \$9,150.
- Jerry Gentry in Pulaski County was approved for \$1,650.
- Bells Broilers in Wayne County was approved for \$4,736.
- Salad Days Farm in Woodford County was approved for \$10,150.

The projects discussed included:

- The Organic Association of Kentucky was

approved for \$369,684 in state funds to aid in program positions.

- Warner Fertilizer Company was approved for \$124,284 in multi-county funds to support the startup of aerial drone services.
- Reclaimed Ranch Fiber Mill was approved for \$127,626 in multi-county funds to establish a micro-processing service and mini mill in northern Kentucky.
- Loretto Grain was approved for \$1,000,000 in county and state funds to build a grain elevator.
- McLean County Cooperative Extension was approved for \$2,000 in McLean County funds to support the costs of a poultry specialist to speak at the Summer Ventilation Farm Visits.
- Circle T Ranch Summer Horse Camp was approved for \$51,509 in multi-county funds to support camp restoration.
- Anderson County Farm Service was approved for \$169,300 in multi-county funds to support the modernization of the existing feed manufacturing plant.
- Pike Veterinary Services was approved for \$100,000 in state and Hart County funds to support the purchase of Hartland Animal Hospital.
- The University of Kentucky Research Foundation was approved for \$158,010 in state funds to support the continued research of Kentucky hay production used in the equine industry.
- The city of Morgantown was approved for \$10,000 in Butler County funds and \$240,000 in state funds to support the construction of a new farmers market pavilion.
- Tri-County Livestock Exchange was approved for \$6,640 in Henry County funds to upgrade the existing working facilities.
- Hallstead Farms was approved for \$30,000 in county and state funds to aid in the construction of an on-farm retail store.
- Kentucky Young Farmer Association was approved for \$21,814 in state funds to support the purchase of equipment for a pilot welding training program.
- Locals Food Hub and Pizza Pub was approved for \$200,000 in county and state funds to support the purchase of equipment to create a large-scale value-added processing program.

In response to Representative Dossett, Mr. Lacefield stated the Organic Association of Kentucky requested \$396,684 in state funds, but due to an inversion error the dispersed funds were only

\$369,684. The amount was modified at the next board meeting to include the additional \$27,000 approved by the board.

In response to Senator Webb, Mr. Lacefield stated the funds awarded to the Reclaimed Ranch Fiber Mill are intended for the processing of wool. Senator Webb expressed concerns about awarding funds to sanctuary organizations and any entity that is anti-animal production.

In response to Representative King, Mr. Lacefield stated the customer for Reclaimed Ranch Fiber Mill is the fiber producer. Mr. McCloskey added that fiber producers with limited markets for raw fiber will benefit by being able to offer value-added products.

In response to Representative King, Mr. Lacefield stated he is unsure if the shortage of large animal veterinarians is part of the discussion relating to the federal farm bill. There are some United States Department of Agriculture (USDA) programs that offer student loan forgiveness to veterinarians.

Senator Webb commended the funding to the University of Kentucky Research Foundation.

In response to Senator Boswell, Mr. Lacefield stated all the awarded loan funds for projects are at a 2.75 percent interest rate.

Representative Roarx stated Locals Food Hub and Pizza Pub is a successful model and will be expanding into Louisville. The location in Louisville is in a USDA-certified food desert.

Representative King stated there should be information in the KADF oversight report regarding why an organization needed to amend an application to request more funds. Mr. Lacefield stated most of the program amendments are for CAIP when there is a large demand.

In response to Senator Boswell, Mr. McCloskey stated long-term maintenance of farmers markets is done by local governments and fiscal courts. Mr. Lacefield stated the project by the Kentucky Cattlemen's Association in Fayette County, which was denied in December 2022, was referred to the Kentucky Center for Agriculture and Rural Development for funding.

Senator Webb stated the Kentucky Cattlemen's Association should make a budget request to fund the project in Fayette County.

Presentation from the Division of Conservation on the Usage of Tobacco Settlement Funds Johnna McHugh stated the state cost share program was established in 1994 and started receiving tobacco settlement funds in 2000. The funds provide financial assistance to farmers at a 75 percent reimbursement rate with the assistance of local conservation districts. There are funds that are returned every year due to canceled projects or an overestimation of cost. These funds are appropriated in the next fiscal year.

There are currently \$4,102,523 in unobligated funds. The cut off for fiscal year 2024 funding is November 15, 2023.

In fiscal year 2023, there was \$11,659,640 requested by 960 individuals and 345 of those were approved for \$4,203,631. At six months, three percent of the projects were canceled, five percent were paid, and \$3,861,440 remain to be paid.

In response to Representative King, Ms. McHugh stated canceled projects are because of job changes,

death, or if the applicant uses a funding source other than the Division of Conservation's program.

In response to Senator Boswell, Ms. McHugh stated individuals can only receive \$20,000 in any given year. There is \$900,000 set aside in the Division of Conservation's budget for audits. The cost of the audit is dependent on the conservation district's finances. Districts with a lot of funds are audited once a year and the districts with a lower amount of funds are audited every four years.

Senator Webb stated the district she represents did not receive any funds in 2022 and expressed concerns regarding the allocation of funds.

Adjournment

There being no further business, the meeting was adjourned.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

September 14, 2023

Call to Order and Roll Call

The 5th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on September 14, 2023, at 10:30 AM in Room 131 of the Capitol Annex. Senator Mays Bledsoe, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Myron Dossett, Co-Chair; Senator Amanda Mays Bledsoe, Co-Chair; Senators Matthew Deneen, Denise Harper Angel, Robin L. Webb; Representatives George Brown Jr., Kim King, Phillip Pratt, and Rachel Roarx.

Guests: Brian Lacefield, Executive Director, Kentucky Office of Agricultural Policy (KOAP); Bill McCloskey, Deputy Executive Director, KOAP; Ellen H. Cartmell, Tobacco Prevention and Cessation Program Manager, Kentucky Department of Public Health, Cabinet for Health and Family Services; and Elizabeth Hoagland, Health Promotion Section Supervisor, Kentucky Department of Public Health, Cabinet for Health and Family Services.

LRC Staff: Stefan Kasacavage, Hillary Abbott, Kelly Ludwig, Rachel Hartley, and Emily Wiley.

Approval of minutes for the meeting of August 10, 2023

A motion to approve the minutes was made by Co-Chair Dossett and seconded by Representative Pratt. The minutes were approved by voice vote.

Report on the projects considered for funding by the Agricultural Development Board

Brian Lacefield gave a brief overview of events at the Kentucky State Fair and provided a loan update for the Kentucky Agricultural Finance Corporation.

Bill McCloskey described the Agricultural Development Board's projects proposed for August 2023. Mr. McCloskey highlighted programs including the County Agricultural Investment Program (CAIP), Deceased Farm Animal Removal, Next Generation Farmer, and the Youth Agriculture Incentives Program

(YAIP).

The requested program amendments discussed included:

- Gallatin County Farm Bureau requested an additional \$80,000 in Gallatin County funds for CAIP. The board recommended approval, which would bring the program total to \$230,000.

- Kentucky Ketch, Inc. requested an additional \$65,000 in Clay County funds for CAIP. The board recommended approval, which would bring the program total to \$335,000.

The projects discussed included:

- Critter Care Vet Clinic was approved for \$27,072 in state and Trigg County funds to purchase

large animal equipment under the Large and Food Animal Incentives Program.

- Fayette County Farm Bureau Federation was approved for \$2,500 in Fayette County funds to purchase a grain rescue extraction kit.

- Hart County Fair Association was approved for \$20,695 in Hart County funds to build an addition to its Agriculture Center Building.

- Pennyroyal Farm Analysis Group was approved for \$41,000 in state funds to support the cost of a feasibility study to evaluate the future opportunities that the Kentucky Farm Business Management program can provide to producers.

- Marshall County Extension Office was approved for \$184,500 in state and Marshall County funds to construct a permanent farmers market structure.

Mr. Lacefield clarified his response to a question posed by Senator Boswell at the last committee meeting in August stating all awarded loan funds for projects are at a 2.75 percent interest rate.

In response to Co-Chair Dossett, Mr. Lacefield stated the weather has not been ideal for tobacco producers since tobacco grows better in a dry climate. Tobacco producers are seeing angular leaf spots, which are lesions on water-soaked foliage. Co-Chair Dossett stated crop insurance is based on historical yields and since production has been steadily decreasing over the last several years, the crop insurance will only cover the cost of production and the producer will have a loss in revenue.

In response to Representative King, Mr. Lacefield stated he is unsure if Murray State University is going to add a veterinarian program. Mr. McCloskey suggested the timeline for adding a veterinarian program to a state university is dependent on funding granted by the General Assembly.

Kentucky Tobacco Prevention and Cessation Program

Co-Chairs Mays Bledsoe and Dossett reminded

presenters of the importance of providing meeting materials in a timely manner to LRC Staff. Elizabeth Hoagland stated she would share their comments with the Secretary of the Cabinet for Health and Family Services.

Ellen Cartmell stated tobacco use is Kentucky's number one cause of preventable disability, disease, and death. While Kentucky receives about \$496 million in tobacco tax revenue annually, the state is spending \$634 million in Medicaid expenses related to direct healthcare costs of tobacco use. Kentucky faces a total of \$2.23 billion in direct health care costs of tobacco use per year, creating a tax burden of \$1,247 per Kentucky household to cover government expenditures caused by smoking. Kentucky employers face an annual cost of \$3 billion in added healthcare costs and productivity losses.

Ms. Cartmell stated that over 88 percent of Kentucky adults who smoke say they want to quit, equating to over 660,000 Kentuckians. Only 40 percent of those individuals know about the Department of Public Health's hotline, Quit Now Kentucky, at 1-800-QUIT-NOW. For every \$1 invested into Quit Now Kentucky, \$4.03 can be expected in future cost savings. Prevention is the only method more effective than the hotline, as nine out of ten smokers become addicted before the age of 18. If current trends continue, 119,000 Kentucky kids will ultimately die prematurely from smoking.

According to the 2021 Kentucky Incentives for Prevention Survey, over one in five Kentucky 10th and 12th graders had used an e-cigarette in the last 30 days. E-cigarettes make it easier to consume greater quantities of nicotine, making the products more addictive. Nearly 40 percent of school behavior incidents in Kentucky's 2021-2022 school year were tobacco-related violations. The Kentucky Department of Public Health provides options to support youth with three methods: My Life My Quit hotline, INDEPTH alternative-to-suspension curricula, and Not-on-Tobacco cessation classes.

The Kentucky Department for Public Health, using the Master Settlement Agreement (MSA) funds, has been able to fund roughly one-third of Kentucky's county health departments, which is roughly 50 percent of the Tobacco Prevention and Cessation Program budget. Ms. Cartmell provided data regarding the utilization of the remaining funds. In addition to 2023 MSA funds, the Centers for Disease Control and Prevention (CDC) awarded Kentucky with a \$1.6 million grant, which is utilized for administrative and promotional costs. According to the CDC, for every

\$1 spent on comprehensive tobacco control programs, Kentucky could expect to see a \$55 return on investment.

In response to Chair Mays Bledsoe, Ms. Cartmell stated that the most effective way to quit smoking is by participating in one-on-one counseling. The most effective way to reach many Kentuckians is 1-800-QUIT-NOW. To achieve the optimal success rate, the recommendation for a tobacco cessation hotline is to provide eight calls per tobacco user. However, the Tobacco Prevention and Cessation

Program only has enough funds to provide five calls per tobacco user. In addition to counseling, nicotine replacement therapy is the most effective treatment. The University of Kentucky's peer-to-peer program could benefit from more funding and recruiting more students to volunteer. There is the possibility for other universities to join the program.

In response to Senator Webb, Ms. Cartmell stated that there was an anti-vaping task force for youth developed in 2022, which includes stakeholders and state agencies to address the issue in schools.

In response to Representative Roarx, Ms. Cartmell stated that she would provide a cost comparison of spending between e-cigarette and traditional cigarettes. The amount of nicotine in an e-cigarette (3 to 36 mg) is much higher than traditional cigarettes (1 to 2 mg). Ms. Cartmell is unsure of the full capacity of the My Life My Quit text program.

Ms. Hoagland stated that the Kentucky General Assembly passed legislation to establish a Lung Cancer Screening Program and Program Advisory Committee in the Kentucky Department for Public Health. Medicare Part B and Medicaid reimburse for preventive low-dose computerized tomography (CT) scans among eligible Kentuckians. Smoking causes 80 percent of all lung cancer cases. Radon and occupational exposures can also place individuals at risk.

Ms. Hoagland stated if cancer is identified at a localized stage, there is a 61 percent survival rate at five years post-detection. If a patient's cancer isn't found until the "distant" stage, the survival rate at five years drops to seven percent. Most Kentuckians are diagnosed at the "distant" stage. Kentucky is doing very well regarding cancer screenings as 14.6 percent of eligible individuals were screened, compared to the national average of 5.7 percent. Lung cancer mortality is declining, which is attributed to more screenings.

Ms. Hoagland stated that the Lung Cancer Screening Program has appointed an advisory committee and thanked Representative Moser and Senator Douglas, who are the legislative representatives on the committee. The program is creating a strategic plan and evaluation metrics. It has also integrated itself into the 1-800-QUIT-NOW hotline to provide specified protocols for eligible cancer screening candidates at a rate of roughly 100 people per month. The program takes an active role in promoting cancer screenings by working with healthcare providers to share promotional material.

Ms. Hoagland stated that the Department for Public Health is actively looking for a candidate to manage the Lung Cancer Screening Program, as the program is Ms. Hoagland's second responsibility. November 11, 2023, is Lung Cancer Screening Day, which promotes accessibility and awareness to cancer screenings.

Adjournment

2023 Interim

**LEGISLATIVE
RECORD**

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