# 2010 Interim Volume 23, No. 1 June 2010

## Budget passed in May special session

by Rebecca Mullins Hanchett LRC Public Information

Lawmakers ended a six-day Special Session on Saturday, May 29 after passing a \$17.3 billion twoyear state spending plan that doesn't raise a single tax along with a fix for the state unemployment trust fund, a two-year state road plan and Transportation Cabinet budget for the Commonwealth.

Both the governor and the General Assembly agreed early in the 2010 Regular Session, which ended in April, that there would be no new taxes in any budget that was passed this year. The plan, instead, was to reach a deal that would avoid a government shutdown while plugging the expected twoyear shortfall.

The state budget, which was passed and sent to the governor for his signature on May 28, accomplishes these goals with budget cuts of 3.5 percent in fiscal year 2011 and 4.5 percent in 2012 for most state agencies (with lesser cuts for postsecondary

education and Corrections), increased government efficiencies and limited bond indebtedness.

The plan was to reach a deal that would avoid a government shutdown while plugging the expected two-year shortfall.

Exempt from across-theboard cuts that most agencies face are Medicaid, merit-based KEES scholarships earned by thousands of Kentucky high school students each year, and funding that public schools receive through the state's SEEK formula designed to equalize education funding among school districts.

The two-year spending plan keeps the 177 instructional days now found on the public school calendar, holds down additional General

Fund-supported debt, limits agency-fund debt for universities and other entities and allows the governor to order limited furloughs. Changes to employee and teacher health insurance are expected to save the state around \$94 million over the two years.

Added to the budget in the final hours of the Special Session was a mechanism for school districts to fund aging schools most in need of replacement. Under that plan, the state will match funding for districts that levy what is called an "equalizing nickel," or 5 cents per \$100 in property value, to fund facilities construction. The money would only go to socalled "Category 5" schools— those facilities considered to be in the worst shape.

A revenue plan also passed by lawmakers on May 28 will help fund the new budget. The plan is expected to save the state upwards of \$89 million over the next two years through tax code changes, including modifications to the state's new home tax credit and a credit for the film industry. Tax incentives to benefit rural and low-income communities

Continued on page 2

### Corrections, traffic issues heard by lawmakers in Glasgow

by Rebecca Mullins Hanchett LRC Public Information

GLASGOW—Over half of the states, including Kentucky, saw their prison populations decline in 2009 after nearly 40 years of nonstop population growth, according to a recent Pew Center study.

But will these populations continue to decline, or is the 2009 dip what the Pew Center on the States' "Prison Count 2010" study says could just be a temporary blip?

Kentucky recently had one of the fastest growing prison populations in the nation and one in 35 Kentuckians under correctional control, according to a 2009 Pew nationwide study. To pay for its corrections system, Kentucky spent at least \$521 million on corrections—or 5.5 percent of the state's General Fund—including incarceration, probation and parole in fiscal year 2008.

The Pew Center Public Safety Project thinks Kentucky can spend less and still protect the public, said Pew researcher Richard Jerome who spoke to state lawmakers on the Interim Joint Committee on Judiciary on June 9. And the Project plans to help Kentucky do so, at the state's written request, submitted to the Project on June 3.

One thing Jerome has discovered about Kentucky, he said, is the state seems to prefer incarceration over probation and parole compared to other states. Jerome also said the cost of incarceration per inmate in Kentucky is at least \$50 more a day in public facilities and \$46 more a day in private facilities than the \$2.63 or less it costs to the state to probate or parole an offender.

"So, I think the question we should be asking is whether this increased spending is resulting in lower crime," Jerome said.

"States are now finding that just is not the case," he said, adding that probation and parole might be a better fit for non-violent and/or drug offenders who he said can be better kept in the community.

The committee also heard a presentation on sex offender management strategies requested by the Justice and Public Safety Cabinet, and received comments on problems caused by Failure To Appear in Kentucky court by out-of-state truck drivers.

Todd Shipp, Assistant General Counsel with the state Transportation Cabinet, told lawmakers that Kentucky notifies a trucker's state of residency when a trucker fails to appear in Kentucky court for a mo-

Representative Senate Judiciary Committee Chair Sen Tom Jensen R-

London, listens to testimony at the June 9 Interim Joint Committee on Judiciary meeting in Glasgow.

Rebecca Hanchett / LRC Public Information

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#### Special Session, from page 1

through business investment are also part of the revenue legislation.

Another priority during the 2010 Special Session was a bill to shore up the state's ailing Unemployment Insurance Trust Fund. That measure which is similar to a bill that passed the House but stalled in the Senate in the recent Regular Session—gained success on May 28 when it was given

final passage in the Sen-While both the state ate. Sup-

and Transportation Cabinet budgets porters of the unemploywere passed into law, vetoes issued by the governor on was June 4 will keep some provisions in both budgets out of the law books.

ment measure, which signed into law by governor on June 4, say it will help to balance the trust fund which

pays weekly benefits to thousands of unemployed Kentuckians by evening out what is paid into and out of the fund.

Agreement on a two-year state road plan and a bill that will fund operations of the Transportation Cabinet was given final passage on May 29.

The bills will provide funding in several key transportation areas through 2012, and lawmakers were determined to see the measures passed. Important work on roads, bridges, aviation and other areas can continue because of action taken on these bills in Special Session.

Yet while both the state and Transportation Cabinet budgets were passed into law, vetoes issued by the governor on June 4 will keep some provisions in both budgets out of the law books.

All together, the governor exercised his line-item veto power and struck 19 provisions from the Executive Branch budget and seven provisions from the Transportation budget. Some notable Executive Branch budget vetoes include:

✓ A veto that will give the governor what he called "all the flexibility... the Executive Branch can muster" in handling contract and other reductions while ensuring that the Beshear Administration makes budget reductions of \$131 million in fiscal year 2010 and \$168.9 million in fiscal year 2011.

✓ The veto of a provision that would maintain the current level of services for all elements of the Medicaid program through state matching funds. The governor said the veto will give the state flexibility to "maximize the services provided with the funding available."

✓ The veto of a provision that would have mandated certain changes to the state employee health insurance plan to meet a \$94 million reduction in plan costs over the next two years.

The governor will still need to find \$94 million in savings to the program, however.

✓ The veto of a provision that would have exempted federally-funded state employees from furloughs.

Although the vetoes cannot be overridden by lawmakers since the 2010 Special Session has ended lawmakers can only vote to override a vetoed bill or bill line-item during the session in which the legislation originated—lawmakers might reconsider some provisions during the 2011 Regular Session starting in January.

Bills and corresponding vetoes from the 2010 Special Session can be found online at www.lrc.ky.gov.



House Majority Floor Leader Rocky Adkins, D-Sandy Hook, right, speaks with House Minority Floor Leader Jeff Hoover, R-Jamestown, about legislation before the House of Representatives during the 2010 Extraordinary Session—or Special Session—of the Kentucky General Assembly. The session ended in May.

Bud Kraft / LRC Public Information

House Appropriations and Revenue Committee Chair Rep. Rick Rand, D-Bedford, explains budget legislation before a House floor vote during the 2010 Special Session of the Kentucky General Assembly.

> Bud Kraft / LRC Public Information



#### Judiciary, from page 1

ving traffic violation that occurred in the Commonwealth.

"At that point, it is up to that state to take action," said Shipp, adding that the other state often will act if the violation involves alcohol.

Kentucky 43rd District Judge John Alexander said Kentucky law allows out-of-state truckers who commit certain traffic citations in the Commonwealth to avoid appearing in Kentucky courtrooms because some offenses-driving too long, for example—are not considered moving violations under Kentucky law. Alexander urged lawmakers to look into the mat-

"I've got to have a way to suspend that (trucker's) license if he doesn't show up," said Alexander. "If I can

get a Failure to Appear notice and get reciprocal treatment from the home state...(the trucker's) going to fix that problem."

Rep. John Tilley, D-Hopkinsville, Judiciary Committee Co-Chair, asked how Kentucky lawmakers can encourage better use of interstate compacts—compacts that require truckers with moving violations in Kentucky to return to the state and appear before Kentucky judges like Alexander.

"I think we can work with the judicial community to expand the statute," Shipp told the committee.

"However, history serves when we start expanding things, we have other district judges who may not see things (the same way)."

### Lawmakers updated on last 100 days until WEG

by Rebecca Mullins Hanchett LRC Public Information

In less than 100 days, the Kentucky Horse Park will become the first non-European location to host the major international equine championships known as the FEI World Equestrian Games.

And on June 17, state lawmakers on the Kentucky General Assembly's Interim Joint Committee on Economic Development and Tourism heard

from event organizers how at least 2,000 volunteers, over 300 temporary and permanent facilities, affordable \$25 per person

general admission tickets

Improvements
to the
Horse Park
will enable
Kentucky
to attract other
large
competitions now
held
at large venues
in places

like Tulsa and

Indianapolis.

and competitors from as many 62 countries can make this Kentuckybased 2010 Alltech FEI World Equestrian Games (WEG) a worldwide success.

Only 59 countries submitted competition entries for the 2006 WEG held in Aachen, Germany, said WEG 2010 Foundation CEO Jamie Link.

"I think that says a lot about what we are attempting to do here," said Link, adding that nearly 1,000 athletes currently intend to participate in the 16-day event to be held Sept. 25-Oct. 10 at the Kentucky Horse Park.

Eight different equine sporting disciplines will compete at the Games, including seven Olympic equine events and the first-ever paralympic WEG event. Sen. Damon Thayer, R-Georgetown, who is the General Assembly's representative on the Governor's Advisory Commission for the World Equestrian Games, said the

disciplines include the gymnastic competition known as Vaulting, a westernstyle competition called Reining, Para Dressage, Dressage, Driving, Jumping, a Three-Day Event competition and a 100-mile Endurance race. Other attractions at WEG will include a trade show, a

Kentucky produce showcase called "Kentucky Experience" and the popular "Equine Village", which will showcase a variety of horse breeds and sport.

But while interest in the competing in the Games is strong, Link said ticket sales are not as strong as organizers would prefer. People are waiting longer that expected to buy their tickets, he said.

Even many Europeans are waiting to buy WEG tickets, due in part to the continent's current focus on the World Cup in soccer, said Link. Once the World Cup is over, Link said event organizers are told that Europeans will turn their attention to their "second favorite sport"—horsemanship.

"Nothing like this has ever been held here before," said Link. "So that's our primary focus right now is marketing and the building of this event over the next 100 days."

Link said the 2010 WEG is expected to

have an estimated \$167 million financial impact, although the expansion of the Horse Park for the WEG could have an even more lasting impact. According to Thayer, improvements made to the Horse Park for WEG will enable the state to attract other large competitions that have traditionally been better accommodated at large venues in places like Tulsa and Indianapolis.

Another part of the 2010 WEG legacy, said Link, could be the working relationships Kentucky has built with nations in Europe. Link said organizers of the 2010 event have worked with representatives of the 2014 WEG to be held in Normandy, France and have agreed to help them in any way necessary with their event.

"We have pledged to the French that we will share every bit of information we can. So if that can be part of our legacy to the world, so be it," said Link.

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#### INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 1st Meeting of the 2010 Interim
June 14, 2010

Call to Order and Roll Call

The first meeting of the Interim Joint Committee on Education was held on Monday, June 14, 2010, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Ken Winters, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ken Winters, Co-Chair; Representative Carl Rollins II, Co-Chair; Senators Walter Blevins Jr., Jimmy Higdon, Alice Forgy Kerr, Vernie McGaha, Tim Shaughnessy, Elizabeth Tori, and Jack Westwood; Representatives Linda Belcher, Hubert Collins, Leslie Combs, Jim DeCesare, C. B. Embry Jr., Bill Farmer, Tim Firkins, Jim Glenn, Derrick Graham, Jeff Greer, Reginald Meeks, Charles Miller, Harry Moberly Jr., Rick G. Nelson, Marie Rader, Jody Richards, Tom Riner, Kent Stevens, Wilson Stone, and Addia Wuchner.

Guests: Tanya Bromley, Kentucky Music Educators Association; Wayne Young, Kentucky Association of School Administrators; Keith White, Office of Education Accountability; Cindy Heine, Olivia Fitzpatrick, and Danny Hwang, Prichard Committee for Academic Excellence; and Sally Sugg, Kentucky Department of Education.

LRC Staff: Audrey Carr, Sandy Deaton, Janet Stevens, Henry Smith, and Lisa Moore.

School and district audits and actions taken in persistently low-achieving schools

Dr. Terry Holliday, Commissioner, Kentucky Department of Education (KDE), reported on intervention in persistently low-achieving schools, driven by federal criteria. He said funding for the low achieving schools came from many sources, primarily the State Fiscal Stabilization Fund (SFSF). Other sources included: the School Improvement Grant (SIG), Race to the Top (RTTT), and the Elementary and Secondary Education Act (ESEA). Dr. Holliday said the state authority included the passage of House Bill 176, which amended KRS 160.346 and was enacted in the 2009 Regular Session, and 703 KAR 5:180. Intervention system for persistently low-achieving schools (emergency and ordinary versions).

Dr. Holliday explained the specific requirements of House Bill 176.

He said it provided the definition for a persistently low-achieving school. It required the identification of the lowest scoring five percent or lowest five schools in two categories: schools receiving Title I funding and schools eligible to receive Title I funding, but not receiving Title I funding. He noted House Bill 176 also required the identification of any high school with a graduation rate of less than 60 percent for three consecutive years.

Dr. Holliday said the lowest five percent of schools was determined by each school's combined score in reading and math for schools having missed federal Adequate Yearly Progress (AYP) for at least three years. Ten schools were identified, five Title I and five Title I eligible. A new group of schools will be identified in the fall of 2010 according to the same federal definition.

Dr. Holliday said leadership assessments were conducted in each school and its corresponding district as required by House Bill 176 and 703 KAR 5:180E. The assessments were designed to determine the capacity of the school council, the principal and the local district to lead and manage turnaround of the school. He said the leadership assessments based findings on a triangulation of data from the assessment team's documentation; staff, parent and student interviews; and on-site observations. The results of the assessments concluded: 8 of 10 councils lacked capacity to lead turnaround; 6 of 10 principals lacked capacity to lead a turnaround; and I of 5 districts lacked capacity to lead a turnaround.

Dr. Holliday said House Bill 176 allowed schools to appeal the commissioner's determination from the leadership assessment. The school council of Frost Middle School in Jefferson County appealed to KDE, which upheld the commissioner's determination that the council did not have the capacity to lead the turnaround.

Dr. Holliday said schools that are determined to be low-achieving are required to choose one of the following four intervention options: external management option, restaffing option, school closure option, or transformation option. Schools will submit applications to KDE during June 2010 for SIG funding. They have received technical assistance from KDE staff on how to prepare applications for SIG funding.

Dr. Holliday said KDE has partnered with three universities (West-

ern Kentucky University (WKU), University of Louisville (Ú of L), and Eastern Kentucky University (EKU) in an effort called District 180 to provide more regional support for school and districts. Three educational recovery directors will be hired to lead Centers for Learning Excellence in partnership with one of the three identified universities to provide technical assistance to the ten schools and other struggling schools in their service area. There will be one educational recovery leader per school to mentor the principal and two educational recovery specialists per school who will focus on language arts and mathematics.

Dr. Holliday said turnaround training will be provided to the school principals and KDE District 180 staff for ten days in July with follow-up throughout the school year. The training is based on the work of national experts in turning around low-performing schools and is composed of modules on leading change, building and sustaining an achievement-oriented and accountabilitybased culture, effective learning systems that are focused on literacy and math, and creating and sustaining continuous improvement. The turnaround training will be available to other schools and districts after the initial ten schools and KDE staff are

In response to a question from Representative Farmer, Dr. Holliday said the restaffing option requires that the principal of the school be removed and no more than 50 percent of existing staff retained. Jefferson County started a local effort and hired additional staff before July 1, 2007, to improve instruction in the lowachieving schools. Dr. Holliday said the staff hired in the 2007-2008 and the 2008-2009 school years will not be required to transfer under this legislation according to a United States Department of Education ruling. This results in some schools having less than a 50 percent staff transfer rate in Jefferson County.

In response to questions from Senator Westwood, Dr. Holliday said it cannot yet be determined if schools are shuffling teachers from one low-performing school to another. Jefferson County was the only school district to choose the restaffing option. The Office of Education Accountability might want to consider studying this issue. KDE will be monitoring staffing rosters through the SIG applications to determine

student achievement at each teacher

Dr. Holliday said the three educational recovery directors will be located at Uof L, EKU, and WKU, and will coordinate services between KDE, the universities, the school districts, and the schools. The directors will meet on a regular basis with the superintendent, the principal of the recovery school, and with the recovery leaders and specialists. The directors will report to the commissioner on a quarterly basis on the progress of the schools and plans for implementing reform that will improve instruction and student results. The recovery leaders will be working very closely with the school principals, but will report to the recovery directors. The recovery specialists will be located in each school, one in math and one in language arts, and will be coordinating with the principal and school recovery leaders. If sufficient progress is not made after the first year with the district's effort to turnaround the school, the KDE reserves the right to take over leadership and remove principals and force additional restaffing, if that was the option the district chose. He said the federal government is expecting KDE to monitor the money very closely and to see results at the end of one year. KDE has extended this expectation and wants to see improvements at the end of each quarter.

In response to a question from Senator Winters, Dr. Holliday explained the other intervention option for schools and districts. He noted no schools chose the school closure option or the external management option. Four districts did choose the transformation option which focuses on teacher and principal effectiveness and the evaluation process.

In response to a question from Representative DeCesare, Dr. Holliday said the external management option could be a non-profit or forprofit organization in which a school district enters into a contract where it manages the school. The KDE was required by the legislation to develop a list of those potential providers, but there was no interest from any of the schools in selecting this option.

In response to questions from Representative Miller, Dr. Holliday described the evaluation process and separated the state and district issues in identifying the low-performing schools. He said Jefferson County selected the restaffing option and they decided the process for making personnel changes. The KDE did not have any involvement in making the personnel decisions other than to say that the 50 percent and principal removal rules could be waived under federal guidelines. The KDE made clear to Jefferson County that this

would be a one-year waiver and the results would be reviewed at the end of that year. Dr. Holliday noted that even the non-Title I schools had very high percentages of students receiving free and reduced price lunches, and a high at-risk student population.

In response to questions from Senator Blevins, Dr. Holliday said one school was categorized as a high school with a graduation rate of less than 60 percent for three consecutive years. He said he would send the committee members the 2010 list of schools identified as Tier 1, Tier II, and Tier III, and the criteria for which the decisions were based.

Dr. Holliday said he would like to increase the number of universities participating in the District 180 program to at least eight. Uof L, EKU, and WKU were selected because they regionally made the most sense for travel purposes. The start-up cost to partner with the university was about \$250,000 and the recovery director is paid from this money. He anticipates having all

the universities involved in the next four to five years.

In response to questions from Representative Richards, Dr. Holliday said the recovery directors, recovery leaders, and recovery specialists salaries' will be paid out of highly skilled educator funds or the state administrative funds. He said each of the ten schools can receive up to \$500,000 and those funds will be used to implement the reform efforts that each school deems best. Some examples would be: hiring instructional coaches for science and social studies; software programs; consultants; additional professional development; additional teacher days; implement merit or performance-based pay for teachers; or to extend the school day, week, or year.

Dr. Holliday said a teacher and principal working condition survey will go on-line this spring and will ask teachers if their training is helping them in the classroom and if sitebased council members are performing adequately and involving teachers in decision-making. He will provide the committee with correlation data to show where the site-based councils are located that are producing the best results, and have that training replicated.

In response to a comment and question by Representative Meeks, Dr. Holliday said he will provide committee members with correlation data on poverty, single parent, homelessness, and inadequate health care rates in communities. He said the higher the at-risk issues are in a community, the lower the student achievement is. He said that there are some schools that have overcome these issues by en-

gaging the community.

In response to questions from Representative Firkins, Dr. Holliday said if a district can prove a particular existing reading strategy is working, the KDE will provide the resources to continue and expand the strategy from the \$500,000 funding. Dr. Holliday said there is always an error rate in categorizing students as distinguished or proficient. However, he noted for a school to be classified as low-performing, the school had to not meet AYP goals for three consecutive years. It is not based on a one time testing of students, but a consistent pattern of low achievement over an extensive period of time.

Race to the Top Phase 2 Application

Dr. Holliday said the KDE submitted the Phase 2 application and met the June 1, 2010, deadline. The application retained the language from Phase I in sections where highest scores were received and added updates to these sections (state success factors, standards and assessment, data systems, and turning around struggling schools). KDE completely revised the lowest scoring section, Great Teachers and Leaders, to better address the criteria, especially in the area of teacher and principal evaluation and effectiveness. KDE has been advised to expect an announcement of Phase 2 finalists in early August.

Assessment and Accountability System and Content Standards (Senate Bill 1)

Dr. Holliday said the new interim assessment system is in place. Work is proceeding to implement a balanced assessment system including formative, interim and summative assessments via: formation of the National Common Assessments Consortia; approval of end-of-course assessments for high school by the Kentucky Board of Education; advice from the National Technical Advisory Panel on Assessment and Accountability, which met in June, advice from the School Curriculum Assessment and Accountability Council (SCAAC), which met in April and is scheduled to meet in July, and formalizing the conceptual framework for measuring college and career readiness in the new accountability system in the summer of 2010.

Dr. Holliday said the program reviews of arts and humanities, writing and practical living and career studies were piloted in 48 schools in 34 districts. Revisions to pilot review tools will be made in the summer of 2010. Schools may implement program reviews voluntarily in the 2010-2011 school year with professional development support. Full implementation will occur during the 2011-2012 school year.

Dr. Holliday said the KDE survey

provided various stakeholder groups an opportunity for input on the public version of the standards. Standards for the English and language arts and mathematics were finalized and publicly released on June 2. National organizations are working to create common standards in science and social studies; the timeline is unclear and these may not be available to meet the Senate Bill I deadline of December 10, 2010.

Dr. Holliday said the content leadership networks will be guiding district leadership teams through the process of unpacking the standards. District leadership teams will facilitate this process with local school leadership teams and professional learning communities throughout the 2010-2011 school year. The focus will be on change in practice at the classroom level. Professional development networks' expected outcomes include examples of curriculum resources, deconstructed standards, leadership standards and leadership teams in place to guide the professional development. Content and examples of work from these networks will be used to populate the Continuous Instructional Improvement Technology System (CIITS).

In response to a question from Representative Belcher, Dr. Holliday said school districts are being urged to involve special education teachers. Federal government guidelines require districts to test students on grade level. The National Assessment on Education Progress (NAEP) will be strengthened over the next few years. Accommodations can be made for assessing special education students on the state level, but not when taking NAEP exams. This could cause scores for special education students to decrease even lower before seeing an improvement.

Dr. Holliday stated that the KDE will report to the committee on October 31, 2010, the results of the state assessment system for those school districts that choose to have less than 177 instructional days in the school calendar. He also said the school term for fiscal year 2010-2011 and 2011-2012 shall include the equivalent of 177 six hour instructional days. School districts may exceed 177 instructional days, but money is included in the general fund appropriation to pay for 176 six hour instructional days. Dr. Holliday advised superintendents he believes the intent of the legislation was for schools to operate utilizing 177 days unless they had previously adopted alternative calendars, and that teachers should not receive a pay cut. Superintendents can submit contracts giving teachers two less instructional days as long as time equivalency is met and the KDE would approve

those. However, districts are strongly being advised to keep teacher instructional days the same and not reduce the pay for the teachers.

In response to a question from Senator Winters, Dr. Holliday said the four professional development days are the only school days that are required in statute. Senator Winters is not fond of school districts adding an extra 10 minutes to the school day in order to meet the requirements for the extra two days and does not believe this is a wise use of the \$18 million dollars. Dr. Holliday said the administrative regulation KAR 7:140 has not been challenged.

Initial Plan: Unified Strategy for College and Career Readiness

Mr. Robert King, President, Council on Postsecondary Education (CPE), identified the two goals of the college and career readiness objectives: reduce college remediation rates by at least 50 percent by 2014 in comparison to the 2010 rate and increase the college completion rates of students enrolled in one or more remedial classes by 3 percent annually from 2009 to 2014. President King said the college-ready students are more likely to graduate college.

President King said the new college readiness standards are in effect for entering freshmen in the fall of 2010. ACT college entry scores must be an 18 for English, no change, 19 for mathematics (I point increase) and a 20 for reading (2 point increase). An estimated 37 percent of students will need developmental education in mathematics, compared to 29 percent under the current standard, an increase of 1.595 students. About 28 percent of students will need remediation in reading, compared to 17 percent under the current standard, an increase of 1,969 students.

President King said the following strategies will be used by postsecondary institutions to meet the target goals of Senate Bill I: bridge programming; accelerated learning opportunities; student support and intervention systems; and faculty professional development. The CPE will be working closely with the KDE to implement these initiatives. Senator Winters said the complete plan was located in the members' folders.

In response to questions from Representative Wuchner, President King said he would provide the committee with the high school feedback report. This report shows the number of students by county who are going on to enroll in college and their ACT scores.

Dr. Holliday said the Kentucky Board of Education passed a regulation that all school districts must provide intervention programs for students during the 2010-2011 school year that do not score college ready on the ACT. He said the KDE will ensure that these intervention programs are in place and will be monitoring its oversight.

In response to a question from Representative Stone, President King said a formula was used to derive a correlation between students' ACT scores and how they performed in 100 level college courses. Student performance in college level classes ultimately depends upon the student and not on individual ACT scores. The CPE feels responsibility is shared between it and KDE to get students prepared for college. Higher education plays a very significant role in determining who becomes a teacher and how well they are trained and supported through their careers.

In response to a question from Senator McGaha, President King said after a student completes a bridge program, the universities will give the student a placement exam on campus to determine if the student is ready for a credit generating course. Students may take the college placement test on-line if transportation is a barrier to taking the test on campus

In response to a question from Representative Belcher, Dr. Holliday said he was expecting the Governor's Task Force to come out with recommendations relating to dual credit and earning college credit while in high school. The budget passed by the General Assembly contained some language that allows him to work with Southern Association of Colleges and Schools (SACS) accredited postsecondary institutions to develop some innovative ideas around early and middle college, and dual credit programs. There were opportunities with federal and private foundation grants to implement some of these innovative ideas.

In response to a question from Senator McGaha, President King said the Kentucky Community and Technical College System (KCTCS) is clearly a system. He is very pleased with Dr. McCall and Chancellor Box's lead in developing quality and consistency in the associate level courses across the system.

In response to a question from Senator Winters, Dr. Holliday said the National Center for Environmental Economics (NCEE) is a \$30 million federal grant that the KDE is seeking to develop end-of-course exams. This would be an exam program targeted to students in the ninth and tenth grade. If students successfully complete a combination of courses and pass the internationally benchmarked exams, they could move right into college, or move into advanced placement courses that would help prepare students for selective colleges, such as Harvard.

In response to a question from Representative Stevens, Dr. Aaron Thompson, Vice President of Academic Affairs, CPE, said a remediation class typically has 20-25 students. The classes have faculty with a background in developmental education and they include mentoring and tutoring. Representative Stevens said all college classes should have the same characteristics as the remedial courses.

With no further business before the committee, the meeting adjourned at 3:15 p.m.

### INTERIM JOINT COMMITTEE ON JUDICIARY Minutes of the 1st Meeting

Minutes of the 1st Meeting of the 2010 Interim
June 9. 2010

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Judiciary was held on Wednesday, June 9, 2010, at 10:00 AM, in Glasgow, Kentucky. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Jensen, Co-Chair; Representative John Tilley, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Gerald A. Neal, Mike Reynolds, Jerry P. Rhoads, John Schickel, Dan "Malano" Seum, and Jack Westwood; Representatives Johnny Bell, Joseph M. Fischer, Jeff Hoover, Mary Lou Marzian, Harry Moberly Jr., Darryl T. Owens, Tom Riner, Steven Rudy, and Brent Yonts.

Guests: Brigid Adams, Department of Corrections; Chris Cohron, Kentucky County Attorneys Association; and Martin Scott, Kentucky State Fraternal Order of Police.

LRC Staff: Norman Lawson, CSA; Jon Grate, Joanna Decker, Ray DeBolt, Kyle Moon; Rebecca Hatchett; and Rebecca Crawley.

Representative Bell introduced various local officials.

Chief Regional Circuit Judge Phillip Patton urged continued funding and support for the drug court program and described the success of the program in his judicial circuit. Judge Patton said there have been 57 drug court graduates, many participants in the program have had drugfree babies, and only two graduates have committed new felonies.

District Judge John Alexander discussed the problem of out of state holders of commercial driver's licenses who fail to appear in court after being cited for traffic offenses in Kentucky. Judge Alexander explained when a Kentucky CDL driver is cited for a traffic offense and fails to appear in court, the violator's name is reported to the Transportation Cabinet and if the violator does not appear in court in 30 days, the Cabinet

suspends the CDL license. Because the current Kentucky statutes, KRS 186.570(1)(i) and 281A.190, contain a narrow definition of "moving violation," the Transportation Cabinet is unable to notify the out of state CDL driver's home state about a failure to appear violation for license revocation under an interstate compact. Judge Alexander suggested the statutes be amended to include other motor carrier and vehicle violations such as inadequate or missing log books, vehicle safety violations, driving longer than permitted, and similar offenses being added as "moving violations." Todd Shipp, Assistant General Counsel, and Doug Sutton, Assistant Director, Division of Driver Licensing, Kentucky Transportation Cabinet, agreed to work with the judge on amending the statutes to address this problem.

Senator Reynolds and Representative Bell agreed to defer to a later meeting of the Judiciary Committee discussion of a situation where a person receives a second driving under the influence citation prior to a conviction on a driving under the influence citation which the person has already received.

Richard Jerome, PEW Public Safety Performance Project, reviewed the goals of the Project to assist states to advance fiscally sound, data-driven sentencing and corrections policies that protect public safety, hold offenders accountable, and control corrections costs. The Project has assisted other states in reducing crime, reducing recidivism, and promoting the successful reintegration of offenders into society through the use of intensive alternatives to incarceration programs. The money saved on incarceration costs can then be reinvested in alternative programs and other non criminal justice needs of the affected states.

Mr. Peter Ozanne of the Criminal Justice Institute explained that he works with the PEW Public Safety Performance Project in assessing state needs and providing suggestions for alternatives to state criminal justice programs which reduce incarceration and reduce recidivism. Mr. Ozanne described the national and Kentucky increase in prison population and prison costs. The process works with the court system, the executive branch, and the legislature to identify issues, propose solutions, and provide evidence-based research and suggestions to accomplish the desired goals. Research indicates that I in 31 persons in the United States are under correctional control, either in prison or jail, or on probation or parole. Kentucky has I in 35 persons under correctional control; and recently Kentucky led the nation in incarceration increases. It costs

\$55 per day for prison and \$2.63 per day for a person on probation or parole in Kentucky, although research shows that alternatives to incarceration are more effective in preventing recidivism and crime. Nationally, 90% of corrections costs go toward incarceration. Alternatives to incarceration programs must be evidence-based, have defined outcome goals and monitoring to succeed, and that states which reward effective programs have better success rates.

Mr. Ozanne indicated that states which have been involved in such programs included Kansas, New Jersey, New York, and Texas and that major legislative changes have just been signed by the Governor of South Carolina after work by the PEW Public Safety Project in that state.

Mr. Gary Kempker. Center for Sex Offender Management of the Center for Effective Public Safety, described that organization's work with the Kentucky Department of Corrections under a federal grant to provide an improved sex offender treatment and management program. He reviewed statistics relating to sex offenders and victimization and noted that many programs for released sex offenders such as residence restrictions, sex offender registration, and similar programs have little impact on overall public safety. His organization is working with the Department of Corrections to provide education and other programs for incarcerated offenders and to assist released sex offenders reenter society. Federal grants such as the Second Chance Act are available to help states improve monitoring of released sex offenders and to prevent them from reoffending.

The meeting adjourned at 12:10 p.m.

## INTERIM JOINT COMMITTEE ON LICENSING AND OCCU-PATIONS

Minutes of the 1st Meeting of the 2010 Interim
June 11, 2010

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, June 11, 2010, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Gary Tapp, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gary Tapp, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Tom Buford, Julian M. Carroll, Perry B. Clark, Carroll Gibson, Denise Harper Angel, John Schickel, Dan "Malano" Seum, Kathy W. Stein, Damon Thayer, and Robin L. Webb; Representatives Larry Clark, Ron Crimm, Tim Firkins, David Floyd, Dennis Horlander, Adam

Koenig, Reginald Meeks, Charles Miller, David Osborne, Darryl T. Owens, Ruth Ann Palumbo, Carl Rollins II, Sal Santoro, Arnold Simpson, and Ron Weston.

Guests: Richard Moloney, Commissioner, Tim House Director of the Division of Heating, Ventilation, and Air Conditioning, and Dawn Bellis, General Counsel, Department of Housing, Buildings and Construction; Henry Lackey, Commissioner, and Mary Hammons, Deputy Commissioner, Department of Charitable Gaming.

LRC Staff: Tom Hewlett, Bryce Amburgey, Michel Sanderson, Carrie Klaber, and Susan Cunningham.

Approval of minutes from November 13, 2009, meeting.

There was a motion from Representative Keene, seconded by Representative Weston and the minutes were adopted by voice vote.

Update on 07RS SB10 – AN ACT relating to Heating, Ventilation and Air Conditioning and

making an appropriation therefor, sponsored by Senators Gary Tapp and David Boswell

Richard Moloney, Commissioner of the Department of Housing, Buildings and Construction told the committee that when Senate Bill 10 was passed in the 2007 regular session there were no funds provided with which to operate the program; however Secretary Robert Vance, of the Public Protection Cabinet and Secretary Peters of the Energy and Environmental Cabinet worked to get federal stimulus money to hire staff and start up the new division. Department attorneys have been working on administrative regulations and all the regulations have been approved with the exception of the local jurisdictions regulation. Tim House, Acting Director of the Division of Heating Ventilation and Air Conditioning (HVAC) said the division met criteria for federal stimulus money for energy conservation and was therefore awarded a grant for approximately \$1.2 million to implement Senate Bill 10.

Mr. House went on to say his goal was to have the HVAC division operational by January 1, 2011. To have the division fully operational will require 40 offices state-wide to provide public access to inspectors. This will differ from the plumbing inspectors because plumbing inspectors work out of the county health departments. HVAC hopes to rent offices from state agencies that have space available. The number of field inspectors will have to be increased from 11 to 13 and interviews have been set to fill those positions by July 16. Once all inspectors have been hired there will be a six week training course for all inspectors.

There will also be a two to four hour presentation that will be distributed state-wide for contractors and the public. It will also be used for continuing education. Currently, many contractors are not performing jobs according to code because they are uninformed. Mr. House said administrative staff will also have to be increased. Currently there is only one administrative person on staff.

In offices staffed by the HVAC division an online permitting system is going to be put into place allowing individuals to apply for a permit over the internet. This is a time saving measure for contractors who work in more than one county. Representative Koenig asked why the use of computer permitting across the state was not being mandated. Mr. House said many local jurisdictions do not have permitting systems compatible with the state computer system.

Under Senate Bill 10, beginning July 1, local jurisdictions that already have a program may continue the program if they contract with the HVAC board. In response to a question from Senator Gibson Mr. House said the local government currently reimburses inspectors who work for the local jurisdiction inspection programs.

Mr. House added that some HVAC department inspectors will be assigned multiple county jurisdictions depending on population density and the extent of state-owned properties in a jurisdiction. In response to a question from Representative Floyd Commissioner Moloney said future budgetary needs of the division will be met by license fees.

Senator Tapp commented that it was important to put this program in place. He said having a home HVAC system properly installed and inspected will make a significant difference in energy use, thus saving energy and money.

Update relating to the Department of Charitable Gaming

Henry Lackey, Commissioner of the Department of Charitable Gaming said that one of the goals of the department is to help charities reduce the amount paper work. He said the number one complaint is too much paper work. To find a way to have a better inventory control system with less paperwork a Request for Proposal (RFP) was sent out to develop an automated system. However, due to Kentucky Law, the department was unable to communicate specifics about the RFP to the charities, facilities, distributors and manufacturers. He said this led to a lot of speculation and concern. Kentucky is the first state to request any type of inventory control system. Software technology is available; however, funding for this software was not available, so this approach has been dropped.

Mr. Lackey said the department is now exploring a concept where inventory is tracked at the distributor/ manufacturer level. This does not change the reporting requirements for the charities, nor will it change the way games are currently being operated. The department is aware that the current system is cumbersome and will continue to look at ways to alleviate that burden. The department anticipates the first phase of the new system will cost about \$55,000 thousand and will be in place in approximately six months. Meetings are ongoing with charities, distributors and manufacturers to gather information in order to form a proposal to bring to the legislature, although a plan has been developed by Robin Birdsell, a department auditor, that could be put into place without the need for any legislative

Marty Hammons, deputy commissioner for the department, told committee members that the department has also used the experience of Minnesota, the number one state in the nation in gross receipts, as well as input from distributors on tracking sales. He said these changes come with some cost and he noted the department presently does not have sufficient funding to implement the full system.

He added that at this time the department does not plan to have a legislative package for the 2011 Regular Session.

Senator Tapp asked how the charities gross receipts are for this year in comparison with last year or even the year before. Commissioner Lackey said two years ago receipts were approximately one-half billion dollars, unfortunately receipts are down to about \$470,000,000, adding that the department is seeing a 5 percent decline from year to year.

In response to a question from Representative Keene Commissioner Lackey said there are 16 pull-tab vendors doing business in the Commonwealth.

In response to a question from Representative Owens Commissioner Lackey said that charitable games are required by KRS 238.536(1) to return a certain percentage of revenue to the charity. Approximately 80 percent of gross receipts are returned to the players in the form of winning prizes. Of the amount remaining, at least 40 percent must go to the charity. The rest of the money may go to defray the cost of supplies, rent, and other expenses.

There being no further business to come before the committee the meeting was adjourned at 10:35 a.m.

## INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 1st Meeting of the 2010 Interim
June 3, 2010

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, June 3, 2010, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators David E. Boswell, Ray S. Jones II, Katie Kratz Stine, Robert Stivers II, and Gary Tapp; Representatives Tim Couch, Stan Lee, Tim Moore, Don Pasley, Marie Rader, Kevin Sinnette, Fitz Steele, and Jim Stewart III.

Guests: Tony Hatton and George Gilbert, Division of Waste Management; Sandy Gruzesky, Division of Water.

LRC Staff: Tanya Monsanto, Biff Baker, Tom Middleton, and Kelly Blevins.

The committee had a quorum. Rep. Gooch asked Mr. Tony Hatton, Director Division of Waste Management to present an update on solid waste issues in the Commonwealth. Mr. Hatton discussed the PRIDE fund and its use in addressing historic landfills, open dumps, household hazardous waste and litter abatement programs. He also discussed the adequacy of current landfills explaining that there is 271 cubic yards of air space which is sufficient for Kentucky's disposal rates. He also discussed the waste tire program and concerns with the future of permitting and enforcement activities within the division. Mr. Hatton explained that there are 429 facilities under permit and new responsibilities imposed by the federal government and reduced general fund money may make the cabinet less efficient.

Mr. Hatton explained the PRIDE fund receives the environmental remediation fee which is statutorily set at \$1.75 per ton of household waste disposed of in Kentucky landfills. Kentucky receives approximately \$6 million tons of waste and the fee is paid on both in-state and out-ofstate waste. The fund is statutorily apportioned into five categories: \$2.5 million each is paid to historic landfills and to debt service; \$5.5 million is paid out in household hazardous waste grants; and \$750 thousand is paid out for administrative costs for the cabinet. In discussing the historic landfill program, Mr. Hatton stated that there are 600 sites that qualify as historic landfills meaning these sites were unable to meet the 1992 federal standards governing solid waste disposal.

In response to a question about in-state and out-of-state waste streams, Mr. Hatton stated that the fee is paid by the disposal site. The disposal site sets the fee, but interstate commerce questions may complicate charging a different fee for instate and out-of-state waste. Turning to a question on historic landfills, Mr. Hatton explained that the cost of remediating historic landfills appears very high on paper. The cabinet has paid out \$39.5 million already and estimates are that the program is needed for 100 years. However, the cabinet expects that many sites will not need further action and the outlays for clean-up will go down.

Continuing Mr. Hatton described the past process to deal with historic landfills and the adequacy of the environmental remediation fee. Historic landfill clean ups are very important and allocation of the PRIDE fund could address funding inadequacies. Two examples were given: redistribute the environmental remediation fee funds giving priority on historic landfill clean-ups or increase the environmental remediation fee to have more money for cleanups and other solid waste programs. Mr. Hatton discussed the pros and cons with each approach. In response to two questions about county contributions towards litter abatement, Mr. Hatton stated that counties have less money overall and reduced outlays may have nothing to do with use of inmate labor. Continuing Mr. Hatton responded that with respect to historic landfills, cities and counties do have financial responsibility but the law precludes cabinet enforcement until all the historic landfills have been subject to remediation under the program.

Mr. Hatton then discussed the funding of the waste tire program explaining that reductions in the waste tire program is in response to prioritizing activities of the department. Solid waste is a federally mandated program that receives no federal funding. The reduction in general fund money causes the cabinet to redistribute funding to essential mandated programs. In response to several questions on the waste tire program, Mr. Hatton stated that tire amnesties go through a cabinet contract and the contract requires that the tires be processed for recycling purposes. The contractee may sell the tires to a chipper who will the grind them for recycling purposes. The administrative costs for the waste tire program are at roughly 10 percent of total costs and reductions in the waste tire program have been in response to overall general fund cuts within the solid waste program itself

In response to a question about the adequacy of permitting fees, Mr. Hatton stated that permitting fees were set in 1990 in administrative regulation and there is a need to update those fees. Raising the fee in regulation is expected to increase division revenues by \$450,000. Mr. Hatton stated that comparative data on tipping fees would be provided to the committee. In response to another question about special wastes, Mr. Hatton stated that new federal legislation dealing with coal combustion wastes will be more stringent than current statute and will increase the cabinet's costs of permitting those sites. In response to a question about monitoring conductivity water standards at landfills, Mr. George Gilbert, Office of Waste Management stated that there is no specific standard for landfills but landfills need a discharge permit. Mr. Hatton and Mr. Gilbert then identified the number of private, public and semi public land-

Rep. Gooch thanked the presenters and asked Ms. Sandy Gruzesky, Director for the Division of Water to discuss the 2010 May flooding event. Ms. Gruzesky identified the Southern areas of the state as the hardest hit by the flooding, but also qualified that river basins in all areas of the state were affected by the unprecedented amount of rainfall. When the Governor requested disaster assistance, the Federal Emergency Management Agency (FEMA) declared 61 counties a disaster for individual assistance and 72 counties for public assistance. All counties were eligible for hazard mitigation grant program assistance.

Most of the disaster aid came through loans administered by the Small Business Administration (SBA), Ms. Gruzesky stated. Grants to governments were in the form of infrastructure assistance aimed at making repairs, debris removal and emergency protection. Ms. Gruzesky identified several jurisdictional issues associated with high water events in Kentucky such as the effects of flooding on drinking water systems, wastewater systems, and dam failures.

Regarding drinking water systems and wastewater systems, the state had to issue boiled water advisories for 46 public drinking water systems. There were 300,000 people affected by public water system problems. Eighty-six wastewater systems had combined sewer overflows (CSOs) or sanitary sewer overflows (SSOs). Kentucky has a series of agreed orders to upgrade sewer systems across the Commonwealth, but

the high water placed many systems completely under water. Nineteen systems reported being flooded. Regarding dam failures, Kentucky experienced only one partial failure of an earthen dam. Finally, Ms. Gruzesky discussed ways to reduce public risk from flooding such as FEMA mapping of floodplain areas, eligibility for and participation in the national flood insurance program, storm water runoff programs, the dam safety program which include state-owned dam repair, and a state program called Risk Mapping, Assessment and Planning (RISK MAP) that is designed to address gaps in flood hazard data and improve floodplain management.

There were no questions by legislative members. The meeting adjourned.

## TASK FORCE ON THE PENAL CODE AND CONTROLLED SUBSTANCES ACT

Minutes of the 1st Meeting of the 2010 Interim June 9, 2010

Call to Order and Roll Call

The 1st meeting of the Task Force on the Penal Code and Controlled Substances Act was held on Wednesday, June 9, 2010, at 1:00 PM, in Glasgow, Kentucky. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Jensen, Co-Chair; Representative John Tilley, Co-Chair; Secretary J. Michael Brown, Tom Handy, Chief Justice John D Minton, Jr., J. Guthrie True, and Hon. Tommy Turner.

Guests: Richard Jerome, PEW Center for the States; and Peter Ozanne, Crime and Justice Institute

LRC Staff: Norman Lawson, CSA; Jon Grate; Ray DeBolt; Joanna Decker; Kyle Moon; and Rebecca Crawley.

Chairman Tilley reviewed 2010 House Concurrent Resolution 250 which created the Task Force on the Penal Code and Controlled Substances Act and discussed his vision for the work to be completed by November 1, 2010. He told the members that Kentucky is seeking assistance from the PEW Center for the States Public Safety Performance Project and has submitted a letter requesting assistance signed by Governor Beshear, Chief Justice John Minton, Senate President David Williams, and Speaker of the House Greg Stumbo. In support of these efforts, the 2010 Special Session of the General Assembly appropriated \$200,000 to the PEW Public Safety Performance Project.

Chairman Jensen urged the members to examine the draft "Mission Statement" for the task force

and to make suggestions for change. Members of the task force then introduced themselves.

Richard Jerome, PEW Public Safety Performance Project, said his organization works with states to advance fiscally sound, data-driven sentencing and corrections policies that protect public safety, hold offenders accountable, and control corrections costs. The goal is to help states get a better return on their investment in corrections, while protecting public safety. He reviewed national trends in state prison populations and incarceration rates and noted Kentucky has had the largest increase in prison population in the country. Absent any action to improve the situation, those numbers will continue to increase and the cost of incarceration will also rise due to health care costs and general cost increases.

Mr. Jerome described the PEW Center's work with other states to hold offenders accountable, reduce prison costs, and improve public safety. For example, Texas was prepared to build two new prisons to address a 17,000 prison bed shortage, and had plans to build six additional prisons at a cost of \$1 billion. With the assistance of the PEW Center, the Texas legislature voted to stop construction of the new prisons and used \$250 million to fund alternatives to incarceration programs, parole reform, and similar programs which produced a lower crime rate, lowered recidivism, and enhanced public safety while saving the remainder of the projected \$1 billion cost to be "reinvested" in other necessary state programs.

Mr. Jerome said the PEW Center worked with South Carolina to address its prison overcrowding problem and the South Carolina legislature just recently passed the Omnibus Crime Reduction and Sentencing Reform Act (Senate Bill 1154), which implements sentencing reforms, improves parole release decision-making, strengthens supervision for offenders on probation and parole, and provides ongoing oversight of sentencing and corrections reform. SB 1154 reduces the need to build and operate new prison beds, saving the state up to \$175 million in construction costs for building new prison space, and avoiding more than \$66 million in operating costs during the next five years. The bill provides for a sentencing commission, prison release mechanisms utilizing parole criteria, preparation of prisoners for reentry into society, alternatives to incarceration programs, and an intermediate sanctions program to reduce the number of technical parole violators returning to prison.

Mr. Jerome then discussed the proposal for Kentucky which will in-

clude collection and analysis of information, review and examination of the state's handling of felony offenses, prison release mechanisms and alternatives to incarceration programs, including data collection, research and analysis of cost drivers, length of stay, and available alternatives, stakeholder engagement involving input from prosecutors, crime victims, judges, defense attorneys and public defenders, an examination of felony sentencing parameters, a review of parole mechanisms, development of programs to reduce prisoner recidivism, prisoner reentry programs, development of intensive programs for high risk offenders and reduced supervision for low risk offenders, and consensus building among law enforcement, prosecutors, defense attorneys, the court system, the corrections system, the General Assembly, and the public.

Mr. Peter Ozanne of the Criminal Justice Institute described his organization's assistance to the PEW Public Safety Performance Project in providing in-state research, resource development, and support.

Senator Jensen noted Kentucky has an aging inmate population with increasing health care needs and attendant health care costs, which impacts the overall cost of the state's prison system. Tom Handy, a former Commonwealth's Attorney and current Director in the Operation UNITE (Unlawful Narcotics Investigations, Treatment and Education) program, reviewed his organization's efforts to reduce drug problems in Kentucky through law enforcement efforts and operation of three drug treatment centers in Eastern Kentucky. Justice Secretary J. Michael Brown observed the parole rate is a somewhat misleading statistic because many inmates who have been considered for parole cannot be released because they have not completed required educational, sex offender, or other programs which are limited due to lack of funding.

J. Guthrie True, a former Department of Public Advocacy attorney, observed that Kentucky has a broken system in which retaliatory guidelines offer cover for judges and parole board members who want to incarcerate large numbers of convicted persons. He said Vermont and South Carolina have made changes which have resulted in reduced crime and recidivism and that crime victims have supported these programs. Larue County Judge-Executive Tommy Turner observed that many felony offenders are incarcerated for as long as two years prior to trial and many Class D felons serve their entire sentence prior to trial. He noted that counties bear the costs of all prisoner incarceration prior to trial and urged passage of a speedy trial act both for the benefit of pretrial detainees and decreased costs to counties.

The meeting adjourned at 1:45 p.m.

#### CAPITAL PLANNING ADVISORY BOARD

Minutes of the 1st Meeting of the 2010 Calendar June 10. 2010

Call to Order and Roll Call

The 1st meeting of the Capital Planning Advisory Board was held on Thursday, June 10, 2010, at 10:00 AM, in Room 169 of the Capitol Annex. Senator Jack Westwood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Senator David E. Boswell, Representative Ron Crimm, David Buchta, Charles Byers, Laurie Dudgeon, Carole Henderson, John Hicks, Bill Hintze, Edmund Sauer, Katie Shepherd, and Laurel True.

Guests testifying before the Board: Al Parke, Deputy Commissioner of Adult Institutions; Mark Robinson, Director of Administrative Services; and Gunvant Shah, Chief Engineer of Instruction, Department of Corrections, Justice and Public Safety Cabinet.

LRC Staff: Don Mullis, Shawn Bowen, and Jennifer Luttrell.

Welcome New Member

Chairman Westwood welcomed Mr. Charles Byers, Chief Information Officer for the Administrative Office of the Courts, to the Capital Planning Advisory Board. Mr. Byers is replacing Mr. Doug Teague, who is no longer with the Administrative Office of the Courts.

Approval of Minutes (October 9, 2009)

There was a motion made by Senator Boswell, seconded by Mr. Buchta and adopted by voice vote to approve the minutes of the October 9, 2009 meeting.

Information Items

Shawn Bowen discussed four information items included in members' folders: the final update of legislation passed during the 2010 General Assembly relating to the Capital Planning Advisory Board, the 2010-2012 Executive Budget Update, and two quarterly reports for the Finance and Administration Cabinet and other entities that manage their own construction programs.

In response to a question from Mr. Hintze, Mr. Hicks said \$112 million in road bonds were authorized for Base Realignment and Closure (BRAC) road projects in Fort Knox and \$300 million highway bonds were authorized for Fiscal Year 2012.

Instructions for the 2012-2018 Agency Capital Plans Ms. Bowen next discussed the instructions for the 2012-2018 Agency Capital Plans. She said the timeline for the capital plan is set by statute, April 15 of odd numbered years is the due date for agencies to submit their plans to the Board, and by November I the Board must submit its statewide Capital Improvement Plan to the heads of the three branches of government.

After the plans are received in mid-April, staff will prepare an analysis of each plan, and the Board, over the course of the spring and summer, will review each of those plans in meetings to be held here in the Annex. After all plans have been reviewed, the statewide plan is then developed prior to the November I due date.

There was a motion by Senator Boswell, seconded by Mr. Hicks and adopted by voice vote to approve the Instructions for the 2012-2018 Agency Capital Plans. The motion included the caveat that staff may make technical corrections as needed in finalizing the instructions for publication.

In response to a question from Mr. Hicks concerning potential changes in the Commonwealth of Technology review, Chairman Westwood said if there were changes to be made to the instructions other than technical ones, suggestions could be made to staff. He said it is not necessary to amend the motion.

Report on Northpoint Training Center Renovation Project

Mark Robinson, Director of the Office of Administrative Services, Department of Corrections, Justice and Public Safety Cabinet, reported on the status of the Northpoint Training Center (NTC) Renovation project. Mr. Robinson said before the prison riot on August 21, 2009, NTC housed 1,256 inmates. The medium security facility can house about 700 inmates, but the Department's goal is to restore NTC to a medium security facility capable of housing 1,256 inmates.

Mr. Robinson said the riot destroyed several buildings, including the Food Service, Multipurpose, Sanitation, Visitation, Medical, and Canteen buildings. Many of the services conducted in the destroyed buildings are now housed in dormitories that have been cleaned and repaired. The debris from the fire has been removed, and temporary support facilities are in place with interior fencing installed and a temporary kitchen and dining structure. The services which have been restored are Visitation, Medical/Dental, Inmate Programs, and the Canteen.

In response to a question from Senator Boswell, Mr. Robinson said the buildings were covered for \$500,000, which is the standard state coverage for fire and tornado damage. There was also a second policy that covers catastrophic damage. The final rebuild settlement amount will not be known until the project is completed.

In regard to the rebuild project, Mr. Robinson said Congleton-Hacker Company has been selected to provide Construction Management Services and GRW Engineers has been selected to provide Architect/Engineer support. The estimated completion date for the new facility is November 2011. [House Bill I, the 2010-2012 Executive Budget Bill, contains an \$18.8 million bondfunded project entitled NTC Rebuild from Fire project.]

In response to a question from Representative Crimm, Mr. Parke said 170 inmates were involved in the riot and 165 of those individuals have been convicted. Another 120 cases are being reviewed by the Attorney General's Office for criminal charges and 10 of those have been indicted.

In response to a question from Chairman Westwood, Mr. Parke said the current population of NTC is 645. Mr. Robinson added that the current facility can only support 700 inmates due to the size of the cafeteria.

In response to a question from Mr. True, Mr. Parke said that there is no more room for a medical facility. He said they do not accept inmates with extensive medical problems, those inmates are sent to the Kentucky State Reformatory. If an inmate needs more treatment than what is available at NTC, they are sent to the reformatory for treatment.

In response to another question from Mr. True, Mr. Parke said when inmates first come through the correctional system they have a complete medical assessment and, if they need medical or dental treatment, they receive it. Medical staff is available five days a week and for emergencies on weekends.

In response to a question from Senator Boswell, Mr. Robinson said the age of the buildings is being taken into account and discussed with the insurance adjusters and the engineer consultant. He said the current insurance estimate under review is \$6 million. That figure is being reviewed by engineers from several state agencies, General Counsel from the Finance Cabinet and the Department of Corrections, and Mr. Hicks from GOPM.

In response to questions from Representative Crimm and Chairman Westwood, Mr. Robinson said NTC was built to be a hospital, not a reformatory. He said the newly rebuilt facility will be a more condensed, operationally efficient facility with modern correctional facility stan-

dards. The new buildings will also meet the required building codes and will be retrofitted with sprinkler systems. Mr. Able said it will no longer look like a hospital. The new buildings will look like modern correctional facilities, but the old dormitories will still be there, hence the need for the security cameras. He said the three dorms they are not using will contain sex offender programs, GED programs, vocational programs, and Microsoft computer programs.

Mr. Robinson said upon completion of the project, the buildings will be supplemented with security cameras and the electronic locking system will be enhanced. They do not have any plans in the future to remove the dorms and construct penal-type dorm space.

In response to a question from Representative Crimm, Mr. Parke said the riot was caused by one group of inmates attacking two inmates. Because of the mounting security issues, NTC went into lockdown. The inmates' response to this directive was to set a fire in one of the dorms. Because the dorm was wooden and was not sprinkled, the fire spread quickly.

Mr. Robinson said there are several projects within the Department's 6-Year Capital Plan submission associated with NTC, however, none of the projects are duplicated in the NTC Rebuild From Fire project. The NTC Old Hospital Renovation Project is a stand-alone project.

Mr. Robinson said the Department has negotiated an agreement to use proceeds from its "Business Interruption" portion of the insurance policy with National Union to install permanent interior security fencing. The Department is using internal maintenance for some dormitory improvements, such as strengthening exterior security doors, and they have secured federal funds for security surveillance cameras at three facilities for FY10 and will pursue similar funding for FY11.

Schedule of Future Meetings

Senator Westwood said the next two meetings are scheduled for August 27 at Murray State University (to be arranged) and for October 29 at 10:00 a.m. in Room 169 of the Capitol Annex Building.

Adjournment

With there being no further business, the meeting adjourned at 10:50 a.m.

## CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes May 26, 2010

Call to Order and Roll Call The Capital Projects and Bond Oversight Committee met on Wednesday, May 26, 2010, at 9:00 AM, in Room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order.

Present were:

Members: Senator Bob Leeper, Co-Chair; Senator Julian M. Carroll.

Guests: John Hicks, Governor's Office of Policy and Management; Tom Howard, Office of Financial Management; Jerry Graves, Department for Facilities and Support Services, Finance and Administration Cabinet; and Paul Gannoe, Division of Engineering and Contract Administration, Finance and Administration Cabinet.

LRC Staff: Don Mullis, Kristi Culpepper, and Samantha Gange.

Correspondence and Information Items

Senator Leeper indicated that the Committee did not have a quorum and asked Don Mullis, Committee Staff Administrator, to discuss correspondence and information items.

Mr. Mullis said members' folders contained several correspondence items: correspondence from the Council on Postsecondary Education regarding its approval of the Renovate Sanders Brown Center on Aging project for the University of Kentucky; report of a plan by the University of Kentucky to use the Construction Management-at-Risk project delivery method for the Renovate Sanders Brown Center on Aging project; and correspondence from Tom Howard, Executive Director, Office of Financial Management regarding the rating agencies' adoption of global ratings scales.

Discussion of State Debt

In response to a question from Senator Carroll, John Hicks, Deputy Director, Governor's Office for Policy and Management, Finance and Administration Cabinet, said both the current proposed 2010-2012 Transportation Budget Bill and the Executive Branch Budget Bill have a total authorization of approximately \$1.4 billion in bonds. He said the proposed authorization includes General Fund bonds, Road Fund bonds, and Agency Fund bonds. The Agency Fund bond authorization is primarily for the universities and Kentucky Infrastructure Authority.

Senator Carroll asked what the state's debt burden would be with the additional \$1.4 billion. Mr. Hicks said approximately 7.12 percent of revenue.

In response to another question from Senator Carroll, Tom Howard, Executive Director, Office of Financial Management, said the credit rating agencies consider a variety of factors other than debt such as the state's economy, governance issues, overall structural balance of the budget, and financial management. He said Kentucky has had a negative outlook for several years and that is unusual. Mr. Howard commented that Kentucky has been very fortunate not to have received a downgrade at this point. He stated that the rating agencies will want to see what the end result of the budget will be before making any further determination on Kentucky's credit ratings.

Senator Carroll asked how the debt authorizations in the proposed budget will affect Kentucky's total outstanding debt. Mr. Howard indicated he would provide the information to Committee staff.

Mr. Mullis noted that members' folders contained several information items: a memorandum regarding Energy Savings Performance Contracts (ESPC) from Kristi Culpepper, Committee Analyst; an ESPC for Oakwood Hospital; an ESPC for Department of Corrections, Western Kentucky Correctional Complex; an update on Kentucky Infrastructure Authority American Recovery and Reinvestment Act projects; and the staff and bond market updates.

Discussion of Energy Efficiency

In response to a question from Senator Carroll, Paul Gannoe, Director, Division of Engineering and Contract Administration, Finance and Administration Cabinet, said the basic Energy Conservation Measures (ECMs) in ESPCs for state agencies involve installing more efficient plumbing fixtures and more efficient lights. More innovative ESPCs have entailed ECMs such as programming lighting, heating, and air setbacks. The Kentucky Horse Park is currently installing an Energy from Waste System that involve converting the muck from horse stalls to electrical energy and installing sky lights that track the sun.

In response to another question from Senator Carroll, Mr. Gannoe said the energy savings vary from project to project. Jerry Graves, Deputy Commissioner, Department for Facilities and Support Services, Finance and Administration Cabinet, said the energy savings for Finance Cabinet buildings in Franklin County have been approximately \$1 million over the past year. Mr. Graves said he would provide Committee staff with energy usage savings for state-owned buildings.

In response to further questions from Senator Carroll, Mr. Gannoe said the Finance Cabinet sent out surveys and energy audits to all state agencies as part of the governor's Seven Point Energy Strategy in order to determine the buildings that need ECMs. He indicated that the Finance Cabinet has received all the surveys back and is targeting the buildings that need ESPCs.

Senator Carroll asked who determines which school facilities are in need of energy savings measures. Mr. Hicks said the Department of Education compiles information concerning the school facility conditions.

Senator Leeper indicated that due to a lack of quorum, letters would be sent to the Finance Secretary and Northern Kentucky University listing the items that required action.

With there being no further business, the meeting adjourned at 9:45 a.m.

#### **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

Minutes June 15, 2010

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee met on Tuesday, June 15, 2010, at 1:00 PM, in Room 169 of the Capitol Annex. Representative Susan Westrom, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Susan Westrom, Co-Chair; Senators Tom Buford, Julian M. Carroll, and Elizabeth Tori; Representatives Robert R. Damron, Steven Rudy, and Jim

Guests: Bob Wiseman, University of Kentucky; Sam Ruth, Facilities and Support Services; Robin Brewer, Office of Financial Management; Sandy Williams, Kentucky Infrastructure Authority; and John Herald, Kentucky Housing Corporation.

LRC Staff: Kristi Culpepper, Don Mullis, Shawn Bowen, and Samantha

Approval of Minutes for April and May 2010

Representative Rudy made a motion to approve the minutes of the April 20, 2010, and the May 26, 2010, meetings. The motion was seconded by Senator Tori and approved by voice vote.

**Resolution Honoring Don Mullis** Senator Leeper read a resolution honoring Don Mullis, Committee Staff Administrator, Capital Projects and Bond Oversight Committee, for his years of service to the Commonwealth and to the Committee. Senator Leeper made a motion to approve the resolution honoring Mr. Mullis. The motion was seconded by Representative Westrom and passed by voice vote.

Correspondence Items

Representative Westrom asked Kristi Culpepper, Committee Staff Administrator, to discuss correspondence items. Ms. Culpepper said members' folders contained several correspondence items: correspon-

dence to Secretary Jonathan Miller, Finance and Administration Cabinet, and President James Votruba, Northern Kentucky University, regarding lack of quorum at the May 26, 2010, Committee meeting; correspondence from Secretary Miller, regarding approval of projects from the May 26, 2010, meeting; correspondence from Tom Howard, Executive Director, Office of Financial Management (OFM), regarding questions raised by Committee members concerning the state's outstanding debt. Ms. Culpepper said that according to OFM, the state had approximately \$7.71 billion of outstanding debt at the end of the last fiscal year.

Discussion of State Debt

Representative Westrom asked if the figures include debt that will be issued for the Kentucky Teachers Retirement System (KTRS). Robin Brewer, Financial Analyst, OFM, said the figures did not include that debt, but OFM would provide information to the Committee concerning the impact of the issuance of the KTRS bonds.

Representative Wayne asked if the figure included Federal Fund-supported debt. Ms. Brewer responded that the figure included General Fund, Agency Fund, Road Fund, and Federal Fund-supported debt. Representative Wayne asked if OFM could provide Committee staff with a figure that does not include Federal Fundsupported debt. Ms. Brewer responded affirmatively.

Representative Damron commented that other pieces of debt are included in the calculation but are not supported by General Fund dollars such as university debt. Ms. Brewer indicated she would provide Committee staff with information regarding the state's outstanding and authorized appropriation-supported debt broken down by General Fund, Agency Fund, Road Fund, and Federal Fund.

Ms. Culpepper said that correspondence items also included a letter from Sam Ruth, Commissioner, Department for Facilities and Support Services, regarding questions raised by Committee members concerning energy usage savings for state-owned buildings; and a report of a plan from the Division of Engineering and Contract Administration to use the Design-Build project delivery method for the Kentucky Department for Fish and Wildlife, Salt Lick Stream Restoration project in Bath County.

Representative Westrom asked how the Cabinet measures and verifies energy savings. Mr. Ruth said a consultant is hired to examine the facility as well as past utility bills, and suggests changes. Once the changes are implemented, the consultant measures and verifies the savings.

Information Items

Ms. Culpepper indicated that members' folders contained several information items: a ratings report added after the mail-out regarding Fitch Ratings downgrade of Kentucky's appropriation-supported debt from AA to AA-; Moody's Investors Service 2010 State Debt Medians; appropriation-supported debt service as a percent of revenues provided by LRC budget staff; and the staff and bond market updates.

Representative Westrom quested that the information items concerning the state's credit ratings be sent to Interim Joint Committee on Appropriations and Revenue.

Lease Reports from the University of Kentucky

Representative Westrom asked Bob Wiseman, Vice President for Facilities Management, University of Kentucky (UK), to report three items related to leases. Mr. Wiseman said the first item was a lease modification between UK and the UK Federal Credit Union (PR-8303). The space was previously occupied by the College of Pharmacy while their new building was under construction. The college has moved and the university is taking advantage of the available space for research and instruction. With minor modifications, the space can be used by other university entities and allow the university to use scarce campus space for research and instruction. The cost of modifications, \$32,000, will be amortized over the remaining lease term (through December 2012).

Representative Damron made a motion to approve the lease modification. The motion was seconded by Senator Buford and passed unanimously by roll call vote.

Mr. Wiseman said the next two items were lease renewals for the Department of Psychiatry (PR-8197) and the Department of Social Work (PR-8311). The annual cost for space for the Department of Psychiatry is \$474,592 through June 30, 2014, and was authorized in the 2010 Special Session HB I (2010-2012 Budget). The annual cost for space for the Department of Social Work is \$193,653 through June 30, 2013.

Senator Leeper made a motion to approve the two lease renewals for UK. The motion was seconded by Senator Carroll and approved unanimously by roll call vote.

Lease Reports from the Finance and Administration Cabinet

Representative Westrom asked Mr. Ruth to report several items related to leases. Mr. Ruth said the first item was a report of changes in square footage for six state leases for the period January through March 2010. The lease modifications were

less than \$50,000 and did not require Committee action.

In response to a question from Representative Damron, Mr. Ruth said all tenants that occupied space at the UK Spindletop Complex in Lexington were asked to vacate to make room for the new battery lab.

Mr. Ruth said the Finance and Administration Cabinet is reporting the amortization of leasehold improvements for two state leases. The Cabinet for Health and Family Services in Jessamine County (PR-3557) has submitted a request to complete improvements to its leased facility to convert an old smoke room off of a reception area. The cost of modifications, \$1,275, will be amortized over the remaining lease term (through June 30, 2010). The second modification was for the Department of Agriculture in Franklin County (PR-4804). The Department has submitted a request to complete improvements to its leased facility to accommodate a dishwasher for laboratory equipment. The cost of the modifications, \$2,696, will be amortized over the remaining lease term (through June 30, 2011). No Committee Action was required.

Mr. Ruth said the last item was a report of an emergency lease for the Department for Workforce Investment in Rowan County (PR-5110). The Morehead State Office Building, which houses Department staff, was damaged by several inches of water during the May 2010 flooding. The lease is expected to be in effect for three months while the building is returned to a safe working condition. No action is required for emergency

Kentucky Infrastructure Authority Fund A Loans

Representative Westrom asked Sandy Williams, Financial Analyst, Kentucky Infrastructure Authority (KIA) to present several loans. Ms. Williams said the first loan request was a \$1,500,000 Fund A loan for Oldham County Sewer District (District) in Oldham County for construction of the Buckner Interceptor Sewer and Mockingbird Valley Wastewater Treatment Plant Elimination project. The loan term is 20 years with an interest rate of two percent.

Representative Wayne asked why the rate increases were so high. Ms. Williams said that factors other than debt service were taken into consideration when determining the calculation for the rate increase such as operations of the system.

In response to another question from Representative Wayne, Ms. Williams said that District's governing body has the authority to pass the rate increases.

Senator Tori asked if the customers were aware of the rate increases. Ms. Williams responded affirmative-ly

The second loan request was a \$1 million Fund A loan for the District for construction of the Inflow and Infiltration Corrections and State Route 1793 Lift Station Replacement project. The loan term is 20 years with an interest rate of three percent.

The third loan request was a \$1,930,000 Fund A loan for the District for construction of a force main along Interstate 71 and the dismantling of the Orchard Grass and Willow Creek Wastewater Treatment Plants. The loan term is 20 years with an interest rate of three percent.

In response to a question from Senator Tori, Ms. Williams said all the loans for Oldham County are for system improvements to comply with notices of violation issued by the Division of Water.

The fourth loan request was a \$10,500,000 Fund A loan for the Lexington-Fayette Urban County Government (LFUCG) for the relocation and expansion of the Wolf Run Pump Station. This project is part of a Consent Decree with the US Environmental Protection Agency. The loan term is 20 years with an interest rate of three percent.

Representative Westrom asked if this project will satisfy all the requirements of the Consent Decree. Ms. Williams said the project will satisfy a significant portion of the requirements, but not all of them.

The fifth loan request was a \$3,928,375 Fund A loan for LFUCG for the Expansion Area 2A project to address rapid development and growth. The loan term is 20 years with an interest rate of three percent.

Representative Rudy made a motion to approve the five Fund A loan requests. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Representative Damron asked for the current balance for Fund A loans. Ms. Williams said KIA currently has pending applications for this funding cycle and at the end of this funding cycle KIA will have approximately \$20 million that is uncommitted. Ms. Williams indicated that she would provide Committee staff with further information regarding what will be available for the next funding cycle.

Representative Damron commented that he has concerns with loans being given to larger borrowers such as Lexington and Louisville, which are able to borrow funds on their own. He asked Committee staff to monitor how the loans are being disbursed.

KIA Fund B Loan

The sixth loan request was a \$1,000,000 Fund B loan/grant for

Marshall County Fiscal Court in Marshall County for the construction of two 150,000 gallon elevated storage tanks, PVC main, and the necessary appurtenances to connect tanks to existing lines. The financing for this project will be offered as 80 percent grant and 20 percent loan. The loan term is 20 years with an interest rate of three percent.

In response to a question from Senator Leeper, Ms. Williams said KIA has requested a copy of the Interlocal Agreement be provided prior to disbursement of funds.

Senator Leeper made a motion to approve the Fund B loan. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

KIA Fund F Loan

The seventh loan request was a \$1,694,000 Fund F loan for Columbia/Adair County Water Commission in Adair County for a number of improvements at the new wastewater treatment plant and raw water intake sites. The loan term is 20 years with an interest rate of one percent.

Representative Rudy made a motion to approve the Fund F loan. The motion was seconded by Senator Leeper and passed unanimously by roll call vote.

**KIA** Grants

Ms. Williams indicated various coal and tobacco development grants authorized by the General Assembly were included in members' folders. Each project was authorized in a budget bill and no further Committee action was needed.

In response to a question from Representative Rudy, Ms. Williams said there were two different waves of grant agreements that KIA sent out to counties and all coal and tobacco grant funds will be disbursed as authorized in the 2010 Special Session.

New Bond Issue – State Property and Buildings Commission No. 98

Representative Westrom asked Ms. Brewer to present two new bond issues. The first new bond issue was for the State Property and Buildings Commission (SPBC) Revenue and Revenue Refunding Bonds, Project No. 98. Proceeds from this bond issue will provide \$22.9 million in additional permanent financing for the Kentucky Human Resource Information System (KRIS) project authorized by the General Assembly in 2010 Special Session HB 1. This transaction will also refund outstanding SPBC and Asset/Liability Commission bonds to provide approximately \$140.7 million in budgetary relief for Fiscal Year 2011. The \$140.7 million in budgetary relief is achieved by pushing the payments on the state's outstanding debt into later years.

Senator Leeper asked how much

additional debt the state can restructure to generate budget relief. Ms. Brewer said this will be the only bond issue for budgetary relief for Fiscal Year 2011, but another debt restructuring is anticipated for Fiscal Year 2012.

Representative Damron asked if this refunding generates a net present value savings. Ms. Brewer indicated that the savings was negative and OFM would provide the information to Committee staff.

In response to a question from Senator Carroll, Representative Damron indicated that investors typically use a four percent savings threshold for refunding issues. He said that this refunding issue reduces the state's required debt service now, but will increase the state's required debt service in future years. Ms. Brewer commented that this bond issue is not for economic savings, but budgetary relief.

In response to a question from Representative Westrom, Ms. Brewer said other states are also using debt restructuring for budgetary relief. She said Kentucky restructured approximately \$45-50 million in Fiscal Year 2009 and \$113 million in Fiscal Year 2010.

Senator Buford commented that he was concerned with the fees associated with refundings such as paying for the bond counsel and rating agencies.

Senator Leeper made a motion to approve the new bond issue for SPBC. The motion was seconded by Senator Tori. Seven members voted affirmatively, and one member voted "No." The motion passed.

New Bond Issue - Kentucky Housing Corporation

Ms. Brewer said the second new bond issue was for Kentucky Housing Corporation (KHC) Single Family Housing Revenue Bonds 2010 Series C, D, and E. Proceeds from this issue will refund outstanding Series 1999 H, 2000 B, 2000 C, 2002 G, 2003 E, 2004 C, 2004 E, and 2004 I bonds. The refunding will generate a savings and convert some variable rate debt to a fixed rate. The refunding will also improve the tax status on the bonds.

Representative Wayne made a motion to approve the new bond issue for KHC. The motion was seconded by Senator Leeper and passed unanimously by roll call vote.

School Bond Issues

Ms. Brewer reported six new bond issues with the School Facilities Construction Commission (SFCC) debt participation for Bardstown Independent in Nelson County, Beechwood Independent in Kenton County, Christian County, Grant County, Grant County, and Warren County.

Senator Leeper made a motion

to approve the six SFCC bond issues. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Representative Westrom asked Ms. Culpepper to report the new local school bond issues. Ms. Culpepper said there were two new school district bond issues with 100 percent local debt support for Daviess County and Paducah Independent in McCracken County. All disclosure information has been filed. No Committee action was needed.

With there being no further business, Representative Rudy made a motion to adjourn the meeting. The motion was seconded and the meeting adjourned at 2:05 p.m.

# ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the May Meeting

May 11, 2010

Call to Order and Roll Call

The May meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, May 11, 2010, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Elizabeth Tori, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Leslie Combs, Co-Chair; Senators David Givens, Alice Forgy Kerr, and Joey Pendleton; Representatives Danny Ford, and Jimmie Lee.

Guests: David Gordon, Wayne Gunnel, DeVon Hankins, Gary Morris, Janine Shackleford, Lisa Swiger, Finance and Administration Cabinet; Nathan Goldman, Board of Nursing; Margaret Everson, Jon Gassett, Department of Fish and Wildlife Resources; Peter Goodmann, Abigail Powell, EEC: Division of Water; Ann Dangelo, Transportation Cabinet; Kevin Brown, Larry Stinson, Kentucky Department of Education; Michael Bennett, Dawn Bellis, Timothy House, Dan Chapman, Department of Housing, Buildings and Construction; Jeff Bechtold.

LRC Staff: Dave Nicholas, Donna Little, Sarah Amburgey, Chad Collins, Emily Harkenrider, Karen Howard, Emily Caudill, Jennifer Beeler, and Laura Napier.

The Administrative Regulation Review Subcommittee met on Tuesday, May 11, 2010, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

FINANCE AND ADMINISTRA-TION CABINET: Department of Revenue: Forms

103 KAR 3:010. General Administrative Forms manual. David Gordon, executive director, and Janine

Shackelford, branch manager, represented the department.

A motion was made and seconded to approve the following amendments: to amend Sections I and 2 to comply with the drafting and format requirements of KRS Chapter I3A. Without objection, and with agreement of the agency, the amendments were approved.

103 KAR 3:030. Property and Severance Forms manual.

A motion was made and seconded to approve the following amendments: to amend Sections I through 3 to comply with the drafting and format requirements of KRS Chapter I3A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABI-NET: Board of Nursing: Board

201 KAR 20:240. Fees for applications and for services. Nathan Goldman, general counsel, represented the board.

201 KAR 20:490. Licensed practical nurse intravenous therapy scope of practice.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CON-FORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 1, 2, 4, 5, and 6 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERI-TAGE CABINET: Department of Fish and Wildlife Resources: Game

301 KAR 2:172. Deer hunting seasons, zones, and requirements. Margaret Everson, assistant attorney general, and Jon Gassett, commissioner, represented the department.

In response to a question by Senator Pendleton, Mr. Gassett stated that this administrative regulation did not address the crossbow issue. He stated that it did reflect 2010 Senate Bill 66, which allowed crossbows and other weapons to be carried but not used to take an animal.

In response to a question by Co-Chair Tori, Mr. Gassett stated that the administrative regulation established a season for the after-Christmas youth hunt, which began the first Saturday after Christmas.

A motion was made and seconded to approve the following amendments: (1) to amend Section 3 to clarify what items are prohibited from being used in the taking of deer; (2) to amend Sections 1, 3, 4, 5, 6, and 8 to comply with the draft-

ing and format requirements of KRS Chapter 13A; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

301 KAR 2:178. Deer hunting on wildlife management areas and state parks.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE to clarify the areas regulated by this administrative regulation; and (2) to amend Sections 1, 2, 5, 6, 7, and 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Water: Public Water Supply

401 KAR 8:020. Public and semipublic water systems; general provisions. Peter Goodmann, assistant director, represented the division.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 5, and 6 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with the agreement of the agency, the amendments were approved.

401 KAR 8:070. Public notification.

401 KAR 8:200. Microbiological monitoring.

A motion was made and seconded to approve amending the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendment was approved.

401 KAR 8:250. Inorganic and organic chemical sampling, analytical techniques, and maximum contaminant levels.

A motion was made and seconded to approve amending the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendment was approved.

401 KAR 8:300. Lead and copper.

A motion was made and seconded to approve amending the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state

the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendment was approved.

401 KAR 8:510. Disinfectant residuals, disinfection by-products, and disinfection by-product precursors.

A motion was made and seconded to approve the following amendments: to amend Sections I and 2 to comply with the drafting requirements of KRS Chapter I3A. Without objection, and with agreement of the agency, the amendments were approved.

401 KAR 8:550. Radionuclides.

A motion was made and seconded to approve amending the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Drivers License: Driver's License

601 KAR 12:060. Hardship driver's license. Ann D'Angelo, assistant general counsel, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to add statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 1, 2, 5, 7, and 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION CABINET: Kentucky Board of Education: Department of Education: School Administration and Finance

702 KAR 3:030. Insurance requirements. Kevin Brown, general counsel, and Larry Stinson, deputy commissioner, represented the department.

A motion was made and seconded to approve the following amendments: (I) to amend the RELATES TO paragraph to insert statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section I to comply with the draft-

ing and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Housing, Buildings and Construction: Division of Plumbing: Plumbing

815 KAR 20:191. Minimum fixture requirements. Dawn Bellis, general counsel, and Timothy House, director, represented the division.

In response to a question by Representative Ford, Mr. House stated that this administrative regulation allowed a single, unisex bathroom for small venues and revised the plumbing code to reflect U.S. FDA requirements.

A motion was made and seconded to approve the following amendments: (I) to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to delete references; and (2) to amend Sections 2, 3, 5 to 9, and 11 to 18 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Division of Building Code Enforcement: Manufactured Homes and Recreational Vehicles

815 KAR 25:080. Requirements for certified installer seals and certification of manufactured home installers. Michael Bennett, staff attorney, and Dan Chapman, section supervisor, represented the division.

In response to a question by Senator Givens, Mr. Bennett stated that the public did not submit comments during the public comment period.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 3, and 5 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Other Business: Dinah Bevington, general counsel, represented the Personnel Cabinet and briefed the Subcommittee on the possibility that the cabinet would need to file emergency administrative regulations prior to the June 8 meeting of the Subcommittee if a budget was not enacted by the General Assembly prior to that time. The emergency administrative regulations would address how to administer a state government shutdown, including procedures for providing notice to employees and guidance for consistent, statewide implementation.

In response to questions by Representative Lee, Ms. Bevington stated that the plan was for letters to go out at least two (2) weeks prior to a government shutdown, but that it was possible that some agencies would need earlier notice.

Representative Lee made a motion that was duly seconded to request that the Personnel Cabinet notify Administrative Regulation Review Subcommittee members in advance of the letters being sent to state employees. During the roll call vote, Senator Givens stated that he was voting no because there may not be time for the cabinet to provide advance notice to Subcommittee members by mail but he supported receiving an email. Senator Kerr and Representative Ford both voted yes and stated that the best option was for Governor Beshear to call a Special Session of the General Assembly prior to the need for these administrative regulations. Senator Kerr also stated that she hoped this briefing was not a "scare tactic." Senator Pendleton and Co-Chair Tori voted yes and stated that the Subcommittee members needed notice before constituents called them with questions. The motion was approved with a six (6) to one (1) vote.

In response to a question by Senator Givens, Ms. Bevington stated that the notification would not be a notification of termination or layoff, but would be a notification that the employee was subject to mandatory leave.

Representative Lee stated that he had already gotten calls from constituents stating that they had received "pink slips." Ms. Bevington stated that action had not yet been taken. Senator Pendleton stated that he believed those letters were from school boards that had to send the notices as part of their budgeting process.

In response to a question by Co-Chair Tori, Ms. Bevington stated that the amendments would consist of changes to the administrative regulation that governed employee leave. Staff clarified that employee leave was governed by two (2) administrative regulations.

Representative Lee made a motion that was duly seconded to request that the Personnel Cabinet submit the administrative regulations to the Subcommittee at the same time as the statutorily required submittal to the Personnel Board pursuant to KRS 18A.110(6). Without objection, the motion was approved.

In response to a question by Subcommittee staff, Ms. Bevington stated that the cabinet has statutory authority to establish the mandatory leave procedures pursuant to KRS 18A.110; therefore, it would be unnecessary for Governor Beshear to include a statutory amendment to Personnel statues as part of the call for a Special Session of the General Assembly.

Subcommittee staff stated that an emergency administrative regulation could not be amended; therefore, it was crucial for the administrative regulation to be correct before it was filed with the Compiler. Staff assistance was offered, and Ms. Bevington accepted and stated appreciation for the assistance.

In response to a question by Co-Chair Tori, Ms. Bevington stated that she did not have information regarding how many teachers may be affected by a state government shutdown.

The following administrative regulations were deferred to the June 8, 2010, meeting of the Subcommittee:

KENTUCKY HIGHER EDUCA-TION ASSISTANCE AUTHORITY: Division of Student Services: Kentucky Educational Savings Plan Trust

11 KAR 12:060. Cancellation, partial withdrawal, and payment of refund.

PERSONNEL CABINET: Personnel Cabinet, Classified

101 KAR 2:066 & E. Certification and selection of eligibles for appointment.

FINANCE AND ADMINISTRA-TION CABINET: Department of Revenue: Division of Sales and Use Taxes: Sales and Use Tax; Administration and Accounting

103 KAR 31:310. Sourcing of digital property.

Office of the Secretary: Purchasing

200 KAR 5:315. Suspension.

GENERAL GOVERNMENT CABINET: State Board of Examiners and Registration of Landscape Architects:

201 KAR 10:050. Fees.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Waste Management: Solid Waste Facilities

401 KAR 47:090. Solid waste permit fees.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Division of Healthcare: Health Services and Facilities

902 KAR 20:400. Limited services clinics.

The subcommittee adjourned at 1:45 p.m. until June 8, 2010.

## EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes May 14, 2010

Call to Order and Roll Call
The Education Assessment and
Accountability Review Subcommittee met on Friday, May 14, 2010, at
1:00 PM, in Room 131 of the Capitol
Annex. Senator Jack Westwood, Co-Chair, called the meeting to order,

and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Kent Stevens, Co-Chair; Senators Vernie McGaha, and Ken Winters; Representatives Bill Farmer, Mary Lou Marzian, and Harry Moberly Jr.

Guests: Kevin Brown, General Counsel, Ken Draut, Associate Commissioner, Kentucky Department of Education; and Tanya Bromley, Kentucky Music Educators Association.

LRC Staff: Sandy Deaton, Audrey Carr, Janet Stevens, Ken Warlick, and Lisa Moore.

Representative Stevens made the motion to approve the minutes from the January 11, 2010, meeting and Senator Winters seconded the motion. The motion was approved by voice vote.

Consideration of Administrative Regulations

Mr. Kevin Brown, General Counsel, and Mr. Ken Draut, Associate Commissioner, Kentucky Department of Education (KDE), explained administrative regulation 703 KAR 5:060. The regulation establishes an interim assessment process as required in Senate Bill I, enacted by the 2009 Kentucky General Assembly. The interim assessment period provides a transition time for the state assessment and accountability system. 703 KAR 5:060 is now revised to manage a significant change based on a statistical concordance methodology as a two-year bridge to link data in the state assessment and accountability system following a significant system change. The interim assessment process regulation outlines required assessments, data collection and reporting through the interim assessment period. Chairman Westwood asked for a motion to accept technical amendments made to 703 KAR 5:060. Representative Stevens made the motion to adopt the technical amendments and Senator Winters seconded the motion. The amendments were adopted by voice vote. Representative Farmer made the motion to approve administrative regulation 703 KAR 5:060, as amended, and Representative Stevens seconded the motion. The administrative regulation was approved by voice vote.

Mr. Brown discussed administrative regulation 703 KAR 5:180. Due to substantitive changes that need to occur in the regulation that would require action by the Kentucky Board of Education during its June 2010 meeting, voting was deferred on the administrative regulation until the next meeting. In response to a question from Senator Westwood, Mr. Brown said the deferral of the regulation would not delay the implementation of the corrective actions that

will be required of the schools that are deemed to be under achieving or low-performing schools.

Consideration of Office of Education Accountability Reports

Chairman Westwood asked for approval of the two reports generated in the Office of Education Accountability (OEA) that were presented to the subcommittee in January, 2010. Representative Stevens asked how the data was collected for the survey relating to the report "Study of Leadership Training for Superintendents, Board Members, Principals and School-based Decision Making Councils." Ms. Seiler said all the various groups were surveyed and asked for their opinions. In response to a question from Representative Stevens, Mr. Keith White, Analyst, OEA, gave a brief PowerPoint presentation explaining the validity of the survey and why some schools are performing at such low levels when leadership training is being reported as successful in the school. Mr. White reviewed the following conclusions of the report: statutory training requirements are being met; survey respondents credit training for positively impacting their duty-related preparedness; most survey respondents consider training requirements to be appropriate; collaborative training effects were present; and no linkages were found between levels of leader perceived preparation and academic performance. He noted that the OEA received very limited survey responses from the schools recently identified as being audited. He also said there is insufficient data to determine training effectiveness, and explained briefly a model that would be necessary to conduct such study.

In response to a question from Representative Farmer, Ms. Seiler said the survey questions were very straight forward and she believes the intended recipients of the survey completed the answers. Mr. White noted some of the comments were very personal and he did not see any reason to believe that the survey recipients had someone else to complete their answers.

In response to questions from Senator Westwood, Mr. White said more research is needed to determine if the leadership training is making a difference. He said the compliance model is in place. It is very expensive and time consuming to determine if an individual's behavior actually changed due to the completion of the training. It is sufficient to say that the systems are not currently in place to immediately judge the effectiveness of the training.

Mr. White said there is not any merit in utilizing research from other states since Kentucky is the only state that requires school-based decision

making councils. He also noted that the school-based decision making council members are only required to have limited training and pre-requisite knowledge, which makes it very difficult to measure their effectiveness. Senator Westwood said this is another example of why the model utilizing school-based decision making councils needs to be reevaluated. The concept was formed and implemented during the Kentucky Education Reform Act.

Representative Moberly commented that most principals are taking the training, but cannot link training to performance. He also noted that there is a high compliance of staff taking training, but a high number of schools still do not perform well. Mr. White said it is hard to measure the effectiveness of the training. He said it would be very costly in both time and money to track this information across the state. Ms. Seiler said the issue could be addressed to increase the number of training hours that school-based decision making council members are required to have, but this may eliminate a pool of qualified, working parents, who may not be able to commit to 12 or more training hours

Representative Stevens made the motion to accept the OEA report, "Study of Leadership Training for Superintendents, Board Members, Principals and School-based Decision Making Councils", and Representative Farmer seconded the motion. The report was adopted by voice vote. Senator Winters made the motion to accept the OEA report, "Compendium of State Education Rankings 2009", and Representative Marzian seconded the motion. The report was adopted by voice vote.

Status Report on the Development of the Assessment and Accountability System

Dr. Terry Holliday, Commissioner of Education, KDE, reviewed the major components of Senate Bill I, enacted by the 2009 General Assembly. He said a KDE survey allowed various stakeholder groups an opportunity to provide input on the public version of the content standards that were available to date. KDE anticipates the final version of the English and language arts and mathematics standards by June 2, 2010. He noted that national organizations are working to create common standards in science and social studies: the timeline is unclear and these may not be available to meet the Senate Bill I deadline of December 2010.

Senator Winters said he has been frustrated at the level of commitment from the Council of Chief State School Officers and the National Governor's Association. He has communicated the message to them that Kentucky is missing critical timelines due to their agencies missing deadlines.

In response to a question from Senator Westwood, Dr. Holliday said the problems with developing content standards in science and social studies is that the subjects are not as straight forward as mathematics and English and language arts. He mentioned that the Council of Chief State School Officers is also trying to accommodate 40 other states.

Dr. Holliday said the program reviews of the arts and humanities, writing and practical living and career studies are being piloted in 48 schools in 34 districts. He said school-based decision making councils are developing new writing policies. Content networks will be guiding district leadership teams through the process of unpacking the standards. He said district leadership teams will facilitate this process with local school leadership teams and professional learning communities. The focus is on change in practice at the classroom level. The primary goal is for the content and examples of work from these networks to be used to populate the continuous instructional software tool (CIITS). He said the standards have been given to the teachers and will be reviewed in 2010-2011. Teachers will be assessed on the new standards beginning in 2011-2012. This exhausts all the professional development money and there is no additional money left to train teachers on the content pedagogy.

In response to a question from Senator Westwood about highly skilled educators, Dr. Holliday said every school district is being assumed as low achieving and will need assistance incorporating these new, rigorous standards. He said KDE wants to provide all teachers with the capacity to understand and utilize the new content standards. He said highly skilled educators will facilitate this process by assisting teachers in every school district because there is \$56 million available to assist low performing schools.

Senator Westwood applauded KDE for putting the new standards into classroom language that teachers can understand. Ms. Felicia Cumings Smith, Associate Commissioner, KDE, responded that standards are written based on broad goals, and in a global format. She said it is KDE's job to break down the broad goals into specific instructional learning targets that teachers can utilize to promote student learning in the classroom. Senator Westwood would like to see the standards written in language easier to understand, but still targeted to students on a global level.

Senator Winters discussed the vertical alignment of the core content standards. Dr. Holliday said there is a core content team in place at the state level that will be guiding and monitoring this work to ensure alignment as students move through grade levels. He said higher education will be included in the group as well to include that transition is aligned as well. Ms. Smith said the standards are written in grade level progressions.

Representative Stevens is concerned about the selection process of the people who will be responsible for teaching the training in the districts. Dr. Holliday said the issue of selecting strong leaders that the teachers have faith in has been stressed to the school superintendents. He said KDE has provided consistency in training and there are over 1,000 people that have been trained in the model and spread throughout the Commonwealth.

Dr. Holliday said the KDE and the Council on Postsecondary Education (CPE) have drafted a unified strategy to reduce college remediation rates by at least 50 percent by 2014 in comparison to the 2010 rate and to increase the college completion rates of students enrolled in one or more remedial classes by three percent annually from 2009 to 2014. He is serious about these goals and there has been wonderful participation from higher education as well as K-12 education. There are many great programs in place and he said the objectives will be met.

Dr. Holliday concluded by discussing upcoming timelines for Senate Bill I implementation and Race to the Top (RTTT) activities, as well as potential budget implications. He supports the vision and goals of Senate Bill I, but said the lack of resources could prove to be very frustrating to teachers. He said it is very important to try to get RTTT funding as it is perfectly aligned with the goals of Senate Bill I. He feels if the General Assembly will not support charter school legislation, Kentucky will not be competitive in being awarded RTTT funding.

In response to questions from Senator Winters, Dr. Holliday said there are some Title II funds available for teacher and principal effectiveness training. He said these areas will be negatively affected if RTTT dollars are not obtained. He also said that the request to exempt certain school districts from charter school legislation was at the request of one particular school district. Senator Winters does not understand the logic of exempting school districts from a policy that would be optional.

Report from the National Technical Panel on Assessment and Ac-

countability

Dr. Ronald K. Hambleton and Mr. Jeffrey Nellhaus gave a report on the National Technical Panel on Assessment and Accountability (NTAPAA). Dr. Hambleton said the panel has agreed to certain test design features for Kentucky. He said a short version of one of the norm-referenced tests (NRT) (e.g., Terra Nova, SAT10, ITBS) will be selected by the KDE and used in Kentucky. Alignment of the content of the standardized achievement test with the curriculum at each grade level will be critical in test selection. If the length is excessive, for example, exceeding one hour, it may be that only sections of the NRT in a content area should be selected for administration.

Dr. Hambleton said the criterionreferenced test (CRT) items should be constructed by the contractor to fill in the gaps in the curriculum not covered by the NRT at a grade level, and administered in a separate section of the state's annual test. He said the NRT will be used to provide students and their parents with percentile scores (or one of the other normative scores). The NRT items that match up to the curriculum at a grade level should be used along with the CRT items to provide information in relation to the learning outcomes in the curriculum. This information will be reported at the student level, and these scores and averages of scores across classes, schools, and districts, have many other uses as well.

Dr. Hambleton said vertical scaling of tests across grade levels in reading and mathematics is not something that is popular with the panel because of the variations in test content from grade level to grade level. The panel believes that a vertical scaling is not needed to assess growth from year to year as other growth models are available to the state. At the same time, vertical alignment of curricula will be important, and this can be expected with the common core curriculum. He said consideration of the vertical scale that the NRT's will provide will be considered at another time. The major limitation is that only a portion of the content of interest to the state is included in the NRT vertical scale.

Dr. Hambleton said the state test in a subject at a grade level might consist of two sections, separately timed. He said the NRT section should be precisely timed; the other section made up of the CRT items could be more loosely timed, with extra time allowed for most students and hopefully all students, to finish. In 2011, matrix blocks would be used to field test new items for the 2012 assessments. The field testing would be carried out in the spring of 2011.

If possible, the field testing should be approached as if it were part of the 2011 operational testing. He said beginning in 2012, matrix blocks in the CRT portion of the assessment would be used to link forms of the CRT's from year to year, and to calibrate new test items. The test contractor would be responsible for insuring that the NRT forms from year to year are equated correctly.

Dr. Hambleton said every effort should be made to have the contractor make available three or four parallel forms in the NRT section, so that the same items would not be used from year to year. They should not be sold in any form in the state during the length of the contract. He said the goal is to minimize score inflation due to item exposure.

Dr. Hambleton said three hours would be the maximum time available for testing in reading and mathematics; a maximum of one hour for the NRT section, and one hour or more for the CRT section, and then up to an extra hour for students to finish the CRT section. If a new CRT form cannot be produced each year because of cost or any other reason, the panel recommends that several CRT forms be constructed with items from the 2011 field test and these forms could be rotated in some appropriate design from year to year.

Dr. Hambleton said the state will want to evaluate the alignment of the test specifications and the tests with the curricula. The panel recommends that this alignment of tests, test specifications, and curricula be carried out by a third party. Most certainly, the test contractor should not be responsible for these analyses. He said a completely objective analysis is needed and unfortunately the test contractor has a major stake in the outcome of this study.

Mr. Nellhaus gave a PowerPoint presentation on academic growth in Kentucky. Kentucky's tests currently show how each student is achieving relative to state standards. Growth measures change in an individual student's performance over time. He said uses of growth data can be for: reconceptualizing performance; identifying strengths and weaknesses in student performance beyond traditional achievement data; targeting assistance; conducting program evaluations; and assisting in making accountability decisions, such as school and district, and teacher evaluations.

Mr. Nellhaus said one way to measure growth is through student growth percentiles. Each student's rate of change is compared to other students with a similar test score history. He said the rate of change is expressed as a percentile, relative to a student's academic peers. He also

showed examples of median student growth percentiles and growth distribution charts which are located in the meeting folder in the Legislative Research Commission library.

Senator Westwood expressed his appreciation for all the hard work of the NTAPAA members. He announced the next meeting is tentatively scheduled for Tuesday, June 15, 2010.

With no further business before the committee, the meeting adjourned at 3:07 p.m.

## EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes June 14, 2010

Call to Order and Roll Call

The Education Assessment and Accountability Review Subcommittee met on Monday, June 14, 2010, at 3:30 PM, in Room 131 of the Capitol Annex. Representative Kent Stevens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Kent Stevens, Co-Chair; Senators Vernie McGaha, and Ken Winters; Representatives Bill Farmer, Mary Lou Marzian, and Harry Moberly Jr.

Guest Legislator: Representative Derrick Graham

Guests: Wayne Young, Kentucky Association of School Administrators.

LRC Staff: Sandy Deaton, Audrey Carr, Janet Stevens, Henry Smith, and Janet Oliver.

Approval of Minutes

Representative Moberly made a motion that the minutes of the May 14, 2010, meeting be approved. Senator Westwood seconded the motion and the motion was adopted by voice vote.

Consideration of Administrative Regulation

Mr. Kevin Brown, Legal Counsel for the Kentucky Department of Education, explained recent changes to Administrative Regulation 703 KAR 5:180 (and E), Intervention system for persistently low-achieving schools. He said the regulation was promulgated to administer the provisions contained in House Bill 176, passed by the General Assembly in January 2010, and the emergency clause was added to meet federal Race to the Top application timelines. A subsequent in-depth review of the regulation revealed that several technical changes and a few substantive changes were needed. Mr. Brown said that the Kentucky Board of Education approved the changes at its last meeting.

The substantive changes included extending the timeline for districts to choose an intervention option from 30 to 45 days after receipt of official notification; adding clarifying language to ensure that district school-based council members receive timely notification of appeals options available to the district; incorporating the federal definition for the restaffing option concerning the measurement of effectiveness of staff: and added language to define the process to be used by the commissioner of education to replace school council members if called for in the leadership assessment process.

Senator Westwood made a motion that the changes to Regulation 703 KAR 5:180 (and E) be approved. Representative Moberly seconded the motion and the motion was adopted by voice vote.

2009 Office of Education Accountability (OEA) Annual Report

Ms. Marcia Seiler, Director, Office of Education Accountability, explained that the annual report provides a summary of OEA activity for calendar year 2009. The report includes information on investigations, research, and monitoring activities related to assessment and accountability. The number of investigations conducted during 2009 was not out of the ordinary. A written complaint is required before an investigation is initiated and other agencies, i.e., KDE, the Attorney General's Office, and others, are contacted as needed. OEA also completed all research reports as set forth in the study agenda approved by the Education Assessment and Accountability Review Subcommittee (EAARS), with the major research project of the year being a study of mathematics, which resulted in several recommendations. All OEA reports completed and approved by EAARS are available on the LRC Website. Ms. Seiler recognized Keith White with her office, whose primary responsibility is to monitor assessment and accountability activities.

Dr. Ken Chilton, Director of Research for OEA, provided a brief overview of the District Data Profiles Report for School Year 2008-2009. He said the report is a user friendly compilation of data collected from various sources on the 174 school districts with an individual profile for the entire state and includes student demographics and performance data, staffing data and related information, and district expenditure and revenue data

Ms. Seiler reported that an indepth study of district fund balances is currently being conducted and results will be provided to the subcommittee later in the year. She said next year's profiles will include, if data are

available, the number or percent of students entering ninth grade with at least one course in Algebra; the percent of students who attended college following high school graduation; and the percent of students who needed remediation courses upon entering college.

Representative Derrick Graham asked if copies of the report could be made available to teachers and other school personnel. Ms. Seiler said the profiles are available online and that she would work with KDE to publicize the availability of the report to school personnel.

Representative Marzian said she was appalled at the high percentage of students participating in free and reduced price lunches and the possibility that a high correlation may exist with low graduation rates and test scores. Senator McGaha commented that many schools are diligent in getting students qualified for free and reduced price lunches since it is financially advantageous for the school but very little oversight and auditing is done to ensure that students continue to be qualified. Ms. Seiler responded that KDE's Division of Nutrition and Health Services actually monitors the program and that she would obtain information on the division's auditing and monitoring process and report back to the subcommittee. Representative Stevens commented that, having been a principal, he was familiar with the process of verifying eligibility and that no penalty existed even though a student may have become ineligible.

Representative Marzian made a motion that the OEA Annual Report and the District Data Profiles Report be approved. The motion was seconded by Senator Westwood and approved by voice vote.

There being no further business before the committee, the meeting adjourned at 4:00 PM.

#### GOVERNMENT CONTRACT REVIEW COMMITTEE Committee Minutes

May 11, 2010

The Government Contract Review Committee met on Tuesday, May 11, 2010, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie Mc-Gaha, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, Carroll Gibson, and Elizabeth Tori; Representatives Brad Montell and Brent Yonts.

Guests: Janet Hartlage, David Cook, Connie Lester, Diana Barber, Jimmy Braswell, Shari Vanhoose, Barbara Pauley and Lisa Wellings. LRC Staff: Kim Eisner, Matt Ross and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the April 2010 meeting of the committee. Senator McGaha seconded the motion, which passed without objection.

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

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

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE RE-VIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL, OFFICE OF THE:

Miner, Barnhill & Galland PC,

1000001688.
CORRECTIONS, DEPARTMENT

OF: Counseling Association of Lex-

ington, 1000002098.

DEPARTMENT FOR ENVIRON-

MENTAL PROTECTION:
Tetra Tech NUS Incorporated,

letra lech NUS Incorporated, 1000002110.

DEPARTMENT FOR NATURAL RESOURCES:

Bowser Morner Incorporated, 1000001620; Bowser Morner Incorporated, 1000001628.

EASTERN KENTUCKY UNIVER-SITY:

Crowe Horwath, LLP, 12001. ECONOMIC DEVELOPMENT, CABINET FOR:

Florida Tile Incorporated, 1000002030; Montaplast of North America Incorporated, 1000002045; Sekisui Specialty Chemicals America, LLC, 1000002046.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Kate R. Morgan, 1000001582; Cynthia C. Grohmann, 1000001584; Linda Bowker, 1000001586; Sandra Tucker Stanley, 1000001587; Bobby S. Pace, 1000001588; Boehl Stopher & Graves, 1000001589; Whitney Asher-Crowe, 1000001591.

EDUCATION, DEPARTMENT OF: National Energy Education Development Project, 1000001614; New Teacher Center, 1000001626.

FINANCE AND ADMINISTRA-TION CABINET:

The Bank of New York Trust Company, N.A., 1000001093; GAB Robins North America Incorporated, 1000001634.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Brown & Caldwell, 1000001566; Bravura Corporation, 1000001623.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

PriceWaterhouseCoopers, LLP, 10-005.

KENTUCKY HOUSING CORPORATION:

Allgeier Company, 2011-01; Middleton Reutlinger, 2011-13; Kinkead & Stilz, PLLC, 2011-14; Law Offices of Cecil F. Dunn, 2011-15; Systems Design Group Incorporated, 2011-5.

KENTUCKY LOTTERY CORPORATION:

GTSI Corporation, KLC1108057; M & S Works Incorporated, KLC11090082; Bandy Carroll Hellige, KLC1109042.

MURRAY STATE UNIVERSITY: RubinBrown, LLP, 01810.

NORTHERN KENTUCKY UNI-VERSITY:

Beacon Global Services Intelligent Building Division, 2010543; Geoff Smith, 2010544.

POST SECONDARY EDUCATION, COUNCIL ON:

Blue & Company LLC, 1000002022.

TRANSPORTATION CABINET:
CoreSolutions LLC, 1000001560;
Palmer Engineering Company,
1000001908; Geotech Engineering &
Testing Incorporated, 1000001930;
QK4, 1000002185; Entran, PLC,
1000002191.

UNIVERSITY OF KENTUCKY:

Murphy Graves Architects, A101110; Midgett & Preti, PC, K10139.

UNIVERSITY OF LOUISVILLE: BKD, LLP, 10039; LSE Engineering Incorporated, 10040.

WESTERN KENTUCKY UNIVER-SITY:

Taylor Whitney Architects, 091062.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE RE-VIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Kara Keeton, 0800010228; Kentucky Grocers Association Service Corporation, 0800010322; Kentucky Center for Agriculture & Rural Development, 0900013141.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Teddy Michael Prater CPA, PLLC, 1000000361.

DEPARTMENT FOR ENVIRON-MENTAL PROTECTION:

Amec Earth and Environmental, 0800008129; Stantec Consulting Services Incorporated, 0800008908; Amec Earth & Environmental, 0800011004; Stantec Consulting Services Incorporated, 0800011006; Bluegrass Pride Incorporated, 1000000537.

DEPARTMENT FOR INCOME SUPPORT:

Dr. William Underwood, 0800009379; Jane F. Brake, 0800009401; Edward A. Ross, Jr., 0800009420; Mary Thompson, PhD, 0800009427; Dan K. Vandiver, 0800009428.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DIS-ABILITIES & ADDICTION SERVICES:

Res Care Incorporated, 0800006817; Guardian Healthcare Providers, 0800006874; Big Brothers Big Sisters of the Bluegrass, 0900011583.

DEPARTMENT FOR NATURAL RESOURCES:

Tichenor & Associates, 0800009935.

DEPARTMENT FOR PUBLIC HEALTH:

Volunteers of America of Kentucky Incorporated, 0800006803; St. Elizabeth Medical Center, 0800008084; URS Corporation, 0900011799; Kentucky Hospital Associates, 0900011847; Kentucky Hospital Research & Education Foundation, 0900011901-1.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Cindy Owen, 1000000881.

ENGINEERS & LAND SURVEY-ORS, KENTUCKY BOARD OF REGIS-TRATION FOR PROFESSIONAL:

Edmund S. Miller, Jr., 0900013062.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

CMTA Incorporated, 0700005962; Patrick D. Murphy Company Incorporated, 1000000847.

JUSTICE CABINET:

McBrayer McGinnis Leslie & Kirkland, 0900012579; Fulkerson & Kinkel, PLLC, 0900012589; Kimberly Hoagland Morris Attorney At Law, 0900012738; Jenkins, Smith & Welleford, 0900012769.

KENTUCKY LOTTERY CORPORATION:

Delehanty Consulting, LLC, KLC1009055.

KENTUCKY STATE UNIVERSITY: Crowe Horwath, 1001. MURRAY STATE UNIVERSITY: RubinBrown, LLP, 00111. NORTHERN KENTUCKY UNI-VERSITY:

Multi, 2010447; MGT of America Incorporated, 2010515; National Association of Collegiate Directors of Athletics Consulting, 2010540.

TRANSPORTATION CABINET:

BTM Engineering Incorporated, 0700003469; American Engineers Incorporated, 0700006435; PB Americas Incorporated, 0800006818; Mary Jane Hensley, 0800009046; Risk Management Services Corporation, 0800009475; Urgent Treatment Center, 0800011172; Kentucky Natural Lands Trust Incorporated, 0900011593; Florence & Hutcheson, 0900011852; Community Transportation Solutions, 0900012152; DLZ Kentucky Incorporated, C-99005073-12; THE Engineers Incorporated, C-99005458-3.

UNIVERSITY OF KENTUCKY:

Ekhoff, Ochenkoski, Polk Architects, A071060; JRA Architects, A101090.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT OF ENERGY DE-VELOPMENT AND INDEPENDENCE:

Helgeson Enterprises, 1000001114.

HORSE PARK, KENTUCKY: Georgetown Scott County Parks & Recreation, 1000001777.

INFRASTRUCTURE AUTHOR-

City of Madisonville, 1000002153; Lawrence County Fiscal Court, 1000002169; Lawrence County Fiscal Court, 1000002170; Leslie County Fiscal Court, 1000002184; Harlan County Fiscal Court, 1000002293; Harlan County Fiscal Court, 1000002294; Harlan County Fiscal Court, 1000002295.

MILITARY AFFAIRS, DEPART-MENT OF:

City of Pikeville, 1000001477; City of Corbin, 1000001479.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Breathitt County Fiscal Court, 1000001155; MMRC Regional Industrial Development Authority, 1000001753; Laurel County Fiscal Court, 1000001755; Martin County Fiscal Court, 1000001767; Knox County Fiscal Court, 1000001768; Hopkins County Fiscal Court. 1000001770; Morgan County Fiscal Court, 1000001773; Muhlenberg County Fiscal Court, 1000001776; Fiscal Hart County Court. 1000001910: Harlan County Fiscal Court, 1000001912; Muhlenberg County Fiscal Court, 1000002016; Muhlenberg County Fiscal Court,

1000002025; Jackson County Fiscal Court, 1000002028; Ohio County Fiscal Court, 1000002059; Martin County Economic Development Authority, 1000002152; Scott County Fiscal Court, 1000002163; Oldham County Fiscal Court, 1000002166; City of Dover, 1000002167; Hart County Fiscal Court, 1000002168; Carroll County Fiscal Court, 1000002206; Knott County Fiscal Court, 1000002206; Court, 1000002219.

STATE POLICE, DEPARTMENT

MADD Kentucky State Office, 1000001578; Bluegrass Regional Mental Health Mental Retardation, 10000017

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

God's Pantry Food Bank Incorporated, 0800007662; America's Second Harvest of Kentucky's Heartland, 0800007663; Dare to Care Food Bank, 0800007664; Northern Kentucky Area Development District, 0800007665; Multi, 0900011602; Multi, 0900011722; Multi, 1000001497.

CORRECTIONS, DEPARTMENT OF:

Fulton County Jail, 1000000695.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Bluegrass Area Development District, 0900011879; Big Sandy Area Development District, 0900011882; Pennyrile Area Development District, 0900011894.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Louisville/Jefferson County Metro Government, 0900012140; Harlan County Community Action Agency, 0900012333; Louisville/Jefferson County Metro Government, 0900012341.

DEPARTMENT FOR ENVIRON-MENTAL PROTECTION:

Ohio River Valley Water Sanitation Commission, 1000000591; Ohio River Valley Water Sanitation Commission, 1000000592.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Multi, 0800007259; Multi, 0800007379; Multi, 0800007388.

DEPARTMENT FOR INCOME SUPPORT:

Office of the Attorney General, 0900012497.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DIS-ABILITIES & ADDICTION SERVICES:

Four Rivers Behavioral Health, 0900012110; Pennyroyal Mental Health, 0900012111; Communicare Incorporated, 0900012114; Seven

Counties Services, 0900012115; Northern Kentucky Regional Mental Health Mental Retardation Board, 0900012116; Comprehend Incorporated, 0900012117; Kentucky River Community Care, 0900012120; Cumberland River Mental Health Mental Retardation Board Incorporated, 0900012121; Lake Cumberland Mental Health Mental Retardation Board d/b/a The Adanta Group, 0900012122; Bluegrass Regional Mental Health Mental Retardation, 0900012123.

DEPARTMENT OF ENERGY DE-VELOPMENT AND INDEPENDENCE:

Kentucky Housing Corporation, 1000000160.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Kentucky Educational Development Corporation, 1000000983: Ohio Valley Education Cooperative, 1000000984; Western Kentucky Education Cooperative, 1000000985; NKCES, 1000000986; Central Kentucky Educational Cooperative, 1000000987; Green River Regional Education Cooperative, 1000000996; Fayette County Public Schools, 1000001003; Franklin County Board of Education, 1000001004; Simpson County Board of Education, 1000001005; Muhlenberg County Board of Education, 1000001006; Oldham County Board of Education, 1000001007; Marion County Board of Education, 1000001008; Jefferson County Public Schools, 1000001009; Logan County Board of Education, 1000001010.

EDUCATION, DEPARTMENT OF: Franklin County Board of Education, 0900011732; Marshall County Board of Education, 0900012653; Simpson County Board of Education, 0900012658.

FISH & WILDLIFE, DEPARTMENT OF:

City of Frankfort, 0800008147.
OFFICE OF THE GOVERNOR,
DEPARTMENT FOR LOCAL GOVERNMENT:

City of Liberty, 0600003057; Pulaski County Fiscal Court, 0700004463; City of Lebanon, 0700006295; Ballard County, 0700006442; City of Princeton, 0800009115; Pulaski County Fiscal Court, 0800009441; City of Cynthiana, 0800010040; Jackson County Fiscal Court, 0800010404; Jackson County Fiscal Court, 0800010407; Jackson County Fiscal 0800010409; Jackson County Fiscal County, 0800010411; Floyd County Fiscal Court, 0800010863; Bell County Fiscal Court, 0800010866; Pike County Fiscal Court, 0800011047; City of Prestonsburg, 0800011190; County Bell Fiscal Court. 0800011230; Bell County Fiscal Court, 0800011232; Magoffin County Fiscal Court, 0900011349; Bell County Fiscal Court, 0900011478; Jackson County Fiscal Court, 0900011479; City of Grayson, 0900011514; Jackson County Fiscal Court, 0900011578; Floyd County Fiscal Court, 0900011606; Knox County Fiscal Court, 0900011809: Morgan County Board of Education, 0900012484; Floyd County Fiscal Court, 0900012885; Jackson County Fiscal Court, 0900012894; Knox County Fiscal Court, 1000000167; County Fiscal 1000001522; Knott County Fiscal Court, M-05185688.

POST SECONDARY EDUCATION, COUNCIL ON:

Kentucky Department of Education, 0900011366.

WORKFORCE INVESTMENT, OFFICE OF:

Barren River Area Development District Wia, 0800008066; Bluegrass Area Development District, 0800008173; Greenup County Schools, 0800009809.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF: New Frontier 21 Consulting, 1000001757. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed

unanimously.

The Bridgespan Group,
1000001761. Janet Hartlage, David
Cook and Connie Lester discussed
the contract with the committee. A

motion was made by Senator Carroll to consider the contract as reviewed. Senator McGaha seconded the motion, which passed unanimously.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Diversified Collection Services Incorporated, 1000001635. Diana Barber and Jimmy Braswell discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

KENTUCKÝ EMPLOYERS MUTÚ-AL INSURANCE:

Ward Group, 10WRD001. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

KENTUCKY HOUSING CORPO-RATION:

Caine Mitter & Associates, 2011-3; TheoPRO Compliance & Consulting Incorporated, 2011-7. A motion was made by Senator McGaha to defer the contracts to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

THE FOLLOWING PERSONAL

SERVICE CONTRACTS AMEND-MENTS WERE SELECTED FOR FUR-THER REVIEW:

DEPARTMENT FOR PUBLIC HEALTH:

Mississippi Foundation for Medical Care Incorporated, 0800009720. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF: Multi, 1000000551. Janet Hartlage, David Cook and Connie Lester discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed with Senator Tori and Representative Montell voting NO.

KENTUCKY HIGHER EDUCA-TION STUDENT LOAN CORPORA-TION:

CFX Incorporated, 09016. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

MOREHEAD STATE UNIVER-SITY:

CG&B Marketing, LLC, 09006. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

NORTHERN KENTUCKY UNI-VERSITY:

Talent Springs, LLC, 81110. A motion was made by Senator Mc-Gaha to defer the contract to the June 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

DEFERRED CONTRACTS

EDUCATION, DEPARTMENT OF: Metametrics Incorporated, 1000001421. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

EASTERN KENTUCKY UNIVER-SITY:

Nancy Batson, 10058; Norciva Shumpert, 10059. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Tori seconded the motion, which passed unanimously.

KENTUCKY LOTTERY CORPO-RATION:

PDT Communications Limited, 1010027. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

NORTHERN KENTUCKY UNI-VERSITY: KZF Design Incorporated, 2010542. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

WESTERN KENTUCKY UNIVER-SITY:

Delta Timing Group Incorporated, 091057. The contract was originally deferred because the contract was with a non-registered foreign corporation; however, the University has since requested the contract be withdrawn.

ETS/Praxis Workshops, 091058. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

THE FOLLOWING CONTRACTS WERE DEFERRED

TO THE JUNE 2010 MEETING OF THE COMMITTEE:

DEPARTMENT OF PUBLIC HEALTH:

Mississippi Foundation for Medical Care Incorporated, 0800009720. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

EASTERN KENTUCKÝ UNIVER-

Cornerstone Designs Incorporated, 10060. Shari Vanhoose discussed the contract with the committee. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF:
Achieve Incorporated,
1000001198; New Frontier 21 Consulting, 1000001757. A motion was
made by Senator McGaha to defer
the contracts to the June 2010 meeting of the committee. Senator Tori
seconded the motion, which passed
unanimously.

KENTUCKY EMPLOYERS MUTU-AL INSURANCE:

Ward Group, 10WRD001. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

KENTUCKY HIGHER EDUCA-TION STUDENT LOAN CORPORA-TION:

CFX Incorporated, 09016. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

KENTUCKY HÓUSING CORPO-RATION:

Caine Mitter & Associates, 2011-3; TheoPRO Compliance &

Consulting Incorporated, 2011-7. A motion was made by Senator Mc-Gaha to defer the contracts to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

MOREHEAD STATE UNIVER-

CG&B Marketing, LLC, 09006. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

NORTHERN KENTUCKY UNI-VERSITY:

Talent Springs, LLC, 81110. A motion was made by Senator Mc-Gaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

UNIVERSITY OF KENTUCKY:

Grant Cooper & Associates, K10137. A motion was made by Senator McGaha to defer the contract to the June 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

WITHDRAWN CONTRACTS
WESTERN KENTUCKY UNIVERSITY:

row27 Studios, 091060. Per the university's request, this contract was withdrawn.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Muhlenberg County Fiscal Court, 1000001992. Per the agency's request, this MOA was withdrawn as it was set up for the incorrect amount as it should be \$16,500.00. A new MOA will be executed.

**EXEMPTION REQUEST** 

ENERGY & ENVIRONMENT CABINET:

The Energy & Environment Cabinet requested waiver pertaining to the Kentucky Heritage Land Conservation Fund Board Grants. Barbara Pauley and Lisa Wellings discussed the exemption request with the committee. A motion was made by Representative Yonts to approve the request to June 30, 2011 and for the agency to submit a written report to the committee on a quarterly basis. Senator McGaha seconded the motion, which passed unanimously.

With no further business before the committee, the meeting adjourned at 11:12 AM.

#### GOVERNMENT CONTRACT REVIEW COMMITTEE Committee Minutes

Committee Minutes June 8, 2010

Call to Order and Roll Call
The Government Contract Review Committee met on Tuesday,

June 8, 2010, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie Mc-Gaha, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, Carroll Gibson, and Elizabeth Tori; Representatives Jesse Crenshaw, Brad Montell, and Brent Yonts.

Guests: Bob McBeath, Jenny Luscher, Shea Hogan, Nina Hockensmith, Sharon Clark, DJ Wasson, Dr. Aaron Thompson, Dr. Robert King, Diane Fleming, Michael Plumley, Diana Barber, Jo Carole Ellis, Linda Sewell, Sherry Kefauver, Charles Kendell, Paula Goff, Hiren Desai, Lauren Moore and Terry Pruitt.

LRC Staff: Kim Eisner, Matt Ross and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the May 2010 meeting of the committee. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Senator McGaha to defer the following contracts to the July 2010 meeting of the committee: 1000002444, Actuarial Resources Corporation; 20114, Bond Logistix; 1107057, Right Star Systems; 1000002468, Aerial Reconnaissance Incorporated; 12016, World Instructor Training Schools; 1000001455, The Student Conservation Association Incorporated. Representative Montell seconded the motion, which passed without objection.

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

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

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

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

Senator Carroll seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE RE-VIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Mountain State Criminal Justice Research Services, LLC, 1000001775; Brenda Laurie Huntsman, 1000002095; Counseling Association of Lexington, 1000002262.

DEPARTMENT FOR BUSINESS DEVELOPMENT:

General Electric Company, 1000002047; International Paper Company Henderson Mill, 1000002290.

DEPARTMENT FOR ENVIRON-MENTAL PROTECTION:

URS Corporation, 1000001352; Versar Incorporated, 1000002155; Mirotech Incorporated, 1000002853.

DEPARTMENT OF INSURANCE: Milliman USA, 1000002495. EDUCATION PROFESSIONAL STANDARDS BOARD:

Courtney T. Baxter, 1000001585; Southern Regional Education Board, 1000001590.

EDUCATION, DEPARTMENT OF: National Center on Education & the Economy, 1000002577.

FAIR BOARD:

Mountjoy, Chilton & Medley LLP, 1000002252; Harold Workman, 1000002520; Scarlett W. Mattson, 1000002533; David H. Snowden, 1000002538.

FINANCE AND ADMINISTRATION CABINET:

Billy Whitaker, 1000002143.

FINANCE AND ADMINISTRA-TION CABINET - DIVISION OF EN-GINEERING:

Mactec Engineering & Consulting, 1000002150.

FINANCIAL INCENTIVES, DE-PARTMENT OF:

Blue & Company, LLC, 1000002397.

FISH & WILDLIFE, DEPARTMENT OF:

Copperhead Environmental Consulting Incorporated, 1000001966; Forest Synergy LLC, 1000002500.

HORSE PARK, KENTUCKY:

John D. Nicholson, 1000002099; Equine Health Care, PSC, 1000002309.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Macomb Community College Engineering & Advanced Technology, KCTPS438.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Kelly Services, 11002.

KENTUCKY HOUSING CORPO-RATION:

Stierle & Stierle, Attorney at Law, 201111; Goldberg Simpson,

201112; Venture Encoding Service, LLC. 20116.

KENTUCKY LOTTERY CORPORATION:

Priceweber Marketing Communications, 1008043; First Data Government Solutions Incorporated, 1105002; Kizan Technologies, LLC, 1105013; Affiliated Forensic Laboratory Incorporated, 1106078; Commonwealth Radio Reports, 1108002; Priceweber Marketing Communications, 1108043; Paul Kramer, 1109007; Gaming Laboratories International, LLC, 1109031; Delehanty Consulting, LLC, 1109055; PDT Communications Limited, 1110027; Jeff Sexton, 1198054; Elsym Consulting Incorporated, 1198115.

MEDICAL LICENSURE, BOARD

C. W. Schmidt, 1000002777. MOREHEAD STATE UNIVER-SITY:

Martin A. Larson, 10020; St. Claire Regional Medical Center, 11001; Dean Dorton Ford, PSC, 11002.

MURRAY STATE UNIVERSITY: Robert Clark Harris, MD, 003-11.

OFFICE OF THE SECRETARY FOR THE LABOR CABINET:

Hurt Crosbie & May, 1000002841.

REAL ESTATE COMMISSION:

KCH & Associates LLC, 1000002234; Core Systems Development Incorporated, 1000003040.

TRANSPORTATION CABINET:

David B. Bragg, 1000001433; Sandy Joslyn, 1000001434; James C. Rogers, 1000001436; Ronald E. Dolen, 1000001472; Dexter McK-1000001473; Warren C. Meadows, 1000002186; Andrew M. Stephens, 1000002187; Edward Worland, Jr., PSC, 1000002198; Fox, Wood, Wood & Estill, 1000002200; Mattingly & Atchison, 1000002208; Hazelrigg & Cox, 1000002211; Florence & Hutcheson, 1000002221; Johnson & Repasky, PLLC, 1000002225; Johnson True & Guarnieri, LLP, 1000002227; Kerrick, Stivers, Coyle & Vanzant, PLC, 1000002231; L. Forgy & Associates PLLC, 1000002244; Logan & Gaines, 1000002247; Ferreri & Fogle, 1000002300; Lochner H. W. Incorporated Consulting, 1000002376; Tunnel Management Incorporated, 1000002437; Lochner H W Incorporated Consulting, 1000002460; Strand Associates Incorporated, 1000002461; Intequal Incorporated, 1000002514; Entran, PLC, 1000002517.

UNIVERSITY OF KENTUCKY:

Ekhoff, Ochenkoski, Polk Architects, A101120; SSR CX, LLC, A101130; Omni Architects, A101140; BKD, LLP, K11-101; St. Claire Medical Center, K11-102;

Rockcastle Hospital & Respiratory Care Center, K11-103; Cornett Integrated Strategic Marketing, K11-104; Central Kentucky Interpreter Referral Incorporated, K11-105; Preston-Osborne, K11-106; Meridian Chiles Communications, K11-107; Core Management Services, K11-108.

UNIVERSITY OF LOUISVILLE: Multi, 11001A-G.

VETERANS AFFAIRS, DEPART-MENT OF:

Trover Clinic Foundation, 1000001232; Trover Clinic Foundation, 1000001234; Trover Clinic Foundation, 1000001235; Trover Clinic Foundation, 1000001236; Trover Clinic Foundation, 1000001237; Trover Clinic Foundation, 1000001238; Trover Clinic Foundation, 1000001239.

WESTERN KENTUCKY UNIVER-SITY:

Parker Executive Search, 091063; Multi, 101101; Multi, 101102; Edvantia Incorporated, 101201; Educational Computer Systems, 101202; Kerrick, Stivers, Coyle & Van Zant, PLC, 101203; Crowe Horwath, LLP, 101204.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Kem Duguid & Associates, PSC, 0900011691; Cotton & Allen, PSC, 0900011692; Harding Shymanski and Company, 0900013021; Cotton & Allen, PSC, 1000000359.

BOARD OF CLAIMS & CRIME VICTIMS COMPENSATION:

Charles Miller, 0800009847.
DEPARTMENT FOR ENVIRON-MENTAL PROTECTION:

Jackson Environmental Consulting Services, LLC, 0800010357.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DIS-ABILITIES & ADDICTION SERVICES:

Staff Care Incorporated, 0800009391; Big Brothers Big Sisters Incorporated of South Central Kentucky, 0900011584.

DEPARTMENT FOR NATURAL RESOURCES:

R. M. Johnson Engineering Incorporated, 1000000937.

EDUCATION, DEPARTMENT OF:
Center for Family and Community Services, 0800008375; Vivian Link, 0800008448; Robert L. Falk, 0800008734; Tristan Pierce, 0800008741; Bethune Institute, 0800008759; Campbell County YMCA After School, 0800008769; Pleasant Green Baptist Church, 0800008773; Kenton County YMCA, 0900011489; Kentucky Clean Fuels Coalition, 1000001116.

EDUCATIONAL TELEVISION, KENTUCKY:

William K. Durham, 0900013079; Britt Davis, 0900013080; Michelle Larock, 0900013084; Steven G. Shaw, 1000000959.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Arrasmith Judd Rapp Chovan Incorporated, 0700003163; Paladin Incorporated, 0700006242; Amec Earth & Environmental, 1000000638; K. Norman Berry Associates, 1000000804; Brandstetter Carroll Incorporated, 1000000845; DDS Engineering, PLLC, 1000000849; Ekhoff Ochenkoyski & Polk, C-00170483.

GOVERNORS OFFICE OF AGRI-CULTURAL POLICY:

Goldberg Simpson, LLC, 1000000259.

MEDICAID SERVICES BENEFITS, DEPARTMENT FOR:

University Health Care Incorporated, 0900013001.

MEDICAL LICENSURE, BOARD OF:

Thomas J Hellmann, Attorneyat-law, PLLC, 0800010081.

NORTHERN KENTUCKY UNI-VERSITY:

Michael Schuster Associates, 2010514.

OFFICE OF HOMELAND SECURITY:

Goldberg & Simpson, P.S.C., 0800008537.

PHYSICAL THERAPY, BOARD OF:

Robert S. Thompson III, 0800009137; William A. Curley, 0800009179.

TRANSPORTATION CABINET:

GRW Engineers Incorporated, 0600002134; Burgess & Niple Incorporated, 0700003876; JL Lee Engineering LLC, 0800007385; Corradino Group, 0800007413; Line-Funkhouser Incorporated, 0800007414; Warren C. Meadows, 0800007919; Linebach Funkhouser Incorporated, 0800010225; QK4, 0800010327; Third Rock Consultants, LLC, 0800010331; Wilbur Smith Associates, 0800010332; JL Lee Engineering, LLC, 0800010382; HMB Professional Engineers Incorporated, 0800010557; Wilbur Smith Associates Incorporated, 0800010582; Cultural Resource Analysts Incorporated, 0800010591; Teri Lampkins, 0900012418; PB Americas Incorporated, 1000002373; Presnell Associates Incorporated, C-04224166-2; Vaughn and Melton, C-99005603-

UNIVERSITY OF KENTUCKY: GBBN Architects, A061080.

WESTERN KENTUCKY UNIVER-SITY:

Current Marketing Incorporated, 091011; Multi, 091049.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR COMMUNI-

TY BASED SERVICES:

Office of Employment and Training, 1000001579.

DEPARTMENT FOR INCOME SUPPORT:

South Carolina Department of Social Services, 1000001420.

DEPARTMENT OF ENERGY DE-VELOPMENT AND INDEPENDENCE:

Kenton County School District, 1000001545; Warren County Board of Education, 1000001546; Hickman Fulton Counties Rural Electric Cooperative Corporation, 1000001890.

DEPARTMENT OF REVENUE:

Multistate Tax Commission, 1000002329.

EDUCATION, DEPARTMENT OF: Department for Public Health, 1000001482; Bullitt County Board of Education, 1000001697; Christian County Board of Education. 1000001699; Henderson County Board of Education, 1000001703; Hopkins County Board of Education, 1000001704; Pike County Board of Education, 1000001710; Warren County Board of Education, Madison County 1000001736; Board of Education, 1000001785; Owen County Board of Education, Madison County 1000001796; Board of Education, 1000001801; Hazard Independent Board of Education, 1000001814; Treasurer Bourbon County Board of Education, 1000001827; Owen County Board of Education, 1000001839; Scott County Board of Education, 1000001844; Boone County Board of Education, 1000001851; Muhlenberg County Board of Education, 1000001873; Jefferson County Board of Education, 1000001898; Daviess County Board of Education, 1000001926; Fayette County Board of Education, 1000001927; Jessamine County Board of Education, 1000001931; Floyd County Board of Education, 1000001933; Kenton County Board of Education, 1000001954; Pulaski County Board of Education, 1000001957.

INFRASTRUCTURE AUTHOR-ITY:

Harlan County Fiscal Court, 1000002567; City of Buckhorn, 1000002778; Knott County Fiscal Court, 1000002780; Johnson County Fiscal Court, 1000002790.

JUVENILE JUSTICE, DEPART-MENT OF:

Louisville Metro Youth Detention Services, 1000002145.

KENTUCKY HOUSING CORPO-RATION:

Community Action Kentucky Incorporated, 2011-2.

MILITARY AFFAIRS, DEPART-MENT OF:

Bullitt County Fiscal Court, 1000001192; Floyd County, 1000001457; City of Pineville, 1000001485; Barbourville Utility

Commission, 1000001490.

MURRAY STATE UNIVERSITY: Hickman County Schools, 900-11.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Letcher County Fiscal Court, 1000001048; City of Nortonville, 1000001611; Union County Fiscal Court, 1000002049; Wolfe County Fiscal Court, 1000002236; Community Action Council for Lexington-Fayette Bourbon Harrison and Nicholas Counties Incorporated, 1000002439; Nicholasville Jessamine County Parks & Recreation, 1000002473; Pike County Fiscal Court, 1000002617; Jackson County Fiscal Court, 1000002631; Carroll County Fiscal Court, 1000002880. UNIVERSITY OF KENTUCKY:

Southeast Kentucky Community & Technical College, 001-11.

WORKFORCE INVESTMENT, OFFICE OF:

Commonwealth of Kentucky Personnel Cabinet, 1000001544; Barren River Area Development District Wia, 1000002201; Bluegrass Area Development District, 1000002205; Lake Cumberland Area Development District, 1000002207; Eastern Kentucky Concentrated Employment Program Incorporated, 1000002209; Green River Area Development District, 1000002210; Lincoln Trail Area Development District, 1000002213; Kentuckiana Works/Workforce Investment Board, 1000002215; Northern Kentucky Area Development District, 1000002218; Buffalo Trace Area Development District. 1000002222: West Kentucky Workforce Investment Board, 1000002224; Barren River Area Development District, 1000002532; Bluegrass Area Development District, 1000002539: Lake Cumberland Area Development District, 1000002540; Eastern Kentucky Concentrated Employment Program Incorporated, 1000002541; Kentuckiana Works, 1000002542; Green River Area Development District, 1000002543; Lincoln Trail Area Development District, 1000002544; Northern Kentucky Area Development District, 1000002545; Buffalo Trace Area Development District, 1000002546; West Kentucky Workforce Invest, 1000002547.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Northern Kentucky Area Development District, 0900012780; Mountain Comprehensive Care Center, 0900012793; Metro Detention Center, 0900012927; Kentucky River Community Care Incorporated,

0900012968.

AGRICULTURE, DEPARTMENT OF

Multi, 0900011602; Multi, 0900011666.

CORRECTIONS, DEPARTMENT OF:

Christian County Jail 0800010431.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Northern Kentucky Cooperative Education Services, 0900012459.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Harlan County Community Action Agency, 0900012134; Lake Cumberland Community Service Organization Incorporated, 0900012137; Pennyrile Allied Community Services Incorporated, 1000000586.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Multi, 0800007251; Multi, 0800007253; Jefferson County Board of Education, 0800007258; Multi, 0800007366; Multi, 0800007375; Multi, 0800007384.

DEPARTMENT FOR MEDICAID SERVICES:

Kentucky Transportation Cabinet, 0800009871.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DIS-ABILITIES & ADDICTION SERVICES:

Green River Regional Men-Health Mental Retardation tal Board d/b/a Rivervalley Behavior, 0800007155; Four Rivers Behavioral Health, 0900012110; Pennyroyal Mental Health, 0900012111; Green River Regional Mental Health Mental Retardation Board, Lifeskills Incorpo-0900012112 rated, 0900012113; Communicare Incorporated, 0900012114; Seven Counties Services. 0900012115: Northern Kentucky Regional Mental Health Mental Retardation Board, 0900012116; Comprehend Incorporated, 0900012117; Pathways Incorporated, 0900012118; Mountain Comprehensive Care Center, 0900012119; Kentucky River Community Care, 0900012120; Lake Cumberland Mental Health Mental Retardation Board, 0900012122; Bluegrass Regional Mental Health Mental Retardation, 0900012123.

DEPARTMENT FOR PUBLIC HEALTH:

Cumberland River Regional Mental Health Mental Retardation Board, 0900011864.

DEPARTMENT OF ENERGY DE-VELOPMENT AND INDEPENDENCE:

National Energy Education Develop Project, 1000000141; Governor's Office of Agricultural Policy, 1000000146; Finance & Administration Cabinet, 1000000150; Finance & Administration Cabinet,

1000000151; Kentucky Environmental Education, 1000000153; Finance & Administration Cabinet, 1000000157; Economic Develop-1000000158; ment, Kentucky Housing Corporation, 1000000160; Kentucky Department for Hous-Building & Construction, 100000600; Kentucky Department for Housing, Building & Construction, 1000000602; Governor's Office of Agricultural Policy, 1000000776; Department of Local Government, 1000000781; Helgeson Enterprises, 1000001114; Kentucky School Boards Association, 1000001115.

**EDUCATION. DEPARTMENT OF:** Adair County Board of Education, 0800007289; Ballard County Board of Education, 0800007938; Treasurer Boone County Board of Education. 0800007941: Bourbon County Board of Education, 0800007942; Treasurer Boyd County Board of Education, 0800007944; Campbellsville Independent Board Education, 0800007948; Casey County Board of Education, 0800007954; Carroll County Board of Education, 0800007955; Clinton County Board of Education, 0800007962; Corbin Independent Board of Education, 0800007963; Covington Independent Board of Education, 0800007964; Eminence Independent Board of Education, 0800008313; Jenkins Independent Board of Education, 0800008317; Lewis County Board of Education, 0800008323; Livingston County Board of Education, 0800008325; Lyon County Board of Education, 0800008326; Madison County Board of Education. 0800008328: Marion County Board of Education, Metcalfe County 0800008329; Board of Education, 0800008330; Middlesboro Independent Board of Education, 0800008331; Monticello Independent Board of Education, 0800008334; Nelson County Board of Education, 0800008336; Owensboro Independent Board of Education, 0800008340; Owsley County Board of Education, 0800008342; Paintsville Independent Board of Education, 0800008344; Raceland Worthington Independent Board of Education, 0800008350; Russell County Board of Education, 0800008359; Washington County Board of Education, 0800008363; Whitley County Board of Education, 0800008365; Barren County Board of Education, 0800008381; Harlan County Board of Education. 0800008401: Nicholas County Board of Education, 0800008405; Taylor County Board of Education, 0800008407; Wolfe County Board of Education, 0800008408: Paris Independent Board of Education, 0800008780; Cumberland County Board of Education, 0800008826; Greenup County

Board of Education, 0800008832; Jackson Independent Board of Edu-0800008834; Independent Board of Education, 0900011484; Carlisle County Board of Education, 0900011485; Henderson County Board of Education, 0900011490; Lincoln County Board of Education, 0900011492; Board of Education of Somerset School District, 0900011493; Madison County Board of Education. 0900012030: Mercer County Board of Education, 0900012031; Fayette County Board of Education, 0900012340; Metcalfe County Board of Education, 0900012883: Ohio Valley Educational Cooperative, 1000000928.

INFRASTRUCTURE AUTHOR-

Harlan County Fiscal Court, 0800010304; City of White Plains, 0800010315; City of Pikeville, 0800010373; City of Elkhorn City, 0800010383; City of Vicco, 0800010402; Perry County Fiscal Court, 0800010405; Perry County Fiscal Court, 0800010408; Mountain Water District, 0900011386; Mountain Water District, 0900011387; Henderson County Fiscal Court, 0900011658; Mountain Water District, 0900012076; Nebo Water District, 0900012086; Harlan County Fiscal Court, 0900012662; Harlan County Fiscal Court, 0900012663; City of Hanson, 0900012839; Letcher County Fiscal Court, 0900012843; Letcher County Fiscal Court, 0900012844; Letcher County Fiscal Court, 0900012845; Letcher County Fiscal Court, 0900012856; Harlan County Fiscal Court, 0900013009; Letcher County Fiscal Court, 0900013013; Mountain Water District, 1000000054; City of Pikeville, 1000000129; Harlan County Fiscal Court, 1000000200; Lawrence County Fiscal Court, 1000000201; City of Sebree, 1000000757; Letcher County Water & Sewer District, 1000001146; Mountain Water District, 1000001494; City of Madisonville, 1000002153; Letcher County Water & Sewer District, 1000002160; Lawrence County Fiscal Court, 1000002169; Lawrence County Fiscal Court, 1000002170; Leslie County Fiscal Court, 1000002184; Lawrence County Fiscal Court, 1000002202; Harlan County Fiscal Court, 1000002293; Harlan County Fiscal Court, 1000002294; Harlan County Fiscal Court, 1000002295.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Stanton, 0800009081; Taylor County Fiscal Court, 0800010785; Elliott County Fiscal Court, 0800011183; Pine Ridge Regional Independent Development, 0800011313; Paradise Park Independent Development Authority, 0800011315; Appalachian Industrial Authority Incorporated, 0800011317; MMRC Regional Industrial Development Authority, 0800011319; Big Sandy Regional Independent Development Authority, 0900011335; Coal Fields Regional Independent Authority, 0900011343; Elk Hill Regional Industrial Authority, 0900011390; Southeast Kentucky Regional Industrial Authority, 0900011481; W Kentucky Regional Industrial Development Authority, 0900011615; Pine Mountain Independent Development Authority, 1000000104; City of Bardstown, 1000000778.

PARKS, DEPARTMENT OF:

City of Owensboro, 1000002195.

TRANSPORTATION CABINET:
Three Rivers District HD HHA.

1000000595.

WORKFORCE INVESTMENT,
OFFICE OF:

Marion County Board of Education, 0800009826.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Blue & Company, LLC, 1000002256. Bob McBeath and Jenny Luscher discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

#### DEPARTMENT FOR ENVIRON-MENTAL PROTECTION:

Paul G. Fouts, 1000001747. Shea Hogan and Nina Hockensmith discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

DEPARTMENT OF INSURANCE: Axman, CIE, James T. 1000002331; Bobmar Incorporated, 1000002332; Duane Manns, 1000002507: Mark Burdett. 1000002508; Kim Ellis, 1000002509; Linda Black, 1000002511; Frederick T. Verny, Jr., 1000002512; Compex Incorporated, 1000002513; Examination Management Services, LLC, 1000002569. Sharon Clark and DJ Wasson discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

GOVERNORS OFFICE OF AGRI-CULTURAL POLICY:

Goldberg Simpson, LLC, 1000002776. Diane Fleming and Michael Plumley discussed the contract with the committee. A motion

was made by Senator Carroll to consider the contract as reviewed. Senator Tori seconded the motion, which passed with Senator Gibson electing to abstain (PASS).

HIGHER EDUCATION ASSISTANCE AUTHORITY. KENTUCKY:

Intuition Solutions, 1000002457. Diana Barber and Jo Carole Ellis discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

KENTUCKY HIGHER EDUCA-TION STUDENT LOAN CORPORA-TION:

Human Development Company Incorporated, 11004. Diana Barber and Linda Sewell discussed the contract with the committee. A motion was made by Senator McGaha to disapprove the contract. Representative Montell seconded the motion, which passed with Senator Carroll electing to abstain (PASS).

PERSONNEL-OFFICE OF THE SECRETARY:

Blue & Company LLC, 1000002241; Sherry Kefauver discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed with Senator McGaha and Representative Montell electing to abstain (PASS).

PERSONNEL-OFFICE OF THE SECRETARY:

Covington & Burling, 1000002465; Covington & Burling, 1000002501. Sherry Kefauver discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed with Senator McGaha voting NO and Representative Montell electing to abstain (PASS).

THE FOLLOWING MEMORAN-DUM OF AGREEMENT WAS SELECT-ED FOR FURTHER REVIEW:

POST SECONDARY EDUCATION, COUNCIL ON:

Eastern Kentucky University, 1000003074. Dr. Robert King and Dr. Aaron Thompson discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed with Senator McGaha electing to abstain (PASS).

THE FOLLOWING MEMORAN-DA OF AGREEMENTS AMENDMENTS WERE SELECTED FOR FURTHER RE-VIEW:

DEPARTMENT FOR PUBLIC HEALTH:

Seven Counties Services,

0900011853. Paula Goff and Charles Kendell discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator Gibson seconded the motion, which passed with Representative Montell voting NO.

THE FOLLOWING CONTRACTS WERE DEFERRED

TO THE JULY 2010 MEETING OF THE COMMITTEE:

EASTERN KENTUCKY UNIVER-SITY:

Cornerstone Designs Incorporated, 10060. A motion was made by Senator McGaha to defer the contract to the July 2010 meeting of the committee. Representative Horlander seconded the motion, which passed unanimously.

KENTUCKY EMPLOYERS MUTU-AL INSURANCE:

Ward Group, 10WRD001. A motion was made by Senator McGaha to defer the contract to the July 2010 meeting of the committee. Representative Horlander seconded the motion, which passed unanimously.

KENTUCKY HOUSING CORPO-RATION:

TheoPRO Compliance & Consulting Incorporated, 2011-7. A motion was made by Senator McGaha to defer the contract to the July 2010 meeting of the committee. Representative Horlander seconded the motion, which passed unanimously.

DEFERRED CONTRACTS
DEPARTMENT FOR PUBLIC
HEALTH:

Mississippi Foundation for Medical Care Incorporated, 0800009720. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF:
Achieve Incorporated,
1000001198. Hiren Desai discussed
the contract with the committee. A
motion was made by Representative
Crenshaw to consider the contract as
reviewed. Senator Tori seconded the
motion, which passed with Senator
McGaha voting NO.

EDUCATION, DEPARTMENT OF:
New Frontier 21 Consulting,
1000001757. A motion was made
by Senator McGaha to consider the
contract as reviewed. Senator Tori
seconded the motion, which passed
unanimously.

KENTUCKY HIGHER EDUCA-TION STUDENT LOAN CORPORA-TION:

CFX Incorporated, 09016. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

KENTUCKY HOUSING CORPO-RATION: Caine Mitter & Associates, 2011-3. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

MOREHEAD STATE UNIVER-

CG&B Marketing, LLC, 09006. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

NÖRTHERN KENTUĆKY UNI-VERSITY:

Talent Springs, LLC, 81110. A motion was made by Senator Mc-Gaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

UNIVERSITY OF KENTUCKY:

Grant Cooper & Associates, K10137. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

EXEMPTION REQUEST POST SECONDARY EDUCA-TION, COUNCIL ON:

The Council on Post Secondary Education requested waiver from the Committee Review Process for the following programs:

State and Federally funded contractual agreements created under Title II of the Workforce Investment Act

Agreements for Federal funds received from the US Department of Education, Title IV, for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant.

Agreements for Federal funds received from the US Department of Education for the Improving Teacher Quality (IEQ) State Grant Program; part of the No Child Left Behind Act.

Lauren Moore and Terry Pruitt discussed the exemption request with the committee. A motion was made by Senator McGaha to approve the request to June 30, 2012 and for the agency to provide the committee with a quarterly progress report. Senator Tori seconded the motion, which passed unanimously.

With no further business before the committee, the meeting adjourned at 12:09 PM.

## PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes June 10, 2010

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, June 10, 2010, at 10:00 AM, in Room 131 of the Capitol Annex. Greg Hager, Committee Staff Administrator, called the meeting to order,

and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Kelly Flood, Co-Chair; Senators Jimmy Higdon, Vernie McGaha, R.J. Palmer II, Joey Pendleton, Dan "Malano" Seum, Brandon Smith, and Katie Kratz Stine; Representatives Dwight D. Butler, Terry Mills, David Osborne, Ruth Ann Palumbo, Rick Rand, and Arnold Simpson.

Guests: Shannon Turner, Executive Vice President of University Health Care, Inc. (Passport Health Plan). Linda Sims, Lincoln Trail District Health Department. Dr. Steven Davis, Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services. Shannon Pratt, Governmental Relations, Kentucky School Boards Association (KSBA). Heidi Schissler, Division of Protection and Advocacy, Justice and Public Safety Cabinet. Kay Kennedy, Director, Division of Operations and Transportation; Karen Erwin, School Nurse Consultant; Division of Nutrition and Health Services; Kentucky Department of Education (KDE). Nathan Goldman, General Counsel; Sharon Mercer, Practice Consultant; Kentucky Board of Nursing.

LRC Staff: Greg Hager, Committee Staff Administrator; Rick Graycarek; Christopher Hall; Colleen Kennedy; Van Knowles; Lora Littleton; Jean Ann Myatt; Sarah Spaulding; Katherine Thomas; Cindy Upton; Stella Mountain, Committee Assistant.

Upon nomination made by Senator McGaha, and seconded by Senator Seum, Senator Schickel was nominated for the position of Senate Co-chair.

Upon motion made by Senator Seum, and seconded by Senator McGaha that nominations cease, Senator Schickel was elected Senate Co-chair by acclamation, without objection.

Upon nomination made by Representative Palumbo, and seconded by Representative Simpson, Representative Flood was nominated for the position of House Co-chair.

Upon motion made by Representative Palumbo, and seconded by Representative Rand that nominations cease, Representative Flood was elected House Co-chair by acclamation, without objection.

Senator Schickel recognized new committee members Senator Jimmy Higdon, Representative Kelly Flood, Representative Terry Mills, and Representative David Osborne.

Upon motion made by Representative Simpson and seconded by Representative Rand, the minutes of the December 10, 2009 meeting

were approved by voice vote, without objection.

Representative Simpson made the motion to add a study topic about the incentives for airline service in Kentucky.

Senator Stine said reductions in service at the airport have been an economic disaster for northern Kentucky. She seconded Representative Simpson's motion.

Senator Schickel said that this was an important issue for the entire state.

The committee voted to adopt the topic for study by roll call vote.

Van Knowles presented the report School Health Services for Students With Chronic Health Conditions in Kentucky.

Mr. Knowles said this report examines the efforts schools make to ensure that students with diabetes, asthma, severe allergy, and epilepsy are able to participate in school safely and to learn while there. These conditions are chronic and have potentially life-threatening complications. Most require some kind of regular care during school hours, and most cause increased absences and difficulties in the classroom. Based on information reported by school districts to Program Review staff, it was estimated that tens of thousands of students across Kentucky have potentially life-threatening conditions. The quality of health services at school may make the difference between life and death for some of these students every school day.

The report's major conclusions are that: 1) Most school personnel and nurses appear motivated, dedicated, and skilled. 2) Many schools have inadequate health services staffing and there have been cases of inappropriate care or limitation on care. Surveys indicated more appropriate care and fewer limitations with school nurses. 3) Laws and regulations are complex and districts do not fully understand their obligations and requirements. 4) KDE provides guidance and technical assistance but not oversight and monitoring. Other relevant agencies also do not actively monitor services. Coordination among agencies has improved. 5) Health departments employ more school nurses than school districts Often, coordination is good, but sometimes there is disagreement on services needed. 6) Unlicensed school staff supplement nurses, but there is disagreement on the extent that they should provide care. 7) Many districts cite funding limitations, but some districts in relatively impoverished areas have exemplary health services. 8) Medicaid is a crucial funding source available through health departments only, but it is not available in the Passport region.

Most school districts contract with health departments for school health services. Districts and health departments need to share both educational records and health information. The federal education privacy law and the federal health information privacy law can inhibit this access. The contracts between districts and health departments may need to be changed and federal input may be needed in order to permit legitimate information sharing.

Recommendation 2.1 is that, in consultation with appropriate experts and federal authorities, KDE and Department for Public Health should design a model relationship between school districts and local health departments that will permit the legitimate sharing of health information and educational records under federal education and health privacy laws, and should ensure that school districts and local health departments establish relationships that conform to that model.

Multiple federal and state laws and regulations govern school health services. For students with significant disabilities affecting their ability to learn, the Individuals with Disabilities Education Act establishes the rules for determining the services needed, including health services for conditions that contribute to the educational difficulty. Most students with chronic health conditions would be considered to have a less severe disability under Section 504 of the Rehabilitation Act of 1973. This Act requires the schools to determine what accommodations are needed to ensure participation in school and related activities. Some students with chronic health conditions might not be considered to have a disability, but might still need health services during school and school activities. They are covered by KRS 156 section 502 and other Kentucky statutes.

Recommendation 2.2 is that the General Assembly may wish to consider establishing or clarifying school health policy in the following areas, within the limits of federal law, in several areas: minimum staffing requirements for school health services; the meaning of "any necessary arrangement" in KRS 156.502; whether districts must provide health services at all school-related programs and activities; whether districts must provide health services in the school a student would ordinarily attend; whether KRS 156.502 should permit certain delegation actions and specify how to change delegating providers; how districts should respond to emergency treatment orders for conditions not mentioned in statute; how districts should respond to prescriptions for new emergency treatments for conditions covered by statute; how districts should respond to parent and physician requests for students to carry and self-administer medication not mentioned in statute; the discretion districts should have when students with permission to carry medications misuse them; whether there should be a written individual health care plan for all students needing routine or emergency care; provision to protect physicians who agree to be district medical directors; and the role parents and their designees, including school employees, may have in providing health services to their children in school.

KRS 156.502 states that school health services shall be provided by physicians or nurses or unlicensed people they delegate. Program Review staff found that school districts have nurses, usually registered nurses, as their licensed health professionals. Staff also found that the number of students per nurse ratio is less than 1,000 and does not meet the national recommended level of 750.

Local health departments employ most of the school nurses who are available to provide student health services. Health departments and schools sometimes disagree on the services needed. Recommendation 3.1 is that the Department for Public Health should advise local health departments on ways to assist school districts to meet their obligations under state and federal laws and on liability risk management. If necessary, the department should request that the General Assembly grant liability protection so that health departments may better serve school health needs.

Staff identified several different models for delivering school health services. Many of the models involved nurses from more than one employer, and some indicated shared responsibility for supervision between the school district and the other employer. KDE has not adequately monitored agreements between school districts and health departments and other contracted providers. At least two agreements were verbal and many of them were vague or did not cover the full range of school health services. Most districts also used trained, unlicensed school personnel to assist nurses. Several districts reported depending on parents to provide care to their children.

Some school districts do not fully understand their obligations and the requirements for providing health services, and some appear not to be meeting the minimum requirements. Recommendation 3.2 is that KDE should require all school district agreements with outside health service providers to be in writing and to be submitted to the department.

The department should require all districts to submit regularly updated descriptions of their health services policies, procedures and models of care, including the types, numbers, and supervisors of all licensed and unlicensed personnel. The agreements and descriptions should be sufficient to determine whether districts meet their obligations to provide health services under state and federal laws. The department should provide guidance to districts on their obligations and monitor their compliance.

Staff identified several issues involving nursing and medical practice that KDE and other agencies might resolve. Some of the issues needing clarification involve unlicensed assistive personnel (UAP) being delegated to administer insulin; no nurse or UAP being available to administer emergency medication for a student with diabetes or epilepsy as required by Kentucky statute; students being prohibited from carrying asthma inhalers or epinephrine kits; and some students being unable to attend school because no one was there to provide the necessary care. Other school health issues that need clarification are adequate oversight and regulation. Recommendation 3.3 is that the Kentucky Board of Education and KDE should take the lead to ensure compliance with current and future statutes and regulations. They and the Kentucky Department for Public Health, Board of Nursing, and Board of Medical Licensure, in consultation with other stakeholders, should collectively review the issues identified in the Program Review and Investigations Committee report. Using their respective authorities, they should develop comprehensive school health regulations, advisory opinions, and advice for school districts, health departments, nurses, and physicians. These should be mutually consistent, should address statutory ambiguities, and should establish minimum requirements for school health services, with flexibility for justifiable variations among districts. If statutory changes would be helpful, the agencies should propose such changes to the General Assembly.

Most school districts pay for their health services out of their general fund. For the 72 districts providing detailed financial information to Program Review staff, the median spending on school health services was less than I percent of total district spending. Because of federal disability laws and the Medicaid "free care rule," schools may not bill Medicaid or most insurers for student care. Health departments may bill Medicaid because of a federal exemption for recipients of

Maternal and Child Health (Title V) funds. Recommendation 4.1 is that the General Assembly may wish to consider whether to require private insurers to cover school health services provided by registered nurses and licensed practical nurses. It also may wish to consider ways to permit school health providers to receive reimbursement without requiring families to pay out of pocket, so that the providers may bill for services to students with disabilities.

Although Medicaid covers school health services in other parts of the state, the Passport Medicaid managed care organization does not. Within the Passport region, the number of schools per nurse and number of students per nurse are at least twice as high as outside that region. The school districts' own expenditures per pupil are higher in the Passport region than in any other region.

In the Passport region, school health services do not fit with the "medical home" model and payments would have to come from existing programs. Passport, Medicaid, the Department for Public Health, and health departments have held discussions on this issue, and Passport has proposed partial coverage, but so far no agreement has been reached. Recommendation 4.2 is that the Department for Medicaid Services, Department for Public Health, local health departments, and Passport should continue to seek an equitable method to cover school health services for students enrolled in Medicaid in the Passport region. If they are unable to reach an agreement, the General Assembly may wish to consider whether it can establish a solution within or outside the Medicaid managed care waiver.

Districts may look at options for providing adequate care at the lowest cost, including use of UAP and sharing costs with health departments. Some states, such as West Virginia, Louisiana, Virginia, South Carolina, Tennessee, and Georgia, provide additional funding for school nurses. Medicaid and some insurers do not cover a second prescription for medication or equipment needed at school.

Senator Schickel noted that there was disagreement on the administration of insulin in schools and he asked what the findings of the report were on this issue. Mr. Knowles said the Department of Education should make the decision about how the problem should be resolved. The staff report presented both sides of the argument.

Representative Mills asked why there was a low response to the school budget survey and if the numbers would change if all districts were reporting. Mr. Knowles said surveys went out during the HINI epidemic, which may help explain the low response rate. He could not be sure if the results would change if every survey was returned but doubted it since the numbers represented 51 percent of students.

Representative Flood asked for specifics on the discussions mentioned in the report among Passport, Medicaid, Department for Public Health, and health departments. Dr. Davis said Passport, the Cabinet for Health and Family Services, and the Department for Public Health have been working through issues for the past 2 to 3 years, which has included 3 or 4 direct meetings among the parties.

Ms. Sims said that there was a strong school health program before Passport. There have been more than a dozen meetings with Passport about its provision of services in schools by health departments. Passport has offered to pay \$18 per procedure but that health departments cannot afford to provide service at this rate.

Ms. Turner said that under the Passport medical home model providers are paid a monthly rate and this is supposed to cover all health-care services. She noted examples of Passport's excellent results in care for children but noted that some teenagers may not get necessary care because they do not seek medical treatment as often.

Representative Flood said that this is something that she would continue to monitor and that the General Assembly may be able to motivate the parties to find middle ground.

Representative Palumbo asked why some slides in the presentation had different numbers of school districts responding. Mr. Knowles said that there were four different information requests sent to districts, and the number of responses varied.

Representative Palumbo asked if estimated numbers of students with chronic conditions could be higher because some school districts did not respond and whether the same districts did not respond to each information request. Mr. Knowles responded that it was a reasonable estimate because only a few districts did not respond. The districts not reporting, which were not always the same ones, were not especially large.

Senator Higdon complimented Ms. Sims for her department's work. Passport would be a good model for more areas of the state. He asked if there are any reports as to how much it costs the state to provide services through Medicaid compared to hiring school nurses. Dr. Davis said the total statewide billing amount, including the federal match, was approxi-

mately \$20 million but that number fluctuates.

Representative Simpson made a motion to adopt the report. Representative Flood seconded the motion

Senator McGaha asked whether health department billings for school health increased by 31 percent in the past fiscal year due to an increased number of students or more districts requesting services. Dr. Davis said more students were served and more districts requested that services be provided by health departments.

Senator McGaha asked how much it costs to perform those services. Dr. Davis replied that reimbursement was complicated and he would have to get that information for Senator McGaha.

Senator McGaha asked whether there was a profit or loss to the health departments in providing school health services. Dr. Davis said he could provide specific information but that he thought there was a surplus.

Senator McGaha said that he was aware of schools billing private insurance without the knowledge of the parents. Dr. Davis said he was also aware of this situation and that this should not be happening.

Senator McGaha said, referring to Recommendation 2.2, that schools should already have policies that cover discretion for when students carry medications. Mr. Knowles said the schools do not feel they have discretion. There is a statute that says schools must permit this if parent and physician agree. The school would have to appeal to the parent or physician. Ms. Pratt said that the schools have policies on school health services.

Senator McGaha asked how many districts have policies. Ms. Pratt said 173 of 174 districts use the KSBA policy service.

Senator McGaha questioned whether the General Assembly should get involved if school boards have their own policies. He did not favor the part of Recommendation 4.1 that recommended the General Assembly consider requiring private insurers to cover school health services. This is an unfunded mandate for insurers. The minimum staffing requirements mentioned in Recommendation 2.2 would be an unfunded mandate for school districts. Ms. Pratt agreed that districts would have to pay for additional staff. In response to an earlier question, she said that districts are required to bill private insurers before Medicaid even though the private insurers will not reimburse.

Ms. Schissler said that the Division for Protection and Advocacy is an independent state agency advo-

cating for rights of disabled students. All students with chronic health conditions are covered under IDEA [U.S. Individuals with Disabilities Education Act] or Section 504 [of U.S. Rehabilitation Act of 1973]. Under federal law, schools are required to provide services at school and all after school functions. Protection and Advocacy agrees with the American Diabetes Association that students who can self-administer should be able to carry their medications. Routine diabetes care can be carried out by unlicensed personnel without the need to delegate. Students should be educated in their home schools. Protection and Advocacy should be among the agencies involved in dealing with this subject.

Senator Stine said the committee should hear from additional parties, such as the Department for Medicaid Services, the Board of Medical Licensure, private insurance carriers, and other stakeholders. Input is needed on issues such as liability for providers, mandates for insurers, and mandates for schools regarding personnel.

Representative Simpson withdrew his motion to accept the report. Representative Flood withdrew her second.

Senator McGaha said that students are covered through IDEA and Section 504, which have specific procedures and requirements. The issue is implementation of existing policies rather than adopting new requirements. He asked if school districts and health departments understood existing law. Ms. Erwin said that school districts do not and health departments probably do not. She said it was impossible with only one state nurse [Ms. Erwin] to monitor implementation of existing law. Dr. Davis said that improvements in provision of services have already been made in response to the report.

Nathan Goldman, General Counsel for the Kentucky Board of Nursing, read a written statement. He said the board put together a task force to study the issue of health care for school children. As a result of the task force, KDE added a requirement that unlicensed personnel must complete a Board of Nursing approved training course before administering medication. The Board worked with KDE and the Department for Public Health to develop a course that will be offered this fall. The current education statute does not allow a licensed practical nurse to delegate to unlicensed personnel. Current research does not support their delegation of injectables by a nurse. He said the Board of Nursing would work with KDE, the Department of Public Health, and any other interested agency or party to improve

the health of school children.

Sharon Mercer, Practice Consultant for the Kentucky Board of Nursing, said that research was both in favor and against letting nonlicensed practitioners administer insulin. Until the research is conclusive, the board supports only nurses administering insulin.

Senator Schickel said this topic would be covered at the July 8, 2010 meeting.

The meeting was adjourned at 11:50 a.m.

## TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes May 5, 2010

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, May 5, 2010, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Carroll Gibson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Carroll Gibson, Co-Chair; Representative Dottie Sims, Co-Chair; Senators David E. Boswell, Joey Pendleton, and Damon Thayer; Representatives Royce W. Adams, James R. Comer Jr., Charlie Hoffman, Tom McKee, and Tommy Turner

Guests: Joel Neaveill, Michael Judge, Michael Tobin, Christi Marksbury, Jennifer Hudnall, Todd Harp, Sandra Gardner, and Kylee Palmer, Governor's Office of Agriculture Policy

LRC Staff: Lowell Atchley, Biff Baker, and Kelly Blevins.

Minutes of the January 6 and March 3, 2010 meetings were approved by voice vote and without objection on motions made by Sen. Boswell and seconded by Rep. Sims.

The presiding co-chair, Senator Gibson, asked staff with the Governor's Office of Agricultural Policy (GOAP) to appear before the committee and report on the Agricultural Development Board's (ADB) tobacco settlement grant and loan actions from the March and April meetings. Appearing before the committee were Mr. Joel Neaveill, GOAP Chief of Staff, and Mr. Michael Judge, Director of Operations. Mr. Roger Thomas, GOAP Executive Director, was absent from the meeting.

Before reviewing projects approved by the ADB, Mr. Neaveill mentioned two occurrences in recent days. First, the Governor has requested that the United States Department of Agriculture approve disaster assistance for state farmers because of storm and flood damage.

Mr. Neaveill also pointed out

that settling tobacco companies had made their 2010 Master Settlement Agreement payment to Kentucky in the amount of \$105 million, which was down from the \$111 million estimated earlier by budget forecasters. Mr. Neaveill and Mr. Perry Nutt, an LRC Staff Economist who joined in the discussion, answered questions from committee members regarding the payments. Because of declining cigarette sales, the impact of nonparticipating manufacturer sales, and other factors, the annual MSA funds are anticipated to decline in the future. Budgetary provisions are made for payment decreases as well as increases. For example, Mr. Nutt mentioned that in 2009 Kentucky actually received about \$6 million in additional MSA funds, which were distributed to the agriculture development fund and to the health-related agencies receiving the moneys.

Funded projects reviewed during the committee meeting included: Grasshoppers Distribution LLC, Jefferson County; Kentucky Forage and Grassland Council, Fayette County; Matt Jackson, Henry County; Garrard County Board of Education; Kentucky Center for Agriculture and Rural Development (KCARD), Hardin County; South Kentucky Rural Electric Cooperative Corporation, Pulaski County; and Mammoth Cave Resource and Conservation and Development Area, Warren County.

Mr. Judge provided a detailed explanation of the Grasshoppers Distribution project, which was approved for \$35,000 in state agricultural development funds as a zero interest loan to assist in the distribution of Kentucky farm products to urban markets. The project review had continued for over a year before the board approved the funding during its March meeting. Mr. Judge explained to Senator Pendleton that "clients" of the business are consumers who pay an annual subscription fee to producers in order to receive produce and other commodities throughout the year. "Third party audits" were being required of producers who sell their produce under that type arrangement. Responding to Representative Comer, he listed the principals involved in the endeavor and indicated that they had signed personal guarantees on the loan.

Mr. Judge verified to Senator Gibson that Grasshoppers had received tobacco settlement funding in the past and had matched those funds with some federal funds. Mr. Judge said GOAP staff had received a breakdown of the earlier spending. KCARD had reviewed the company's operations and had made some observations. The board was not unanimous in its approval of the project.

Testimony revealed GOAP staff

had originally suggested that the board not fund the project. Mr. Judge explained to Senator Gibson that the board sometimes votes contrary to staff recommendations. For example, it recently not only disagreed with staff's no-funding recommendation on a project, but increased the amount of agriculture development funds sought. The committee chair noted for the record that he hoped that, in the future, GOAP staff and the board would agree on funding decisions.

Mr. Judge and Mr. Neaveill responded to several questions from Co-chair Sims about the Grasshoppers project and the philosophy driving how the agricultural development funds are used. Asked about the company's projected operating expenses, Mr. Judge said the total had dropped as the project was scaled down from the original request. The board felt strongly that the company was doing good work and had progressed. The board also wanted to assure that producers would be paid in a timely fashion. Mr. Judge explained the audit and reporting procedures and described the Grasshoppers' producer network, which stretches as far as Logan County.

As discussion continued, Mr. Neaveill described the county and state funding processes. According to Mr. Neaveill, the Grasshoppers project will have a regional impact.

The presenters turned to the next project, Kentucky Forage and Grassland Council, which was approved for \$100,000 in state funds and \$100,000 in American Recovery and Reinvestment Act (ARRA) energy funds to continue a switchgrass renewable energy project in northeast Kentucky. Commenting on the project, Senator Pendleton pointed out that other types of plants should be the object of research as well. He mentioned industrial hemp as having biomass possibilities. Citing a need to look at the broad picture, he said that hemp can be grown throughout Kentucky. According to Mr. Judge, responding to Representative McKee, the board had earlier committed \$800,000 to be leveraged against the ARRA funds to develop multicounty energy projects in the state. He mentioned other projects funded by the board in March and April and others that were pending.

Regarding another project, Mr. Neaveill detailed for Co-chair Sims the funding arrangement for the South Kentucky Rural Electric Cooperative, which will be using \$10,150 each in state, ARRA, and county funds to undertake a feasibility study for regional biomass potential. Counties thus far had committed \$8,000 of the \$10,150 needed.

Next, Mr. Neaveill and Mr. Judge,

who were joined at the table by Ms. Kylee Palmer, Senior Compliance Specialist, updated the committee on activities related to recent County Agricultural Investment Program (CAIP) policy changes and workshops held throughout the state to acquaint local officials with the changes. According to testimony, the cost of soil testing is now eligible for reimbursement for CAIP-eligible crops. The costs of seeds, lime, and equipment remain as cost-share eligible items, Mr. Judge told Senator Gibson. Fertilizer was dropped as a cost-share item because fertilizer expenses are considered to be on-going, routine operational costs.

Ms. Palmer updated the committee on the workshops for extension agents, CAIP program administrators, and county council members. GOAP staff conducted II workshops throughout the state, she said, with 279 people attending from 109 counties. The workshops were used to provide updates on policy and program changes for 2010 and to present an overview of reporting requirements.

She told Senator Pendleton that contacts will be made in those counties not represented.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11:30 a.m.

## TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

June 2, 2010

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, June 2, 2010, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Dottie Sims, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Carroll Gibson, Co-Chair; Representative Dottie Sims, Co-Chair; Senators Vernie McGaha, Joey Pendleton, and Damon Thayer; Representatives Royce W. Adams, James R. Comer Jr., Charlie Hoffman, and Tom McKee.

Guests:

LRC Staff: Lowell Atchley, Biff Baker, and Susan Spoonamore, Committee Assistant.

Minutes of the May 5 meeting was approved by voice vote and without objection on motions made by Senator Pendleton and seconded by Representative Adams.

Governor's Office of Agricultural Policy Report

Mr. Roger Thomas, Executive Director, Governor's Office of Agricul-

tural Policy (GOAP), Mr. Joel Neaveill, GOAP Chief of Staff, and Mr. Michael Judge, GOAP Director of Operations reported on the actions of the Agricultural Development Board (ADB) at its May meeting.

Before beginning their testimony, they made note of a chart showing Kentucky Agricultural Development Fund county account balances that reflected the state's 2010 Master Settlement Agreement payment. There were no questions.

Following a summary of the County Agricultural Investment (CAIP), Deceased Farm Animal Disposal, and Shared-use Equipment program activities, the GOAP representatives updated the committee on two state-funded projects - the Western Regional Center for Emerging Technology Inc., a multifaceted Calloway County project aimed at producacquainting agricultural ers with bio-energy endeavors, and Commonwealth Agri-Energy LLC, a project geared toward saving energy costs at a Hopkinsville ethanol plant by reconfiguring a water-based cooling network.

Mr. Judge and Mr. Thomas responded to questions from Senator Pendleton regarding the end results of the Western Regional Project. According to testimony, the main objectives of the Western Regional Project are to expand acreage for bio-energy crops and trees, organize producer business relationships with bio-energy companies, and assist in establishing successful biomass producing businesses.

Responding to Senator Pendleton's comment that such studies should be geared toward reality, Mr. Thomas indicated that the Agricultural Development Board wants to show farmers that bio-energy crops can be grown for a profit. Projects like the Western Regional Center should show what bio-energy crops are appropriate and if they can be grown at a profit.

Senator Pendleton had mentioned the need to study further the potential of industrial hemp as an energy crop. He suggested a legislative informational hearing on the issue.

In subsequent comments, Representative McKee, co-chair of the Interim Joint Committee on Agriculture, indicated the hemp issue should be explored.

In the midst of discussion of the Commonwealth Agri-Energy project, Mr. Thomas responded to Co-chair Sims' question about the appropriate uses of CAIP funds. According to Mr. Thomas, the ADB decided to create CAIP to enhance "accountability" and "accessibility" of county funds. He noted that the Commonwealth Agri-Energy project did not use CAIP moneys.

Responding to a series of questions from Co-chair Gibson, Mr. Judge explained the need for the Commonwealth Agri-Energy funding. According to his testimony, the project, funded by state, county, American Recovery and Reinvestment Act (ARRA), and private funds, would lead to a savings of \$128,000 per year in energy costs involved in cooling the ethanol plant. Mr. Thomas responded to the senator that the GOAP received use of \$2 million in ARRA funds for on-farm energy projects and regional projects such as the Commonwealth Agri-Energy undertaking. In intervening discussion, Senator Gibson noted the positive aspects of the cost savings since, ultimately, the ARRA funds must be repaid. Turning to other issues, responding to Co-chair Gibson's question about the budget, Mr. Thomas indicated a concern about the funding of recurring agricultural groups like the Beef Network and the Horticulture Council because of reduced appropriations. FY 2012 will be problematic in particular, according to Mr. Thomas. Responding to Representative Comer, Mr. Thomas indicated that funding requests to GOAP were down and loan requests to the Kentucky Agricultural Finance Corporation were holding steady.

Health Care Improvement Authority, Kentucky Access Reports

Ms. Sharon Clark, Commissioner, Department of Insurance, reported on the activities of the Kentucky Health Care Improvement Authority (HICA), as well as the impact of federal health insurance reform, and Mr. Al Perkins, Director, Kentucky Access, reported on the Kentucky Access high-risk insurance program, which receives tobacco settlement appropriations as a part of its revenues.

Ms. Clark updated the committee on the activities of HICA and the impact of federal health care reform. In explanatory remarks and in response to committee members' questions, primarily Representative McKee and Senator McGaha, Ms. Clark explained the impact of the health insurance overhaul on Kentucky Access.

According to testimony, the federal government will spend \$5 billion -- of which Kentucky will receive \$63 million-- to provide coverage for people with high-risk health maladies. The \$63 million will available for a new bridge pool, which will operate parallel to Kentucky Access until 2014, when practically everyone will be guaranteed to receive coverage from insurers regardless of preexisting conditions. Ms. Clark told the committee that Kentucky will ultimately opt out of the high risk insurance arena and allow the federal government to assume the task.

Responding to Representative

McKee, Ms. Clark indicated her first reaction was the tobacco settlement fund appropriations will not be needed once provisions of the federal law take effect in 2014. Regarding the problem of assembling quorums for HICA meetings, Ms. Clark agreed with Senator McGaha, who mentioned having service guidelines for those serving on boards and commissions.

Next, Mr. Perkins reviewed Kentucky Access enrollment, revenue and expenditure information, and demographics data. According to his presentation, as of March 31, 2010, Kentucky Access had 4,632 active members and 9,045 inactive members, or members who had been enrolled but who were no longer participating.

Switchgrass Project Update

Finally, the committee heard a report from Dr. Ray Smith, Associate Professor, University of Kentucky College of Agriculture, on the second phase of a switchgrass propagation project in northeast Kentucky.

Kentucky Forage and Grassland Council, with which Dr. Smith is affiliated, received \$100,000 in agricultural development and \$100,000 in ARRA funds to continue the project that involves farmers growing switchgrass on their farms. The grass will be converted into pellets to be used along with coal at a power generating plant near Maysville.

Responding to Co-chair Gibson, Dr. Smith indicated coal producers seemed receptive to the idea of using the grass in tandem with coal. He also mentioned the grass is being grown on some reclaimed strip mine sites.

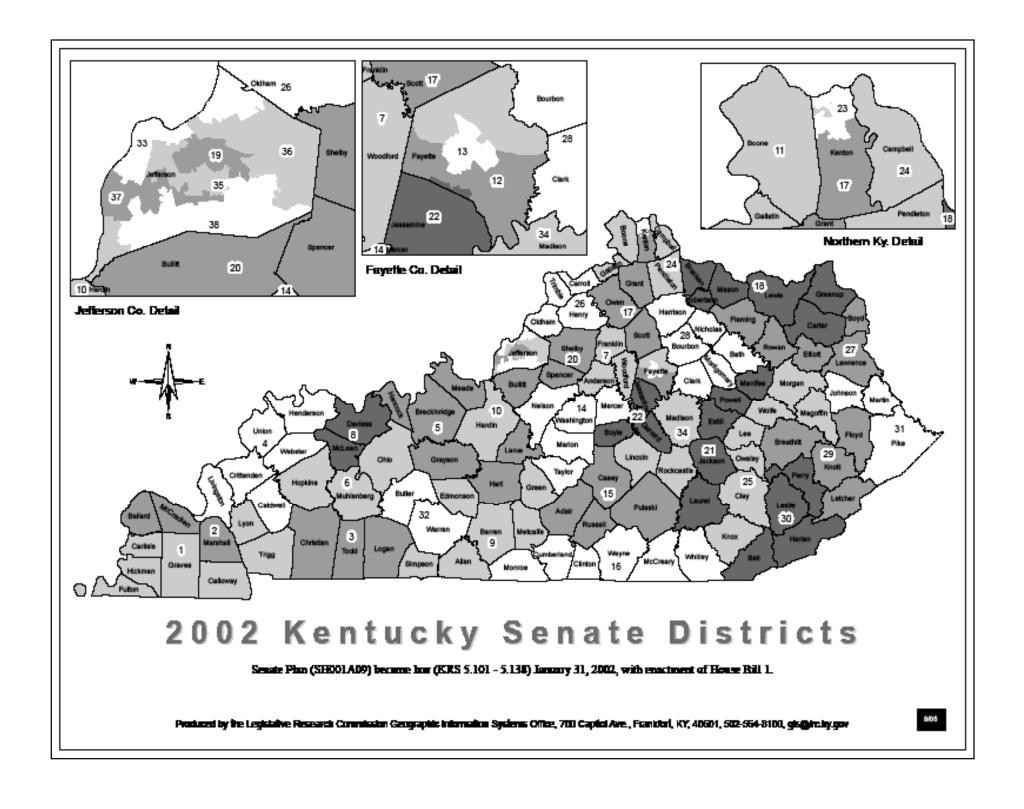
Dr. Smith agreed with Representative McKee's observation that use of the grass can be beneficial should a carbon tax on industrial emissions ever come to fruition.

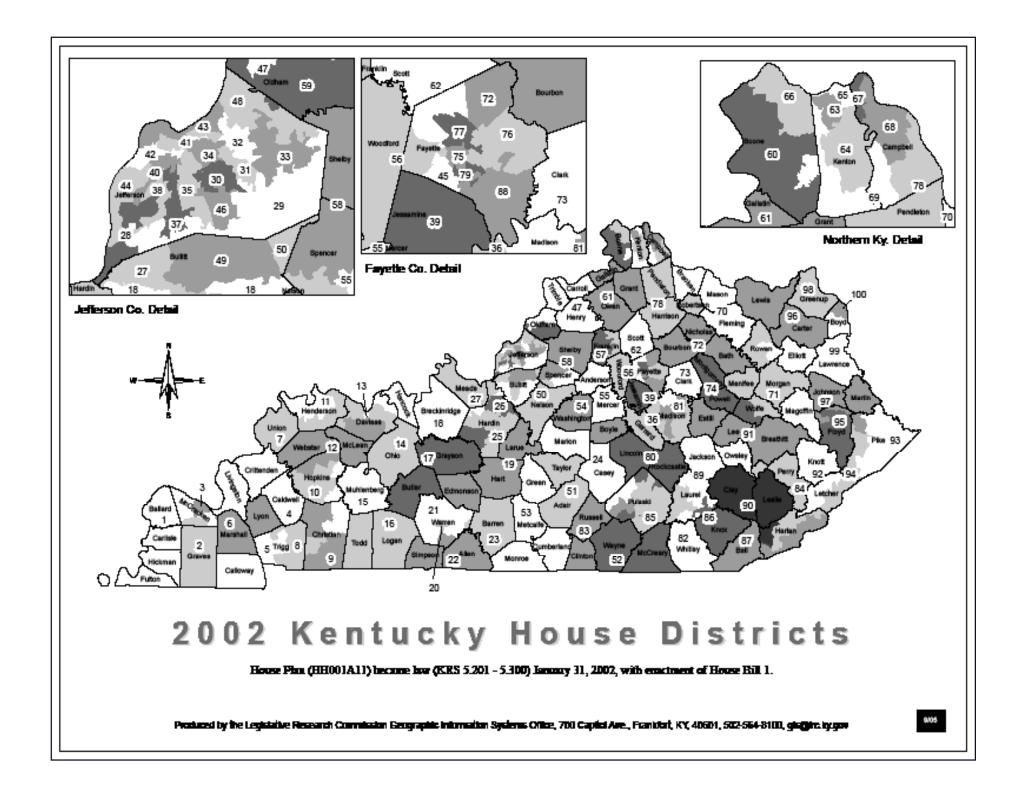
Responding to another question from Representative McKee, Dr. Smith indicated that farmers are paid the equivalent of land rental to grow the grass on their property. The power company is paying for the harvested grass, the pelletizing, and shipping.

Senator Pendleton again mentioned the potential merits of industrial hemp. He noted that a state law allowed the University of Kentucky to seek to conduct research on the grass. He urged that UK revive that effort.

As discussion ended, Dr. Smith responded to Senator McGaha that switchgrass has about two-thirds of the BTU value of coal.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11:30 a.m.



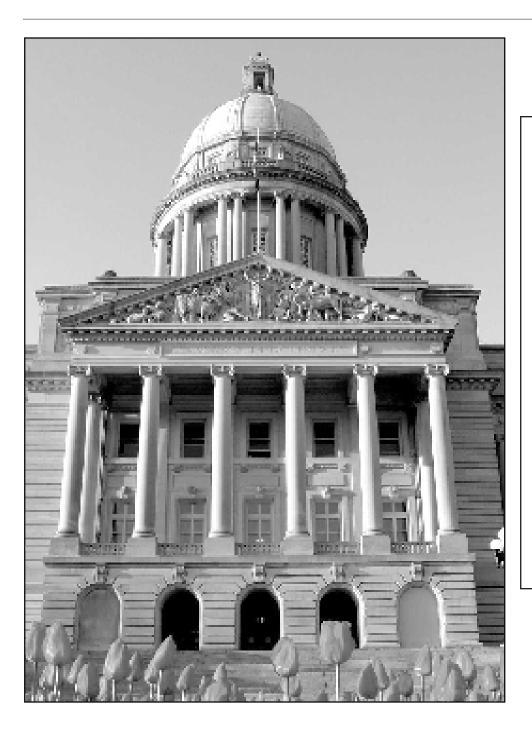


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