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Sen. Alice Forgy Kerr, R-Lexington, holds up a brochure advertising a school safety tip line during the June 11 meeting of the Interim Joint Committee on Education.

Legislative panel explores school safety strategies

Jim Hannah
LRC Public Information

FRANKFORT – Increasing the physical security of school buildings, enhancing detection and prevention and deploying more school resource officers were among key recommendations school safety experts made to a state legislative committee exploring how to put a stop to school shootings.

“What we need is legislation on those three best practices,” former commissioner of the Department of Criminal Justice Training Mark Filburn said at the June 11 meeting of the Interim Joint Committee on Education.

Kentucky Center for School Safety Executive Director Jon Akers said the legislature had made school safety a high priority since the Heath High School shooting in 1997. He added that he appreciated legislators didn’t rush additional school safety measures after the Marshall County High School shooting in January.

“Taking a measured approach, sitting back until the dust clears and seeing what other people are doing gives you an opportunity to look at things in a more comprehensive way,” Akers said, a former school principal and nationally recognized expert in school safety.

He said because of recent school shootings across the nation – including one on May 25 in Noblesville, Ind. – other states are also exploring additional safety precautions.

Those include 35 bills in 19 states to require the development of emergency operation plans, 25 bills in 16 states to require emergency drills, 34 bills in 19 states to train school resource officers, 32 bills in 17 states to strengthen building security, 28 bills in 18 states to increase access to mental health services and 44 bills in 20 states to arm school personnel.

Akers said Kentucky’s local school boards are

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Pension update shows some improvement

by Rebecca Hanchett
LRC Public Information

FRANKFORT—Assets in the Kentucky Retirement Systems have increased by \$905 million so far this fiscal year with investment gains topping \$1 billion year to date, officials told the state’s pension oversight board on June 4.

KRS Executive Director David Eager told the Public Pension Oversight Board that the \$905 mil-

lion increase in assets is like “water in the bathtub,” with more flowing in than flowing out. “It went up \$900 million,” said Eager.

Investment gains, while below last year’s total of nearly \$2 billion, should allow KRS to finish the fiscal year with over \$1 billion in new income, Eager said. “We’ve got three months more to tack on here ... Hopefully we’ll be up a little more than \$1.1 billion by the end of the year.”

Also showing promise are investment returns

for KRS so far in fiscal year 2018, with returns for pension and insurance investments up 7.72 percent and 8.02 percent respectively. Eager said those are “attractive returns” which are better than returns in 2016 and slightly below last year’s returns.

Less encouraging to some lawmakers is the cash flow situation at KRS, which has a negative cash flow of \$197 million. Also experiencing a negative cash flow is the Kentucky Teachers’ Retirement Sys-

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Schools, from page 1

considering metal detectors, book bag checks, more law enforcement in schools, arming school personnel, fire alarm protocol and how to handle threats levied at schools or students.

"There is a feeling that we need to be doing something more," he said in describing the mood of educators across Kentucky.

Sen. Julie Raque Adams, R-Louisville, asked about the disparity in male and female school resource officers (SROs) in the state and their effectiveness.

Kentucky Association of School Resource Officers President Chris Barrier said Fayette County has the largest contingency of female officers in the state but local police and sheriff departments have also placed a number of female school resources officers in the classroom.

"Both are effective in their own right," said Barrier, who is also the Montgomery County Schools Director of Law Enforcement. "But there is no question, I've seen it in our business, that female law enforcement officers in this particular role have extraordinary success. And I have intentionally sought recruitment for female SROs for that very reason."

Committee Co-chair Rep. John Carney, R-Campbellsville, said he agreed with Filburn that local leaders, such as business people, would be willing to donate money to help pay for school resource officers.

"There is a lot to this puzzle, but the bottom line is we have to put a SRO in every building in the commonwealth," said Carney. "And we got to find a way to partner with all those groups, and get the General Assembly to do its part, to find the funding to do that."

Sen. Mike Wilson, R-Bowling Green, said the General Assembly might be able to pass legislation to encourage schools to establish nonprofits to collect donations for school safety measures.

Sen. Alice Forgy Kerr, R-Lexington, said she was impressed with the school safety officials and suggested that the Kentucky Center for School Safety expand its school safety tip line to a phone application.

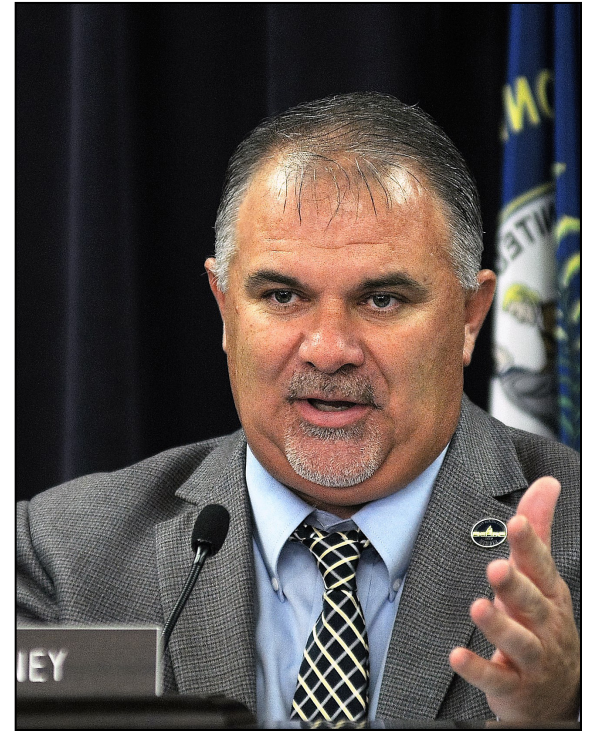
"This was a sensational presentation," Kerr said. "I do so much appreciate your expertise and your passion and willingness to share what you know. It is so important we are sharing with everyone we can – the information that even we receive today."

Rep. Mary Lou Marzian, D-Louisville, said public policy aimed at keeping guns out of the children's hands should also be considered.

"One thing I think is missing from this whole debate is common sense gun safety," she said. "How is a 16-year-old getting their hands on a AK-47?"

Sen. Danny Carroll, R-Paducah, said the presenters "laid out the roadmap from where we need to start" as a legislature.

"I don't think there is any question in that at all," he said.



Interim Joint Committee on Education Co-Chair Rep. John Carney, R-Campbellsville, fields questions during the committee's June meeting.

Pensions, from page 1

tem (KTRS) which KTRS Deputy Executive Director Beau Barnes says has a negative cash flow of \$258 million so far this fiscal year.

Both Barnes and Eager explained the negative cash flow as a matter of having not enough cash on hand to meet demand for benefits. One consideration, said Eager, is an imbalance in the number of retirees versus active employees.

"We are in a situation with the KRS non-hazardous plan where we have 5,000 more retirees than we have active people. Pretty hard to have positive cash flow when you're paying out that level of benefits to that many people," he said. "It's a problem – it's not as big a problem as you might feel."

Barnes stressed that his system's negative cash flow is not as threatening as it might sound, adding that KTRS had a negative cash flow of \$650 million two years ago.

"This is a very manageable negative cash flow for us," said Barnes. "We are not, for example, having to avoid certain investments, longer term investments, that we were avoiding when we had the \$650 million and growing negative cash flow."

"This is a very manageable negative cash flow for us. We are not, for example, having to avoid certain investments, longer term investments, that we were avoiding when we had the \$650 million and growing negative cash flow."

KTRS Deputy Executive Director Beau Barnes

Board Co-Chair Sen. Joe Bowen, R-Owensboro, said negative cash flows are not something that the state retirement systems should take in stride.

"I want to caution this committee and those here today that we shouldn't get comfortable with negative cash flow figures even from any type of historical perspective where we did worse," said Bowen. "We've got to move beyond that at some point."

Another issue facing the state pension systems is a spike in retirements. Eager said KRS retirements

are up 1,100 in 2018 compared to 2017, he said, with another spike expected this August. "That's a real strain on us. Again, we'll get it done," Eager told the board.

A brief presentation was also received on the Judicial Form Retirement System, which includes the Judicial Retirement Plan and Legislators Retirement Plan. Judicial Form Retirement System Executive Director Donna Early said some third-quarter results were "lackluster."

Felony expungement reviewed by panel

by Rebecca Hanchett
LRC Public Information

FRANKFORT—Committee testimony on a 2018 bill that proposed adding to the list of low-level felonies that could be expunged in Kentucky led to comments during a June 1 legislative committee meeting about the cost of felony expungement in the state.

Individuals who are certified to have their non-violent felony record expunged—or deleted from court records—in Kentucky must pay a \$500 filing fee to apply to have the record deleted. The same \$500 fee was proposed in 2018 Senate Bill 171, sponsored by Senate President Pro Tem Jimmy Higdon, R-Lebanon. That legislation, which did not become law this year but may be proposed again, would make additional low-level felonies eligible for expungement.

It is the felony expungement cost, however, that some members of the Interim Joint Committee on Judiciary expressed concern with during testimony on both SB 171 and its predecessor 2016 House Bill 40, which was passed into law two years ago.

Rep. McKenzie Cantrell, D-Louisville, said a Louisville-area program called the Reily Reentry Project is paying expungement costs for those wanting to clear their criminal record and improve their quality of life. She said the \$500 fee is “a real barrier” for many folks.

“I really would like for you to reconsider the amount of the filing fee that we’re charging because I think it is holding people back,” she told Higdon as he presented SB 171 before the committee for discussion.

In response, Higdon said there was some discussion during debate on HB 40 in the 2016 Regular Session about making it easier to pay the filing fee.

“I’m sure that would be something that we could do because it’s probably a good idea, if you owe the court, to pay them,” said Higdon. “They have ways to collect.”

Rep. Jason Nemes, R-Louisville, said those who have charges dismissed should not have to ask or pay to have their record cleared.

“If the (charge) is dismissed, that should be



Sen. Danny Carroll, R-Paducah, at left, talks with Rep. Gerald Watkins, D-Paducah, before the start of the June 1 meeting of the Interim Joint Committee on Judiciary.

off my record immediately. I shouldn’t have to pay a dollar for that and I shouldn’t have to ask for it to be done,” said Nemes. He spoke specifically of misdemeanors, but said felonies may deserve some leeway as well.

“We need to start from the proposition that some of these Class Ds (low-level felonies) shouldn’t be felonies in the first place,” he said, adding that SB 171 “doesn’t go far enough.”

Higdon told Nemes that one solution could be to give more discretion to the judges and prosecutors and “let them decide.”

Current law requires that \$50 of every \$500 filing fee collected be put into a trust for deputy court clerks. Under SB 171, \$50 of that \$500 would also go to the Kentucky State Police for processing of expungements, and \$100 would go to the Commonwealth’s Attorney’s office that prosecuted the case to help process expungements.

Felony expungements in Kentucky have increased exponentially since the passage of 2016 HB 40, according to officials from the Administrative Office of the Courts (AOC.) Kelly Stephens who manages the AOC’s Information and Technology Services (ITS) Court Services Division told the committee that there were 83 felony expungements granted in Kentucky in 2016. That number grew to 912 in 2017, followed by 330 felony expungements to date in 2018, she said.

“In 2016 – (HB 40) was passed and effective July 15 – the process itself can take up to six months, so we didn’t see as many in 2016,” she said. “In 2017, I think we saw the numbers kind of shake out how we expected.”

Expungements for acquittals, dismissed charges and misdemeanor convictions have also been numerous since 2016, said Stephens, with more than 15,000 of those expungements granted since 2016.

Two new bridges could widen funding gap

by Jim Hannah
LRC Public Information

FRANKFORT – Two proposed Ohio River bridges have highlighted Kentucky’s need to generate more money to pay for transportation projects, the state transportation secretary told a panel of legislators on June 5.

“My primary reason for being here is to convey the need for increased funding,” Secretary Greg

Thomas said while testifying before a meeting of the Interim Joint Committee on Transportation. “It’s a pretty dire outlook.”

He said he came to that conclusion as he explored how Kentucky could afford to build two proposed interstate bridges – in the next six years. One proposed bridge would create an Interstate 69 Ohio River crossing between Evansville and Henderson. The second bridge would replace an aging Brent Spence Bridge that carries Interstate 71/75 traffic be-

tween Covington and Cincinnati.

“As we learn more and more, it is becoming more and more obvious that those two bridges are going to present (financial) challenges for us,” Thomas said.

He estimated Kentucky’s share of the proposed \$1.1 billion I-69 bridge to be at least \$455 million. Thomas said he estimated the state’s share of the proposed \$2.6 billion Brent Spence Bridge replace-

Continued on page 4

PSC reviews state of Kentucky's power plants

by Rebecca Hanchett
LRC Public Information

FRANKFORT—Coal is still the primary fuel source for electricity generation in Kentucky, but the demand for coal-fired power is waning.

That was the word from Kentucky Public Service Commissioner Talina Mathews, who told the Interim Joint Committee on Natural Resources and Energy on June 7 that coal generated 83 percent of Kentucky's electricity in 2016, but preliminary data shows that percentage declined below 80 percent in 2017.

"I think that's interesting – and the gap is mostly made up from natural gas," said Mathews.

She directed lawmakers to charts illustrating changes in electricity consumption, especially in the industrial sector where Mathews said demand for electricity fell from over 50 percent in recent years to 37 percent in 2016. She attributed most of that drop to the closure of the Paducah gaseous diffusion plant, a federal facility that produced enriched uranium until 2013.

But electricity consumption in Kentucky has been decreasing for much longer than 2013, Mathews said, with consumption steadily decreasing since 2008. "We're using less – there's less electricity generated for all sectors in Kentucky," she said.

Also affecting coal-fired electricity generation in Kentucky are the retirements, or closure, of 12 coal plants between 2013 and 2017. Two other PSC-regulated coal-fired plants operated by LG&E and KU are planned for retirement next year, said Mathews.

The reasons for the closures are many, she said: low natural gas prices, the advanced age of the plants (each with an average age of 54 years), efficiency, federal regulatory rules governing mercury and air toxics standards, or MATS, and declining demand, among other factors.

As far as decreased consumption, Committee Co-Chair Rep. Jim Gooch, R-Providence, wondered



Rep. Jim Wayne, D-Louisville, at left, Rep. Rick Nelson, D-Middlesboro, center, and Rep. Tim Couch, R-Hyden, talk before the June meeting of the Interim Joint Committee on Natural Resources and Energy in Frankfort.

if conservation could also be at play. Mathews said yes, to some degree.

"I think some of it is. I think you buy a (new) refrigerator, it's going to use less electricity ... with the standards on appliances. I think it's mostly industrial load, though," said Mathews. "(And) yes, if you looked at the average household use of electricity, you're going to see it's declining."

While most of the plants being retired are coal-fired, not all are. LG&E and KU retired their Haefling #3 plant in 2013 after 43 years in operation – although retirement of natural gas plants is not the norm in

Kentucky, per Mathews' testimony. And that's not just a question of fuel price according to testimony from Mathews, who said the price of coal is steady.

"I think the cost of extraction has led prices to go up, but it's not significant," she said. Natural gas prices, while "volatile" before 2008, have remained low for years, she said, and are expected to stay low for at least another 10 years.

The cost of electricity has gone up, however, said Mathews, and for a variety of reasons. Those include environmental costs, declining load and costs related to early closure of power plants.

Bridges, from page 1

ment to be at least \$385 million. That would mean Kentucky would have \$140 million a year to spend on \$10.5 billion worth of proposed transportation projects, he said.

"That is kind of the message I'm here to deliver," Thomas said. "I think it is very important that we together keep our focus on the need for increased funding as we move forward."

Committee Co-chair Sen. Ernie Harris, R-Prospect, said he appreciated Thomas "telling it as it is."

Sen. Paul Hornback, R-Shelbyville, said Thomas

was "absolutely right" and that he too appreciated the secretary's candor.

"We need to look at some way to not just stabilize the revenue for the road fund but also increase revenue for the road fund because we have a lot of ... roads that need to be maintained and upgraded," Hornback said. "We have a lot of growth in Kentucky and we got to take care of that because, without infrastructure, we won't have the investments in manufacturing and other things we need here in Kentucky."

Rep. Sal. Santoro, R-Florence, asked about the impact of electric cars and hybrid cars on the amount

of gas taxes collected by the state.

Thomas said he thinks it's negligible because the 563 electric vehicles and 31,500 hybrids registered in Kentucky make up less than 1 percent of all vehicles licensed in the state. He estimated the number of electric and hybrid vehicles would only reach 3 percent in 10 years.

"I think the most pressing problem is the efficiency gains out there," Thomas said in reference to more fuel-efficient vehicles.

Thomas said the reduction in revenue gains is tied to continued efficiency gains.

2018

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INTERIM JOINT COMMITTEE ON EDUCATION

MINUTES OF THE 7TH MEETING OF THE 2017 INTERIM

December 11, 2017

Call to Order and Roll Call

The 7th meeting of the Interim Joint Committee on Education was held on Monday, December 11, 2017, at 1:00 p.m., in Room 154 of the Capitol Annex. Representative John Carney, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative John Carney, Co-Chair; Senators Julie Raque Adams, Danny Carroll, Alice Forgy Kerr, Gerald A. Neal, Reginald Thomas, Johnny Ray Turner, and Stephen West; Representatives Danny Bentley, Jim DeCesare, Mark Hart, Regina Huff, Reginald Meeks, Tim Moore, Kimberly Poore Moser, Rick G. Nelson, Melinda Gibbons Prunty, Jody Richards, Steve Riley, Attica Scott, James Tipton, Russell Webber, and Jill York.

Guests: Bob Rowland, Kentucky Association of School Administrators; and Wayne Young, Executive Director, Kentucky Association of School Administrators.

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

Representative Riley made a motion to approve the minutes of the November 13, 2017, meeting, seconded by Senator Turner. The motion passed by voice vote.

Peer Networks for Students with Special Needs

Chairman Carney recognized Senator Carroll for introduction of the presentation. Senator Carroll said that as a parent of a child with special needs, he was grateful for the peer tutoring program that his daughter participated in and how it benefited her both academically and socially. Through further research, he learned of the KY Peer Support Network Project at the Human Development Institute at the University of Kentucky. He hopes to see it expanded to all school districts in Kentucky so that every child would have the opportunity to develop such valuable peer support groups.

Patti Logsdon, Project Coordinator, KY Peer Support Network Project, Lou-Ann Land, Project Director, KY Peer Support Network Project, Katie Newton, Special Education Teacher, John W. Bate Middle School, Tina Wray, Director of Special Education, Danville Independent Schools, and Gretta

Hylton, Director, Division of Learning Services, Kentucky Department of Education testified about the project.

Ms. Logsdon provided data regarding peer relationships during high school. In particular, she noted that six percent of students with autism frequently see friends outside of school and 43 percent never see a peer outside of school. Additionally, as many as 50 percent of students with autism have not been invited to other youth's social activities in the past year. This is a concern because it shows that the creation of peer networks and the social skills they foster, is not automatic and is incredibly rare for students with significant disabilities. Additionally, research shows that while the location of assistance for special needs children is important, the existence of true peer support matters more. Important elements of true inclusion are shared activities, proximity to peers, reliable communication, informed peers, and just enough support from adults. This final piece had been critical, emphasizing that adults needed to be instructed in when it was best to step back and allow for peer-to-peer support.

Ms. Land discussed the KY Peer Support Network Project and its ability to fill the need of building relationships between students with significant disability and their peers by providing opportunities for shared learning, development of lasting friendships, and expanded authentic communication. There are four evidence-based and effective intervention approaches: peer networks, peer support arrangements, peer tutoring, and peer partner programs. The KY Peer Support Network project focuses on the first two, peer networks and peer support arrangements. Kentucky has a long tradition of implementation of peer tutoring arrangements throughout the state and while these have seen good results, they also can set up the peer tutor in a position of "mini teacher" and create an unintended social imbalance between the peer tutor and the special needs student. Peer networks consist of a social group of three to six peers interacting socially with a focus special needs student. A peer support arrangement is a community of learners in a general education class who are supporting each other, including the focus special needs student.

In practice, a peer network meets weekly throughout the semester to talk, participate in shared activities (such as board games, crafts, or a meal), and discuss interactions occurring outside the group (such as sports or other shared interests). These

networks encourage the focus student to become more involved in everyday school life and connect to other school activities. This experience often expands their peer network outside of the formal group. A key element of a peer network meeting is also the inclusion of an adult facilitator. The adult facilitator is there to provide guidance and feedback but does not necessarily need to be a trained special educator. In the case of Bate Middle School, the adult facilitators are sometimes other teachers or even community members who volunteer their time to the group. Parents and other related service professionals, such as speech therapists, are also frequently involved in the creation of peer support networks.

A peer support arrangement consists of one or more peers without disabilities working together with classmates with disabilities as a community of learners, supporting each other academically and socially. Peers who participate in a peer support arrangement, support participation in class activities, provide feedback and encouragement, model communication and other skills, support learning by assisting with understanding of task directions and work completion, and promote interaction with other classmates. The composition of a peer support arrangement typically includes a focus student with two peer partners enrolled in the same general education class, a general educator, and a paraprofessional who while assigned to assist the focus student, is asked to “step back” and allow for peer support unless help is requested. A special educator is consulted in the formation of a peer support arrangement and can help the general educator in terms of modifications of classroom activities to be more inclusive of the special needs student. These arrangements take a considerable amount of pre-planning to be successful and may sometimes include consultation with related services professionals.

Ms. Logsdon discussed the shifting practices of paraprofessionals. The typical role of a paraprofessional is to provide support that allows students with significant disabilities to be educated in the least restrictive environment as well as supporting teachers in meeting the needs of individual students across school and classroom settings. Within the network and peer support arrangements, these roles do not change but the focus of practice shifts from direct one-to-one support to a more generalized facilitative role. She stressed that she does not want to imply that the role of paraprofessional is unnecessary and can be replaced entirely with peer support, because the support they provide is critical.

Ms. Logsdon said there are four key reasons why these networks and arrangements are so important and why they were selected as the target practices. First, the Individuals with Disabilities

Education Act which specifies the “least restrictive environment” and that students should be included in the same classrooms. Secondly, inclusion and positive interaction with peers is a strong indicator of positive post-school outcomes. A national longitudinal study and national transition center have identified a list of indicators for positive post-school success where inclusion and participation in social activities are some of the strongest indicators for employment, entering higher education, and successful independent living. Third, the program is low- to no-cost because most of what is necessary for these programs already exists in the schools. The most costly aspects are the increased training and planning which must occur in order for the programs to be done well. Lastly, they are evidence-based practices. Research performed by Dr. Erik Carter at Vanderbilt, shows that typical peers (those without a disability) who participate in peer support arrangements, and who typically make As and Bs, continue to do so. However, typical peers who typically make Cs, Ds, or Fs show an improvement of one to one and one-half letter grades. His data also shows that special needs students who participate in peer support arrangements double, and sometimes triple, their social contacts and friendships within school, and this carries over to outside of school as well.

Ms. Logsdon discussed the website, kypeersupport.org, which includes resources for schools, including higher education, and information regarding the pilot sites.

Ms. Newton and Ms. Wray illustrated what these programs look like in practice at John W. Bate Middle School, Danville Independent Schools. Ms. Newton said that Bate Middle School’s mission is “to create meaningful relationships and supports for ALL students.” She said that “all means all,” and so they are excited to provide opportunities for students with significant disabilities to fully participate in the school experience of learning and making friends. Bate Middle School has three peer arrangements and seven peer networks. The peer arrangements are in 8th grade social studies, 8th grade science, and 6th grade art. The peer networks meet on Friday during lunch. Ms. Newton noted that the primary barrier to peer networks was finding non-instructional time during the week for student networks to meet. Primarily she has resolved this by using lunch as the shared activity for the students. Simply sharing a meal and talking about what movies they have seen or sports events they have watched, has been instrumental in the creation of friendships among her focus students and their peers.

Other barriers included the difficulty of finding facilitators and getting “buy-in” from all staff. Ms. Newton said that she turned to the community and

looked for individuals who had a background check already on file with the school who were willing to learn about the peer network program and could give time every week to be a facilitator. She has seen that the buy-in from staff has been gradual, but as more of them see special needs students interacting socially in the halls, they have been supportive of the programs. Other benefits that have been experienced by all students in the program have been increased student satisfaction, friendships among all their peers, and students feeling like they belong. They have a more meaningful school experience based on these networks.

In regard to the peer support arrangements, Ms. Newton said they have learned many lessons from implementation, including the need for frequent and open communication. Bringing regular educators and special educators together to brainstorm and lesson plan has resulted in a benefit to all students as it brings more diverse instructional methods to the classroom and expands the skill sets of both educators. She has witnessed the improved grades of all participant students, higher student engagement, and improved instructional delivery to students of diverse learning styles. Beth Murphy, speech-language pathologist, John W. Bate Middle School, joined the presentation via video conference and discussed the use of augmentative or alternative communication (AAC) as part of the peer support program. She said that using the technology with same aged peers has been effective to achieve their communication goals but that there have been barriers in terms of time and training for all staff. The impact however has been an increase in the use of AAC, an increase in natural opportunities to communicate, and an increase of models when communicating using AAC.

Ms. Wray said that the impact on the school and the entire district has been significant and positive. The culture of inclusion has greatly improved and student satisfaction has increased for all students. There has also been an improved awareness, understanding, and acceptance of difference, particularly of individuals with disability. She said it has been a ripple effect that will continue into the community as these students who have learned how to interact normally with disabled individuals go out into the community, to college or into the workplace, and will take that sensitivity and understanding with them. Initially, she and others were concerned that they were asking too much of the focus students but she quickly realized that with the right supports, special needs students can and will exceed expectations.

Ms. Newton then showed video clips of students, both focus students and typical peers, discussing the benefits they saw from participation in the program. Students were available via video

conference to take questions from the committee. In conclusion, Ms. Hylton spoke regarding the Individuals with Disabilities Education Act (IDEA) and the perspective of the Kentucky Department of Education on peer support networks. The IDEA stresses that students with significant disability be provided with a free, appropriate, public education with access to the general curriculum and with the least amount of restriction. The implementation of peer support arrangements does precisely that. Additionally, these networks and arrangements lead to increased achievement of individual education plan (IEP) goals, more friendships, and peer role models for both academic goals and behavior. Students who participate in these programs learn the social skills they need to have continued lifelong success. The Kentucky Department of Education has supported programs like this for over 30 years, beginning with Kentucky's Peer Tutoring Program. She also noted that the special education divisions of the regional cooperatives are involved in peer support networks by offering regional training, supporting local schools and districts, and providing low-incidence consultants as co-trainers.

Responding to a question from Senator Carroll, Ms. Wray said that they have a program in the high school, but it is less structured than the middle school program largely because of the increased independence of high school students. More students initiate friendships outside of the structured school networks and invite them to outside of school activities continuing to build their social networks. Ms. Newton said that it has been heartening to see the networks and friendships carry over naturally into high school.

Senator Carroll commented that he felt this program was very valuable and he intends to file a resolution to make the program available more widely. He wanted to emphasize how important it is for programs like this to be carried into the early childhood and elementary level as well as post-graduation into early adulthood. He would like to see a community of support for special needs individuals. With the proper supports, special needs individuals can become a viable and valuable sector of the workforce as well, and we should not be limiting their potential.

Responding to comments and questions from Representative Riley, Ms. Logsdon said that there is not any longitudinal data available yet for how much contact students maintain after graduation from high school, but data does show that these friendships are maintained over the summer when students are not meeting regularly in a structured environment, but they are initiating contact with their peer groups naturally. Ms. Wray said that she has witnessed some

anecdotal evidence of friendships carrying into post-graduation and college through her own daughter who still maintains a friendship with a special needs peer whom she connected with during school. She said that social media and texting has been a key part of their ability to maintain a friendship even when they went separate ways. Ms. Logsdon said that the ability of a special needs child to not only have friends, but learn to create friendships, is a critical element of the peer-to-peer supports they emphasize as it is a skill everyone needs to develop in order to have a meaningful life.

Representative Prunty said that she agreed with Senator Carroll's sentiments that "earlier is better" and told the students that she thought that what they were doing was incredibly inspiring. They may not realize now the impact they are having, but that it will continue for years to come. She asked Ms. Newton if area youth ministers or therapists had been invited to participate as facilitators for the peer network groups. Ms. Newton said she had reached out broadly into the community as the only requirement was a background check to be filed at the school. Ms. Logsdon commented that there had been elementary school pilot programs, although there were not currently any active elementary programs.

In response to a question from Chairman Carney, Ms. Land said that there were currently between six and eight pilot sites, and that they have been attempting more district wide approaches. Sometimes when a teacher moves from a school, it jeopardizes the ability of the program to continue unless there are several district teachers supporting it. Also, she informed the committee members that there were still openings for pilot sites if they knew of a school in their districts who would like to participate.

Senator Carroll had a final comment that developing these networks is critical to improving the outcomes for students beyond high school. There is a need for more support and funding is limited. But while inequities exist throughout the state, he hoped that increasing the number of these programs in schools would help lay groundwork for the future.

Report from the Commissioner's Dyslexia Task Force

Commissioner Stephen Pruitt, Kentucky Department of Education (KDE); Gretta Hylton, Director, Division of Learning Services, KDE; and Gina Mullins, Human Development Institute, Facilitator – Dyslexia Task Force came forward to give an overview of the statewide Dyslexia Task Force report and recommendations. The task force had been comprised of individuals from diverse backgrounds who were to study what approaches exist to address dyslexia and understand their implementation in schools. Ms. Mullins stated that they looked

nationally at the impacts of various different dyslexia policies as well as what was already in practice in the Commonwealth. Commissioner Pruitt stated that there was certainly a sense of urgency on the part of the Department to address dyslexia, but that there remained a need to balance their approach with that of budget constraints.

The task force recommendations were presented in terms of three main categories; Planning and Preparation, Student Supports, and Related Supports. Regarding instruction, the task force recommended creation of a dyslexia toolkit and increased emphasis on structured literacy, expansion of resources based on evidence-based instructional intervention practices, and creation of guidelines for individual interventions and for identifying and documenting progress. There was also a recommendation to increase allocations from the Read to Achieve Grant funding to districts for the delivery of tiered reading interventions. It was also recommended that the Education Professional Standards Board enhance teacher preparation programs at all levels to address teaching literacy to all students, and that it utilize existing partnerships to promote equity and consistency with instruction for students identified with or displaying risk factors for dyslexia. Additionally, the task force recommended support for ongoing training for teachers, identification of high quality trainers to support schools utilizing a coaching model to develop building level dyslexia experts, and creation of a network of ongoing communication from state level personnel to district level personnel and higher education.

Recommendations for student supports included improved screening methods for all students from preschool through Grade 12 and ensuring that data collected will inform instructional supports for students who are identified with or displaying risk factors for dyslexia. Additionally, the task force recommended that a process be developed to monitor and evaluate the practices and supports implemented as well as teacher, parent, and student perceptions of efficacy of changes made in relation to these recommendations.

Finally, the task force presented legislative considerations which included updating the definition of dyslexia in statute, further delineating the response-to-intervention process from the process of identifying dyslexia, and directing local boards to create and adopt policies specific to dyslexia. They also made recommendations that the legislature direct KDE to update its policies and guidance on dyslexia, gather resources into a toolkit for districts and parents, collaborate with partners (including the Council on Postsecondary Education) to update training programs for educators, survey

districts annually on efforts surrounding dyslexia, and establish a pilot study in collaboration with three districts to review, test, and identify effective policies for identifying and supporting students with dyslexia.

Chairman Carney stated that it was his understanding that as many as one in five students could have some degree of dyslexia. He asked how many students that would equate to in the state. Commissioner Pruitt answered that there are approximately 600,000 students in schools in Kentucky so roughly 20 percent of that would be a 120,000 students that this issue may affect. Chairman Carney said that it was unfortunate that many students would go through their entire school career and remain undiagnosed, because this is a condition that will affect them their entire lives.

Senator Adams stated that she had a personal interest in the subject and had heard that finding qualified teachers was difficult, but that assistive technology had been helpful. Commissioner Pruitt agreed that a significant part of the solution was going to be non-legislative and centered on continuing education for teachers. Ms. Hylton said that assistive technologies were found to be useful in certain circumstances but that it greatly depended on the individual and the nature of their dyslexia. Commissioner Pruitt added that with budget constraints, schools would have to be very deliberative about what technology would be most useful in their circumstances.

Responding to a question from Representative Gibbons Prunty, Ms. Hylton answered that the causes of dyslexia had not been the focus of the task force and would require bringing different experts to the discussion. Ms. Mullins said that a work group was going to be put in place to look at the specific approaches to teaching literacy that the task force had not been able to study in detail.

Dyslexia Legislation for the 2018 Legislative Session

Representative Addia Wuchner was present to speak regarding proposed dyslexia legislation for the 2018 Regular Session of the General Assembly with Aaron Thompson, Executive Vice President, Council on Postsecondary Education; Brad Montell, Deputy Secretary, Education and Workforce Development Cabinet; and Clark Davis, Miss Kentucky 2015. Representative Wuchner began by stating that dyslexia is a brain disorder not caused by any specific reading teaching method and that there are many methods available to assist individuals with the disorder to learn to read.

Mr. Montell said that Grade 3 is a critical checkpoint for reading and that 70-80 percent of individuals who struggle with reading at that point may have dyslexia. Early intervention is critical

to supporting later learning and was legislatively addressed in House Bill 69 of the 2012 Regular Session, also known as the "Ready to Read Act." Ms. Davis discussed briefly her own struggles with the disorder which led her to make dyslexia awareness her platform as Miss Kentucky 2015.

House Bill 69 contained the original definition of dyslexia as well as response-to-intervention legislation. Representative Wuchner stated that there was an expectation that it would resolve many issues but that has not been the case, leading to her desire to revisit the legislation. She sponsored House Bill 307 to address these issues in the 2017 Regular Session, but the legislation did not achieve final passage. This has allowed even more time for the ideas to be refined and included in new legislation for the upcoming session.

The new bill will include updated definitions of dyslexia and response-to-intervention, as well as screening tools and mandates for the Department of Education, including the requirement to develop a toolkit as was recommended by the task force. There will also be a requirement for reporting by September 2018 to enhance accountability. The bill also addresses better teacher preparation.

Dr. Thompson addressed the need for better teacher preparation from the perspective of the Council on Postsecondary Education saying that there was a real need for skilling up of teachers in regards to dyslexia and that this could be addressed through required professional development.

Mr. Dusty Phelps, psychologist, Pulaski County Schools came forward to present his perspective. He said that he was encouraged by the collaborative focus and excited to see an accurate definition of dyslexia included in statute. In addition to effective strategies in schools and better equipping teachers, he advised that there needed to be outreach to the communities to better inform the public about dyslexia and its impacts.

Ms. Phyllis Sparks, parent and representative of the International Dyslexia Foundation-Kentucky Branch, also spoke to the committee regarding her experience as a parent with a severely dyslexic son. She stated that he had been 'passed on' even though he did not have the ability to read and was identified with dyslexia in Grade 5. However, even after the diagnosis, he felt as if the rest of the class was passing by him and he would never be able to catch them. His school system did not have the supports he needed so she made the difficult decision to move him to a different school in order to get the assistance that he needed. She encouraged the members to do anything they could to break the cycle and truly assist students with dyslexia.

In response to a question from Representative York, Representative Wuchner answered that yes

the bill was very similar to bills in the past and that teachers had been very active and supportive, because it was similarly frustrating for them to see students struggling to read and not know what they could to help them.

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

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

MINUTES OF THE 1ST MEETING OF THE 2018 INTERIM

May 21, 2018

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Monday, May 21, 2018, at 11:30 AM, in Lexington, Ky. Representative Phillip Pratt, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Phillip Pratt, Co-Chair; Senators Perry B. Clark, Rick Girdler, Denise Harper Angel, Ernie Harris, Stephen Meredith, Reginald Thomas, and Mike Wilson; Representatives McKenzie Cantrell, Daniel Elliott, Al Gentry, Mark Hart, Joni L. Jenkins, James Kay, Kim King, Russ A. Meyer, Jerry T. Miller, Jason Petrie, Steve Riley, Rob Rothenburger, Dean Schamore, Diane St. Onge, Walker Thomas, and Russell Webber.

Guests: Mark Lyons, President of Alltech, Mike Castle, COO of Alltech, and Yvette M. Smith, Executive Director of EEO/Contract Compliance, Finance and Administration Cabinet

LRC Staff: Carla Montgomery and Andrew Manno.

Small Business Programs for Disabled Veterans, Minorities and Women

Yvette M. Smith discussed programs and certifications for small business owners who are service disabled veterans, minorities or women. To be eligible for certification, the following must be true: 1. At least 51% of the business must be owned by the service disabled veteran, minority or woman; 2. The business must meet the size standards of small as determined; 3. The owners must have owned the business for at least 2 years; 4. The business must have been continuously operating for 1 full year; and the business must have filed a Federal tax return consisting of 1 full year either calendar or fiscal year. The Service Disabled Veteran-Owned Small Business (SDVOSB) program is for Kentucky residents and the business must be physically located in KY. The Minority and Women Business Enterprise (MWBE) program requires that the owner is a U.S. citizen or

lawfully permanent residents of the U.S.

The applicant must submit an application to the Finance and Administration Cabinet. Veterans who have already been approved by the U.S. Department of Veterans' Affairs will have a streamlined process with minimal required documents and information. The Small Business Certification Committee approves, denies, or defers applications. Approvals are good for 3 years. Denials may be appealed, and deferrals usually require additional information.

Certification may be recognized by other states. The certification is also recognized by the Lexington-Fayette Urban County Government, Kentucky Housing Corporation, Louisville Metro Human Relations Commission, Louisville Water Company, Paducah Water Works, and LG&E. In addition, there is free marketing in the Small Business CONECTion which connects with state purchasing representatives and large businesses.

There are 233 companies in the MWBE program, with 184 companies--employing 3,219 employees--located in Kentucky. There are 23 businesses in the SDVOSB program with 220 employees.

Representative Schamore complimented the program. Representative King was directed to the back of Ms. Smith's business card for relevant websites, and promised information relating to a Jessamine county business in the program. Ms. Smith stated that she would send Representative Thomas all the information on the Women's Roundtable in Madisonville to be held in June. Senator Harris was informed that service businesses in the program included CPAs, caterers, and IT companies.

ALLTECH

The COO of Alltech, Mike Castle, who is from eastern Kentucky, discussed Alltech's operations which includes over 5000 employees and has revenue of \$3 billion. Alltech has operations in 129 countries and 100 manufacturing facilities. The global headquarters are in Jessamine County. Alltech is involved in animal feed business, soil business, and beer and spirits. Alltech has 65 employees in Kentucky. Alltech owns a golf course and a distillery in Pikeville. Alltech has a goal to inspire the next generation by building laboratories in schools.

The Alltech conference's economic impact totals \$11 billion in Lexington. The Alltech conference is also a way to inspire ideas and have start-up companies to connect to Kentucky. Dr. Mark Lyons, the president of Alltech discussed that Alltech is still a privately held company. He discussed the issue of keeping talent in Kentucky. He felt central Kentucky could be the silicon valley of the east. During the conference, the Accelerator partners with Dublin to get 10 companies to pitch their ideas for innovations.

Representative Miller was informed that Alltech

is in Iceland. In addition, some European countries do not want GMOs. Alltech works with farming operations with GMO and non GMO. Mike Castle told Senator Wilson that the company works on revitalizing the soil naturally. Mr. Castle responded to Representative St. Onge that the company worked in China trying to make the water safe for growing rice. Representative Kay complimented Alltech about its conference as well as buying McCauley Feed in Versailles. Representative Meyer complimented Alltech and its commitment to education. Mike Castle informed Representative St. Onge about CRISPR and how extensively it is used.

Senator Thomas complimented Dr. Lyons for the brewery in his district and discussed how improved funding was needed for higher education. Representative Pratt liked the phrase used by Dr. Pierce Lyons, "act like it's your money."

Representative Pratt announced a meeting in June and adjourned the meeting.

INTERIM JOINT COMMITTEE ON EDUCATION

MINUTES OF THE 1ST MEETING

OF THE 2018 INTERIM

June 11, 2018

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Education was held on Monday, June 11, 2018, at 1:00 p.m., in Room 154 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative John Carney, Co-Chair; Senators Julie Raque Adams, Danny Carroll, David P. Givens, Jimmy Higdon, Alice Forgy Kerr, Stephen Meredith, Gerald A. Neal, Johnny Ray Turner, Stephen West, and Mike Wilson; Representatives Linda Belcher, Danny Bentley, Jim DeCesare, Mark Hart, Regina Huff, Mary Lou Marzian, Phil Moffett, Rick G. Nelson, Melinda Gibbons Prunty, Jody Richards, James Tipton, Russell Webber, and Jill York.

Guests: Erin Klarer, Kentucky Higher Education Assistance Authority; Eric Kennedy, Kentucky School Board Association; Christina Weeter, Kentucky Department of Education; Vestena Robbins, Kentucky Department for Behavioral Health, Developmental & Intellectual Disabilities; Sheila Schuster, Kentucky Mental Health Coalition; Lisa Willner, Kentucky Psychological Association.

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

Chairman Wise welcomed the members of the School Safety Working Group to this meeting as well as the new secretary of the Education and Workforce

Development Cabinet, Secretary Derrick Ramsey. Representative Richards also welcomed retired general Jerry Humble, co-consultant to the School Safety Working Group.

Senator Kerr made a motion to approve the minutes of the December 11, 2017, meeting, seconded by Senator Wilson. The motion passed by voice vote.

Best Practices for School Safety

Mr. Jon Akers, Executive Director, Kentucky Center for School Safety (KCSS), began the presentation by giving an overview of important legislation relating to school safety, particularly Senate Bill 8 of the 2013 Regular Session, which was a landmark of school safety laws in the country. He presented the six basic categories of school safety measures being addressed across the nation according to data from the National Conference of State Legislatures. These six measures are developing emergency operating plans, requiring emergency drills, training for school resource officers (SROs), strengthening building security, increasing access to mental health services, and arming teachers.

Mr. Akers explained that Kentucky has already addressed emergency management plans and drills in statute. KCSS recommends current statutory language be changed from "classroom doors should be locked" to "classroom doors shall be locked" for greater building security. Kentucky addressed issues of mental health services with its most recent legislation regarding suicide prevention training for teachers. Other services that the KCSS provides include conducting comprehensive security assessments of schools, providing training for school administrators, and supporting the S.T.O.P. tip line which allows anonymous reporting from staff, students, and parents of any issues they feel threaten the security of a school. The KCSS also works in partnership with the Kentucky Department of Education (KDE) to develop programs helping teachers and students to address school safety issues, including bullying prevention. One critical component has been the work to develop alternative education for students who are not prepared to learn in a traditional school setting due to any number of personal or behavioral issues.

Since the school shootings earlier this year, local boards of education have considered many of the following measures: metal detectors, book bag checks, more law enforcement personnel in schools, changing fire alarm protocols, and ways to address threats. In regards to metal detectors and book bag checks, Mr. Akers pointed out that these have limited effectiveness because there are multiple entrances to schools and both create long, gender specific, lines. Additionally, school staff will need specialized training to know what to do if a weapon or other

forms of contraband are detected. School attorneys have also noted concerns about prior notification for students and potential conflicts with the Fourth Amendment.

Addressing changes to the fire alarm protocols, the fire code was not designed for active shooter situations and will need to be assessed by local school officials in partnership with their local first responders. One suggestion from State Fire Marshal Mike Haney is to delay response to fire alarms in schools until a true fire emergency can be confirmed. Additional research is needed regarding this potential change to protocols.

Regarding threats made to schools, Mr. Akers said there have been more than 290 threats made against Kentucky schools since the Marshall County shooting. These are disruptive to students' learning as well as traumatic to students, staff, and parents. The KCSS recommends that schools investigate threats immediately in concert with local law enforcement and that non-credible threats need to be communicated as such to students and parents as soon as possible. Additionally, if an individual can be identified as having made a threat, local school administrators and law enforcement need to determine if legal action should be pursued in order to deter future threats.

Mr. Akers said he admired the legislature for not making any "knee jerk" reactions to the situations occurring earlier in the year. It was essential to take time to consider all the options and the implications before taking measured legislative action. Some strategies he recommended were situational awareness drills, building student/teacher relationships, and increasing the number of SROs. Recent surveys performed by the KCSS show that students report that SROs make them feel safer in school and that they are comfortable reporting concerns to their SROs. They also largely disagree that there should not be SROs in their schools.

He said that school safety must also address other issues than active shooting situations including natural disasters, kidnappings, and other emergency situations. Schools will need support from their communities and parents as well. Above all, the best information comes from students who know more about what is going on in their schools than anyone. Forming strong, trusting relationships between students and school personnel is critical to the success of any school safety initiatives.

Mr. Mark Filburn, former Commissioner, Department of Criminal Justice Training, presented three school safety recommendations, which have nearly unanimous support and were first suggested nationally following the tragedy at Sandy Hook Elementary. These were hardening the target, detection and prevention, and school resource officers

(SROs). For elementary schools, shooters are largely strangers to the students and incidents are more likely to occur at a front entrance compared to middle and high schools where the shooter is typically someone associated with the school and incidents can start anywhere in the building. In all situations, time is essential. Most active shooter events are over in five or six minutes so delaying the shooter for even a few seconds can save lives.

Hardening the target involves strategies that make it more difficult for an intruder to enter the building. The primary approach to having controlled access is by locking doors once students are inside and installing video-intercom systems on exterior doors with electronically locking doors. Cost for systems like this vary but are approximately \$10,000 per entryway. Also, having metal doors and/or glass reinforced with security film and flush or security handles make it more difficult to gain access to students. Nothing is 100 percent effective, but these measures will provide time for law enforcement to be called in the event of an emergency.

Mr. Filburn stated that this would all be part of a layered redundant approach, which begins with detection and prevention. Detection measures include closed circuit monitoring of parking lots and breaking the code of silence, which prevents students from informing an adult when they hear about planned threats to school. Other layers of protection should detection fail include physical building security, controlled access, locking classroom doors, and armed protection in the form of SROs.

Training for teachers, students, and parents should include what procedures to follow in the event of a lock down. He showed an example of a simple five-step process which includes locking the classroom/office door, covering windows, turning off lights, moving everyone out of sight, and staying quiet. Evidence supports that no student or teacher has ever been harmed by an active shooter when they were out of sight behind a locked door. Even more valuable however is the information garnered from students. In a vast majority of school shootings, the incidents were planned and other individuals knew the attacker's plan. There is no useful profile for a student who will perform an act of violence, but there are certain behaviors that can cause concern. Increasing access to mental health services, creating multi-tiered systems of support, and incorporating trauma-informed practices for school staff (including ways to address abuse, bullying, trouble at home, and life-threatening weather events) can go a long way to preventing a student from reaching a point where they feel their only recourse is violence.

Mr. Filburn touched on funding for these strategies. Some suggestions were the formation

of 501(c)(3) organizations as well as contributions from parents, family, community, and corporate sponsors. He also recommended that school boards look into the Law Enforcement Officers Safety Act to hire retired law enforcement as volunteers for armed protection. Surveys show that 63 percent of those in favor of increasing the number of SROs in schools also support a tax increase to pay for it.

Mr. Chris Barrier, Director of Law Enforcement, Montgomery County Schools, spoke specifically to SROs and defining their role in schools. An SRO is "a career law enforcement officer, with sworn authority, deployed in community oriented policing, assigned by the employing police department or agency to work in collaboration with schools and community-based organizations." There are many pre-requisites to being an SRO including being sworn law enforcement, properly selected, properly trained (SRO Basic/Advanced, KYASRO Mentor Program), and committed to the mission. SROs develop relationships with students and can see incidents that lead students to want to commit an act of violence in the school.

There are 271 SROs in 118 school districts across the Commonwealth. They cover 1,220 public schools with approximately 656,588 students, which is a ratio of roughly one officer per 4.5 schools. Mr. Barrier stated that he wished the ratio were higher but understands that budget constraints exist. Of all the regions of Kentucky, the eastern region has the weakest presence of SROs in schools.

He explained that SROs have a far greater role in schools than simply carrying a weapon. They create positive law enforcement engagement with students, serve as a contact for community resources, develop safe school strategies in partnership with school administrators, work with guidance counselors and others to assist students in accessing social services, serve as positive role models, provide law enforcement and police services for school events, help prevent juvenile delinquency, support crime prevention programs for students, and help students with conflict resolution. All of this serves to create a more positive and safer school environment. Everything they do is about building trusting and positive relationships with students and staff. SROs should have a genuine interest in working with youth, develop an understanding of the school community, have daily contact with staff and students, and have a shared interest in maintaining a safe school environment with the school administrators.

In response to a question from Senator Raque Adams, Mr. Barrier said that Fayette County has the highest number of female SROs in the state. And while both men and women are effective in the role, there is no question that female law enforcement have

excellent levels of success in relating to students and creating safe schools.

Representative Carney stated that in his experience community members are more than willing to contribute financially to securing our schools. Funding has been relatively easy for physical security measures, but there needs to be a shift to investing that money in SROs as well. He would much prefer to see an SRO in every school than any measure which would arm teachers.

Senator Carroll stated that based on his 24 years in law enforcement, these measures are a road map and there is no question this is what needs to be done. In response to further questions, Mr. Barrier answered that Special Law Enforcement Officers (SLEOs) are district level funded SROs who are permanently assigned to posts in schools, therefore enabling them to develop long-term relationships with the school community. They also only have jurisdiction on school property. Currently four districts have SLEOs: Fayette, Jefferson, McCracken, and Montgomery. Senator Carroll said that in his experience, SLEOs are surprisingly affordable for school districts, and that during the 2018 Regular Session legislation was passed to allow retired law enforcement to come back as SLEOs and keep their health benefits.

Responding to a question from Representative Belcher, Mr. Filburn said he did not want to criticize anyone for wanting to protect students in any way, and arming teachers was something that was suggested following the shooting at Sandy Hook. However, as there is only so much in the way of resources, it is more effective to spend time and money hiring individuals with specialized training to protect the whole school in the way of an SRO than to train teachers to carry weapons in the classroom. There is a lot to facing down a shooter that you cannot teach to someone who has been trained to educate. Teachers think like educators. It is a different mindset. Mr. Akers added that the KCSS recommendation is to go with SROs over armed teachers based on national data and research. Two weeks of training for a concealed carry license does not get close to the training that a SRO has.

In reference to a Western Kentucky University study on armed SROs and armed teachers, Mr. Filburn said he did not have any information at this time but would report back to Senator Wise and the committee.

Representative Carney informed the committee that at the September Interim Joint Committee on Education meeting at Barren County, legislators will be invited to participate in a simulator drill which simulates what it is like to face a potential shooter. Mr. Filburn commented that while recent Florida legislation did have a section about arming teachers,

it was changed to only include teachers who have former military or law enforcement experience/training. It is critical for any armed individual in a school to have the psychological training and target recognition training necessary to carry and potentially fire weapons around children.

Responding to a question from Representative Marzian, Mr. Akers agreed that locking up weapons is a valuable suggestion. Data shows that more than half of students performing school shootings got their weapons at home. There is a certain amount of responsibility any gun owner should take for making their home and community safer by securing their weapons. Mr. Filburn added that legislation securing weapons is considered in many states as a public safety issue and is a policy for law enforcement to prevent tragedy. Unfortunately, it is not one of the areas where there is wide consensus at this time. He did not suggest it in his presentation as he does not want to slow down other necessary measures on which there is agreement.

In response to questions about mental health counseling from Representative Gibbons Prunty, Mr. Barrier said that there has been something learned after each tragedy, but there was a real watershed after Columbine concerning warning signs that were missed. In his experience, SROs work with Family Resource and Youth Service Centers (FRYSCs) and other community organizations that can make referrals and reach troubled youth before they get out of control. Mr. Akers added that at the next Interim Joint Committee on Education meeting there will be testimony from mental health services and guidance counselor experts. In his opinion, however, there is woeful counselor/student coverage in this state. There need to be more guidance counselors in schools doing the work to provide mental health triage and getting at-risk students the help they need. Again, there is a system of relationships where teachers make referrals to guidance counselors who make referrals to community services. Mr. Barrier said that often SROs also form partnerships with mental health professionals in the schools to support referrals.

Responding to questions about the S.T.O.P. tip line, Mr. Akers said the program was started six years ago and piloted in Western Kentucky. There are easy ways to access it from school websites, but perhaps it needs to evolve into an app available for students to have on their phones.

Senator Wilson commented that creating legislation to support schools creating 501(c)(3)s to fund specific needs for security, such as security film on windows, new locks, video cameras, etc., would be easily done and likely receive broad support from the legislature.

In response to questions from Representative

Coursey, Mr. Akers reiterated that the KCSS does not support arming teachers, and would much prefer law enforcement presence in the form of an SRO. He added that he had spoken with the Pike County assistant superintendent about having armed teachers, but was told they had not armed any teachers. They had instead hired five former law enforcement officers to protect their schools. In his mind, a psychological evaluation would be an essential prerequisite for anyone carrying a weapon in schools. Mr. Filburn said that in regards to the Florida legislation allowing teachers with former law enforcement or military training to carry weapons, it does require a psychological screening as well as other screenings. Representative Coursey said that the ability already exists for school districts to allow armed teachers so he would like to encourage more stringent regulations and requirements than what currently exists in statute.

Representative Moffett commented that a majority of shooters are not trained military, they are children. Simply knowing they would be facing a trained officer will act as a deterrent. Mr. Filburn said also that increasing the penalties for threats, even nominally, and getting the message out that that penalties have increased will serve to deter disruptive behaviors.

Senator Wise reminded the committee and audience that presentations and handouts are now available to download from the Legislative Research Commission website. He announced that the Education Assessment and Accountability Review Subcommittee (EAARS) meeting will be next week and a quorum of members is required to review administrative regulations from the Kentucky Department of Education regarding the new accountability system. He introduced the ex-officio members of the School Safety Working Group to be meeting upon adjournment. Finally, he announced that the next meeting of the Interim Joint Committee will be Monday, July 9, 2018, at Trigg County High School. Further details will be provided to members as they become available.

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

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

MINUTES OF THE 1ST MEETING OF THE 2018 INTERIM

June 7, 2018

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Natural Resources and Energy was held on Thursday, June 7, 2018, 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: Representative Jim Gooch Jr., Co-Chair; Senators C.B. Embry Jr., Ernie Harris, Ray S. Jones II, Christian McDaniel, John Schickel, Brandon Smith, Johnny Ray Turner, and Whitney Westerfield; Representatives McKenzie Cantrell, Tim Couch, Jeffery Donohue, Jim DuPlessis, Daniel Elliott, Kelly Flood, Dennis Keene, Reginald Meeks, Suzanne Miles, Rick G. Nelson, Jim Stewart III, Jim Wayne, and Jill York.

Guests: Talina Mathews, Commissioner, Kentucky Public Service Commission; Amy Elliot, External Affairs Manager, Kentucky Power; David Sinclair, Vice President of Generation Planning, Louisville Gas and Electric and Kentucky Utilities; Brett Phipps, Managing Director, Fuel Procurement, Duke Energy; Scott Park, Director Integrated Resource Planning and Analytics Midwest, Duke Energy; Craig Johnson, Senior Vice President Power Production, East Kentucky Power Cooperative; Lindsay Durbin, Vice President Human Resources, Big Rivers; and Mike Pullen, Vice President Production, Big Rivers.

LRC Staff: Tanya Monsanto, Janine Coy-Geeslin, Shelby Bevins-Sullivan, and Rachel Hartley.

Overview of Retirements and Capacity for Electric Generation in Kentucky

Talina Mathews stated that the Kentucky Public Service Commission regulates 16 East Kentucky Power cooperatives, three cooperatives with Big Rivers, and all investor owned utilities in the Commonwealth. The commission does not have regulatory authority over the Tennessee Valley Authority or municipal utilities.

From 2013-2017, 12 coal plants and one natural gas plant have closed. One of the coal units has been converted into a natural gas plant. Cane Run Station closed three coal plants, but opened a new, natural gas combined-cycle plant. The average retired plant age was 54. There are five more planned retirements of coal plants. The reasons for retirements were low natural gas prices, age, efficiency, emission rules, and declining demand.

In 2016, 83 percent of electricity generated was by coal and 10 percent was by natural gas. In 2018, all investor-owned utilities will have excess capacity greater than 20 percent.

In response to a question from Representative Gooch, Ms. Mathews stated the declining demand is due to conservation. The average household electricity use is declining due to new appliances and improved construction of new homes.

From 1970-2016, the price of coal has been steady, but there has been a slight increase in price in recent years due to the cost of extraction. The price

of natural gas has been steadily declining since 2008.

Electricity prices have increased. The 2016 average rate in Kentucky was 8.26 cents per kilowatt-hour. Residential has the highest rate while industry has the lowest rate.

The issues affecting future electricity prices include the need for environmental retrofits, declining load, increased costs of providing service, and costs related to early closure of power plants. All baseload generation currently proposed will be natural gas combined-cycle.

The factors impacting how to increase electric generation capacity in the future include the repeal of the Clean Power Plan, corporate sustainability goals, lack of forthcoming additional capacity to meet demand, adequacy of natural gas infrastructure to serve generators, uncertain future environmental rules concerning hydraulic fracturing, and the further development of battery storage.

In response to a question from Representative Gooch, Ms. Mathews stated worldwide coal plant production is increasing. In the United States, with or without the Clean Power Plan, coal is still declining due to cost.

In response to a question from Representative Flood, Ms. Mathews stated the grid is capable of providing baseload power to customers no matter the source of the power.

In response to a question from Representative DuPlessis, Ms. Mathews stated the market sets the price on coal-fired plants based on the lowest cost plan in dispatch. Kentucky is still diversified in generating electricity. The plants should not be idle because rate payers still have to pay for the plant infrastructure even if the plant is not in use. Ms. Mathews stated the rate for net metering is fair. Embedded in the retail cost is the fixed cost of electric power.

In response to a question from Representative Gooch, Ms. Mathews stated industrial customers prefer baseload generation. The coal units that will be the most impacted by the market change are those in deregulated states. Ms. Mathews believes Kentucky made a good decision to not deregulate.

In response to a question from Senator Westerfield, Ms. Mathews stated there is a cost shift related to net metering; however, the magnitude of the shift is difficult to measure.

In response to a question from Representative Donohue, Ms. Mathews stated the world would be very different without hydraulic fracturing.

In response to a question from Representative Cantrell, Ms. Mathews stated there will be a rate case involving Louisville Gas and Electric and Kentucky Utilities. There will be six major rate cases by the end of 2018.

In response to a question from Representative

Miles, Ms. Mathews stated the repeal of the Clean Power Plan is still in process.

Electric Generation by Utility: Retirements, New Capacity, and Purchase Power

Louisville Gas & Electric and Kentucky Utilities

David Sinclair stated Integrated Resource Planning (IRP) has consistently delivered reliability and reasonable costs for their customers. IRP is a holistic approach to understanding future electricity needs and identifying the best technologies.

In the last decade LG&E has invested \$4 billion in utilizing coal, \$600 million to build the state's first natural gas combined-cycle plant, and \$450 million in a coal combustion residual treatment plant. Reliably meeting energy needs for the customer requires a diverse mix of resources. A mix of generation assets is required to effectively manage risk of multiple failures. Coal units that retire will likely be replaced by a combination of natural gas, renewables, and energy storage.

In response to a question from Representative Gooch, Mr. Sinclair stated there are two plants that are closing due to economics. The plants were only in production 23 percent of the time. It is very expensive to reopen a coal plant, and there are no plans to idle plants.

East Kentucky Power Cooperative

Craig Johnson stated the East Kentucky Power Cooperative (EKPC) has two coal plants, two natural gas plants, six landfill gas plants, one solar farm, and one hydropower plant. Additionally EKPC has 2,850 miles of transmission lines, 373 distribution substations, and 97 transmission stations. About 55 percent of their electricity is produced by coal units and 43 percent is purchased power.

There are no new resources planned until after 2025, and no plant retirements in the next decade. Also there are no nuclear plants planned, and no new natural gas baseload generation planned. About \$1.7 billion was spent on environmental compliance for coal-fired units, and it is expected that EKPC coal units will be some of the last to retire because of their favorable geographic location to coal reserves.

In response to a question from Senator Harris, Mr. Johnson stated the contract with Louisville Gas and Electric and Kentucky Utilities regarding a unit in Oldham and Clark counties expires April 30, 2019.

Duke Energy

Scott Park stated Duke Energy has a generating capacity of over 800 megawatts. Its baseload in East Bend 2 produces 600 megawatts by coal fire and those plants will be the primary generation source for the next decade. During peak demand, there is

an additional 476 megawatts supplied by gas-fired plants, and in 2019 oil will be another option. Solar also makes up seven megawatts of capacity.

Coal plants will continue to operate, but a carbon dioxide tax would put coal units at risk. There is a plausible replacement of retiring coal generation with gas which emits carbon dioxide at 35 percent the rate of coal. There is no nuclear development expected, and renewables are increasing in development over time. Renewables will be added to increase diversity, meet the demand of existing customers, and increase the ability to attract new businesses.

In response to a question from Representative Gooch, Mr. Park stated that carbon dioxide is not the only gas released by coal and gas plants.

In response to a question from Representative DuPlessis, Mr. Park stated he does not know if solar farms are paid for by increased rates or environmental fees.

Big Rivers

Mike Pullen stated Big Rivers has 116,000 members and is a non-profit. It provides capacity through a combination of eight cooperative-owned generation units, one leased generation station, and purchased power. The capacity of cooperative-owned generation is 1,444 megawatts. Big Rivers has approximately 1,300 miles of transmission lines and 22 substations.

Lindsay Durbin stated Big Rivers has continued to work successfully to reform its business model to meet the needs of its member customers and pay its financial obligations with revenues from new power supply contracts.

Kentucky Power

Amy Elliot stated Kentucky Power generates power from three sources: two coal plants and one natural gas. There are currently no plans to retire any of its generation in the next five to ten years, and there are no plans to add fossil fuel generation. In 2017, 87 percent of generation was coal, and 13 percent was natural gas.

Kentucky Power contributes approximately \$480,000 annually for low-income energy assistance. That amount is matched with contributions from customers, for a total of nearly \$1,000,000 annually. Kentucky Power offers two different types of budget billing to help customers manage their energy bills. There are currently approximately 25,000 customers enrolled in one of the two programs.

Of the total \$4,116,000 of economic development funding since 2012, approximately \$3.4 million was contributed by Kentucky Power. Braidy Industries groundbreaking took place June 1, 2018, and will create 550 jobs.

In response to a question from Representative Gooch, Ms. Elliot stated there are currently 36

employees at Big Sandy. Converting Big Sandy from coal to gas, and acquiring 50 percent of the Mitchell plant saved customers \$600-\$800 million.

The next meeting of the Interim Joint Committee on Natural Resources and Energy will be July 5, 2018. Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON JUDICIARY

MINUTES OF THE 1ST MEETING OF THE 2018 INTERIM

June 1, 2018

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Judiciary was held on Friday, June 1, 2018, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative Joseph M. Fischer, Co-Chair; Senators Danny Carroll, Perry B. Clark, Ray S. Jones II, Dan “Malano” Seum, Robert Stivers II, and Robin L. Webb; Representatives John Blanton, McKenzie Cantrell, Jeffery Donohue, Daniel Elliott, Joni L. Jenkins, Chad McCoy, Reginald Meeks, Jason Nemes, Jason Petrie, Brandon Reed, and Gerald Watkins.

Guests: Senator Jimmy Higdon, Heather Wagers, Sgt. Tim Moore, Ariaiah Faulkner, Kelly Stephens, Jason Cloyd, Laura Sudkamp, Turney P. Berry, and John T. McGarvey.

LRC Staff: Katie Comstock, Alice Lyon, Matt Trebelhorn, Breanna Miller, and Yvonne Beghtol.

Chairman Westerfield welcomed Calista Petrie, in attendance with Representative Petrie.

Expungement: 18RS SB 171

Senator Higdon gave an update on 2016 HB 40, an expungement bill, and some concerns with its current standing. He sponsored SB 171, which did not pass, to try to rectify some of these concerns. SB 171 would have encouraged economic development, by allowing those who have made a mistake a better opportunity at entering the workforce. A four-tier system of 5, 10, 15, and 20-year eligibility was suggested, where the individual must have a clean record and pay the \$500 expungement application fee to cover the costs incurred in expunging the record. The fee would be distributed to the Kentucky State Police, Commonwealth Attorneys, and Library and Archives. Some convicted before 1975 are currently not eligible for expungement. SB 171 would give them the option to apply if they meet the criteria. Senator Higdon would like to see judges, prosecutors,

attorneys, and victims given more discretion in evaluating the eligibility of each application. The felony of complicity, currently not expungable, would become eligible under SB 171.

In response to Senator Carroll’s comment that only those who committed their offense before the age of 25 should be eligible to apply, Senator Higdon said he was open to suggestions and believes that giving judges more discretion would help address the concern. Senator Stivers commented that he does not believe age to be a factor.

Senator Webb expressed concern with veterans and women who medicate due to mental health issues, and their eligibility.

Representative Watkins believes the fee amount may be an obstacle for many and suggests reducing the amount.

In response to Senator Stivers’ question as to the feedback Senator Higdon has received from prosecutors regarding the changes in SB 171, Senator Higdon gave examples of prosecutors’ concerns and assured that he is taking those into consideration to reach a common ground on the expungement criteria. He continues to consult with others in an effort to make SB 171 presentable and passable.

Representative Nemes stated that he agrees that these people have earned the right to request an expungement based on having completed their time and not having any further offenses. He said that SB 171 does not go far enough and that misdemeanors after 5 years and no further offenses should automatically come off the individual’s record at no cost.

Representative Cantrell mentioned the Reily Reentry Project in Louisville, which offers a clinic on the expungement process, provides volunteer attorneys, pays expungement fees, and gives information on moving forward. She agrees that the \$500 filing fee is an issue for most applicants and would like to see it reconsidered.

Senator Higdon clarified that the application fee is \$50. Courts would have the discretion for the additional \$450 in fees.

Expungement Certification Process

Heather Wagers, with the Kentucky State Police (KSP), introduced Sgt. Tim Moore, who explained that arrest records and court records are used to determine if the individual qualifies for expungement. At times there are inaccuracies found in the record system due to human error in data entry. Those inaccuracies are often found during the certification process and corrected.

Ariaiah Faulkner, Program Coordinator with KSP, reviewed the expungement process. KRS 431.079 went into effect in January of 2014, requiring each expungement request to include a Certificate of

Eligibility. The \$40 certification fee is split between the Administrative Office of the Courts (AOC) and KSP. A maximum of 60 days to complete the request is allotted and is valid for 30 days upon completion. The certificate must be filed with the application. An expungement certification can be requested online, in person, or by mail. If applying online, the applicant can check the status of their request online. When completed, they will receive an email notification. If applying in person or by mail, the results will be mailed to the applicant.

One reason KSP and AOC's records differ is because AOC purges most misdemeanors after 5 years, whereas KSP retains theirs for 80 years. Another reason is that AOC records any offense, whereas KSP records only those that required fingerprinting. KSP reviews each charge for accuracy. AOC's records are based on name, birthdate, and other identifiers, while KSP's records are based on fingerprinting. This is where discrepancies are found and addressed. Each charge is evaluated for eligibility based on the expungement statutes. The average number of charges per certification is 57, which can take hours to evaluate. The certification contains the certification notice, KSP's criminal report, and AOC's criminal report.

Kelly Stephens, with AOC, reviewed the effects of the passing of HB 40 in 2016. The number of requests rose from 7,889 in 2015 to 11,148 in 2016 and have remained steady. The number of granted expungements after the passing of HB 40 are evident in the increase from 83 in 2016 to 912 in 2017. The increase of acquitted, dismissed, and misdemeanor conviction expungements has also increased from 4,367 in 2016 to 7,733 in 2017.

In response to Chairman Fischer's question as to whether there is data to show how many of those convicted of the 61 listed felonies would become eligible for expungement, Ms. Stephens explained that there is no data because eligibility is not based solely on the charge but also on the defendant's circumstances. AOC hopes to track the information to get a better sense of that data.

Ms. Stephens reported on the difficulty in determining eligibility due to statutes being amended through the years, changing the penalty levels, underlying offense, and the scope. Chairman Westerfield asked if language could be added to the statute to overcome this issue. Ms. Stephens believes there is some wording in SB 171 that may address this issue. Another issue is if the offense qualifies based on whether it was dismissed with or without prejudice. AOC feels the judge should be able to determine whether a case is eligible, regardless of prejudice, based on the case, consulting with the prosecutor, and reviewing the record individually. This is one area

in which KSP and AOC sometimes view eligibility differently, but they are working to make sure they are in compliance. There is concern as to whether a grand jury or district court judge should review the case. Making sure all agencies that have records actually expunge them is another concern. Regardless of the effort to completely expunge a record, there are always agencies or websites that may have a photo or document pertaining to the case available.

Expungement workshops have been offered throughout the Commonwealth. AOC reaches out to help those who are eligible. Expungement encourages rehabilitation and SB 171 is a positive expansion of this effort.

Senator Jones gave examples of inaccuracies in the certification process. One gentleman was charged with another person's felony due to a data entry error. Another individual was sure he had a felony, but the expungement certification did not list one. The person did not have a case number or disposition and could not tell if it had been dismissed or if other action had occurred. Further research showed that the FBI had reported the felony. Knowing how to file can be an issue. Jason Cloyd, with AOC, said that data entry errors have been an issue, but working through the expungement process is bringing these issues to light and they are being corrected. Ms. Wagers and Ms. Faulkner said that they are highly committed to working with AOC to cross-reference information to rectify these discrepancies. Ms. Stephens said that nothing replaces the original court records, so they can refer to those for guidance in what the offense record should be, along with information received from the agencies, the defendant, and the files available.

Senator Seum suggested that, due to the complexity of some of these cases, having a particular judge and attorney who specializes in the expungement process may be helpful, or even having an Expungement Court that specializes in just this matter.

Representative Reed questioned how the fees are to be distributed. There are several agencies and departments that are given additional work in the expungement process. Ms. Stephens believes a portion is directly attributed to the District Court Clerk's fund.

Safe Act Update

Laura Sudkamp, Laboratory Director with KSP, reported that the number of rape kits submitted have increased since the passing of SB 63. Because some cases require several assignments, backlog on completing cases has been a concern. When new information is received on a case, it goes back to the initial date when the case was received, so it is difficult to determine the turnaround time on an individual case. Due to loss of staffing and training

new employees, the completion rate dropped in 2013. If staff can be retained, the number of completed cases should increase. KSP's Forensic Analyst and Forensic Supervisor salaries are below the national average. Cases are required to be completed within 90 days, but they are currently delayed about 6 months. If staffing can be maintained and salaries increased, she hopes to be down to 90 days by the end of this year.

Safe Act 2016 requires law enforcement to submit kits to the lab within 30 days. A Kit Tracking System is in place in which the hospital can enter information the date the victim was seen, and the process can begin. This will help KSP see if the kits are being submitted within 30 days from the start date. Law enforcement is required to retain evidence either 10 or 50 years unless certain conditions are met. This is not always done. Law enforcement is to inform a victim if there is a "hit" on DNA in the database. Chairman Westerfield asked if not having contact information for the victim is a major reason why this may not be happening. Ms. Sudkamp agreed but believes it still needs to be worked on. Due to the DANY Grant, SAKI Grant, and SB 63 all coming into effect at the same time, Ms. Sudkamp chose to hold off on kit tracking. She is now prepared to look for grant money for kit tracking. Idaho has a system they are willing to share at no cost. Victims will be able to log on and view and track their kits.

In response to Senator Carroll's question about the ability of contracting cases out to private labs, Ms. Sudkamp said they outsourced the DANY kits, but it requires three review processes and it is almost more time efficient to do it themselves. There is also the issue of subpoenaing an analyst, should it be required, and how difficult that can be when outsourced.

Chairman Westerfield recognized Ms. Sudkamp and her lab team for working so hard and efficiently under such difficult staffing situations and at such a low pay grade. He then noted that Ms. Sudkamp receiving the Briggs J. Wright award earlier this year.

Ms. Sudkamp responded to Representative Meeks question as to how much the DANY and SAKI grants cost and how many kits they would fund. The DANY grant was for \$1.9 million, which processed 3,173 kits, from which over 800 profiles have been entered into the database with around 400 hits. The SAKI grant, through the Attorney General's office from the Bureau of Justice Assistance, allows them to outsource 1,500 kits. Those have been shipped out but have not gotten the results yet.

In response to Representative Blanton's question as to what the current \$32,000 entry level position salary will be raised to with the new budget, Ms. Sudkamp's estimates \$36,000, which still keeps Kentucky at the bottom of the pay grade. Ms. Sudkamp says they are looking at other creative ways

to find funding to increase salaries and retain their staff. Representative Blanton noted that agencies across the state receive information at no cost from the KSP lab, so keeping the lab well-staffed and efficient is beneficial for all. Ms. Sudkamp said they operate for 15 to 20 million dollars a year.

Uniform Fiduciary Access to Digital Assets Act

Turney P. Berry of Wyatt, Tarrant & Combs stated that the Uniform Fiduciary Access to Digital Assets Act has been adopted in 42 states. The issue it intends to resolve is to grant access to an executor of a deceased person's electronic accounts. Currently, a federal statute denies access. There is also the privacy concern. The Terms of Service prohibit a person from giving access to the account to anyone. However, a person can include in a will that a fiduciary should have access to email. An executor sends a certificate of qualification to the internet provider to allow access. There is a case of a man who died in 2006 giving rights to his executor, and 12 years later the case is still being appealed. The difficult issues here are privacy, contracts, and the necessity of making a will and keeping it updated.

John T. McGarvey, legislative liaison for the Kentucky Uniform Law Commission, noted that all of Kentucky's bordering states have accepted the Act, once Missouri votes to approve it. Fiduciaries have always had access to manage tangible assets, and this would give them the right to manage electronic assets.

In response to Representative Cantrell, Mr. Berry said that the Act deals with access only, not to what someone may post about anyone else.

Mr. McGarvey stated that a person can also use a power of attorney, a will, or an online tool that gives the specific option to grant a fiduciary access to digital accounts.

In response to Chairman Westerfield's question as to whether providers are starting to offer this as an option in their online Terms of Agreement, Mr. Berry said that Google has an online tool, but it is difficult to find. Some providers use no access as a positive area of competition, stating they offer better security or privacy than other providers. Other providers boast that they are more access friendly.

Chairman Westerfield announced that his desire was to see the original version of the Act passed, which does not require a subscriber to opt in. Just as no judge would question an executor's power to have access in obtaining any item from the house to distribute as seen fit, so should an executor have access to online assets.

Mr. Berry justified the revised version of the Act by explaining that people once considered email to be something that was private, that no one would have access to. People now know that this is not true;

privacy is a persuasive argument for the reformed version.

Mr. McGarvey said he came around to the revised version of the Act when he considered that communication by mail could be torn up, pitched, or burned. Email is archived. There are things that some people do not want known, which is why he believes the revised version is a better version. He said that bankers would like to see the Act in place so that the digital accounts can be managed by the fiduciary.

Chairman Westerfield reminded members of the free CLE courses offered by LRC on June 6 and 27, and also of the July 6 meeting to be chaired by Chairman Fischer.

There being no further business, the meeting adjourned at 2:05 pm.

LEGISLATIVE RESEARCH COMMISSION

MINUTES OF THE 559TH MEETING June 13, 2018

Call to Order and Roll Call

The 559th meeting of the Legislative Research Commission was held on Wednesday, June 13, 2018, at 1:30 PM, in Room 125 of the Capitol Annex. Senator Robert Stivers II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Senators Jimmy Higdon, Ray S. Jones II, Dennis Parrett, Dorsey Ridley, Dan "Malano" Seum, Damon Thayer, and Mike Wilson; Representatives Rocky Adkins, Kevin D. Bratcher, Kenny Imes, Dennis Keene, David Osborne, Jonathan Shell, and Wilson Stone.

LRC Staff: David Byerman and Christy Glass.

There being a quorum, Senator Stivers called the meeting to order.

Senator Stivers called for a motion to approve the minutes of the November 1, 2017, meeting; accept and refer as indicated items A. through N. under Staff and Committee Reports; refer prefiled bills as indicated and approve items A. through Q. under New Business; and, accept and refer as indicated items 1. through 91. under Communications.

A motion was made by Representative Osborne and seconded by Representative Shell. Senator Stivers asked if there was any discussion.

Senator Jones asked to be recognized for discussion of memoranda under New Business.

In response to Senator Jones' question regarding the November 2, 2017, retention of counsel memorandum, Senator Stivers said attorney John Roach is licensed and admitted to practice in Washington, D.C. Mr. Roach's price per hour made it more feasible to hire him rather than hiring an

attorney in D.C. at a higher hourly rate. The decision was made based on research by his general counsel, Dave Fleenor.

Dave Fleenor advised that the lawsuit is still pending, but a Motion to Dismiss has been filed.

Senator Jones requested that any invoices paid by LRC to John Roach be forwarded to minority leadership in both the House and Senate.

Responding to Senator Jones' question regarding the November 14, 2017, retention of counsel memorandum, Representative Osborne stated that Middleton Reutlinger issued a report to House Majority, which was then turned over to the Legislative Ethics Commission. There is no ongoing work being done. Representative Osborne said that he did not know what the total charges were for that investigation, and referred the question to LRC general counsel, Greg Woosley.

Mr. Woosley stated that the maximum contract amount authorized was \$50,000 and the invoice came in under contract.

Senator Jones requested that any invoices paid by LRC to Middleton Reutlinger be forwarded to minority leadership in both the House and Senate.

In response to Senator Jones' question regarding the December 22, 2017, retention of counsel memorandum, Representative Osborne stated that the litigation was still pending. Senator Stivers added that litigation cost in this matter is not known.

Responding to Senator Jones' request for documents which show rates for legal fees, LRC Director David Byerman replied that the contract with Stoll, Keenon, Ogden, PLLC was brought before the Government Contract Review Committee and he would provide those documents to minority leadership in both the House and Senate.

In response to Senator Jones' question regarding the January 10, 2018, retention of counsel memorandum, Representative Osborne said that the law firm of Dinsmore & Shohl was retained for the purpose of additional counsel during session.

Responding to Senator Jones' question regarding the April 30, 2018, retention of counsel contract extension memorandum, Representative Osborne stated that House Majority is without general counsel at this time, therefore, the contract with Eric Lyan was extended.

There being no further discussion, a motion having been made, a roll call vote was taken, and the motion passed with 9 yes votes and 6 no votes. The following items were approved, accepted, or referred.

The minutes of the November 1, 2017, meeting were approved.

STAFF AND COMMITTEE REPORTS

Information requests since November 2017.

Committee Activity Reports since November

2017.

Report of the Administrative Regulation Review Subcommittee meetings on November 13, and December 12, 2017, and January 8, February 12, March 12, April 12, and May 8, 2018.

Committee review of the administrative regulations by the Interim Joint Committee on Natural Resources and Energy during its meetings on November 2 and December 7, 2017.

Committee review of the administrative regulations by the Interim Joint Committee on Education during its meeting on November 13, 2017.

Committee review of the administrative regulations by the Interim Joint Committee on Health and Welfare and Family Services during its meetings on November 15 and December 13, 2017.

Committee review of FFY 2018-2019 Unified Community Mental Health and Substance Abuse Prevention and Treatment Block Grant Application by the Interim Joint Committee on Health and Welfare and Family Services during its meeting on November 15, 2017.

Committee review of FFY 2018-2020 Temporary Assistance for Needy Families (TANF) Block Grant Application by the Interim Joint Committee on Health and Welfare and Family Services during its meeting on November 15, 2017.

Committee review of administrative regulations by the House Standing Committee on Health and Family Services during its meetings of January 18, February 15, and March 15, 2018.

Committee review of administrative regulations by the Senate Standing Committee on Health and Welfare during its meetings of January 17, February 21, and March 14, 2018.

Committee review of FY 2018 Small Cities Community Development Block Grant and Section 108 Loan Guarantee Program Application by the Senate Standing Committee on State and Local Government and the House Standing Committee on Local Government during its meeting on February 7, 2018.

Committee review of SFY 2019 Social Services Block Grant Application by the Senate Standing Committee on Health and Welfare during its meeting on March 14, 2018.

Committee review of SFY 2019 Social Services Block Grant Application by the House Standing Committee on Health and Family Services during its meeting on March 15, 2018.

From Teresa Arnold, Deputy Director for Research and Communications: Memorandum regarding the creation of the Diabetes Medical Emergency Response Task Force (2018 HCR 226).

NEW BUSINESS

Referral of prefiled bills to the following

committees: **BR 28** (an act relating to public utilities) to **Natural Resources and Energy**.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing the LRC Director to enter into a personal services contract with Hon. John Roach.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum appointing Representative Bob Rothenburger as Co-chair of the Interim Joint Committee on Local Government.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum appointing Representative Myron Dossett as Co-chair of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum appointing Representative Phillip Pratt as Co-chair of the Interim Joint Committee on Economic Development and Workforce Investment.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing and instructing the LRC Director to enter into a personal services contract between the Legislative Research Commission and the law firm of Middleton Reutlinger

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum appointing Kelly Ransdell (Fourth Supreme Court District) and Steve Trimble (Seventh Supreme Court District) to the Local Superintendents Advisory Council.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum adopting and approving the LRC Non-Partisan Staff Mission/Vision/Values Statement.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing and instructing the LRC Director to enter into a personal services contract between the Legislative Research Commission and the law firm of Stoll Keenon Ogden PLLC.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing and instructing the LRC Director to enter into a personal services contract between the Legislative Research Commission and Eric Lycan with the law firm of Dinsmore & Shohl for the months of January through April 2018.

From Senate President Robert Stivers, House Speaker Pro Tempore David Osborne and Representative Tim Moore: Memorandum authorizing the organization and membership of the Pro-Life Caucus.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing and approving the membership of the LRC Task Force on Tax Expenditures.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing and instructing the LRC Director to enter into a personal services contract between the Legislative Research Commission and Eric Lycan with the law firm of Dinsmore & Shohl for the months of May through December 2018.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing the approval of the 2018 Interim Joint Committee Regular Meeting Schedule.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing the creation of the School Safety Working Group for the 2018 legislative interim.

From Senator John Schickel and Representative Adam Koenig, Co-chairs of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations: Memorandum requesting approval to meet July 20, rather than the regularly scheduled meeting date of July 13. There are no apparent conflicts.

From Senate President Robert Stivers and House Speaker Pro Tempore David Osborne: Memorandum authorizing and instructing the LRC Director to send the attached decision to counsel for the Herald-Leader.

COMMUNICATIONS

From the Office of the Attorney General: Constitutional Challenge Report for the months of September, October, November, and December 2017, and January, February, March, and April 2018.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the months of October, November, and December 2017, and January, February, March, and April 2018.

From the Finance and Administration Cabinet, Office of the Controller: Surtax Receipts Statements for the Law Enforcement and Professional Firefighters Foundation Fund Programs, which reflect activity for Accounting Periods 4, 5, 6, 7, 8, 9, and 10 and year-to-date activity for the period of July 1, 2017, through April 30, 2018.

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarters ending December 31, 2017, and March 31, 2018.

From the University of Kentucky, College of Agriculture: Kentucky Tobacco Research and Development Center Quarterly Reports for July 1-September 30, 2017, and January 1-March 31, 2018.

Development Act Incentives 2017 Annual

Reports.

From the Kentucky Office of Homeland Security: 2017 Annual Report.

From the Kentucky Personnel Cabinet: October 2017, February and April 2018 Quarterly Reports, which lists all employees holding more than one state position.

From the Kentucky Personnel Cabinet: Semi-Annual Report which lists all filled positions, as of September 1, 2017, and March 1, 2018, exempted from classified service.

From the Kentucky Higher Education Assistance Authority: FY 17 Actuarial Valuation for Kentucky's Affordable Prepaid Tuition (KAPT).

From the University of Kentucky: 2017 Kentucky Interagency Groundwater Monitoring Network Annual Report.

From the Cabinet for Economic Development: 2017 Kentucky Investment Fund Act (KIFA) Annual Report.

From the Cabinet for Health and Family Services: FY 17 Human Trafficking Annual Report.

From the Tourism, Arts and Heritage Cabinet, Kentucky Department of Fish and Wildlife Resources: 2017 Law Enforcement Division Training Annual Report.

From the Kentucky Department of Education: 2017 Kentucky Facilities Inventory and Classification System (KFICS) Report - Revised.

From the Kentucky Department of Fish and Wildlife Resources: 2017 Status of Hunting Land Access in Kentucky.

From the Cabinet for Health and Family Services: 2017 Advisory Council on Autism Spectrum Disorder Bi-Annual Report.

From the Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and Statement of Solvency as of September 30, 2017.

From the Kentucky Employers' Mutual Insurance Authority: Quarterly Statement and Financial Status for the period ending September 30, 2017.

From the Cabinet for Health and Family Services: 2017 Public Health Child Fatality Review Program Annual Report.

From the Cabinet for Health and Family Services, Department for Community Based Services: SWIFT Adoption Teams Report for the third and fourth quarters of 2017.

From the Auditor of Public Accounts: FY 17 Report of the Audit of the Northern Kentucky Convention Center Corporation.

From the Department of Revenue, Office of Property Valuation: Report of Real Property Assessment Equity and Quality in Kentucky for the 2014 Assessment Year.

From the Kentucky Legislative Ethics Commission: FY 17 Annual Report.

From the Kentucky Division of Water: Report to the Kentucky Legislative Research Commission on House Joint Resolution 56.

From the Finance and Administration Cabinet, Department of Revenue: 2017 Insurance Premiums Surcharge.

From the Commission on Small Business Advocacy: 2017 Kentucky Business One Stop Portal Annual Report.

From the Office of the State Budget Director: FYS 18-20 Governor's Office for Economic Analysis, Tax Expenditure Analysis.

From the Auditor of Public Accounts: Examination of Commonwealth of Kentucky Election Leave Use.

From the Finance and Administration Cabinet, Department of Revenue: FY 17 Energy Efficiency Products Credits Annual Report.

From the Finance and Administration Cabinet, Department of Revenue: FY 17 Energy Star Home and Energy Star Manufactured Home Credits Annual Report. (Staff suggested committee referrals: Natural Resources and Energy and Appropriations and Revenue.) Pursuant to KRS 141.437.

From the Department of Education: FY 16-17 Efficient School Design Report.

From the Auditor of Public Accounts: FYS 16-17 Report of the Audit of the Kentucky Public Employee Health Insurance Program.

From the Auditor of Public Accounts: FY 17 Report of the Audit of the Kentucky River Authority.

From the Kentucky Judicial Retirement System: Kentucky Judicial Retirement Plan Actuarial Valuation and Report as of July 1, 2017.

From the Kentucky Judicial Retirement System: Kentucky Judicial Retirement Plan – Hybrid Tier Report as of July 1, 2017

From the Kentucky Judicial Retirement System: FYS 2016 and 2017 Financial Statements.

From the Kentucky Legislators Retirement Plan: Kentucky Legislators Retirement Plan Actuarial Valuation and Report as of July 1, 2017.

From the Kentucky Legislators Retirement Plan: Kentucky Legislators Retirement Plan – Hybrid Tier Report as of July 1, 2017.

From the Auditor of Public Accounts: FYS 16-17 Report of the Audit of the Kentucky Public Transportation Infrastructure Authority.

From Northern Kentucky University: FY 17 Annual Financial Report.

From the Cabinet for Health and Family Services: 2017 Annual Report on Committed Children.

From the Justice and Public Safety Cabinet: 2017 Child Fatality and Near Fatality External Review

Panel Annual Report.

From the Department of Criminal Justice Training: 2017 Annual Carrying Concealed Deadly Weapons Report.

From the University of Kentucky: Letter providing the link to the 2017 Audited Financial Statements of the University of Kentucky and its affiliated corporations, <http://www.uky.edu/ufs/financial-statements-and-investor-information>.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, and Financial Activity of the City of Whitesburg, Kentucky.

From the Cabinet for Health and Family Services: 2017 Kentucky Elder Abuse Annual Report.

From the Cabinet for Health and Family Services: 2017 Pediatric Cancer Research Trust Fund Annual Report.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, and Financial Activity of the City of Campbellsville, Kentucky.

From the Kentucky Personnel Cabinet: 2017 Kentucky Employees' Health Plan Annual Report.

From the Kentuckiana Regional Planning and Development Agency: 2017 Annual Report of Receipt and Expenditure of State and Federal Fundings.

From the Department of Agriculture: 2017 Annual Report of Cervid Chronic Wasting Disease Surveillance Identification Program.

From the Cabinet for Health and Family Services: FY 2016-2017 Commission for Children with Special Health Care Needs Biennial Report.

From the Kentucky Employees Retirement System: 2017 Comprehensive Annual Financial Report and 2017 Summary Annual Financial Report.

Kentucky Law Enforcement Council: 2017 Annual Report.

From the Cabinet for Health and Family Services: 2017 Annual Report of the Kentucky Traumatic Brain Injury Trust Fund.

From the Attorney General and the Auditor of Public Accounts: 2016-2017 Biennial Report of the Kentucky Employers' Mutual Insurance Authority.

From the Administrative Office of the Courts: 2017 Annual Report of the Kentucky Citizen Foster Care Review Board.

From the Energy and Environment Cabinet: 2017 Waste Tire Program Annual Report.

From the Kentucky Personnel Cabinet: Quarterly Reports as of December 31, 2017, and March 31, 2018, which list the number of all full-time classified and unclassified employees.

From the Kentucky Association of Sexual Assault Programs: The Cost of Not Testing Safe Kits in Kentucky: An Economic Harm Study.

From the Kentucky Council on Postsecondary Education: 2017 Annual Report on CPE and Institutional Board Members.

From the Cabinet for Health and Family Services: 2017 Annual Report on Receipt and Expenditure of State and Federal Funds to Area Development Districts.

From the Kentucky Board of Dentistry: FY 2016-2017 Annual Report.

From the Kentucky Board of Licensure for Massage Therapy: 2017 Annual Report.

From the Kentucky Board of Licensure of Marriage and Family Therapists: 2017 Annual Report.

From the Public Protection Cabinet: 2017 Kentucky Claims Commission Report.

From the Finance and Administration Cabinet: Contract Workers reports for the periods of July 1, 2015, through June 30, 2016, and July 1, 2016, through June 30, 2017.

From the Kentucky Employers' Mutual Insurance Authority: 2017 Annual Report.

From the Kentucky Employers' Mutual Insurance Authority: 2017 Annual Statement of Actuarial Opinion.

From the Governor's School for Entrepreneurs: 2017 Program Report.

From the Louisville Firefighters Pension Fund: 2018 Actuarial Report.

From the Kentucky Personnel Board: 2017 Annual Report.

From the Auditor of Public Accounts: Suggested changes for the Henderson County 2015 Fiscal Court Audit (attached).

From the Kentucky Personnel Cabinet: 2017 Annual Turnover Report of 15% and greater.

From the Louisville Policemen's Retirement Fund: 2018 Actuarial Valuation and Report.

From Kentucky Employer's Mutual Insurance Authority: 2017 Management's Discussion and Analysis with Supplementary Schedules.

From the University of Kentucky: 2016-2017 Kentucky Geological Survey Annual Report.

From the Kentucky Employers' Mutual Insurance Authority: 2017 Report of Independent Auditors.

From the Auditor of Public Accounts: 2017 Report of the Audit of Motor Vehicle and Motorboat Taxes and Registration Fees Collected and Remitted to the Commonwealth of Kentucky By Each County Clerk.

From the Justice and Public Safety Cabinet: 16RS HB 303 Management of the State Inmate Population 1st Quarter Report.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, and Financial Activity of the Kentucky Fire Commission

and the Kentucky Firefighters Foundation Program Fund.

From the Department of Workers' Claims: The Link Quarterly Report for January-March 2018.

From the Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and Statement of Solvency as of March 31, 2018.

From the Kentucky Employers' Mutual Insurance Authority: Quarterly Statement and Financial Status for the period ending March 31, 2018.

From the Finance and Administration Cabinet, Department of Revenue: 2018 Summary of Property Assessments Exempt from Taxation.

From the Kentucky Stroke Encounter Quality Improvement Project (SEQIP), Kentucky Heart Disease and Stroke Prevention Program: 2018 Annual Report.

From the Auditor of Public Accounts: Independent Accountant's Report of the expenditures of the Lung Cancer Research Fund.

From the Auditor of Public Accounts: Independent Accountant's Report of the expenditures of the Early Childhood Development Fund.

From the Auditor of Public Accounts: Independent Accountant's Report of the expenditures of the Kentucky Health Care Improvement Fund.

From the Education and Workforce Development Cabinet: CY 2017 Unemployment Insurance Trust Fund Annual Report.

Representative Osborne and Senator Stivers welcomed Representative Kenny Imes to the Legislative Research Commission.

There being no further business, the meeting was adjourned.

PUBLIC PENSION OVERSIGHT BOARD MINUTES

March 26, 2018

Call to Order and Roll Call

The 3rd meeting of the Public Pension Oversight Board was held on Monday, March 26, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Jerry T. Miller, Co-Chair; Senator Wil Schroder; Representatives Ken Fleming, and James Kay; J. Michael Brown, John Chilton, Mike Harmon, James M. "Mac" Jefferson, and Sharon Mattingly.

Guests: Bo Cracraft, Legislative Research Commission; David Eager, Interim Executive Director, and Richard Robben, CFA, Interim

Executive Director, Kentucky Retirement Systems; and Beau Barnes, Deputy Executive Director, Teachers' Retirement System.

LRC Staff: Brad Gross, Jennifer Black Hans, Bo Cracraft, and Angela Rhodes

Approval of Minutes

Representative Fleming moved that the minutes of the January 22, 2018, meeting be approved. James M. "Mac" Jefferson seconded the motion, and the minutes were approved without objection.

Calendar Year Ended Investment Review

Bo Cracraft, Legislative Research Commission (LRC), provided a semi-annual investment review covering the recently completed calendar year of 2017. Mr. Cracraft began with a review of the year from a market perspective, highlighting the fact that all major asset classes were positive for the year, with public equity markets globally leading the way. Fixed income closed the year with attractive results, and alternatives continued to add value.

Mr. Cracraft provided a summary of investment performance for each of the pension plans for the several trailing time periods ending December 31, 2017. Looking at the shorter, 1-year period, performance was evaluated relative to the plans' assumptions, performance benchmarks, and peer groups. With trailing one-year returns ranging from 14 to 18 percent, each of the plans exceeded their assumed rates of return, which is the primary objective. When compared to respective benchmarks, most of the plans provided returns close or above their benchmark. Lastly, Mr. Cracraft provided three peer groups, two public (Wilshire TUCS and Bank of New York Mellon) and one internally calculated (LRC Calculated), noting that 1-year returns for most of the better funded plans (County Employees Retirement System (CERS), Kentucky Employees Retirement System (KERS) Hazardous, and Teachers' Retirement System (TRS)) had performed favorably to a median return of around 15.5 to 16 percent for each of the peer groups.

In response to a question from Representative Fleming, Mr. Cracraft stated the last half of 2017 was very much an extension of the prior fiscal year, which ended in June. At the same point in 2016, returns likely were not quite as strong as currently, but the second half of 2016 and all of 2017 had been pretty strong.

Mr. Cracraft continued with a review of longer term performance and stated that, given the strong performance over the 18 months, each of the plans trailing 5-year returns now exceeded their assumptions used in actuarial valuations. Over the longer term 10- and 20-year periods, performance relative to assumptions was mixed. Most of the plans were struggling to meet assumptions over a 10-year

time frame still weighed down by the 2008/2009 downturn. Only the Judicial Form Retirement System (JFRS) plan had exceeded, while TRS and Kentucky Retirement Systems (KRS) were slightly below.

In response to a question from Senator Bowen, Mr. Cracraft stated that trailing period returns are largely dependent on timing and the particular years included. He highlighted the current 10-year results, which still show the impact of 2008/2009 correction, but noted the future 10-year performance would likely improve over the next couple of years as those negative returns are hopefully replaced by results better than the downturn.

Mr. Cracraft continued with a review of longer term performance relative to benchmarks and median peer returns. First, with regards to assumptions, the median peer return over the last 10 years was 6.0 percent, which highlights a difficult period and one where most of the states plans struggled to keep pace with assumptions. He noted that KRS, which had reduced its assumptions, and TRS were just short of their assumptions. The JFRS plans had exceeded assumptions. Relative to benchmarks, TRS and JFRS have exceeded, while the KRS plans have shown improvement, but are still slightly below assumptions.

Mr. Cracraft provided current asset allocations for each plan as of December 31, 2017 and highlighted the specific allocations for each of the underlying KRS plans. He referenced the January Public Pension Oversight Board (PPOB) meeting, where KRS staff identified the better funded plans (CERS and KERS Hazardous) as the model portfolio, while adapting the asset allocation for the more cash-flow sensitive plans. When reviewing performance over the recent 1-year period, one could see the KERS and State Police Retirement System (SPRS) plans had slightly trailed the other plans due to these asset allocation differences.

Representative Miller commented that TRS and the JFRS plans outperformed the other plans, and clearly, absolute return and real return are not much of a factor on those plans.

Mr. Cracraft provided a summary of recent changes to asset allocations for the plans since June 30, 2017, and noted that all three plans had reduced their equity exposure in the last half of 2017. While more noticeable for the KRS and JFRS plans, TRS had also reduced its equity exposure, but the continued growth in those markets had muted the reduction. Mr. Cracraft stated the reduction is likely an indication that the plans have some concern over valuations and recent growth within the U.S. market.

In response to a question from Senator Bowen, Mr. Cracraft stated that while KERS and CERS are being managed differently and have specific asset allocations that are being transitioned to new targets,

the asset classes being used have not really changed. The plans are still utilizing the same asset classes they were six months to one year ago, but now are seeing movement within the asset classes. Mr. Cracraft referenced the recent changes in asset allocation (slide 5), where the plans transition out of equity and absolute return assets could be visibly seen. He noted the investment committee of KRS had approved a new target asset allocation that called for reinvesting much of those assets in to fixed income over the course of the next several quarters.

In response to a question from Senator Bowen, Mr. Cracraft stated hedge funds are reflected in the absolute return asset class for the KRS plans. KRS has decided to reduce its exposure to hedge funds and is drawing down assets, but this takes time due to how the funds make distributions. As cash is being received from absolute return, staff is reallocating into fixed income.

Lastly, Mr. Cracraft closed his presentation with a discussion on the start of 2018, which had been characterized by volatile equity markets. Markets were largely flat for the first quarter, but significant swings had occurred since January. Mr. Cracraft also noted that each of the plans, as of December 2017, had returned 6 to 9 percent for the fiscal year.

In response to questions from Senator Schroder, Mr. Cracraft stated that management fees have been included in staff's fiscal year end reviews provided to the PPOB. Senate Bill 2 expanded the level of reporting and went into effect July 1, 2017. Mr. Cracraft stated there are different ways to consider or manage investment fees, such as utilizing index providers or choosing to manage assets internally, which are generally more cost effective from a basis point of view.

In response to questions from Representative Fleming, Mr. Cracraft stated that KRS is in the process of transitioning to a new asset allocation and is moving about 10 percent of its assets from equity into fixed income and reducing absolute return. TRS is more related to market movements, where non-US equity assets have outperformed fixed income. TRS' long term strategic goal is to continue to add to private assets.

In response to questions from Representative Kay, Mr. Cracraft stated that, more recently, hedge funds have bounced back and, while clearly they have not kept up with the equity markets, they had performed in line with fixed income. Mr. Cracraft referred to slide 2 of the presentation and stated that the absolute return fund of fund index was up 6.64 percent for the calendar year and referenced the 5-year benchmark of KRS, which was up roughly 4 percent.

Representative Kay commented on hedge funds

and his belief that they are bad deals for Kentucky. Not only have the hedge funds underperformed, but those that manage the funds are receiving a bunch of money in terms of fees. Hedge funds are bad deals for Kentucky, but good deals for those that manage, while providing less returns than the market overall.

In response to a question from Representative Miller, Mr. Cracraft stated that hedge funds are classified and included within the asset allocation titled as absolute return.

Representative Miller called on David Eager and Richard Robben, KRS, for comment and questions. Mr. Eager opened by highlighting the systems work to reduce fees and stated that in FY 2016, when KRS was running between \$10 and \$11 billion in assets, total fees were \$88 million. In FY 2017, KRS ran a billion more in assets, but total fees were down \$2 million. He also noted that KRS does manage about 18 percent of the funds internally in three different equity index funds, and those fees are less than one basis point. Mr. Eager stated that KRS is also looking into managing or indexing fixed income internally.

Mr. Eager stated that with regards to performance, all five of the KRS plans have tended to underperform TRS and JFRS, and this is because all of the KRS plans are managed more conservatively. The KRS plans have lower funded status, have more cash flow constraints, need more liquidity, and are just not able to take the risks. The additional funding received over the past several years has helped reduce cash flow concerns.

In response to questions from Senator Bowen, Mr. Robben stated that he believed that 5.25 percent will still be a realistic assumption for KRS even with more fixed income targeted. He referenced a recent rise in the base interest rates and the fact that short term rates are up approximately 100 basis points over the last year.

In response to a question from Representative Miller, Mr. Robben indicated that the decision to reduce absolute return and equity assets was more of a long-term strategic decision made by the investment committee. Specifically as to the absolute return portfolio, Mr. Robben noted the investment committee had focused on reducing managers that were not cost effective or were redundant.

In response to a question from Senator Bowen, Mr. Robben stated that the investment procurement process developed by Senate Bill 2 was going as planned. Mr. Robben also noted that fee reports, as required by Senate Bill 2, were also provided quarterly on the systems' website.

Senator Schroder commended KRS on its increased transparency and reiterated a comment made earlier that the underlying KRS funds required more conservative portfolios due to current funding

levels and cash flow situations. He expressed his hope that the General Assembly could continue to help with that problem.

Representative Miller called on Beau Barnes, TRS, for comment and questions. Mr. Barnes opened with an overview of TRS' targeted asset allocation. The plan has a target of 62 percent to public equities, 15 percent to fixed income, 8 percent to additional categories (high yield, fixed income, and alternative credit), 6 percent to real estate, and 7 percent to private equity. Mr. Barnes stated that one third of TRS' portfolio is managed internally.

In response to questions from Senator Schroder, Mr. Barnes confirmed that the General Assembly's authorization to move roughly \$500 million from the pension fund into the health insurance fund between 2005 and 2010 was repaid in full with interest in August 2010 via a bond issued by the state. Mr. Barnes confirmed the timing of the bond was very advantageous for TRS and was invested just before one of the better performing periods for TRS. Mr. Barnes indicated he had been employed by the retirement system since 1999 and, since that time, he had no knowledge of other times the General Assembly borrowed from the pension fund to put towards the insurance fund.

In response to a follow-up question from Senator Schroder regarding a presentation provided to the PPOB by Mr. Barnes in May of 2016, Mr. Barnes confirmed the following benefit features were not subject to the inviolable contract:

- Retirement allowances calculated on the average of member's three highest salaries, if member is at least 55 and has at least 27 years of service;

- Postretirement re-employment provisions;
- Retirement benefits for members providing part-time or substitute teaching services;

- A 3 percent retirement factor for qualifying years or service exceeding 30;

- Retiree health insurance. Retirees are only guaranteed access to group coverage; and

- Sick-leave payments for retirement calculation purposes.

Senator Schroder highlighted that a lot of misinformation and confusion regarding the borrowing of funds and inviolable contract provisions still exists.

In response to a question from Representative Miller, Mr. Barnes stated there is a fixed statutory contribution rate of 13.105 percent, and the Commonwealth has always funded that statutory requirement. Mr. Barnes indicated that the issue has been with funding the full actuarially required contribution (ARC). In response to a follow-up question from Representative Miller, Mr. Barnes

stated there is a provision in KRS 161.550(6), which some have argued describes the ARC or captures an over/under methodology for capturing any shortfall. Mr. Barnes highlighted there is some disagreement regarding the interpretation of that provision of KRS 161.550(6).

In response to a question from Senator Bowen regarding the prefunding of cost of living adjustments (COLAs), Mr. Barnes stated that the normal cost of providing the 1.5 percent annual COLA was 1.74 percent of payroll paid over the life of a teacher's active employment by both the employee and employer. Provided the plan's other assumptions are met, then this normal cost contribution would be sufficient to cover the annual increments provided post retirement to teachers.

Senator Bowen provided an example scenario and highlighted how important the various assumptions, such as payroll growth, investment returns and inflation, were in the actuarial process of determining a normal cost and in cases where assumptions are not met, additional contributions would be required to fund those COLAs.

In response to questions from Representative Miller, Mr. Barnes confirmed that TRS was roughly \$17 billion underfunded across the pension and insurance funds and from 2009 to 2015, the Governor's/Legislative versions of the Executive Branch Budget gave roughly \$2.0 billion more than requested. Mr. Barnes also noted that negative cash flow, which when combined with the underfunding, would result in an amount closer to \$3.8 billion.

In response to a question from Senator Schroder, Mr. Barnes indicated that TRS does incorporate payroll growth within the actuarial process. The valuations assume that payroll is going to grow 3.5 percent per year.

In response to a question from Auditor Harmon, Mr. Barnes stated the unfunded liability for the pension is not broken down by the actuaries according to specific benefit components.

In response to a question from Representative Kay, Mr. Barnes stated that the COLA is a 1.74 percent contribution in total divided between the teacher and state. Mr. Barnes stated that the teachers' percentage comes out of their pay automatically. Mr. Barnes also stated that teachers are not in Social Security, but TRS is considered a Social Security replacement plan. Part of that plan is to provide the COLA because Social Security provides one.

Representative Kay commented that over the past twenty years, the average COLA for Social Security is about a 2 percent return, so teachers under TRS get less than Social Security. He said that a COLA is not a raise, although it has been referenced as one recently. Teachers do not get a raise in retirement, and

those who have Social Security do not get a raise in retirement.

In response to questions from Senator Bowen regarding teachers not wanting to participate in Social Security, Mr. Barnes stated the Windfall Elimination Provision (WEP), which reduces Social Security benefits for teachers, is the primary reason. Secondly, the cost of TRS is actually less than Social Security participation, given the ability to invest, so it benefits the state as an employer if teachers do not participate.

In response to a question from Representative Miller, Mr. Barnes stated that there are roughly 55,000 retired teachers and about 75,000 active teachers, including about 60,000 full time members. Mr. Barnes indicated that TRS has not asked for the 13.105 percent language to be changed, however, there have been various bills in recent years to reference that an ARC be paid by the Commonwealth. Senate Bill 1, as introduced during the current session, had language that would address the ARC rather than the existing statutory language.

In response to a question from Senator Schroder with regards to factoring in a longer life expectancy of members, Mr. Barnes stated that TRS is continually monitoring assumptions, including life expectancy, and preformed experience studies at least every five years, to see where assumptions are and if adjustments need to be made along the way.

Representative Kay followed up on the conversation regarding teachers joining Social Security and referenced the recently conducted PFM report, which indicated making that change would be extremely expensive for the state and local school districts. In addition, in the scenario, the current defined benefit plan would be walled off and require even more money, which the state does not currently have. Regardless of what teachers or the General Assembly believe should be done, there is a lack of funds needed to make a transition into Social Security or a defined contribution plan at this point.

In response to questions from Representative Miller, Mr. Barnes referenced that breaking down the causes of the unfunded liability will depend on the time frame a study reviews. Some have taken a shorter, 6-year time frame, while others look back 15 years. Mr. Barnes noted that the 2008 great recession put pressure on budgets and, in the case of TRS, there was the issue of health insurance that had to be addressed in 2010. Mr. Barnes stated that the budget has not been able to provide the full funding to fund the pension.

Representative Miller responded and noted that underfunding only accounted for roughly \$2.2 billion of the \$17 billion dollars, so while he was not blaming teachers, given the size of the remaining unfunded

liability, there appears to be some fundamental, structural problems that need to be addressed. In response to Representative Miller, Mr. Barnes stated his belief that the TRS board had done a good job running the system. He highlighted the system's administrative expenses, which were among the lowest in the nation according to a 2012 LRC staff report, and the system's investment fees, which have been amongst the lowest in the country. Mr. Barnes also referenced investment performance, where TRS' returns placed them in the top 3rd percentile for both the trailing 1- and 10-year periods. Mr. Barnes did state the PFM report noted the issue of actuarial back loading, or utilizing a level percent of payroll method, but the issue was the budget could not even support the lower amount requested by TRS under the level percent methodology. Mr. Barnes reiterated that the system is being run well at the board level, but believes the real issue dates back to 1998. At that time, TRS appeared to be 96 percent funded and in a very healthy position, but much of this was an illusion that the tech/ telecom market bubble highlighted. After the market correction, TRS' funding levels slid to the low seventies, and the system experienced a flat 13-year period in the market from 2000 to about May of 2013.

Dolly Guenther, Retiree, testified that she was a whistleblower regarding the city of Elizabethtown for double dipper fraud of at least \$500,000 per year. She stated she was terminated four months short of her retirement. She stated she wants support for whistleblowers.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Monday, April 23, 2018.

**GOVERNMENT CONTRACT
REVIEW COMMITTEE
COMMITTEE MINUTES
May 8, 2018**

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, May 8, 2018, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Stan Lee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Stan Lee, Co-Chair; Senator Stephen Meredith, Co-Chair; Senators Julie Raque Adams, Julian M. Carroll, and Paul Hornback; Representative Chris Fugate.

Guests: Chris Lewis, Mark Bunning, Cassandra Weiss, Mark Blackwell, Joan Gates, Blaine Gilmore, Jimmy Young, Kevin Minor, Melissa Weitzel, Karen Waldrop, and Amber Arnett.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

DEFERRED ITEM:

EDUCATION, DEPARTMENT OF

Nelson Mullins Riley Scarborough, LLP, 1800001037. A motion was made by Senator Carroll to defer the contract to the June 2018 meeting of the committee. Representative Fugate seconded the motion, which passed.

A motion was made by Representative Fugate to approve Minutes of the April 2018, meeting of the committee. Senator Hornback seconded the motion, which passed without objection.

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

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

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

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

A motion was made by Senator Meredith to consider as reviewed the Film Tax Incentive List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Meredith to consider as reviewed the Correction List. Representative Fugate seconded the motion, which passed without objection.

**THE FOLLOWING PERSONAL SERVICE
CONTRACTS WERE REVIEWED WITHOUT
OBJECTION:**

CORRECTIONS, DEPARTMENT OF
Williams Veterinary Clinic, LLC, 1600001448-1.

EASTERN KENTUCKY UNIVERSITY
Embanet Compass Knowledge Group, Inc. (Division of NSC Pearson Inc.), 20-011; Mark French, 20-016.

EDUCATION, DEPARTMENT OF
Adelaide Services, 1800001628.

FINANCE AND ADMINISTRATION
CABINET
Gess Mattingly and Atchison, 1800001898.

HISTORICAL SOCIETY, KENTUCKY
Brumfield Labs, LLC, 1800001597; Susan H. Perdue, 1800001605.

KENTUCKY COMMUNITY & TECHNICAL
COLLEGE SYSTEM
E. Clark Toleman, 730; Integra Realty Resources, 731; Bluegrass Valuation Group, LLC, 733.

KENTUCKY EMPLOYERS MUTUAL
INSURANCE
EOP Architecture / Interiors, 18-EOP-001.

KENTUCKY HIGHER EDUCATION
STUDENT LOAN CORPORATION
Valenti Hanley, PLLC, 19-004.

KENTUCKY HOUSING CORPORATION
Hanna Resource Group, 2019-36; Septtimous Taylor, PSC, 2019-37; Stierle and Rettig, PLLC, 2019-38; McBrayer, McGinnis, Leslie & Kirkland, PLLC, 2019-39.

LEGISLATIVE RESEARCH COMMISSION
Stoll Keenon Ogden, PLLC, 17/18-40.

MOREHEAD STATE UNIVERSITY
Dean Dorton Allen Ford, PLLC, 18-053.

NORTHERN KENTUCKY UNIVERSITY
BKD, LLP, 2018-116; Indiana Health Information Exchange, Inc., 2018-117; Adams, Stepner, Woltermann & Dusing, PLLC, 2019-101; Dinsmore & Shohl, LLP, 2019-102; Dressman, Benzinger & LaVelle, PSC, 2019-103; Sturgill Turner Barker & Moloney, PLLC, 2019-105; Thompson Miller & Simpson, PLC, 2019-106; Ziegler & Schneider, PSC, 2019-107; BKD, LLP, 2019-108; Howard Law, PLLC, 2019-111.

OFFICE OF INSPECTOR GENERAL
Timeslips Creative Storytelling, Inc., 1800000903.

TRANSPORTATION CABINET
Gary Endicott, 1800001614; Dixon Nunnery,

1800001615; Dale J. Trump, 1800001616; Parsons Transportation Group, Inc., 1800001902; Aecom Technical Services, Inc., 1800001971; Palmer Engineering County, 1800002021; Stantec Consulting Services, Inc., 1800002069.

UNIVERSITY OF KENTUCKY

Results Marketing & Design, Inc. d/b/a Ethos, K18-157.

UNIVERSITY OF LOUISVILLE

Dinsmore & Shohl, 18-081; V-Soft Consulting Group, Inc., 19-001; Dinsmore & Shohl, 19-003.

WESTERN KENTUCKY UNIVERSITY

Ukpeagvik Inupiat Corporation, 171835; McDonald Transit Associates, Inc., 181901; Multi, 182001; Multi, 182002; Multi, 182003; Ross Tarrant Architects, Inc., 182004; Ross Tarrant Architects, 182005; Ross Tarrant Architects, Inc., 182006; Multi, 182007; Multi, 182008; Multi, 182009; Multi, 182010; Multi, 182011.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF

Diamond Drugs, Inc. d/b/a Diamond Pharmacy Services, 1600002926.

DEPARTMENT FOR INCOME SUPPORT

John M. Reed MD, 1600003829.

DEPARTMENT FOR MEDICAID SERVICES

Myers and Stauffer LC, 1600000122.

DEPARTMENT FOR NATURAL RESOURCES

Tichenor and Associates, 1600002563.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 1700002108.

EMBALMERS & FUNERAL HOME DIRECTORS, BOARD OF

Dressman Benzinger Lavelle, PSC, 1800000500.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING

Myers Jolly Architects, 1000000840; K. Norman Berry Associates, 1300002050; Patrick D. Murphy Company, Inc., 1300002656; Ross Tarrant Architects, Inc., 1400000338; Paladin, Inc., 1400000380; EOP Architects, PSC, 1400000960; JRA, Inc., 1400001269; Paladin, Inc., 1400001412; Tate Hill Jacobs Architect, Inc., 1400003721; Paladin, Inc., 1600001124; Staggs and Fisher Consulting Engineers, Inc., 1700002721; Ross Tarrant Architects, Inc., 1800000590; Third Rock Consultants, LLC, 1800000968; Biagi, Chance,

Cummins, London, Titzer, Inc., 1800000982; Biagi, Chance, Cummins, London, Titzer, Inc., 1800001099.

KENTUCKY LOTTERY CORPORATION

Ellipse Solutions, LLC, 18-17-016.

MEDICAL LICENSURE, BOARD OF

Multi, 1600002744.

MILITARY AFFAIRS, DEPARTMENT OF

Federal Resources Supply Company, 1800000797.

TRANSPORTATION CABINET

QK4, 1200000162; Stantec Consulting Services, Inc., 1200002237; Palmer Engineering Company, 1200002607; EA Partners, PLC, 1300002466; URS Corporation, 1300002471; T. H. E. Engineers, Inc., 1400000223; QK4, 1500000241; QK4, Inc., 1500001282; URS Corporation, 1500002149; QK4, 1500002151; Stantec Consulting Services, Inc., 1500002760; Stantec Consulting Services, Inc., 1600001019; URS Corporation, 1600001427; Baptist Health Medical Group, Inc., 1600001957; Occupational Health Center of Southwest Pa, 1600002773; Construction Estimating Institute, 1600003037; Quantum Spatial, Inc., 1700000113; Palmer Engineering County, 1700001263; Gess Mattingly and Atchison, 1700002241; Robert L. Roark, PLLC, 1700002256; Palmer Engineering Company, C-00124800-5; HMB Professional Engineers, Inc., C-99005065-6.

UNIVERSITY OF LOUISVILLE

Brailsford & Dunlavey, Inc., 17-072.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Fulton County Schools, 1800001839; Cumberland River Behavioral Health, Inc., 1800001841; Mountain Comprehensive Care Center, 1800001842; Mountain Comprehensive Care Center, 1800001844; Hope Collaborative, Christian Community Development, Inc., 1800001846; Tri County Community Action Agency, 1800001847; Daviess County, 1800002039.

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF

Eastern Kentucky University, 1800000940.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

Kentucky Pediatric Society Foundation, 1800001244.

FISH & WILDLIFE, DEPARTMENT OF

Eastern Kentucky University, 1800001536.

KENTUCKY HOUSING CORPORATION

University of Kentucky Research Foundation, MOU-1.

MILITARY AFFAIRS, DEPARTMENT OF

Multi, 1800001004; Taylorsville City, 1800001692.

WORKFORCE INVESTMENT, OFFICE OF

Kentucky Chamber Foundation, Inc., 1800001624; Kentucky Department for Libraries and Archives, 1800001938.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Kentucky River Community Care, Inc., 1700001121; Allen County Health Department, 1800002103.

AGRICULTURE, DEPARTMENT OF

Multi, 1700001659; Multi, 1700001857.

DEPARTMENT FOR AGING & INDEPENDENT LIVING

Multi, 1700002626; Multi, 1700002627; Multi, 1700002631; Multi, 1700002633.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

Kentucky Housing Corporation, 1600001699; People Advocating Recovery, 1600001726; Centerstone of Kentucky, Inc., 1700001526; Kentucky River Community Care, 1700001531; University of Kentucky Research Foundation, 1700002738.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Kentuckianaworks, 1600001918-1; Eastern Kentucky CEP, Inc., 1600002680; Multi, 1700002530; Community Action Kentucky, Inc., 1700002734; Eastern Kentucky University, 1700002784; Employment Solutions, 1800000430; Owl d/b/a Opportunity for Work and Learning, 1800000676.

DEPARTMENT FOR MEDICAID SERVICES

Multi, 1600000145; Kentucky Transportation Cabinet, 1600000316.

DEPARTMENT FOR PUBLIC HEALTH

University of Kentucky Research Foundation, 1600002083; Pathways, Inc., 1600002133; Kentucky

Hospital Research & Education Foundation, 1600002281; Kentuckiana Health Collaborative, 1600002458; Office of Vocational Rehabilitation, 1700000415; Eastern Kentucky University, 1800000526.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY

Kentucky Science & Technology Corporation, 1700002710.

EDUCATION, DEPARTMENT OF

Center for Assessment, 1700000080; University of Kentucky Research Foundation, 1700000377; Kentucky School Boards Association Educational Foundation, Inc., 1700002228; Mason County Board of Education, 1700002580; Newport Independent Board of Education, 1700002778; KCTCS, 1700002879; Eastern Kentucky University, 1700002911.

EDUCATION, OFFICE OF THE SECRETARY
Multi, 1800000280.

MILITARY AFFAIRS, DEPARTMENT OF

University of Kentucky Research Foundation, 1700001373.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT

Letcher County Fiscal Court, 0600002930; Harlan County Fiscal Court, 1300001701; Muhlenberg County Fiscal Court, 1700002109.

TRANSPORTATION CABINET

Eastern Kentucky University, 1600001899; Kentucky Transportation Center, 1600001900; Pike County Health Department, 1600002050.

WORKFORCE INVESTMENT, OFFICE OF

Buffalo Trace Area Development District, 1600001494.

THE FOLLOWING FILM TAX INCENTIVES WERE REVIEWED WITHOUT OBJECTION:

TOURISM DEVELOPMENT CABINET

Loos Change Films, LLC, 1800001818; WECU Productions, LLC, 1800002153; WECU Productions, LLC, 1800002154; Stargazer - 2018F, LLC, 1900000218.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Hemmer DeFrank Wessels, PLLC, 18-HDW-001. Chris Lewis and Mark Bunning discussed the

contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

KENTUCKY RETIREMENT SYSTEMS

Seiller Waterman, LLC, 1800001418; Phillips, Parker, Orberon & Moore, PLC, 1800001496. Cassandra Weiss and Mark Blackwell discussed the contracts with the committee. A motion was made by Senator Carroll to consider the contracts as reviewed. Senator Carroll then made a motion to withdraw the motion to consider the contracts as reviewed. A motion was made by Senator Hornback to defer the contracts to the June 2018 meeting of the committee. Representative Fugate seconded the motion, which passed.

NORTHERN KENTUCKY UNIVERSITY

Stites & Harbison, 2019-104. Joan Gates and Blaine Gilmore discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator Hornback seconded the motion, which passed, with Senator Meredith voting no.

STATE POLICE, DEPARTMENT OF

Right Brother Aviation, LLC, 1800001943. Jimmy Young, Kevin Minor, and Melissa Weitzel discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Fugate seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF

John Thompson, 1600001317. A motion was made by Senator Carroll to defer the contract to the June 2018 meeting of the committee. Representative Fugate seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE CONTRACT FOR \$10K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

FISH & WILDLIFE, DEPARTMENT OF

Blue & Company, LLC, 1800001345. Karen Waldrop and Amber Arnett discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Lee seconded the motion, which passed, with Senator Hornback, Senator Meredith,

and Representative Lee voting no.

EXEMPTION REQUESTS:

DEPARTMENT OF JUVENILE JUSTICE

The Department of Juvenile Justice requests an exemption from the committee's routine review process for emergency governmental services and unanticipated or specialized medical care of youths and will provide quarterly reports. A motion was made by Representative Fugate to grant the request to June 30, 2020. Senator Carroll seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET, KENTUCKY HERITAGE LAND CONVERSATION FUND BOARD:

The Energy and Environment Cabinet, Kentucky Heritage Land Conversation Fund Board requests an exemption pertaining to the biennial requirement GCRC Policy Statement 99-4 and requests an exemption from the committee's routine review process and will provide quarterly reports. A motion was made by Representative Fugate to grant the request to June 30, 2022. Senator Carroll seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 11:25 AM.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

MINUTES OF THE 2ND MEETING OF THE 2018 INTERIM

June 6, 2018

Call to Order and Roll Call

The 2nd meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, June 6, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Myron Dossett, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Myron Dossett, Co-Chair; Senators Stephen Meredith, and Dennis Parrett; Representatives Kim King, Phillip Pratt, Rick Rand, Brandon Reed, and Dean Schamore.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy (GOAP), Bill McCloskey, Deputy Executive Director, GOAP, Tamara Sandberg, Executive Director, Kentucky Association of Food Banks (KAFB), Kate McDonald, Manager, Kentucky Kids Eat Campaign and Coalition, Sarah Vaughn, Programs Coordinator, KAFB, Martin Richards, Executive Director, Community Farm Alliance, James Cochran, Program Manager, Farmers Market Support, Becca Warta, Coordinator, Kentucky

Double Dollars Program, and Ashton Wright, Coordinator, Bluegrass Farm to Table.

LRC Staff: Kelly Ludwig, Tanya Monsanto, Shelby Bevins-Sullivan, and Rachel Hartley.

Governor's Office of Agricultural Policy Report

Warren Beeler discussed his schedule for May through July.

In response to Representative King, Mr. Beeler stated he will be attending the Linking Agriculture for Networking and Development meeting in Boone County on June 11, 2018, as a spectator seeking new projects.

In response to a question from Representative Reed, Mr. Beeler stated he will be speaking at the Future Farmers of America convention. He will discuss how the most important crop on the farm is people.

In response to Representative Schamore, Mr. Beeler stated the United States Department of Agriculture Undersecretary for Trade was in Kentucky and would be speaking that night. He said the world is a global marketplace and more than half of all agriculture production in Kentucky is exported.

Bill McCloskey described the Agricultural Development Board's projects for May. Mr. McCloskey highlighted programs including the County Agricultural Investment Program (CAIP), Deceased Farm Animal Removal Program, Next Generation Beginning Farmer, On-Farm Energy Program, Shared-use Equipment, and Youth Agriculture Incentives Program.

Requested program amendments discussed included:

Ballard County Agricultural Development Fund, LLC, requested an additional \$32,600 in Ballard County funds for CAIP. The board recommended approval, which would bring the program total to \$342,600.

Scott County Agricultural District requested an additional \$70,000 in Scott County funds for CAIP. The board recommended approval, which would bring the program total to \$205,000.

Kentucky Ketch, Inc., requested an additional \$86,000 in Clay County funds for CAIP. The board recommended approval, which would bring the program total to \$321,000.

Leslie County Conservation District requested an additional \$10,000 in Leslie County funds for CAIP. The board recommended approval, which would bring the program total to \$70,106.

Ohio County Cattlemen's Association, Inc., requested an additional \$63,936 in

Ohio County funds for CAIP. The board recommended approval, which would bring the program total to \$83,436.

Projects discussed included:

Blue Grass Community Action Partnership, Inc., approved for \$1,250 in Woodford County funds for a community garden.

White House Lodge, LLC, approved for up to \$25,000 in Daviess County funds and up to \$98,000 in state funds for construction of a multi-use facility to hold educational and agritourism events on the farm.

Mary Carrico Memorial School approved for \$7,500 in Daviess County funds for a school greenhouse.

Grain Day, Inc., approved for \$5,000 in Daviess County funds to support their annual Ag Expo.

Meade County Fair, Inc., approved for \$5,000 in Meade County funds for climate control in their new livestock barn.

Farms to Food Banks, Kentucky-grown Vegetable Incentive Program (K-VIP)

Tamara Sandberg stated the goal of the Kentucky Association of Food Banks (KAFB) is to dispel the myth about who is utilizing the food banks and why. Seventy-seven percent of the households served by food banks identify as white, seventeen percent identify as African American, and two percent identify as Hispanic or Latino. Hunger exists in every county in Kentucky. Magoffin, Wolfe, Knott, Clay, and Elliot have the highest rates of child food insecurity. One in five children in Kentucky are food insecure. Twenty-six percent of children do not qualify for federal nutrition programs, so they must rely on charitable food assistance.

Eighty-four percent of households reported using multiple strategies to obtain enough nutrition. Different strategies include purchasing inexpensive, unhealthy food, watering down food or drinks to make them last, and eating food past the expiration date. Many households are having to choose between food, medical care, utilities, and transportation.

The impacts of hunger on children are deficits in cognitive, social, and emotional development. Hungry children are more likely to receive special education services and mental health counseling.

KAFB feeds one in seven Kentuckians which is approximately 53,000 meals each week. In 2017, 63 million meals were served.

In 2011, KAFB received \$163,000 in seed money from the Kentucky Agricultural Development Fund (KADF). Ms. Sandberg states she likes the matching requirements because they use it to leverage money for more support.

The goals of the Farm to Food Banks program are to increase access to healthy food, fair prices, and to reduce the amount of wasted food. Three million dollars has been invested in farm families and has rescued 15 million pounds of food.

Kentucky Kids Eat was formed in 2016 in partnership with the KAFB. It is a statewide network creating innovative child hunger solutions. It provides funding, training, and support for schools and nonprofits.

The Kentucky-grown Fruit and Vegetable Incentive Program (K-VIP) creates a financial incentive for sponsors to include Kentucky-grown fruits and vegetables in the meals they serve. For every \$3 a sponsor spends at a Kentucky farm, K-VIP will reimburse them \$1.

Representative King made a motion to submit a letter to the Secretary of the United States Department of Agriculture, Sonny Perdue, regarding the cancelling of dairy contracts. Representative Reed seconded the motion and the motion passed by voice vote.

In response to a question from Representative Reed, Kate McDonald stated LaRue County schools have a summer food program that is in conjunction with KAFB.

In response to a question from Representative Rand, Ms. Sandberg stated food insecurity is when someone in the household does not have consistent access to food for a healthy life.

In response to a question from Representative Dossett, Sarah Vaughn stated there are farmers who are approximately two weeks behind planting due to the weather.

Kentucky Double Dollars

Martin Richards stated in 2013 there were approximately five counties in eastern Kentucky that did not have a farmers market. Those counties reached out to the Farmers Market Support Program (FMSP). This program is a pilot project for the Community Farm Alliance (CFA).

According to the CFA, the key components for a successful farmers market include the physical location, community support, incentive programs, federal nutrition programs, and organizational structure.

The FMSP provides technical assistance such as workshops, surveys, data collection, and regulation information. They also provide incentive programs such as Kentucky Double Dollars (KDD), Summer Meals, Farmacy, Health Bucks, and Kid Bucks.

The KDD provides incentives for individuals to use their federal nutrition program benefits which include Women, Infants, and Children, Supplemental Nutrition Assistance Program, and Seniors Farmers Market Nutrition Program. These individuals can go to a farmers market and double up on the benefit.

In 2017, the CFA was successful in receiving United States Department of Agriculture Food Insecurity Nutrition Incentive funds in the amount of \$1.4 million.

The KDD was officially launched July 1, 2017. The goals are to increase access to local food to low-income populations, increase sales and income to Kentucky farmers, and leverage federal food and nutrition program funds. The KDD has two incentive programs including Kentucky Fruit and Vegetable Double Dollars and Kentucky Meat, Eggs, and Dairy Double Dollars.

Creating new jobs and conserving local natural resources are benefits to consuming more local and regional foods. Improved food access and public health is economic development. Moody's Analytics found that food stamps were the most effective, increasing economic activity by \$1.73 for every dollar spent.

Farmers markets have evolved and are not just selling fruits and vegetables. There are prepared foods, meats, dairy, and cheese available. Farmers markets are a community development and business incubator where farmers are connecting and opening brick and mortar businesses.

Mr. Richards said Kentucky is unique because House Bill 611 was passed which set aside the funds from the Tobacco Settlement Agreement to create these programs while other states use general funds.

In response to a question from Representative Schamore, Mr. Richards stated the KDD is available statewide and requests for applications were sent out in January of this year. They are working with the Kentucky Department of Health to promote the programs.

In response to a question from Representative King, Mr. Richards stated counties are hesitant to participate due to the cost share. The KDD is educating and supporting those counties. Mr. Cochran stated they use distribution emails and an advertising campaign.

In response to a question from Representative Dossett, Mr. Richards stated a cost share program would be beneficial to the farmers market located in Christian County. If the farmers market can raise funds they can be matched one to one, up to \$2,500 with the Market Manager Program or matched three to one, up to \$2,000 with the Kentucky Double Dollars program.

The next meeting of the Tobacco Settlement Agreement Fund Oversight Committee will be July 11, 2018. Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.

PUBLIC PENSION OVERSIGHT BOARD

MINUTES OF THE 3RD MEETING OF THE 2018 INTERIM June 4, 2018

Call to Order and Roll Call

The 3rd meeting of the Public Pension Oversight Board was held on Monday, June 4, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Jerry T. Miller, Co-Chair; Senators Jimmy Higdon, Christian McDaniel, Gerald A. Neal, and Dennis Parrett; Representatives Ken Fleming, James Kay, Arnold Simpson, and Russell Webber; J. Michael Brown, John Chilton, Timothy Fyffe, Mike Harmon, and Sharon Mattingly.

Guests: Beau Barnes, Deputy Executive Director, Teachers' Retirement System; Donna Early, Executive Director, Judicial Form Retirement System; David Eager, Executive Director, and Rich Robben, CFA, Interim Executive Director, Office of Investments, Fixed Income Assets, Kentucky Retirement Systems.

LRC Staff: Brad Gross, Jennifer Black Hans, Bo Cracraft, and Angela Rhodes.

Approval of Minutes

Representative Kay moved that the minutes of the March 26, 2018, meeting be approved. Representative Miller seconded the motion, and the minutes were approved without objection.

Investment and Cash Flow Quarterly Update

Beau Barnes, Teachers' Retirement System (TRS) discussed investment performance as of March 31, 2018 for pension and medical returns. Addressing pension returns, Mr. Barnes highlighted the portfolios net of fee return for the quarter of 0.32 percent, compared to a benchmark return of -0.54 percent, which put TRS in the top 24 percent of peers. Discussing medical trust fund returns, Mr. Barnes noted that the medical fund was not prefunded until 2010, but highlighted the portfolios return of -0.05 percent net of fees, compared to a benchmark return of -0.26 percent.

Mr. Barnes provided a FYTD 2018 cash flow update for the pension fund and compared it to the first three quarters of FY 2017. Mr. Barnes highlighted the additional funding of \$356 million received from the General Assembly and Governor's budget toward meeting the Actuarially Determined Employer Contribution (ADEC). Cash inflows were supplemented by investment income (net of investment expense) of \$306.3, which was up from \$237.6 million in FYTD 2017. Mr. Barnes noted

that total cash outflows were slightly up from \$1.471 billion in FYTD 2017 to \$1.540 billion in FYTD 2018, primarily due to an increase in benefit payouts. Mr. Barnes discussed the negative cash flow and stated that it was very manageable and had improved tremendously from just a couple years ago.

In response to a question from Senator Parrett, Mr. Barnes stated that the fund's exposure to international equity was about 22 percent of funds, while approximately 40 percent was held in domestic equity assets.

In response to a question from Senator Bowen, Mr. Barnes stated that the \$258 million in negative cash flow is greatly reduced from \$650 million just a couple of fiscal years ago. Mr. Barnes also stated that quarterly installments are being received from the additional appropriations coming in, but there are assets that will have to be sold during the fiscal year due to not having enough cash coming in to pay benefits.

In response to a question from Senator Higdon, Mr. Barnes stated that investment returns are always measured against a target of the assumed rate of return, but the policy benchmark is a good measure of how the fund did relative to markets. TRS uses well recognized benchmarks, such as the S&P 500 and Barclay's family of fixed income indices.

In response to the discussion, Mr. Fyffe recommended that each of the retirement plans begin including a assumed rate of return as secondary benchmarks for future presentations. For legislative committees, such as the Public Pension Oversight Board (PPOB), the actuarial target carries more importance given its impact on contribution rates and budgets, but that policy benchmarks are important to see if underlying managers and asset allocation decisions, which are made by the investment teams of each system, have been successful or not.

In response to questions from Representative Fleming, Mr. Barnes noted that the timing of member contributions can fluctuate from quarter to quarter, given the timing of receipt and underlying employer reporting. When evaluating contributions, the best time frame would be the conclusion of each fiscal year, which reports audited results. TRS anticipates it will see increasing membership of teachers in the coming years due to population increases and teachers needing to be in the classroom.

In response to a question from Senator Higdon, Mr. Barnes stated that the cash balance plan does not close the existing plan and TRS will continue to invest the new monies as well as investing the old monies.

In response to a question from Representative Miller, Mr. Barnes stated the slight change in investment targets with an increase in allocations in real estate by 1 percent and a decrease in the allocation

to alternative investments by 1 percent which includes high yield bonds. Domestic equities is 40 percent and international is 22 percent.

In response to a question from Senator Bowen, Mr. Barnes stated that under the direction of SB 2, TRS is in the process of issuing RFP's and that the process will be concluded before July 1.

In response to a question from Representative Miller, Mr. Barnes stated that the RFP for actuarial services has not been closed to any entity. Mr. Barnes stated that Cavanaugh Macdonald has been TRS's consultant since the mid-2000s. Representative Miller stated concerns of having the same consultants year after year and wants TRS to be cautious of continuing such.

Investment and Cash Flow Quarterly Update

Donna Early, Executive Director, Judicial Form Retirement System (JFRS) provided a performance overview for the judicial and legislative retirement plans as of March 31, 2018. She highlighted that the plans are segregated between the defined benefit plans and the hybrid cash balance plans. For the third quarter of the 2017 fiscal year, the judicial retirement defined benefit plan posted a slightly negative return of 1.1 percent, which slightly trailed its benchmark. The hybrid cash balance plan had similar performance, falling 0.96 percent for the quarter. Ms. Early noted the legislative plan's performance was very similar to judicial.

In response to a question from Mr. Fyffe, Ms. Early confirmed that there were no international investments in this portfolio.

In response to a question from Representative Miller, Ms. Early stated there were no changes expected with regard to JFRS's asset allocations in the coming months and she noted that JFRS currently targets 70 percent equity and 30 percent fixed income with a range of 80/20 or 60/40. Also, the return assumptions for actuarial purposes during this fiscal year is 7 percent, but going forward it will be 6.5 percent.

Lastly, Ms. Early discussed the statement of changes in net position for judicial and legislative pensions through the first three quarters of FY 2018. Ms. Early noted that the funds expected to have positive cash flow for the fiscal year, compared to a slightly negative result in FY 2017

Investment and Cash Flow Quarterly Update

David Eager, Executive Director, Kentucky Retirement Systems (KRS) began by providing a general update on KRS activities. He highlighted several areas where KRS is moving in the right direction, such as funding, investment results, member services, communications, employer and member outreach, and working with the Legislative and Executive Branches. He also discussed several

challenges that remain, such as funding and patience, education, implementing SB 151 and other legislation, spike in retirements, and filling staffing vacancies.

Mr. Eager emphasized several key take aways from the quarter. First, he noted that KRS asset allocation changes continue to reflect each plan's needs with liquidity, income, and risk. A recent Wilshire proposal proposed targets similar to existing KRS targets. Secondly, investment returns year-to-date are up 7.7 percent for pension and 8.0 percent for insurance. Third, asset levels are up \$905 million, with net cash flow at -\$197 million and investment gains for the fiscal year are 1.1 billion. Lastly, Mr. Eager stated that the Opt-Out provisions planning are underway.

Mr. Robben stated the new investment consultant, Wilshire Associates (Wilshire), was hired in September 2017. Wilshire recently presented its first asset liability study on each of the plans on May 1, 2018, which included minimal changes to the current asset allocation for County Employees Retirement System (CERS) nonhazardous, CERS Hazardous, and all insurance portfolios. For the severely underfunded plans, Kentucky Employees Retirement System (KERS) and State Police Retirement System plans, Wilshire recommended a slight reduction to riskier assets in favor of more traditional fixed income to lower the expected annual volatility, increase the plans liquidity, and increase current income.

In response to a question from Senator McDaniel, Mr. Robben stated he did not believe a decrease in the assumed rate of return would be required prior to the next ARC recommendation.

Mr. Robben continued with a review of current allocations for each plan and noted that the healthier CERS plans and KERS hazardous plans tended to have more equity exposure with the highest annual volatility.

Mr. Robben discussed pension plan performance for the period ending March 31, 2018. He stated that for the quarter, which saw the S&P 500 decline by 1.5 percent, pension assets were up 41 basis points. Interest rates have been going up and moved fairly materially in the first quarter. Mr. Robben stated that in the full reporting package reviewed by staff, the assumed rate of return is included and he noted that the KERS net return through three quarters of the fiscal year was 6.8 percent compared to the assumed rate of return of 3.9 percent. On the CERS side, the net return through three quarters was 7.9 percent versus the assumed rate of return of 4.65 percent.

Mr. Robben discussed the insurance performance for the period ending March 31, 2018. He noted that results were similar to the pension plans, with funds up 0.48 percent for the quarter and 8.02 percent for the fiscal year-to-date.

In response to a question from Mr. Fyffe, Mr. Robben stated that underlying plans within the Wilshire Trust Universe Comparison Service (TUCS Universe) do not necessarily have similar asset allocations. He noted that the TUCS Universe is crafted based on overall plan size and type, which would be public pools of money that are over a billion dollars, but not necessarily state pension plans.

Mr. Eager discussed the cash flow as of March 31, 2018. He stated that in aggregate KRS was down \$197 million last year, but with the additional funding, within the next few years it will become a positive number along with investment returns and income.

Mr. Eager discussed current provisions for employers seeking to opt out of participation and provided an outline for trying to come up with a potential solution in the future. He noted that HB 351 currently outlines how employers can cease participation, but that many employers are financially stressed and unable to meet obligations required to exit. Mr. Eager reviewed several key components of reviewing the opt-out process in the future, including:

1. KRS has a fiduciary responsibility (systems and members).
2. KRS recommended solution due December 2018.
3. Principals and objectives of Agency opt-out plan completed.
4. Discussions with many constituents.
5. Assistance from GRS (actuary).
6. Consulting with other retirement systems regarding employer cessation and unfunded liability reduction efforts.
7. May need more than one option for agencies and/or implementation stages.
8. Need to get buy-in; requires effective communication and education.

Senator Bowen commented that this is one of the most important tasks that KRS and the PPOB has been given. He emphasized how huge the issue is for many districts and communities and encouraged all to engage with the process and communicate with Mr. Eager.

Representative Kay commented on the many challenges facing KRS and stated he sees a lot of the burden and responsibility coming from the General Assembly to KRS. He referenced comments made by the PFM Group in September 2017, which indicated a spike in retirements should not be expected as a result of the changes and potential reform. Representative Kay stated a belief that retirements had spiked, and while it may not be due to the effect of changes in the system, it could be due to employees losing trust in the General Assembly and to some degree in KRS. Representative Kay noted that KRS is working hard to rebuild that trust and that the General Assembly

needs to as well.

Senator Higdon commented that until the PPOB was created by Senator Bowen’s bill, legislators did not understand the pension system and legislation was passed with no idea of the effects on future employees and General Assemblies.

In Senator Bowen’s closing remarks, he emphasized the importance of the PPOB and due to the participation of the committee, knowledge has grown. He stated that the General Assembly needs to be able to look to the PPOB for answers on pension issues. Senator Bowen stated that under the provision of Section 86 of SB 151 the PPOB is directed to establish a subcommittee to study the benefits and drawbacks of separating CERS from KRS or restructuring the administration of the systems administered by KRS. A report is due by December 1, 2019. The PPOB already has statutory authority under KRS 7A.260 to establish subcommittees for specific purposes. Additional information will be provided in the future.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Monday, June 25, 2018.

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2018 Interim

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