



General Assembly's 2010 Session adjourns

by Rob Weber
LRC Public Information

State lawmakers adjourned “sine die” on April 15, bringing the Kentucky General Assembly’s 2010 Regular Session to a close on the 60th and final session day allowed by the state constitution.

Lawmakers considered more than 800 bills during this year’s session, including measures to improve services for stroke victims, offer new protections to domestic violence victims and require more transparency and openness from taxpayer-funded organizations.

Topics covered by legislation approved this year include the following:

Accountability. Senate Bill 88 allows greater public scrutiny of the Kentucky League of Cities and the Kentucky Association of Counties by making both groups adhere to the state’s open records and open meetings laws. The bill also requires the groups to place spending reports online and develop

policies on ethics, procurement, hiring and compensation.

Agriculture. House Bill 398 creates an equine council to advise the state on equine health matters and strive to establish regional care centers for unwanted, neglected and abused horses. The legislation also establishes a livestock care standards commission and prohibits local governments, with some exceptions, from having on-farm animal care standards that exceed state standards.

Autism. HB 159 expands health insurance coverage for the diagnosis and treatment of autism spectrum disorders. The bill requires large-group and state employee insurance plans to provide coverage in the annual amount of \$50,000 for children with autism from age 1 to 6 and up to \$12,000 a year for older children with autism.

Bee habitats. Senate Joint Resolution 177 requires the state apiarist to work with the Transportation Cabinet and local beekeeping clubs to identify



Speaker of the House Greg Stumbo speaks on legislation before the House in the latter days of the 2010 Regular Session, which ended on April 15.
Bud Kraft/
LRC Public Information

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Stroke center designation approved

by Chuck Truesdell
LRC Public Information

Recognition for stroke care excellence could save lives under legislation passed unanimously by both chambers during the 2010 Regular Session.

Senate Bill 1, sponsored by Senate President David Williams, R-Burkesville, would bring attention to outstanding facilities in the area of stroke care, helping the public understanding those hospitals that are best able to treat loved ones in the event of a stroke.

Under SB 1, facilities that are certified by the Joint Commission on Accreditation of Healthcare Organizations or the American Osteopathic Association would be state-designated as primary stroke centers. Such facilities would provide a high standard of stroke care, including a greater ability to treat multiple types of strokes in an emergency setting and first-rate care during recovery.

In order to earn certification, the hospitals are

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‘Amanda’s Bill’ now law to protect domestic violence victims

by Rebecca Mullins Hanchett
LRC Public Information

A carefully watched bill that will allow judges to electronically track those who violate domestic violence orders has been signed into law.

House Bill 1, or Amanda’s Bill, sponsored by House Speaker Greg Stumbo during the 2010 Regular Session, received final passage in the House and Senate on April 14 and was signed by the governor on April 26. The new law, officially known as the “Amanda Ross Domestic Violence Prevention Act”, will take effect in July.

Besides allowing judges to order those who violate a domestic violence order, or DVO, to wear a global positioning monitoring system device, the new law will allow courts to require that abusers stay up to 500 feet away from their victims and the victim’s family and allow felony charges to be pressed against DVO violators who attempt to remove a court-ordered monitoring device.

The monitoring device tracks the location of abusers and alerts victims and law enforcement when an abuser is in an area that has been declared off-limits to that person by the court.

“We know for a fact that the implementation of this (monitoring) system works...”

Speaker Greg Stumbo

“We know for a fact that the implementation of this (monitoring) system works,” Stumbo, D-

Abusers would qualify for a monitoring device under the law by committing one or more of 12 “substantial” violations that include, but not limited to, assault, stalking, wanton endangerment, kidnapping, theft and destruction and damage to property.

Named in honor of former state worker Amanda Ross, who was shot to death outside her Lexington home last fall, Stumbo said the new law will save lives.

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also responsible for community education, with a goal of stroke prevention as well as awareness and treatment.

Having superior stroke care is especially important in Kentucky because it lies in the “stroke belt,” with a high rate of strokes and high rate of mortality from them.

The state currently has 12 primary stroke centers — four each in Louisville and Northern Kentucky, two in Lexington, and one each in Pikeville and Bowling Green.

Senate President David Williams said the legislation won’t impose new requirements on hospitals or require state funding.

The legislation wouldn’t impose new requirements on hospitals or require state funding, Williams said, but would simply act as recognition for achievement that would bring attention from those who may require stroke care.

Every minute counts when a person suffering a stroke, because every moment that the brain goes without oxygen results in brain damage. Knowing which hospital is best suited to treat strokes will result in lives saved, health restored, and families preserved, Williams noted.

2010 laws, from page 1

state-owned rights-of-way that could be made into pollinator habitat sites for bees. Another piece of legislation, HB 175, encourages the development of bee habitats on mine reclamation sites to speed up plant growth and improve soil stability.

Child abuse. HB 285 boosts training for health care officials, day care workers and others who work with children improve their abilities to spot signs of child abuse.

Coal. HB 283 reduces delays in issuing coal mine permits. The legislation increases certain coal mining fees and directs money from the increased fees to expedite the mine permitting process.

Corrections. SB 17 makes it a felony for workers at prisons, jails or detention centers to have sex with inmates.

Domestic violence. HB 1 allows judges to order those who violate a domestic violence order (DVO) to wear a global positioning system tracking device to help ensure that abusers remain the required distance from victims. The bill allows felony charges to be pressed against DVO violators who attempt to remove a court-ordered tracking device. The legislation is known as Amanda’s Bill in honor of state worker Amanda Ross, who was shot to death outside her Lexington home last fall.

Drugs. HB 265 strengthens the prosecution of drivers found to be under the influence of illegal drugs or certain prescription drugs. The legislation also criminalizes two street drugs: synthetic marijuana and piperazines.

Education. HB 160 makes it easier for community and technical

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New laws benefit veterans, active troops

by Rebecca Mullins Hanchett
LRC Public Information

From expanded access to the state’s military family assistance trust fund to new job opportunities for eligible veterans, many laws passed during the 2010 Regular Session salute those who serve and have served our country.

Senate Bill 30 as passed gives Kentuckians who served on active duty outside the U.S. or federal active duty with the National Guard and Reservists and their families up to six months following the end of deployment to apply for need-based assistance from the military family trust fund. The law, which takes effect in July, also specifies that eligible applicants could receive up to \$1,000 per request and up to \$10,000 per year if there is a demonstrated need and a majority on the trust fund board approves the award.

House Bill 75, which is similar to bills that have passed the House in past years, will require state agencies to offer a job interview to all veterans and military family members entitled to bonus points called “preference points” on state job examinations if there are fewer than five qualified veterans or eligible family members competing for a particular job. The state must offer interviews to at least five of these individuals if five or more are vying for a job. HB 75 also takes effect in July.

Depending on someone’s military status, a veteran and eligible members of a veteran’s family can receive five or 10 preference points on state job exams.

The original version of Amanda’s Bill passed by the House would have allowed judges to order global positioning monitoring before a DVO violation occurs based on each individual case. Lawmakers replaced that language with the list of substantial violations and the requirement that at least one of the 12 violations be committed before electronic monitoring can be ordered.

In DVO cases where electronic



Sen. Elizabeth Tori, R-Radcliff, explains a bill that would benefit military veterans before a meeting of lawmakers during the 2010 Regular Session.

Mike Sunseri/LRC Public Information

Other notable military-related bills that passed during the 2010 Regular Session include:

■ HB 19, which allows military personnel to renew their concealed deadly weapon license early and by mail, and gives personnel whose concealed and carry license expires while on active duty up to a year to renew the license at the end of their deployment without paying late fees or other penalties.

■ HB 14, which grants veterans who were disabled while on duty up to three nights of free lodging at a Kentucky State Park each year.

■ HB 199, which creates a Gold Star Fathers special license plate and allows persons to buy additional Gold Star Mothers, Gold Star Fathers or Gold Star Spouse license plates beyond the two plates exempt from fees. Also passes was HB 96, which allows the surviving spouse of a Purple Heart recipient to keep the Purple Heart license plate assigned to the recipient.

■ HB 302, which authorizes bonds to build a hangar at Bluegrass Station, and HB 339 which creates a state commission to commemorate Kentucky’s role in the War of 1812.

Amanda’s Bill, from page 1

Prestonsburg, told fellow lawmakers in a hearing on the bill last session. The Speaker said no homicides had been reported in any state that deploys such systems.

House Judiciary Committee Chair Rep. John Tilley, D-Hopkinsville, said last session that electronic monitoring will cost around \$7 a day or approximately \$2,500 a year per person—much less than the \$20,000 to \$22,000 the state currently pays to

incarcerate one inmate for a year. And it will be violators, not local or state government, that will pay the bill.

Violators who are unable to pay the full cost may be allowed to pay less based on a sliding scale, according to the measure. The law will also allow counties to use electronic monitoring for pretrial release, pretrial diversion, probation and conditional discharge where applicable to make the system cost-effective.

monitoring does not qualify, the law will allow a court to issue other orders it “believes will be of assistance in eliminating future acts of domestic violence and abuse”, after the court determines that abuse has occurred and may occur again.

The law also makes it a misdemeanor to trespass on a domestic violence shelter. Violators would face a fine of up to \$500 and/or up to 12 months in jail.



General Assembly

Senate

Walter Blevins, Jr.

115 Hill N Dale Morehead 40351
Work 606-743-1212
Home 606-743-1200
FAX 606-743-1214

David E. Boswell

5591 Panther Creek Park Drive
Owensboro 42301
Home 270-771-4921
Fax 270-926-9047

Tom Buford

409 W. Maple Nicholasville 40356
Home/FAX 859-885-0606

Julian M. Carroll

Room 229 Capitol Annex
Frankfort 40601
Work 502-564-8100

Perry B. Clark

5716 New Cut Road Louisville 40214
Home 502-366-1247

Julie C. Denton

1708 Golden Leaf Way
Louisville 40245
Home 502-489-9058

Carroll Gibson

PO Box 506 Leitchfield 42755
Work 502-564-8100
Home 270-230-5866

David P. Givens

PO Box 12 Greensburg 42743
Work 502-584-8100

Denise Harper Angel

2521 Ransdell Ave. Louisville 40204
Home 502-452-9130

Ernie Harris

PO Box 1073 Crestwood 40014
Home 502-241-8307

Jimmy Higdon

507 West Main Street Lebanon 40033
Work 270-692-3881
Work FAX 270-692-1111

Tom Jensen

303 S. Main Street London 40741
Home 606-878-8845

Ray S. Jones II

PO Drawer 3850 Pikeville 41502
Work 606-432-5777
FAX 606-432-5154

Alice Forgy Kerr

3274 Gondola Dr. Lexington 40513
Home 859-223-3274

Robert J. “Bob” Leeper

229 South Friendship Paducah 42003
Work 270-554-9637
Home 270-554-2771
FAX 270-554-5337

Vernie McGaha

4787 W. Hwy. 76
Russell Springs 42642
Home 270-866-3068

Gerald A. Neal

Suite 2150 Meidinger Twr
462 S. 4th Street
Louisville 40202
Work 502-584-8500
Home 502-776-1222
FAX 502-584-1119

R.J. Palmer II

1391 McClure Road Winchester 40391
Home 859-737-2945

Joey Pendleton

905 Hurst Dr. Hopkinsville 42240
Home 270-885-1639
FAX 270-885-0640

Mike Reynolds

PO Box 4000 Bowling Green 42102
Work 502-564-8100

Jerry P. Rhoads

9 East Center Street
Madisonville 42431
Home 270-825-2949

Dorsey Ridley

4030 Hidden Creek
Henderson 42420
Home 270-826-5402
Work 270-869-0505

John Schickel

PO Box 991 Union 41091
Home 859-384-7506
Work 502-564-8100

Dan “Malano” Seum

1107 Holly Ave. Fairdale 40118
Work 502-564-2450
Home 502-749-2859

Tim Shaughnessy

9712 Southern Breeze Lane
Louisville 40229
Work 502-584-1920

Brandon Smith

350 Kentucky Blvd.
Hazard 41701
Home 606-436-4526
Home FAX 606-436-2398

Kathy W. Stein

364 Transylvania Park Lexington 40508
Work 859-225-4269
Home 859-252-1500

Katie Kratz Stine

21 Fairway Drive Southgate 41071
Home 859-781-5311

Robert Stivers II

207 Main Street Manchester 40962
Work 606-598-2322
Home 606-598-8575
FAX 606-598-2357

Gary Tapp

308 Fishermen Circle Shelbyville 40065
Home 502-633-2304

Damon Thayer

102 Grayson Way Georgetown 40324
Home 859-621-6956
FAX 502-868-6086

Elizabeth Tori

2851 S. Wilson Rd. Radcliff 40160
Home 270-351-1829
FAX 270-351-1829

Johnny Ray Turner

85 Kentucky Route 1101 Drift 41619
Home 606-377-6962

Robin L. Webb

404 W. Main Street Grayson 41143
Home 606-474-5380

Jack Westwood

209 Graves Ave. Erlanger 41018
Home 859-344-6154

David L. Williams

PO Box 666
Burkesville 42717
Work 270-864-5636
Home 270-433-7777

Ken Winters

1500 Glendale Road Murray 42075
Home 270-759-5751

Ed Worley

PO Box 659 Richmond 40476
Home 859-625-5536
FAX 859-623-6557

Royce W. Adams

580 Bannister Rd. Dry Ridge 41035
Work 859-824-3387
Home 859-428-1039

Rocky Adkins

PO Box 688 Sandy Hook 41171
Work 606-928-0407
Home 606-738-4242
FAX 606-929-5213

John A. Arnold, Jr.

PO Box 124 Sturgis 42459
Work 270-333-4641

Eddie Ballard

PO Box 1735 Madisonville 42431
Work 270-821-4767
Home 270-821-6255

Linda Belcher

4804 Hickory Hollow Lane
Shepherdsville 40165
Home 502-957-2793

Johnny Bell

108 North Green St. Glasgow 42141
Work 270-651-7005
Home 270-590-0110

Kevin D. Bratcher

10215 Landwood Drive
Louisville 40291
Home 502-231-3311

Scott W. Brinkman

6001 Two Springs Lane
Louisville 40207
Home 502-893-8769
FAX 502-894-0210

Tom Burch

4012 Lambert Ave.
Louisville 40218
Home 502-454-4002

Dwight D. Butler

PO Box 9 Harned 40144
Work 270-756-5931
Home 270-756-0100

John “Bam” Carney

341 Pembroke Way Campbellsville 42718
Home 270-465-5400

Mike Cherry

803 S. Jefferson Princeton 42445
Home 270-365-7801

Larry Clark

5913 Whispering Hills Blvd.
Louisville 40219
Home 502-968-3546

Hubert Collins

72 Collins Dr. Wittenville 41274
Home 606-297-3152

Leslie Combs

245 E. Cedar Drive Pikeville 41501
Home 606-477-6672

James R. Comer, Jr.

PO Box 338 Tompkinsville 42167
Home 270-487-5585

Tim Couch

PO Box 710 Hyden 41749
Home/FAX 606-672-8998

Will Coursey

PO Box 467 Benton 42025-0467
Home 270-527-4610
Work 270-527-4610

Jesse Crenshaw

121 Constitution Lexington 40507
Work 859-259-1402
Home 859-252-6967
FAX 859-259-1441

Ron Crimm

PO Box 43244 Louisville 40253
Work 502-400-3838
Home 502-245-8905

Robert R. Damron

231 Fairway West Nicholasville 40356
Home 859-887-1744

Jim DeCesare

PO Box 122 Rockfield 42274
Home 270-792-5779
Home FAX 888-275-1182
Work 270-792-5779

Mike Denham

306 Old Hill City Road Maysville 41056
Home 606-759-5167

Bob M. DeWeese

6206 Glen Hill Rd. Louisville 40222
Home 502-426-5565

Myron Dossett

491 E. Nashville St. Pembroke 42266
Home 270-475-9503

Ted Edmonds

1257 Beattyville Road Jackson 41339
Home 606-666-4823

C.B. Embry, Jr.

PO 1215 Morgantown 42261
Work 270-526-6237
Home 270-791-1879

Bill Farmer

3361 Squire Oak Dr. Lexington 40515
Work 859-272-1425
Home 859-272-8675
FAX 859-272-1579

Tim Firkins

212 E. Esplanade Louisville 40214
Home/FAX 502-367-2981

Joseph M. Fischer

126 Dixie Place Fort Thomas 41075
Work 513-794-6442
Home 859-781-6965

Kelly Flood

121 Arcadia Park Lexington 40503
Home 859-221-3107

David Floyd

102 Maywood Ave. Bardstown 40004
Home 502-350-0986

Danny Ford

PO Box 1245 Mt. Vernon 40456
Work 606-678-0051
Home 606-256-4446

Jim Glenn

PO Box 21562 Owensboro 42304
Home 270-686-8760

Jim Gooch, Jr.

714 North Broadway B2
Providence 42450
Work 270-635-7855
Home 270-667-7327
FAX 270-667-5111

Derrick Graham

Room 329F Capitol Annex Frankfort 40601
Home 502-223-1769

Jeff Greer

PO Box 1007 Brandenburg 40108
Home 270-422-5100
Home FAX 270-422-5100

Keith Hall

PO Box 466 Phelps 41553
Work 606-456-3432 Ext. 25
Home 606-456-8666

Mike Harmon

633 N. 3rd St. Danville 40422
Home 859-238-7792

Richard Henderson

60 Myers Cemetery Rd. Jeffersonville 40337
Home 859-585-0886

Melvin B. Henley

1305 S. 16th Street Murray 42071
Home 270-753-3855

Charlie Hoffman

406 Bourbon St. Georgetown 40324
Work 502-863-4807
Home 502-863-9796

Jeff Hoover

PO Box 985 Jamestown 42629
Work 270-343-5588
Home 270-343-2264

Dennis Horlander

1806 Farnsley Rd. Shively 40216
Work 502-447-2498
Home 502-447-4715

Brent Housman

2307 Jefferson Street Paducah 42001
Home 270-366-6611
Home/FAX 270-442-6394

Joni L. Jenkins

2010 O'Brien Ct. Shively 40216
Home 502-447-4324

Dennis Keene

1040 Johns Hill Road Wilder 41076
Home 859-441-5894

Thomas Kerr

5415 Old Taylor Mill Rd. Taylor Mill 41015
Work 859-431-2222
Home 859-356-1344
FAX 859-431-3463

Martha Jane King

633 Little Cliff Estate Lewisburg 42256
Home 270-657-2707
FAX 270-657-2755

Adam Koenig

3346 Canterbury Ct. Erlanger 41018
Home 859-578-9258

Jimmie Lee

901 Dogwood Drive Elizabethtown 42701
Work 270-765-6222
Home 270-737-8889

Stan Lee

PO Box 2090 Lexington 40588
Home 859-252-2202
FAX 859-259-2927

Mary Lou Marzian

2007 Tyler Ln. Louisville 40205
Home 502-451-5032

Tom McKee

1053 Cook Road Cynthiana 41031
Home 859-234-5879
FAX 859-234-3332

Reginald Meeks

PO Box 757 Louisville 40201
Work 502-772-1095

Charles Miller

3608 Gateview Circle Louisville 40272
Home 502-937-7788

Terry Mills

695 McElroy Pike Lebanon 40033
Home 270-692-2757

Harry Moberly, Jr.

PO Box 721 Richmond 40475
Work 859-622-4997
Home 859-624-2781

Brad Montell

543 Main Street Shelbyville 40066
Work 502-633-7017
Home 502-633-7533

Tim Moore

417 Bates Rd. Elizabethtown 42701
Home 270-769-5878

Lonnie Napier

302 Danville St., Lancaster 40444
Work 859-792-2535
Home 859-792-4860

Rick G. Nelson

Rt. 3, Box 686 Middlesboro 40965
Home/FAX 606-248-8828

Fred Nesler

PO Box 308 Mayfield 42066
Work 270-623-6184
Home 270-247-8557
FAX 270-623-6431

David Osborne

PO Box 8 Prospect 40059
Work 502-645-2186
Home 502-228-3201

Sannie Overly

340 Main Street Paris 40361
Home 859-987-9879

Darryl T. Owens

1018 S. 4th St., Ste. 100 Louisville 40203
Home 502-584-6341

Ruth Ann Palumbo

10 Deepwood Dr. Lexington 40505
Home 859-299-2597

Don Pasley

5805 Ecton Road Winchester 40391
Home 859-842-3337

Tanya Pullin

1026 Johnson Lane South Shore 41175
Work 606-932-2505

Marie Rader

PO Box 323 McKee 40447
Work 606-287-3300
Home 606-287-7303
FAX 606-287-3300

Rick Rand

PO Box 273 Bedford 40006
Work 502-255-3286
Home 502-255-3392
FAX 502-255-9911

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INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 5th Meeting of the 2009 Interim November 16, 2009

The 5th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 16, 2009, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Rick Rand, Co-Chair; Senators David E. Boswell, Denise Harper Angel, Ernie Harris, Vernie McGaha, R.J. Palmer II, Joey Pendleton, Tim Shaughnessy, Brandon Smith, Robert Stivers II, Gary Tapp, and Jack Westwood; Representatives Royce W. Adams, John A. Arnold Jr., James R. Comer Jr., Jesse Crenshaw, Bob M. DeWeese, Danny Ford, Derrick Graham, Keith Hall, Jimmie Lee, Reginald Meeks, Lonnie Napier, Fred Nesler, Sannie Overly, Don Pasley, Marie Rader, Jody Richards, Charles Siler, Arnold Simpson, Tommy Thompson, Tommy Turner, Jim Wayne, and Ron Weston.

Guests: Dr. Larry Lynch, Consensus Forecast Group; Ankur Gopal, Agent511; Steve Hinz, Accenture; Deputy Secretary Shannon Morgan, Finance and Administration Cabinet; Paul Kaplan, The Green Bank of Kentucky; Bryan Sunderland, Kentucky Chamber of Commerce; Brad Blain, Kentucky Association of Health Underwriters, Sean Rafferty, Occupational Health Solutions, Representative John Tilley.

LRC Staff: Pam Thomas, Eric Kennedy, Jennifer Hays, Charlotte Quarles, John Scott, and Sheri Mahan.

Representative Thompson moved to approve the minutes from the October meeting as written. The motion was seconded by Representative Simpson. The motion carried by voice vote.

Dr. Larry Lynch, chairman of the Consensus Forecasting Group, addressed the committee concerning revised revenue estimates for the upcoming biennium. He stated that the forecast indicates some potential economic growth, but this growth will be subpar due to slow employment growth and weak consumer spending. Dr. Lynch said that sales tax receipts are projected to decrease by 3.3% in fiscal year 2010, and in-

crease slightly in fiscal years 2011 and 2012, with a 3.6% and 4.6% increase respectively. He then stated that individual income tax is projected to decrease by 5.8% in fiscal year 2010, slightly increase in fiscal year 2011 by 2.4%, and fiscal year 2012 by 4.2%. He also stated that corporate income tax will decline in fiscal year 2010 by 5.3%, show a slight increase of 3.4% in fiscal year 2011, but then return to a decline of 0.8% for fiscal year 2012. The coal severance tax is projected to decrease by 16.5% in fiscal year 2010 and 10.4% in fiscal year 2011, but will show a slight increase in fiscal year 2012 of 4.4%. Cigarette tax revenue projections are an increase of 51.6% in fiscal year 2010, but a decline of 0.7% in fiscal year 2011 and of 0.9% in fiscal year 2012. Property tax revenues will decrease by 0.4% in fiscal year 2010, but increase by 1.6% in fiscal year 2011 and 3% in fiscal year 2012. The total general fund projections for the biennium are \$8,135 million in fiscal year 2010, \$8,316.9 million in fiscal year 2011, and \$8,625.1 million in fiscal year 2012.

Rep. Wayne asked if the implementation of the alcohol sales tax has increased General Fund revenues. Mr. Greg Harkenrider of the Office of the State Budget Director replied that the annualized estimate for the tax is \$52 million, but this is difficult to confirm.

Chairman Leeper asked if this is the first time there has been three consecutive years of revenue declines for the General Fund. Dr. Lynch replied that no, but this is typically due to inflation. Chairman Leeper stated according to the CFG projections the General Fund receipts will not recover to fiscal year 2008 levels until at least 2012. Dr. Lynch stated that is correct.

Senator Stivers asked if the alcohol tax reached projected levels in revenues. Mr. Harkenrider replied that it is believed that the revenue did reach the projected levels. Senator Stivers asked if the revenues from wholesale taxes on distilled spirits and beer have increased. Mr. Harkenrider replied they have remained flat.

Senator Shaughnessy asked how Kentucky's coal severance tax compares with other states. Mr. Harkenrider replied that West Virginia does have a coal severance tax, but is unsure of the tax rate. Senator Shaughnessy then asked for a comparison of how other states tax coal.

Dr. Lynch also discussed the

Road Fund revenue estimates for the upcoming biennium. He stated that the revenues are projected to increase by 2.7% in fiscal year 2010, 1.8% in fiscal year 2011, and 7.6% in fiscal year 2012. These slight increases are based upon projected increases in the motor vehicle usage tax, consumer spending on light vehicles, and motor fuels tax.

Mr. Steve Hinz from Accenture and Mr. Ankur Gopal from Agent511 discussed a proposal to help the state communicate with Kentuckians on their mobile phones using text messages during times of emergency. Mr. Gopal stated that the text messages would provide important emergency information to citizens from the state in real-time in an efficient, cost-effective manner. This service could reduce strain on 911 call centers, and potentially help save lives in critical emergency situations. Mr. Gopal provided an estimate of how much providing this service would initially cost the state.

Senator Pendleton stated he supports the idea of emergency alert texting, but that some areas of his district have no cell phone service. He then stated a resolution to this problem should be found before implementing this type of alert system.

Mr. Shannon Morgan, Deputy Secretary of the Finance and Administration Cabinet, and Mr. Paul Kaplan, director of The Green Bank of Kentucky, provided testimony regarding the Green Bank program. Mr. Morgan stated that the mission of the Green Bank of Kentucky is to promote energy efficiency in state buildings through the provision of low interest loans to state agencies, which may be used to reduce operating costs, reduce energy use, protect the environment, save taxpayer dollars, promote economic development, and create new green collar jobs by means of education, engineering analyses and building improvements. The Green Bank has a fund amount of \$18.75 million in ARRA funds, \$14 million in the revolving fund which can be distributed within three different loan programs. Mr. Morgan stated that the three programs are the eSELF Revolving Loan Program which allows state agencies to self-perform energy efficiency projects costing between \$50,000 and \$225,000, the Hybrid Revolving Loan Program which allows funding for energy projects in state facilities that cost between \$50,000 and \$600,000, and the ESPC Revolving Loan Program which funds energy

efficiency projects typically costing more than \$600,000.

Mr. Morgan then stated that the Green Bank financing will pay for upfront costs of energy-savings projects. He said that future reduced energy usage will help repay the loan. Energy loans approved by the Green Bank Program Loan Committee carry a fixed rate for the term of the loan. He stated that the minimum amount that may be borrowed is \$50,000. He stated that the energy loans, including secondary loans, may be used for construction, upgrades or retrofits that are intended to result in reduced energy usage and costs. Loans may also be used to pay for certain administrative costs associated with an energy project. Projects may involve one or more measures for individual or multiple sites. He said that the Green Bank is being funded through federal stimulus dollars and subsidies through the American Recovery and Reinvestment Act (ARRA).

The committee discussed a resolution introduced by Representative Richards concerning the United States Postal Service processing and distribution center located in Bowling Green, Kentucky.

Representative John Tilley, Bryan Sunderland from the Kentucky Chamber of Commerce, Brad Blain of Kentucky Association of Health Underwriters, and Sean Rafferty of Occupational Health Solutions discussed 2010 BR 210 which establishes a wellness project credit. Mr. Sunderland highlighted some of the health issues facing Kentucky. He stated that the purpose to a wellness credit is to encourage employers to promote good health among its employees. Wellness programs can help lower private insurance costs, as well as help ease the strain on Kentucky's Medicaid system. Mr. Blain discussed the provisions of the bill, which would provide employers with a tax credit up to 50% of expenses incurred by the employer, limited to \$100 per employee per year with a maximum of \$30 per month for physical fitness per employee.

Mr. Rafferty discussed the process of setting up a wellness program and provided examples of how wellness programs have helped cut wellness costs for businesses in the state.

Chairman Leeper asked if any other states provide businesses with a wellness program tax credit. Representative Tilley replied that Indiana has had a credit in place since December of 2007. The credit is limited to employers with less than 100 employees.

Representative DeWeese asked if there are any criteria which must be met to show progress in order to be approved to receive the credit the

next fiscal year. Representative Tilley replied that the bill does not include criteria at this time. The only requirement is that the businesses' program must be approved by the Cabinet for Health and Family Services.

Representative Lee stated he believes that businesses offered wellness program credits should be required to prove progress towards health cost reductions.

Senator Harris presented the subcommittee on Economic Development, Tourism, Natural Resources, and Environmental Protection report and moved for its adoption. The motion was seconded by Representative Ford. The report was adopted by voice vote.

Representative Thompson presented the subcommittee on Primary and Secondary Education and the subcommittee Postsecondary Education report and moved for its adoption. The motion was seconded by Representative Graham. The motion was adopted by voice vote.

Representative Crenshaw presented the subcommittee on Justice and Judiciary report and moved for its adoption. The motion was seconded by Representative Richards. The motion was adopted by voice vote.

After additional discussion, Representative Thompson moved for the adoption of the committee resolution introduced by Representative Richards. The motion was seconded by Representative Ford. The motion was adopted by voice vote.

There being no further business, the meeting was adjourned at 3:25 p.m. A cassette tape of this meeting and all meeting materials are available in the Legislative Research Commission library.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Justice and Judiciary Minutes of the 3rd Meeting of the 2009 Interim November 16, 2009

The 3rd meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 16, 2009, at 10:30 AM, in Room 129 of the Capitol Annex. Representative Jesse Crenshaw, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Representative Jesse Crenshaw, Co-Chair; Senator Dan "Malano" Seum; Representa-

tives John Tilley, and Alecia Webb-Edgington.

Guests: LaDonna Thompson, Commissioner, Department of Corrections; Ed Moynahan, Commissioner, Department of Public Advocacy; Mark Robinson, Director of Administrative Services, Department of Corrections, Greg Harkenrider, Deputy Director, Office of State Budget Director, Michael Jones, Governor's Office of Policy Research.

LRC Staff: Mike Mullins and Ashlee McDonald.

Chairman Crenshaw welcomed the members and attendees to the meeting. A quorum was not present.

Commissioner Thompson introduced her guests to the committee, and with the help of Director Robinson, presented information concerning the current and projected prison population. Greg Harkenrider and Michael Jones explained the process used to project the inmate population for the upcoming biennium.

Chairman Crenshaw stated that he understood that the numbers provided by Mr. Harkenrider would not be an exact figure, but it would be an estimate of the population that the legislature would use in the upcoming session to help prepare the budget for the Department of Corrections.

Representative Webb-Edgington asked if a private vendor makes the initial assessment of the prison population figures whether that assessment is compared with GOPM figures. Mr. Harkenrider confirmed that the final projection was a blend of the consultant and GOPM's analysis.

Representative Webb-Edgington asked what the private vendors charge for services, and if there is an ongoing contract with them. Commissioner Thompson stated that there is a contract, and the cost is about \$27,000 a year for the population projections and other minor services. Representative Webb-Edgington asked what other services the vendors provide. Commissioner Thompson stated she they provide information that she requests concerning programs in other states, and provide outside expertise for the department when it is considering changes in policies or programs. For instance, last year the department tried to determine why the population was rising. The department consulted with the vendor and they found that the Parole Board was granting parole at a lower rate than in the past. Because they were able to identify the reasons, it was possible to estimate a more accurate population projection.

Representative Webb-Edgington asked what the time frame is from when a person is arrested to when they are sentenced and imprisoned.

She further stated that this lag time from arrest to imprisonment could impact the prison population projections.

Mr. Harkenrider stated the Consensus Forecasting Group (CFG) will be meeting on December 4th and will be able to elaborate more on the issue. He stated that most of the variables that effect the prison population are employment related variables. He also stated that employment has not hit a bottom and is not expected to do so until sometime in 2010. The bottom for the unemployment rate and most of the employment variables that are useful in models will not be seen until the middle of 2010. Mr. Harkenrider stated the lag is approximately 3 or 4 months between arrest date and incarceration date. He gave the example that if an arrest were to occur in the middle of 2010 the fiscal pressure would possibly not be felt until 2011 or even into 2012. Mr. Harkenrider stated that growth in the prison population in 2011 and 2012 is inevitable.

Chairman Crenshaw asked if the Department of Corrections or the administration has any ideas or proposals to present to the General Assembly that might mitigate the projected prison population growth. He further stated that if the department had any recommendations, the sooner they informed the General Assembly of those ideas, the better, because of the turnaround time needed to make a recommendation into law. Chairman Crenshaw stated that he had asked the Administrative Office of the Courts for recommendations to help deal with the issue as well. Commissioner Thompson stated they do not have any recommendations at this time. She also stated that she has been asked by other committees about recommendations to fix the growth issue and about electronic monitoring. Commissioner Thompson stated that the department is currently gathering information on both subjects to help arrive at a recommendation.

Chairman Crenshaw stated that offenders in Fayette County are paying for the use of the GPS monitoring system themselves and by doing so; Fayette County has saved approximately \$50 a day. He stated it is not cost effective in hard economic times to incarcerate offenders that are not a real danger to society or themselves. Chairman Crenshaw stated if GPS monitoring could be utilized to help reduce the prison population, costs could be reduced significantly.

Chairman Crenshaw asked if the proposed raise of felony costs from \$300 to \$500 had been figured into any of the numbers presented to the committee. Commissioner Thompson stated it had not been figured

in, but that the department is in the process of analyzing the impact of that change.

Senator Seum asked if the Department of Corrections tracks bills introduced by the General Assembly that call for enhanced penalties and informs legislators of the impact these bills will have on the budget. Commissioner Thompson stated they do have an opportunity to review the bills and they present fiscal impact statements that show the increased costs.

Chairman Crenshaw asked if there are meetings between the department and the Sponsors of the various bills. Mark Mangeot, with the Justice Cabinet Office of Legislative Services stated when a bill is introduced that will effect an agency, the first priority is to sit down and discuss cause and effect with the specific sponsor or sponsors of the bills.

Chairman Crenshaw asked if there are plans to expand any institutions. Commissioner Thompson stated it has been requested in the budget to expand Little Sandy Correctional Complex.

Chairman Crenshaw stated in the last Judiciary meeting, concerns were expressed regarding food services at Northpoint prison, and for the entire prison system. Chairman Crenshaw stated that during the last Judicial Committee meeting there were serious accusations made concerning the food services and requested that Commissioner Thompson address this issue. He stated during the 2nd Budget Review Subcommittee on Justice and Judiciary meeting, the department was in the process of investigating the allegations and the committee decided to wait until the report was released on the investigation before discussing the issue any further. Chairman Crenshaw stated that because the report had been finalized, he would now like to discuss the issue.

Chairman Crenshaw asked if the cost of the food services per inmate is \$2.63 per day. Commissioner Thompson stated that was correct. Chairman Crenshaw asked if that amount included 3 meals per day. Commissioner Thompson stated that was correct as well. Chairman Crenshaw asked what meal is available to the inmates at that low of a cost. Commissioner Thompson stated that the meals are put together based on size and nutritional value. She indicated there is a specific size to each serving. She stated that the opportunity for Aramark to buy in bulk is one of the reasons for being able to provide a meal at such a low cost. Commissioner Thompson stated when the department provided the meals; the cost was approximately \$3.28 a day

per inmate. She stated the costs also include all staff salaries. Chairman Crenshaw stated he is perplexed at the ability of the contract vendor to be able to provide a meal at such a cost, when even a small hamburger costs more than \$.80 per meal, and the hamburger itself is not even a complete meal. Commissioner Thompson stated that she is unaware of the pricing structure for how they determine a certain amount of money per meal.

Chairman Crenshaw recapped statements made in the Judiciary meeting pertaining to the meals in the prison systems. He stated one accusation was made that some inmates constantly stay hungry because they are not receiving enough food. He stated it was also alleged by one witness that the cause of the disturbances at Northpoint Training Center was bad food, food that had been stretched too far such as soups being thinned down by water to accommodate the growing population of inmates. Chairman Crenshaw stated that it was alleged the inmates decided to riot because the food situation was so dire. He indicated that members of the General Assembly should ask the department to closely monitor far these types of situations because it has been alleged that these circumstances exist not only occurring at Northpoint, but system wide. Chairman Crenshaw stated that in some way, this situation needs to be addressed.

Commissioner Thompson stated she understands that food is always a concern and also that as a committee and legislators they have need to know what has been occurring. She indicated that all the menus are set on a caloric intake that is set at a national level, and she could provide the committee with that information. Chairman Crenshaw stated the allegations were not concerning the nutritional value of the food on the menu, but that the food quality and quantity may be altered to the point that they are not what Aramark is being paid to provide. He indicated that if the allegations are correct, inmates are getting far less caloric intake than what is recommended. He stated the allegations are that no one is listening to the inmates when complaints are launched about the amount of food, what the food contains, and the quality of food. Commissioner Thompson stated the quality is reviewed at the institutional level and staff is in place in kitchens and elsewhere that monitor the situation. She stated the department is involved with Aramark and sometimes what is found is an inappropriate amount of food in a scoop and when that is found, there is follow-up. Commissioner Thompson stated

there are also reports that come from the facilities to the nutritionists every week to follow up. She stated occasionally there have been times where things were not correct and they have brought it to Aramark's attention and it has been corrected. She indicated there has been staff turnover with Aramark because the Aramark employees did not do what they were supposed to do.

Commissioner Thompson stated she does not believe it is systematic nor is it wide spread. She said she has done a survey with the wardens and asked if they had systematic issues after this had come to her attention, and the results were that none of the wardens claimed there was a systematic issue. She stated a few wardens claimed that occasionally those things do happen, but it is not an ongoing issue. Commissioner Thompson stated that as far as allegations claiming certain things were in food, some of those were not correct. She stated there has been a time or two where an insect would be found in food and that happened not only with Aramark, but also when the department was in charge of the food. She indicated that can occur with the nature of the business in working in big kitchens such as the ones in the prison systems. Commissioner Thompson stated as soon as anything of that nature is discovered, it is pulled from the line and that is the way both the department and Aramark handle the situation. She stated she did not have the information with her on the food service issue, but would be happy to come back anytime with it and with the people who handle the food service. Chairman Crenshaw stated that the committee may have the department do that at some point. He also stated that it was suggested in the Judiciary Committee meeting that all parties involved in these allegations meet together, the people making the accusations, the Judiciary Committee, the Department of Corrections' staff and Aramark. Chairman Crenshaw stated the reason this suggestion was made was because the allegations are very serious and need to be addressed.

Senator Seum stated when he was in the Military he had the duty of being in charge of food. He stated they had a "master menu." He asked if the institutions have master menus. Commissioner Thompson stated they do have a master menu.

Senator Seum asked if there is a farm system in place for growing and providing food. Commissioner Thompson stated there was and the system incorporates some of the produce grown on the farms into the inmate meals. Senator Seum asked if the \$2.63 per inmate per day meal

cost included the produce given by the farms. Commissioner Thompson stated the figure does not include the produce provided by farms. She also indicated the produce is provided to Aramark to use and Aramark reimburses the state for its use. She also stated there is not a large amount of produce that is distributed this way.

Senator Seum asked what is available at the concessions and asked if the concessions do well. Mr. Robinson stated the commissaries do have steady business. He stated that how Aramark structures its costs is proprietary. He also indicated the department pays Aramark \$2.63 per inmate based on total population, not just on who consumes the food. He stated if 85% or 90% of the inmate population eat that day, the department will still pay the same amount as if 100% of the population ate. Senator Seum asked if inmates can choose to eat at the commissary instead of the meal. Mr. Robinson stated that could if they had the necessary funds.

Chairman Crenshaw stated that one of the accusations in the Judiciary meeting was that inmates were not getting enough to eat, and therefore needing to go to the commissary for additional food.

Chairman Crenshaw asked if the department has arrived at a cost of repair for Northpoint and how much of that cost would be covered by insurance. Commissioner Thompson stated the insurance company is still working on getting an estimate to the department. Chairman Crenshaw asked when Commissioner Thompson expected the information. Commissioner Thompson stated the insurance company was supposed to have an estimate to the department approximately a week and a half before the meeting, however, the insurance primary care provider did not agree with the engineer so a revised estimate is in progress, but they have not given a specific date for the estimate.

Chairman Crenshaw re-stated the accusation of bad food being part of the cause of the riot. He asked if steps are being taken to ensure this type of incident does not occur at another institution no matter what the accusation. Commissioner Thompson stated the information has been gathered in draft form concerning the events at Northpoint. She also stated the draft is currently being reviewed by the Secretary and Governor. She stated anytime a serious incident such as Northpoint occurs; the department uses the experience as training for all the other institutions to ensure a second incident does not occur.

Chairman Crenshaw stated that at the Judiciary meeting, it was al-

leged that when a complaint was lodged, it was ignored. He stated that he understands there is constant communication between the wardens, the department, the Cabinet and others involved, however, the allegation was that the complaint was ignored, not that there was not constant communication between the parties involved.

Chairman Crenshaw asked if any additional programs are going to be added to Northpoint once it is rebuilt, such as a drug treatment facility or any program that will need additional funding. Commissioner Thompson stated the department has reviewed the facility and should not need more funding for additional programs.

Representative Webb-Edgington asked for an example of a lunch or dinner meal that would be served in the facilities. Commissioner Thompson stated the last time she ate at an institution; she had tacos, refried beans, a salad, a cookie and something to drink. Mr. Mangeot stated Secretary Geveden personally asked inmates if their meal was satisfactory. Secretary Geveden's findings were that inmates agreed they were satisfied with their meals, and they had plenty to eat.

Representative Webb-Edgington asked if anyone from the department visits the institutions unannounced to eat. Commissioner Thompson stated that they do visit and eat unannounced.

Representative Tilley stated there are two sides to every story and given the current situation, the committee is waiting on the report that the Governor and Secretary are reviewing before making any decisions on the issue. He also reiterated the suggestion of bringing everyone involved together for a meeting to hash out the issue.

Representative Tilley stated Aramark was given the opportunity to respond to the allegations made at the Judiciary Committee meeting and failed to comment. He asked if Aramark has contacted anyone in the department for a response to the allegations. Commissioner Thompson stated she believes Aramark would agree to attend a meeting of everyone involved to respond.

Chairman Crenshaw thanked Commissioner Thompson for appearing before the committee and welcomed Commissioner Ed Moynahan for his presentation to the committee.

Commissioner Moynahan thanked the committee and introduced himself before he began his presentation on the Department of Public Advocacy's budgetary status.

Representative Tilley asked if there are any recommendations from

the department about paying public defenders more who have experience and who can also handle higher case-loads. He stated the pay scale concerns him.

Commissioner Moynahan stated he agreed a pay increase should occur for the more experienced attorneys. He stated with the current turnover rate of experienced attorneys because of low pay is costing the state money in the long run. He also indicated that when a new lawyer is hired for the Commonwealth, they are usually asked to relocate and they also have the additional burden of student loans from undergraduate school and law school. Commissioner Moynahan stated he would like to have the resources to obtain and retain new attorneys. He stated he would like to be able to keep attorneys that are of high value to the court system, clients, and agencies without losing them because of a lack of flexibility in funding.

Rep Tilley stated he agreed with that position. Rep. Tilley stated that he believed a good, more experienced attorney can handle the workload of 2 or 3 newer attorneys.

Commissioner Moynahan stated the experienced attorneys can handle cases of much greater complexity.

Rep Tilley asked what the top pay of seasoned attorney is. Commissioner Moynahan stated he will provide the committee with that information, but does not currently have it with him.

Rep Tilley stated that he sees people being granted public advocates that can afford their own attorneys and should not be receiving help from a public advocate. He further stated that because of this, DPA seems to be getting more cases than they should have.

Chairman Crenshaw thanked Commissioner Moynahan for his presentation. Chairman Crenshaw adjourned the meeting at approximately 12:26 P.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Transportation

Minutes of the 4th Meeting of the 2009 Interim November 16, 2009

The fourth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 16, 2009, at 10:30 AM, in Room 171 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Sannie

Overly, Co-Chair; Senator R.J. Palmer II; Representatives Eddie Ballard, Hubert Collins, James R. Comer Jr., Tim Couch, Danny Ford, Jim Gooch Jr., Keith Hall, Fred Nesler, Don Pasley, Ancel Smith, and Ron Weston.

Guests: Representative John Will Stacy; Jack Schenendorf, Of Counsel, Covington and Burling, LLC, by video teleconference from Washington, DC; Richard Dobson, Executive Director, Sales and Excise Tax Division, Revenue Cabinet; Jim Oliver, Director, Miscellaneous Tax Division, Revenue Cabinet; Russ Romine, Executive Advisor to the Secretary, Transportation Cabinet; Steve Waddle, Executive Director of Project Development and Acting State Highway Engineer, Transportation Cabinet; and, Tammy Branham, Executive Director, Office of Budget and Fiscal Management, Transportation Cabinet.

LRC Staff: L. Bart Hardin, Stewart Willis, Stephanie Craycraft, and Marlene Rutherford.

Chairman Leeper requested a motion to approve the minutes from the October 22, 2009 meeting. A motion was made by Representative Hall, seconded by Representative Collins, and the minutes were approved without discussion.

Chairman Leeper introduced Jack Schenendorf, Of Counsel, Covington and Burling, LLC, who provided a presentation by videoconference regarding gas tax alternatives.

Representative Collins asked for an explanation of other user fees in addition to tolls. Mr. Schenendorf replied that the types of user fees which were recommended were motor fuel taxes, indexing of the motor fuel tax, value-added taxes, registration fees, personal property tax, vehicle sales tax, traditional tolls, tolling new lanes, tolling existing lanes, VMT fees -- both indexed and not indexed -- congestion pricing, local option sales tax, impact fees, container fees, customs duties, public-private partnerships, etc., which were the methods that would work the best, would be easiest to implement, and scored the highest on the ranking system that was used. He said none of them came close to the indexed motor fuel tax, which was the highest ranking, but unfortunately would not be available until the far distant future.

Representative Collins asked if "no diversions" meant that transportation dollars would not be used for anything except transportation. He asked what some of the most common uses for transportation funds were and Mr. Schenendorf replied that for the past ten or fifteen years Congress had tried to refocus the federal effort to make sure that transportation-related fees collected

at the federal level were all going into the Highway Trust Fund and then being spent on transportation.

Representative Hall requested elaboration on energy security and the development of alternative fuels. Mr. Schenendorf said the recommendation was that the portion of revenues collected on the federal level would go toward programs to hasten the transition to alternative fuels and technology, so that we would rely less on oil as the source of fuel for our transportation system. This would be from both an energy security point of view and from a greenhouse gas emissions point of view. He thought it was appropriate for the transportation system itself to help pay for that transition.

Representative Hall commented that there were some Germans in his office last week discussing the German cap and trade program and they were not satisfied with it. He asked what other countries, like Germany, have done for transportation with the cap and trade issue. Mr. Schenendorf replied that different countries are implementing, or proposing to implement, cap and trade in different ways. Representative Hall thanked Mr. Schenendorf for his informative presentation.

Representative Overly expressed her appreciation for Mr. Schenendorf sharing the findings of the commission's study. She asked if there had been any discussion of augmenting the gas tax to bridge the gap until technology could take us a different way in funding projects. Mr. Schenendorf replied that the recommendation would be to implement all of the federal financing tools mentioned in his presentation, rather than using only one single method.

Chairman Leeper, seeing there were no further questions, thanked Mr. Schenendorf for his presentation. Mr. Schenendorf mentioned their website as TransportationforTomorrow.org, where the report was posted for viewing.

Chairman Leeper then invited representatives of the Revenue Cabinet to come forward. Representative Overly commented that she had asked them to the meeting in order to help bring Mr. Schenendorf's federal information to the state level, and to explain what it means for Kentucky.

Richard Dobson and Jim Oliver provided information regarding the state gas rate, how it was calculated, and its history.

There being no questions, Chairman Leeper thanked them for their very informative presentation. He then invited Russ Romine, Executive Advisor to the Secretary of the Transportation Cabinet, to come forward.

Mr. Romine provided an update of federal stimulus funds through the

American Recovery and Reinvestment Act of 2009 (ARRA) and the state bond program.

Representative Pasley asked if other states had complied with the 50% benchmark for the obligation of ARRA funds. Mr. Romine replied that every state had complied. Representative Pasley asked if there was a pool of money that would be redistributed. Mr. Romine replied there was not. He added that if states did not fully obligate their ARRA funds (100%) by March 2, 2010, there would be the potential for redistribution of any unobligated funds. Representative Pasley asked when the process should begin if applying for those unobligated funds. Mr. Romine replied that it would be based on a formula distribution for the states that had met their obligation, and would not be through a competitive discretionary grant process.

Chairman Leeper asked for an explanation of the designation codes on the state bond project list. Mr. Romine said those projects marked "pending" indicated the project had not yet been authorized. Mr. Waddle added that those marked "re-estimated" indicated the estimate was updated based upon recent project status.

Chairman Leeper asked if projects still designated as "estimated" were in danger of not being funded. Mr. Romine answered that some bid prices were coming in at 10% to 20% less than what had been estimated, which would allow more projects to be completed. If bid pricing continued in that pattern, more needs of over-programmed projects could be met. Chairman Leeper inquired if timing was an issue for those projects. Mr. Romine replied that the focus had been primarily on stimulus projects. Mr. Waddle said that there were no projects considered to be in danger at this point.

Representative Overly inquired about the time frame for getting projects in the state bond pool to completion. Mr. Romine replied that they are in the process of moving the projects forward as quickly as possible.

Representative Overly asked what was meant by "SP" funds. Mr. Waddle explained that those were state funds. He added that there were four different phases: design, right-of-way, utilities, and construction, and those could be funded in various ways, which could result in some funds being available for other projects. Representative Overly stated that some projects did not have dedicated funding in later phases of the project, and a project could be advanced up through whatever phase was provided for from the bond pool, and absent other funding the proj-

ect would be stalled. Mr. Waddle agreed.

Representative Overly inquired about the gas tax. Tammy Branham came forward and provided a brief overview of the motor fuels tax.

Representative Overly requested an explanation of projects without funding for prior phases. Mr. Waddle replied that although it was a very difficult process, they were moving the projects forward. Representative Overly asked if additional work had to be done in order to move a project to the next phase. Mr. Waddle replied that was true for some projects.

Representative Couch stated that the estimates for the projects in his district included the different project phases. He asked when looking at the estimated, the pending, and the awarded projects, what dollar amount would that represent. Mr. Romine replied \$531 million, which was the total amount programmed. Representative Couch disagreed. He said those figures did not add up. Mr. Romine stated that he would provide that information to the committee at a later date.

Representative Couch said he could not understand why a project could not be moved forward if the estimated amounts had been included in the bond funding. Mr. Romine replied that they had been 33% over-programmed, so the full amount of bond proceeds would not be available, unless bids came in much less than anticipated. Mr. Romine elaborated by stating that if a project was funded with SPB funds, and if there was an earlier phase that needed funding before the project could be advanced to the phase in the Highway Plan, they had been using some of the SPB funds to advance that project. He said they had not been using SPB funds for later phases.

Chairman Leeper thanked the panel for their very informative presentations. There being no further discussion, the meeting was adjourned at approximately 12:15 PM.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 4th Meeting of the 2009 Interim November 12, 2009

The 4th meeting of the Interim Joint Committee on Banking and Insurance was held on Thursday, November 12, 2009, at 10:00 AM, at Marriott Downtown, Louisville, Kentucky. Representative Jeff Greer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Representative Jeff Greer, Co-Chair; Senators Julian M. Carroll, Gerald A. Neal, and Brandon Smith;

Representatives James R. Comer Jr., Will Coursey, Ron Crimm, Ted Edmonds, Jim Gooch Jr., Mike Harmon, Dennis Horlander, Brent Housman, Dennis Keene, Adam Koenig, Brad Montell, Sannie Overly, Jody Richards, and Steve Riggs,.

Guests: Representative Larry Clark, Speaker Pro Tem, Steve Kinkade, President and Peggy Porter, Executive Vice President, Independent Insurance Agents of Kentucky, David Daniel, President, National Independent Insurance Agents Association, and Sharon Clark, Commissioner, Kentucky Department of Insurance.

LRC Staff: Rhonda Franklin, Emily Bottoms, Jens Fugal, and Jamie Griffin.

Steve Kinkade, President and Peggy Porter, Executive Vice President, Independent Insurance Agents of Kentucky (IIAK), welcomed and thanked the committee for holding its interim meeting in conjunction with the association's annual convention at the Marriott Downtown in Louisville, Kentucky. Mr. Kinkade stated that IIAK is the largest trade association in Kentucky and was founded in 1896.

Representative Larry Clark, addressed the committee regarding IORS BR 213-AN ACT relating to continuity of health care, and gave a brief summary of the bill. He stated that his sponsorship of the bill was to protect consumers who are involved in a situation similar to the recent Anthem Healthcare/Norton Hospital contract dispute.

Representative Jeff Greer stated that this legislation will give patients peace of mind, that it is good legislation, and he looks forward to the committee considering the bill for a vote in January.

Sharon Clark, Commissioner, Kentucky Department of Insurance, addressed the committee regarding the legislative package the Department of Insurance will be presenting for passage in January. She gave a brief summary of the legislative package and stated that it contained many consumer protection issues as well as necessary changes to the current law in order to maintain the department's accreditation status and for compliance with federal law.

Representative Jeff Greer thanked the IIAK for the opportunity to meet in conjunction with the annual convention. He stated that the next meeting of the Banking and Insurance Committee would be when the General Assembly convenes for the 2010 Regular Session in January.

The meeting adjourned.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 4th Meeting of the 2009 Interim November 19, 2009

The 4th meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, November 19, 2009, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Eddie Ballard, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Eddie Ballard, Co-Chair; Senators Denise Harper Angel, Ray S. Jones II, Katie Kratz Stine, Gary Tapp, and Jack Westwood; Representatives Royce W. Adams, Kevin D. Bratcher, John "Bam" Carney, Larry Clark, Leslie Combs, Will Coursey, Bob M. DeWeese, Myron Dossett, Kelly Flood, Jim Gooch Jr., Keith Hall, Mike Harmon, Dennis Keene, Adam Koenig, Tom McKee, Tim Moore, Fred Nesler, David Osborne, Ruth Ann Palumbo, Don Pasley, Ancel Smith, Fitz Steele, Ron Weston, and Addia Wuchner.

Legislative Guests: Representative Sal Santoro.

Guests: John T. Walczak, Executive Director, Louisville Zoo; Gary L. Stewart, Board Member, Louisville Zoo Foundation; Bob Babbage, Babbage Cofounder; Kevin T. Sheilley, General Manager, Moral Hydro; Mike Baker, Executive Director; Hancock County Industrial Foundation; Gretchen Landrum, Executive Director; Northern Kentucky Convention Center; and Tom Caradonio, President, Northern Kentucky Convention and Visitors Bureau.

LRC Staff: John Buckner, Committee Staff Administrator; Karen Armstrong-Cummings; Louis DiBiase; and Dawn Johnson.

A motion and second by Representative Pasley and Representative Hall to approve the minutes of the October 15, 2009, meeting passed by voice vote.

The first item on the agenda was a discussion by John T. Walczak, Executive Director of the Louisville Zoo, about its importance to the Commonwealth as well as a presentation of the zoo's Glacier Run project. Mr. Walczak said the zoo reaches many people through a variety of means. Last year, attendance at the zoo was at a record high, with over 835,000 visitors. The zoo has also extended free admission to children of need through a partnership with Zoo Kids, Inc., and issued over 20,000 passes last year alone, the cost of which was borne by business donations to the project. The zoo is largely self-sufficient, raising over 80 percent of operating revenues through admissions fees and retail sales. The remaining money is raised by funding through the Louisville Metro City

Government. Mr. Walczak explained that strategies are in place to make the zoo increasingly self sufficient.

Mr. Walczak said the Louisville Zoo is proud of its education outreach components. Through programs such as “Zoo to You,” which brings animal exhibits to outlying areas in the state, and “School at the Zoo” where classes are held at the zoo itself, thousands of Kentucky school children are exposed to educational components that are designed to mesh with the curriculum demands of the school system.

Mr. Gary Stewart of the Louisville Zoo Foundation explained that the construction of the Glacier Run project is currently underway. The zoo has raised \$23.5 million from over three hundred donors, and an additional \$5.6 million is needed to complete the project, \$4 million of which will be requested from state funding. Mr. Walczak said with the completion of Glacier Run, state and local tax revenues will increase by over \$1 million and 400 jobs will be added as compared to 2004.

In response to Representative Gooch’s question on instructional content, Mr. Walczak explained that the zoo’s education programs present scientific facts and do not take sides on issues such as global warming.

Responding to Representative Bratcher’s question, Mr. Walczak explained that the recent accident involving the zoo’s train ride is still under investigation with the zoo’s complete cooperation. The ride is not in operation pending the outcome of the investigation.

The committee then heard a presentation by the Kentucky Aluminum Network on the importance of the industry to the state in terms of jobs created, tax revenues raised, and subsidiary businesses supported by aluminum producers. Following introductions by Bob Babbage of Babbage Cofounder, Mr. Kevin Sheilley, President and Chief Executive Officer of Northwest Kentucky Forward explained that aluminum and aluminum-related industries in Kentucky employ over 15,000 workers with an average wage of \$52,000 annually resulting in over \$100 million in state and local tax revenues each year. In 2005, primary aluminum shipments totaled nearly \$4.5 billion, which ranks Kentucky as the nation’s top aluminum producer. Aluminum is used in a highly diverse range of products, but its importance in the automotive industry cannot be overstated. With the search for increased fuel efficiency by building lighter vehicles, aluminum is a key production material in nearly all automobile components.

Mr. Eric Salisbury, General Man-

ager of Moral Hydro, identified several core issues and threats to the industry, which are the availability of cost effective energy, workforce development and improving employee skills, facility infrastructure, and informed and collaborative environmental policies. It was emphasized that the skilled labor force needed to staff aluminum production facilities is rapidly aging, with nearly 40 percent of skilled labor being within five years of retirement. To staff production facilities, skilled labor such as electricians and machinists must be trained and brought into the workforce as soon as possible. Mr. Salisbury said another challenging area for the aluminum industry is an aging infrastructure.

Mike Baker, Executive Director of Hancock County Industrial Foundation said one of the opportunities for the industry is House Bill 3 passed during the 2009 Special Session which included the Kentucky Reinvestment Act. He said HB 3 provides the tools necessary to help companies reinvest in employees and facilities.

Representative Wuchner asked what job skills are needed for the future workforce. Mr. Salisbury said a high school diploma is sufficient for many jobs but the at-risk jobs are skilled trades such as mechanics, technicians, and electricians. Mr. Baker said the partnership with Kentucky Community and Technical College System helps fill vocational training needs for the industry.

Co-Chair Kerr asked in what areas of manufacturing is aluminum replacing steel. Mr. Salisbury gave examples of semi tractor trailer truck rims and building supplies used in Leadership and Environmental Energy Efficient Design, a program used to certify “green” buildings.

Representative Moore asked what effects the “Cap and Trade” bill would have on Kentucky’s competitiveness if it lost its advantage of being a low-cost energy state. Mr. Baker said this is why incentives are needed--to overcome negative situations and problems found with the state’s tax structure. He said that incentives are in place simply to level the playing field.

Finally, the committee heard a presentation about the history and economic impact of the Northern Kentucky Convention Center. Representative Sal Santoro said the center is the only publicly funded center that operates in the black, but demand for space has outgrown what the center can provide. He said the Northern Kentucky Consensus Group made the expansion of the convention center the number one funding priority in the region for the upcoming general assembly. Gretchen Landrum said the

center is self-sustaining and has operated in the black since its opening. She said \$104 million in business has been turned away because the center is fully utilized. Ms. Landrum said that while \$51 million is needed to expand the convention center, given the state’s financial conditions, they are asking a smaller commitment of \$3 million to help fund the engineering studies to purchase a parcel of surrounding land that is currently available. This land, a 108-space parking lot, is currently owned by the Internal Revenue Service. Given that the center is “land locked” with little available adjacent space for new construction, it is imperative to obtain this land while the opportunity exists. To secure a future purchase, the center will be requesting \$3 million in state funding to hold the land for expansion at a later date.

Mr. Tom Caradonio, President of the Northern Kentucky Convention and Visitors Bureau explained that measured in terms of room nights, it is estimated that over 700,000 room nights were lost last year, which translates into \$104 million in lost income to the area. He said the biggest problem they face is the inability to house growing conventions who must find other hosting facilities due to the restricted space of the convention center.

There being no further business, the meeting adjourned.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 6th Meeting of the 2009 Interim November 20, 2009

The 6th meeting of the Special Subcommittee on Energy was held on Friday, November 20, 2009, at 10:00 AM, at General Electric, Appliance Park, Louisville, Kentucky. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Keith Hall, Co-Chair; Senators David E. Boswell, Dorsey Ridley, Katie Kratz Stine, Gary Tapp, and Johnny Ray Turner; Representatives Rocky Adkins, Eddie Ballard, Dwight D. Butler, Leslie Combs, Tim Couch, Jim Gooch Jr., Harry Moberly Jr., Tom Riner, Fitz Steele, and Brent Yonts.

Guests: Representative Larry Clark; Representative John Will Stacy; Jim Campbell, President and CEO, General Electric; Kevin Nolan, Vice President, Technology, General Electric; Jerry Carney, President, Local 761, IUE-CWA; Dr. Mahendra Sunkara, Professor of Chemical Engineering, University of Louisville, and Rodney Andrews, Executive Director,

Center for Applied Energy Research, University of Kentucky.

LRC Staff: D. Todd Littlefield, CSA, Taylor Moore, and Susan Spoonamore, Committee Assistant.

The October 7, 2009 minutes were approved, without objection, by voice vote, upon motion made by Sen. Boswell and seconded by Rep. Combs.

Sen. Smith introduced Jim Campbell, President and CEO of General Electric, Consumer and Industrial. Mr. Campbell gave a presentation on Energy Efficient and Demand-Response Appliances. Ecomagination, GE’s innovative solutions to environmental challenges, represents their commitment to renewable energy and the environment. He explained that the plant in Louisville is the global headquarters of GE Consumer and Industrial that includes appliances, lighting and electrical distribution. The plant was established in 1953, and has 5,000 employees. The business contributes \$425 million each year to the Louisville economy, and has invested \$500 million in Louisville since 2001.

Mr. Campbell stated that GE supports the governor’s 2008 Strategy for Energy Independence including coal gasification. General Electric is marketing products that will save money for consumers including the hybrid electric water heater, an energy monitoring system in the home, and smart appliances.

Kevin Nolan, Vice President, Technology, General Electric, discussed GE’s progress on making their products more energy efficient.

Jerry Carney, President, Local 761, IUE-CWA stated that their union has had to change their way of doing business in order to be competitive. Labor and management are working together to keep good jobs in Kentucky.

Rep. Gooch asked if it would help GE to be more competitive at Appliance Park if the low carbon portfolio standard included clean coal. Mr. Campbell stated that it would. GE looks at profitability and stability.

Sen. Boswell asked if General Electric would look at the facility in Owensboro to see if it might be utilized for some of the green technology. If not, the 109 employees still there will most likely lose their jobs in the near future.

Rep. Adkins asked what would happen to GE and Appliance Park if the utility rates in Kentucky were to rise. Mr. Campbell stated that even a slight increase in the utility rates could make a difference as to where the products could be built competitively.

Rep. Hall asked if GE anticipated bringing more jobs or projects to Kentucky. Mr. Campbell stated that

GE is evaluating another big potential move to Kentucky. He said that incentives could play a big part in that decision.

Chairman Smith introduced Dr. Mahendra K. Sunkara, Conn Center for Renewable Energy Research and Environmental Stewardship (CRERES), University of Louisville. Dr. Sunkara updated the Committee on the Center's work on several cutting edge technologies including materials manufacturing, solar, biofuels and energy storage. It is hoped that advances in these areas will lead to jobs in the building sector and the transportation fuels sector among others.

Chairman Smith asked if storage was the main problem with solar power. Dr. Sunkara stated that was correct. If a home installs solar panels, the owner must have a battery system as well, unless the home can also buy power from the grid.

Sen. Stine asked if the patents pending were jointly held by the University of Louisville and the researchers, and asked who receives the revenue from the patents that are licensed. Dr. Sunkara stated that all patents are assigned to the University of Louisville. The Center is in the process of filing several patents and in another five to ten years, the Center should see revenue returns. He said at that point, the Center should become self-sufficient.

Chairman Smith introduced Rodney Andrews, Director, Center for Applied Energy Research, University of Kentucky. He briefed the committee on how Kentucky is planning for carbon constraint mandated at the federal level.

Chairman Smith asked why the cost of producing natural gas was not included along with coal, wind, hydroelectric, solar, and biomass. Mr. Andrews stated that ASA Fossil Fuel could be substituted on the chart for coal, but at a higher cost.

Mr. Andrews said that even using all the renewable energy available to Kentucky, the state would still require 78% of its electricity to come from coal or natural gas in 2025. Kentucky has to develop methods to burn coal cleanly and to reduce carbon emissions. Mr. Andrews explained that CAER has a post-combustion CO2 capture pilot plant, along with a Carbon Management Research Group to address reducing the energy required to capture carbon.

Sen. Boswell asked if Mr. Andrews agreed with Dr. Sunkara that carbon capture, such as gasification is unproven. Mr. Andrews stated that gasification technologies have been proven.

Sen. Smith asked why the Han-

cock County sequestration project would need to purchase CO2. Mr. Andrews stated that food grade CO2 is the only CO2 which is commercially available. The project in Hancock County bought 323 tons at \$165 a ton.

Meeting adjourned at approximately 12:00 p.m.

**INTERIM JOINT COMMITTEE
ON LABOR AND INDUSTRY
Minutes of the 5th Meeting
of the 2009 Interim
November 19, 2009**

The 5th meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, November 19, 2009, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Rick G. Nelson, Chair, called the meeting to order, and the committee assistant called the roll.

Present were:

Members: Representative Rick G. Nelson, Co-Chair; Senators Julian M. Carroll, Ray S. Jones II, Katie Kratz Stine, Gary Tapp, and Jack Westwood; Representatives Will Coursey, C. B. Embry Jr., Tim Firkins, Richard Henderson, Dennis Horlander, Joni L. Jenkins, Adam Koenig, Mary Lou Marzian, Charles Miller, Tom Riner, Charles Siler, Jim Stewart III, and Brent Yonts.

Guests: Helen W. Mountjoy, Secretary, Education and Workforce Development Cabinet; J.R. Wilhite, Executive Director, Kentucky Workers' Compensation Funding Commission; Steve Lattanzio, President, Actuarial and Technical Solutions, Inc; Christine Fitzgerald, Actuary, Actuary and Technical Solutions, Inc.

LRC Staff: Linda Bussell, Carla Montgomery, Adanna Hydes, and Betsy Bailey

Representative Nelson introduced Secretary Mountjoy and thanked her for her service to the committee during her tenure as Secretary of the Education and Workforce Development Cabinet and as chair of the Unemployment Insurance Task Force.

As part of her report on the Unemployment Insurance Task Force, Secretary Mountjoy included a brief historical overview of the problems with the unemployment insurance trust fund. She said the current financial problems of the program are similar to those experienced in 1982. Kentucky's highest unemployment rate occurred in 1982 and federal loans were necessary to continue payment of unemployment benefits. Like now, a task force representing a partnership between management and labor was created to restore solvency to the unemployment insurance trust fund. The task force crafted a set of recommendations that were subsequently enacted by the General

Assembly. The 1982 legislation was sufficient to keep the unemployment insurance program solvent for 27 years.

Secretary Mountjoy referred to charts provided to the members that included statistics on Kentucky's unemployment rate, trust fund balances, benefit payouts, average weekly benefit amounts, and similar statistics from surrounding states. The information illustrated the fact that Kentucky's unemployment insurance trust fund was on its way to depletion before the current recession began at the end of 2008. She attributed most of the financial instability to the structural imbalance discussed in previous meetings. The structural imbalance is the result of a fixed taxable wage base of \$8,000 and weekly benefits that increase annually with inflation. She said the key to the problem is creating more jobs. During periods of low unemployment, the trust fund builds up reserves. In 2001, the unemployment rate began increasing in Kentucky, leveled off in 2004 through 2007, and increased significantly in 2008 and 2009. Since at least 2002, the trust fund has been paying out more in benefits than it has collected from employers in payroll taxes or contributions. She reported that this year, the state has borrowed \$500 million from the federal government to pay unemployment benefits and that the unemployment rate for October was expected to be higher than the 10.9% rate for September. Kentucky's unemployment rate is higher than it is in surrounding states.

Secretary Mountjoy informed the committee that the task force had not completed its work and would probably meet during the first week of December to finalize its recommendations. Responding to questions and comments from Representative Siler and Representative Yonts, she said she believed the task force will produce recommendations, but the recommendations might not include everything that has been discussed or suggested by the consultants, and that discussions are ongoing in Congress about extending the waiver of interest on the federal loans.

The final item on the agenda was a report from the Kentucky Workers' Compensation Funding Commission. J.R. Wilhite, the Executive Director for the Kentucky Workers' Compensation Funding Commission, introduced Steve Lattanzio and Christine Fitzgerald from Actuarial and Technical Solutions, Inc. Mr. Wilhite said the Workers' Compensation Funding Commission is required to update the committee annually on the assessments on employers that fund workers' compensation programs. He provided a brief overview of the duties

of the commission since its creation in 1987 with particular emphasis on the history of the Workers' Compensation Special Fund. He said the liability of the Special Fund in 1987 was estimated to be \$1.6 billion. In 1996, the liability had increased to about \$2.5 billion. Consequently, the General Assembly enacted legislation to close off future liabilities of the Special Fund and revised the funding mechanism with the objective of paying off the liability by 2018. In addition, the Coal Workers' Pneumoconiosis Fund (CWP) was created with its own payment and assessment mechanism to pay black lung liabilities arising after December, 1996.

Mr. Wilhite said actuaries have determined the current liability of the Special Fund is down to \$1.6 billion which indicates progress since 1996. He reviewed statistics included in members' folders on the history of assessment collections and payouts from the Special Fund. He noted the additional assessment on the coal industry that was in place from 1987 to 1996 that reflected the majority liability that was attributable to the coal industry. In 1996, the additional coal assessment was replaced with an annual allocation of \$19 million from the coal severance tax which was subsequently suspended by the General Assembly.

Mr. Wilhite reported that for 18 out of past 22 years, money was made on the investments of the Special Fund assessments, but not during the past 4 years. The drop in investment income, the suspended severance tax allocations, and the decline in workers' compensation premiums presents a challenge for paying off the liability by 2010. Because of these factors, actuaries were asked to calculate an assessment rate that would be sufficient to pay off the liabilities by 2018 as required by statute. In addition, the actuaries were asked to determine the date at which the liabilities could be fully funded if the current assessment rate of 6.5%, which has been in place for the past 4 years, was maintained.

The actuaries determined that to achieve full funding by 2018, the current assessment rate would have to be increased to about 10% or 10.09% on employers' workers' compensation premiums. The alternative calculation based on keeping the assessment rate at 6.5% and going forward would provide sufficient funding by 2029. Mr. Wilhite said the Funding Commission recommended continuing the Special Fund assessment at 6.5% for 2010 and requests a statutory change that would extend the payoff date from 2018 to 2029.

The Funding Commission's recommendation for the CWP Fund as-

assessment for 2010 was 0.5% on coal industry workers' compensation premiums and 0.435 cents on each ton of severed coal.

Steve Lattanzio and Christine Fitzgerald, actuaries with Actuarial and Technical Solutions, Inc. presented overviews of their analyses of the liabilities of the Special Fund and the CWP Fund on which the Funding Commission based its recommendations for 2010. Mr. Lattanzio reiterated the fact that the actuarial analysis determined the liability of the Special Fund, as of June 20, 2009, to be approximately \$1.6 billion and that recent revenue impacts will prevent the Special Fund liabilities from being fully funded by 2018, as required by the workers' compensation statute.

The actuarial analysis of the Coal Workers' Pneumoconiosis Fund, projected that by December 31, 2010, with no liabilities discounted, the CWP fund could reflect a \$3.9 million deficit. Based on that finding, the Funding Commission recommended assessment rates for the CWP Fund for 2010 to be 0.50% on a coal employer's workers' compensation premiums and 0.435 cents on each ton of severed coal.

The meeting adjourned.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT Minutes of the 6th Meeting of the 2009 Interim November 18, 2009

The sixth meeting of the Interim Joint Committee on Local Government was held on Wednesday, November 18, 2009, at 10:00 AM, in Grand Ballroom C of the Galt House Hotel in Louisville, Kentucky. The meeting was a joint meeting with the Interim Joint Committee on State Government. Representative Steve Riggs, Co-chair, Interim Joint Committee on Local Government, called the meeting to order, and the secretary called the roll. Representative Mike Cherry, Co-chair of the Interim Joint Committee on State Government, also chaired.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Walter Blevins Jr., Carroll Gibson, Ernie Harris, Mike Reynolds, John Schickel, and Johnny Ray Turner; Representatives Scott W. Brinkman, Derrick Graham, Charlie Hoffman, Brent Housman, Dennis Keene, Adam Koenig, Tom McKee, David Osborne, Arnold Simpson, Ancel Smith, Ken Upchurch, and Jim Wayne.

Guests: Jeff Derouen, Stephanie Bell, and Andrew Melnykovich, Public Service Commission; Michael Foster, Rick Smith, Denny Nunnelley, Shellie Hampton, Tim Sturgill, Kentucky Association of Counties; Kirk

Tolle, Kentucky Circuit Court Clerks' Association; Chris Cohron, Kentucky Commonwealth Attorneys' Association; Tommy Turner and Vince Lang, Kentucky County Judge/Executive Association; Phil Sammons Richard Tanner, Kentucky Magistrates and Commissioners' Association; Jason Scriber and Mack Bushart, Kentucky PVA Association; Jerry Wagner and John Aubrey, Kentucky Sheriffs' Association; Bobby Waits and Marshall Long, Kentucky Jailers' Association; Bert May and Tony Goetz, Kentucky League of Cities; Ron Wolf, Louisville Metro Government; Sam Crawford, Jefferson County Farm Bureau; and Scott Kimmich, Kenton County Deputy Judge/Executive.

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, John Ryan, Kris Shera, Judy Fritz, Karen Powell, Kevin Devlin, Matt Niehaus, and Cheryl Walters.

Upon the motion of Representative Keene, seconded by Representative McKee, the minutes of the October 28, 2009 Local Government Committee meeting were approved.

Upon the motion of Representative Ford, seconded by Senator Thayer, the minutes of the September 23 and October 7, 2009 meetings of the State Government Committee were approved.

Representative Cherry asked Senator Thayer, Co-chair of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs, to report on the October 27 and November 17, 2009, meetings of the Task Force. The subcommittee report was approved without objection.

Representative Cherry raised an issue that was discussed at the November 17, 2009 meeting of the Task Force—i.e., whether language regarding duels should be deleted from Section 228 of the Kentucky Constitution, as proposed in legislation (BR 172) prefiled for the 2010 legislative session. After asking committee members to express an informal opinion on this issue, he announced that the show of hands indicated by a ratio of approximately 2:1 that local government leaders and State Government Committee members present prefer not to amend Section 228.

Next on the agenda was a preview of "Ike and Ice: The Kentucky Public Service Commission Report on the September 2008 Wind Storm and the January 2009 Ice Storm." Presenting the report from the PSC were Jeff Derouen, Executive Director; Andrew Melnykovich, Communications Director; and Stephanie Bell, Legislative Liaison. They provided paper copies of their PowerPoint presentation.

Mr. Derouen discussed the timeline for the report, to be released to

the public on November 19. He said that the report includes 63 recommendations to utilities, local and state government entities, the general public, and the PSC. A link to the full report will be available on the PSC web site, and members of the General Assembly will also receive the link via e-mail.

Mr. Melnykovich discussed the estimated cost of damage from the wind storm, noting that all estimates are conservative. In summary, he said that the total cost of the wind storm is estimated at \$595 million. This does not include unreported damage, FEMA (Federal Emergency Management Agency) reimbursement to nonprofit agencies, and other losses—e.g., lost wages or lost business revenue. Damage to jurisdictional utilities was \$44.7 million, which does not include TVA system distribution co-ops or municipal utilities. Some of the \$44.7 is reimbursable through state and federal disaster assistance; however, investor-owned utilities like LG & E (Louisville Gas & electric) are not eligible for disaster assistance. Direct cost to local governments was \$17 million, according to preliminary FEMA estimates. The insurance industry's information clearinghouse estimates that there was \$533 million in insured losses.

Mr. Derouen said that the ice storm in January left 770,000 Kentucky customers without power—a number even greater than the 600,000 customers affected by the wind storm a few months earlier. He did not go into detail about the ice storm damage estimates, but the slide presentation indicated that total damage is estimated at \$616 million; \$240 million to jurisdictional utilities; \$41 million to local governments; and \$335 million in insured losses. The slides also included maps and photos defining the impact of the two storms in specific areas of the state.

Mr. Derouen commented on several points of interest in the report.

The cost to put Kentucky's entire current electric infrastructure underground would be at least \$217 billion. This would not be feasible, but it may be beneficial in areas of new construction or areas with extensive losses.

For emergency purposes back-up generators are better than batteries for maintaining wireless service during times of disaster.

Property service connections are a weak link in electric systems that could be helped by hardening.

Outage reporting is a source of confusion and can hamper disaster response. PSC recommends that customers report an outage only one time. Also, since only regulated utilities are required to report to the PSC,

it is recommended to streamline the process for coordinating with TVA and other nonregulated utilities during times of emergency.

In closing, Mr. Derouen said that next week letters will be sent to the regulated utilities asking them to respond to the report recommendations within three months. Analysis of the responses will determine subsequent action by the PSC. There were no questions for Mr. Derouen or Mr. Melnykovich, and Representative Cherry thanked them for the report.

Next on the agenda was consideration of a resolution proposed by Representative Ford to support the continuation of existing operations of the United States post offices in the cities of Clifty and Renfro Valley, Kentucky. Representative Ford briefly explained the resolution and moved for its adoption by the State Government Committee. The motion was seconded by Representative Wayne and passed by unanimous voice vote. The resolution directs that copies of it be transmitted to each member of Kentucky's congressional delegation; Mr. Christopher Carroll, Post office Operations Manager, Bowling Green, KY; Mr. Chris Christenbury, Vice-President of Area Operations, Eastern Area, Louisville, KY; and the Honorable John E. Potter, Postmaster General of the United States.

Representative Riggs announced that the committees were meeting in conjunction with the Kentucky Association of Counties' (KACo) annual convention, who would be presenting their legislative platform for the upcoming 2010 session of the General Assembly. He then introduced Mr. Michael Foster, KACo president. Mr. Foster welcomed the committees to the convention. He then introduced Mr. Rick Smith, KACo president-elect and Clark County Magistrate. Mr. Smith thanked the committees for coming to KACo's convention. He told the committees that interlocal cooperation is imperative to get results.

Mr. Foster next introduced Ms. Shelley Hampton, with KACo's legislative services, to introduce the rest of the speakers. Ms. Hampton introduced Mr. Kirk Tolle, president of the Kentucky Circuit Court Clerks' Association. Mr. Tolle first explained the duties of circuit court clerks. He then told the committees that his association's legislative agenda included: (1) seeking to make filing fees for expungement of records nonrefundable when the expungement is not granted; (2) seeking to amend 2009 HB 369 to make suspension of drivers' licenses when the defendant owes restitution in theft cases, optional by the judge rather than mandatory; and (3) seeking reasonable compensation when collecting fees for parties out-

side the Judicial Branch.

Ms. Hampton next introduced Mr. Chris Cohron, Legislative Director of the Kentucky Commonwealth's Attorneys' Association. Mr. Cohron told the committee that staff furloughs was very costly, resulting in serious budget issues. He then discussed jail and inmate sentencing and release issues. Mr. Cohron explained that there are three categories of incarceration: (1) violent offenders; (2) sex offenders; and (3) persistent felony offenders. He noted that 90% of court cases are drug related.

Ms. Hampton next introduced Judge Tommy Turner, Legislative Chair of the Kentucky County Judge/Executives Association (KCJEA). Judge Turner told the committees that jails are the primary issue of KCJEA. He said KCJEA's legislative agenda will include: (1) seeking Medicaid reimbursement rates for county inmates; (2) will favor expanded gaming if jail funds are include; (3) re-filing the comprehensive jail funding bill; and (4) seeking bail bond daily jail credit for reducing cash bond amount.

Ms. Hampton next introduced Mr. Richard Tanner, Executive Director of the Kentucky Magistrates and Commissioners' Association (KMCA). Mr. Tanner told the committees that KMCA's legislative agenda will include: (1) seeking more money for jails; (2) increasing and modernizing the E911 funding to reflect fewer land lines in existence; (3) leaving county road aid formula as is; (4) holding counties harmless if trade-allowance on usage tax on new vehicles remains permanent; (5) supporting mandated spay/neuter, as long as local ordinances are grandfathered in; (6) amending KRS 259.120 involving taker-uppers of stray horses; and (7) PRIDE funding must be properly spent.

Ms. Hampton next introduced Mr. Jason Scriber, President, and Mr. Mack Bushart, Executive Director, Kentucky PVA Association. Mr. Bushart told the committees that the PVA's will seek legislation to place all PVAs under county ethics codes. Mr. Scriber noted that Representative Cherry has agreed to sponsor the legislation.

Ms. Hampton next introduced Mr. Jerry Wagner, Executive Director of the Kentucky Sheriffs' Association (KSA). Mr. Wagner told the committees that the KSA's legislative agenda will include: (1) amending KRS 189A.010 to include blood test costs in court fees rather than making sheriff's office or fiscal courts pay for those costs; (2) addressing the \$8 court reimbursement of court bailiffs; (3) addressing the effects on the county and sheriff revenue stream from Civil process service by constables; and (4) transportation of

prisoners with no funding.

Representative Riggs asked Mr. Wagner to expand on the issue of transportation of prisoners with no funding. Mr. Wagner explained that sheriffs sometimes have to transport prisoners to other counties for court appearances. He noted that the KSA is working with the Executive Branch on ways to not have to transport them to other counties.

Regarding charging restitution to inmates, Representative Napier asked if there is a profit to be made from jailing a person when that person fails to pay restitution. Mr. Cohron stated that there is no profit and that most jurisdictions try not to jail a person purely on financial grants. In response to another question from Representative Napier, Mr. Cohron answered that in most cases involving drunk drivers having their licenses suspended, the defendants will often times drive anyway. Incarceration, he noted, is the most effective way to keep them from drinking.

Representative Napier asked why circuit court clerks have to take tests to hold the office. Mr. Tolle said it is to ensure that the candidate has a basic knowledge of the office.

Representative Ford asked if the circuit clerks' office would like driver licenses to be issued by some other office. Mr. Tolle answered that the clerks would not oppose that idea.

Ms. Hampton lastly introduced Mr. Bobby Waits, President of the Kentucky Jailers' Association (KJA). Mr. Waits pointed out that according to the Pew Report, Kentucky's jail population increase is the highest in the nation. He noted that there are a lot of prisoners that committed misdemeanors that could be released. Mr. Waits told the committees that the jailers' legislative agenda included: (1) attaching the Consumer Price Index (CPI) to the per diem, bed allotment, and medical per diem received by the county jails; (2) allow county jails to collect a processing fee (co-pay) from inmates seeking medical attention; (3) allow for an exception in the statute for county governments to return to the general fund any uncollected monies left by an inmate in his/her canteen account; and (4) amend current statute to allow a prisoner who fails to return from work release to be charged with a failure to return in lieu of an escape and apply the same penalties.

Regarding the issue of prisoners' failure to return, Representative McKee stated that he has worked on that issue before and suggested that the jailers urge the Senate to pass it.

Regarding the issue of inmates' unreturned canteen funds, Representative Graham asked how much money they were talking about. Mr. Waits said they are working on get-

ting those figures, but that it is usually a small amount. He explained that if it is a large amount, it will be turned over to the state. Mr. Waits noted that it involves a lot of book-keeping.

There being no further business, the meeting was adjourned at 12:15 p.m.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT Minutes of the 6th Meeting of the 2009 Interim December 11, 2009

The 6th meeting of the Interim Joint Committee on Natural Resources and Environment was held on Friday, December 11, 2009, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators David E. Boswell, Tom Jensen, Ray S. Jones II, Bob Leeper, Dorsey Ridley, John Schickel, Katie Kratz Stine, Gary Tapp, and Johnny Ray Turner; Representatives Hubert Collins, Tim Couch, Stan Lee, Tim Moore, Don Pasley, Marie Rader, Kevin Sinnette, Ancel Smith, Fitz Steele, and Jim Stewart III.

Legislative Guest: Speaker Greg Stumbo

Guests: John Whitney and Kelly McKnight, Geothermal Affordability Partners; Dr. Jim Cobb, Dr. Brandon Nuttall, Tom Sparks, Dave Harris, and Sarah Briland, Kentucky Geological Survey; Jeff Derouen, Andrew Melnykovich, and Stephanie Bell, Public Service Commission; Secretary Len Peters, Karen Wilson, and Brooke Parker, Energy and Environment Cabinet; Tom Fitzgerald, Kentucky Resources Council; and Steve Polson.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, and Kelly Blevins.

Sen. Smith recognized Rep. Gooch for some remarks on climate change. Rep. Gooch stated that the United States Environmental Protection Agency (USEPA) passed a rule declaring carbon as a pollutant. There is an international meeting on climate change which will negatively impact Kentucky. Electricity rates, employment, economic development and household income will be impacted. Sometimes those decisions are not predicated on the best information. Then Rep. Gooch discussed a meeting on climate change that occurred two years prior and resulted in negatively publicity. Rep. Gooch stated that it was good to examine both sides of the climate change issue and the results of the new USEPA rule will vindicate the exploration of

how climate change can harm Kentucky.

Sen. Smith thanked Rep. Gooch and recognized Rep. Collins. He stated that the decision on climate change is still unsettled. There is too much information and we cannot determine who is correct. Then Sen. Smith recognized Ms. Linda Faulkner and Mr. Anthony Adams. He then asked Mr. Whitney and Mr. McKnight, Geothermal Energy Partners, to come to the table to provide testimony on geothermal heating and cooling. Mr. Whitney stated that their company can help reach the goal of the 7-point strategy for energy independence.

Geothermal Energy Partners has a role to play in offering heat pumps. He described how heat pumps work and how heat pumps and geothermal energy in general can reduce greenhouse gases and household bills by 40 percent to 70 percent. Geothermal costs half of the price of conventional systems in terms of maintenance and upkeep. Mr. McKnight also compared the price of the system to other renewables like solar power. These systems work anywhere and the technology is solid. The problems with geothermal systems are the upfront cost for the loop field. He stated that a multiyear lease of the field could aid in financing the cost, but once the system is operating, the bill reductions will pay back the upfront costs.

Sen. Boswell asked if the technology has changed so that the heat pump works the same way everywhere. Mr. Whitney stated yes. Eight of ten schools use geothermal power. The temperature differential is a matter of how it is designed and the heat exchanger works.

Rep. Moore stated the federal government will provide rebates for product and purchase of things like furnaces. Geothermal qualifies and we should advertise that the money is available for energy efficient home improvements. Mr. Whitney replied that there are tax credits and accelerated depreciation, and also that the technology creates jobs.

Sen. Leeper asked if there is a cost in retrofitting. Mr. Whitney responded that they work well in a retrofit situation. Rep. Couch stated he installed geothermal and it cost about \$12,000 dollars, but there were significant savings on power consumption and hot water heating. He also thanked Rep. Gooch for taking a firm stance on climate change even though it has been criticized by the press. Finally, Sen. Smith stated that mine sites are a nice fit for geothermal.

Representatives from Kentucky Geological Survey (KGS) and Secretary Lenn Peters with the Energy & Environment Cabinet (EEC) provided

testimony on the report of the 2009 Senate Joint Resolution 67. This resolution resulted in a contracted between KGS and EEC to perform a study of the efficacy of oil and gas operations on state and university-owned lands. Dr. Jim Cobb stated that for nine months KGS examined hundreds of properties. Also introduced were Mr. Sparks and Sara Bree-land. Then Mr. Cobb described the methodology used to determine the potential of oil and gas on state and university owned lands.

Sen. Smith asked about the software used to produce the results. Mr. Nuttall stated the technology is widely used. Mr. Nuttall continued stating that KGS examined surface access restrictions and the classified lands according to size, population density, residential or urban and if there were special tracks where resources had previously been extracted. The most likely scenario is 12.5 percent royalty and a 4.5 severance tax over 5 years. That would yield between \$30 and \$77 million per year. Another impediment to the study is the need for better data. The Division of Real Properties and the universities need to put data in a digital format. KGS could also do a better job on modeling and access to additional reservoir data.

Sen. Smith asked if there were questions and Mr. Nuttall posed one to himself. He asked if it was reasonable to think a policy of allowing oil and gas explorations on state lands is a sound policy. In a rhetorical reply, Mr. Nuttall stated that if the policy was designed to plug the budget then no, but if the policy is to add additional money for agencies and to create jobs by developing the oil and gas industry, then the answer is yes.

Rep. Lee asked about exclusion of urban/residential areas in the study. Mr. Nuttall stated those areas were excluded and the tracks are likely to be too small and pose a nuisance to the public. Many of those properties were community college properties. Rep. Lee continued asking so is nothing collected on urban/residential areas. Mr. Nuttall stated no. There are properties identified in the annex to the study. Rep. Lee asked if \$30 to \$77 million represents royalty payments to the state or overall economic impact. Secretary Peters responded by stating that the cabinet estimated based on a 50 percent drill and 30 percent success rate that the economic impact to the state is \$200 million per year. Direct and indirect job creation could be around 1,500, but this data needs to be examined in greater detail. Rep. Lee stated that we want that information and any economic activity is worth consideration.

Sen. Boswell asked if lands

owned by the Department of Transportation are suitable or beneficial. Mr. Nuttall replied that there is a list but the study did not access those lands. Sen. Boswell continued that these parcels have market value, minimal real estate value and should be put to a final disposition. Then Sen. Smith thanked those testifying and for the cabinet's coal permitting assistance.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Minutes of the 5th Meeting of the 2009 Interim November 18, 2009

The fifth meeting of the Interim Joint Committee on State Government was held on Wednesday, November 18, 2009, at 10:00 AM, in Grand Ballroom C of the Galt House Hotel in Louisville, Kentucky. The meeting was a joint meeting with the Interim Joint Committee on Local Government. Representative Steve Riggs, Co-chair, Interim Joint Committee on Local Government, called the meeting to order, and the secretary called the roll. Representative Mike Cherry, Co-chair of the Interim Joint Committee on State Government, also chaired.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Mike Cherry, Co-Chair; Senators Walter Blevins, Jr., Carroll Gibson, Ernie Harris, Mike Reynolds, John Schickel, and Johnny Ray Turner; Representatives Eddie Ballard, Kevin Bratcher, Dwight Butler, John "Bam" Carney, James Comer, Jr., Will Coursey, Danny Ford, Derrick Graham, Mike Harmon, Charlie Hoffman, Brad Montell, Lonnie Napier, Tom Riner, Carl Rollins II, Steven Rudy, Sal Santoro, Kent Stevens, Jim Wayne, and Alecia Webb-Edgington.

Guests: Jeff Derouen, Stephanie Bell, and Andrew Melnykovich – Kentucky Public Service Commission (PSC); Michael Foster, Rick Smith, Denny Nunnelley, Shellie Hampton, and Tim Sturgill - Kentucky Association of Counties; Kirk Tolle, Kentucky Association of Circuit Court Clerks; Chris Cohron, Kentucky Commonwealth's Attorneys Association; Tommy Turner and Vince Lang, Kentucky County Judge/Executive Association; Phil Sammons and Richard Tanner, Kentucky Magistrates and Commissioners Association; Jason Scriber and Mack Bushart, Kentucky PVA Association; Jerry Wagner and John Aubrey, Kentucky Sheriffs' Association; Bobby Waits and Marshall Long, Kentucky Jailers Association; Bert May and Tony Goetz, Kentucky League of Cities; Ron Wolf, Louisville Metro Government; Sam Crawford, Jefferson County Farm Bureau; and Scott Kimmich, Kenton County Dep-

uty Judge/Executive.

LRC Staff: Judy Fritz, Kevin Devlin, and Karen Powell – State Government Committee; Mark Mitchell, Joe Pinczewski-Lee, John Ryan, Kris Shera, and Cheryl Walters – Local Government Committee; and Matt Niehaus.

Upon motion by Representative Keene and second by Representative McKee, the minutes of the October 28, 2009, Local Government Committee meeting were approved without objection.

Upon motion by Representative Ford and second by Senator Thayer, the minutes of the September 23 and October 7, 2009, meetings of the State Government Committee were approved without objection.

Representative Cherry chaired the first part of the meeting. At the Chair's request, Senator Thayer, Co-chair of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs, gave the subcommittee report for the October 27 and November 17 meetings of the Task Force. The subcommittee report was approved without objection.

Representative Cherry raised an issue that was discussed at the November 17 meeting of the Task Force—i.e., whether language regarding duels should be deleted from Section 228 of the Kentucky Constitution, as proposed in legislation (BR 172) prefiled for the 2010 legislative session. After asking committee members to express an informal opinion on this issue, he announced that the show of hands indicated by a ratio of approximately 2:1 that State Government Committee members present prefer not to amend Section 228.

Next on the agenda was a preview of "Ike and Ice: The Kentucky Public Service Commission Report on the September 2008 Wind Storm and the January 2009 Ice Storm." Presenting the report from the PSC were Jeff Derouen, Executive Director; Andrew Melnykovich, Communications Director; and Stephanie Bell, Legislative Liaison. They provided paper copies of their PowerPoint presentation.

Mr. Derouen discussed the timeline for the report, to be released to the public on November 19. He said that the report includes 63 recommendations to utilities, local and state government entities, the general public, and the PSC. A link to the full report will be available on the PSC web site, and members of the General Assembly will also receive the link via e-mail.

Mr. Melnykovich discussed the estimated cost of damage from the wind storm, noting that all estimates are conservative. In summary, he said that the total cost of the wind storm is estimated at \$595 million. This

does not include unreported damage, FEMA (Federal Emergency Management Agency) reimbursement to nonprofit agencies, and other losses—e.g., lost wages or lost business revenue. Damage to jurisdictional utilities was \$44.7 million, which does not include TVA system distribution coops or municipal utilities. Some of the \$44.7 is reimbursable through state and federal disaster assistance; however, investor-owned utilities like LG & E (Louisville Gas & electric) are not eligible for disaster assistance. Direct cost to local governments was \$17 million, according to preliminary FEMA estimates. The insurance industry's information clearinghouse estimates that there was \$533 million in insured losses.

Mr. Derouen said that the ice storm in January left 770,000 Kentucky customers without power—a number even greater than the 600,000 customers affected by the wind storm a few months earlier. He did not go into detail about the ice storm damage estimates, but the slide presentation indicated that total damage is estimated at \$616 million; \$240 million to jurisdictional utilities; \$41 million to local governments; and \$335 million in insured losses. The slides also included maps and photos defining the impact of the two storms in specific areas of the state.

Mr. Derouen commented on several points of interest in the report.

The cost to put all of Kentucky's current electric infrastructure underground—where this would be scientifically possible—would be at least \$217 billion. This would not be feasible, but it may be beneficial in areas of new construction or areas with extensive losses.

For emergency purposes back-up generators are better than batteries for maintaining wireless service during times of disaster.

Property service connections are a weak link in electric systems that could be helped by hardening.

Outage reporting is a source of confusion and can hamper disaster response. PSC recommends that customers report an outage only one time. Also, since only regulated utilities are required to report to the PSC, it is recommended to streamline the process for coordinating with TVA and other nonregulated utilities during times of emergency.

In closing, Mr. Derouen said that next week letters will be sent to the regulated utilities asking them to respond to the report recommendations within three months. Analysis of the responses will determine subsequent action by the PSC. There were no questions for Mr. Derouen or Mr. Melnykovich, and Representative Cherry thanked them for the report.

Next on the agenda was consideration of a resolution proposed by Representative Ford to support the continuation of existing operations of the United States post offices in the cities of Clifty and Renfro Valley, Kentucky. Representative Ford briefly explained the resolution and moved for its adoption by the State Government Committee. The motion was seconded and passed by unanimous voice vote. The resolution directs that copies of it be transmitted to each member of Kentucky's congressional delegation; Mr. Christopher Carroll, Post office Operations Manager, Bowling Green, KY; Mr. Chris Christenbury, Vice-President of Area Operations, Eastern Area, Louisville, KY; and the Honorable John E. Potter, Postmaster General of the United States.

Representative Riggs assumed the chair for the remainder of the meeting. He announced that the Committees were meeting in conjunction with the Kentucky Association of Counties' (KACo) annual convention, which would be presenting its legislative platform for the upcoming 2010 session of the General Assembly. He introduced Mr. Michael Foster, KACo president. Mr. Foster welcomed the Committees to the convention. He then introduced Mr. Rick Smith, KACo president-elect and Clark County Magistrate. Mr. Smith thanked the Committees for coming to KACo's convention. He told the committees that interlocal cooperation is imperative to get results.

Mr. Foster next introduced Ms. Shelley Hampton, with KACo's legislative services, to introduce the rest of the speakers. Ms. Hampton introduced Mr. Kirk Tolle, president of the Kentucky Association of Circuit Court Clerks. Mr. Tolle first explained the duties of circuit court clerks. He then told the committees that his association's legislative agenda included: (1) seeking to make filing fees for expungement of records non-refundable when the expungement is not granted; (2) seeking to amend 2009 HB 369 to make suspension of drivers' licenses, when the defendant owes restitution in theft cases, optional by the judge rather than mandatory; and (3) seeking reasonable compensation when collecting fees for parties outside the Judicial Branch.

Ms. Hampton next introduced Mr. Chris Cohron, Legislative Director of the Kentucky Commonwealth's Attorneys Association. Mr. Cohron told the Committees that staff furloughs are very costly, resulting in serious budget issues. He then discussed jail and inmate sentencing and release issues. Mr. Cohron explained that there are three cat-

egories of incarceration: (1) violent offenders; (2) sex offenders; and (3) persistent felony offenders. He noted that 90 percent of court cases are drug related.

Ms. Hampton next introduced Judge Tommy Turner, Legislative Chair of the Kentucky County Judge/Executives Association (KCJEA). Judge Turner told the Committees that jails are the primary issue of KCJEA. He said KCJEA's legislative agenda will include: (1) seeking Medicaid reimbursement rates for county inmates; (2) favoring expanded gaming if jail funds are included; (3) re-filing the comprehensive jail funding bill; and (4) seeking bail bond daily jail credit for reducing cash bond amount.

Ms. Hampton next introduced Mr. Richard Tanner, Executive Director of the Kentucky Magistrates and Commissioners' Association (KMCA). Mr. Tanner told the committees that KMCA's legislative agenda will include: (1) seeking more money for jails; (2) increasing and modernizing the E911 funding to reflect fewer land lines in existence; (3) leaving the county road aid formula as is; (4) holding counties harmless if trade-allowance on usage tax on new vehicles remains permanent; (5) supporting mandated spay/neuter, as long as local ordinances are grandfathered in; (6) amending KRS 259.120 involving taker-uppers of stray horses; and (7) PRIDE funding must be properly spent.

Ms. Hampton next introduced Mr. Jason Scriber, President, and Mr. Mack Bushart, Executive Director, Kentucky PVA Association. Mr. Bushart told the committees that the PVAs will seek legislation to place all PVA's under county ethics codes. Mr. Scriber noted that Representative Cherry has agreed to sponsor the legislation.

Ms. Hampton next introduced Mr. Jerry Wagner, Executive Director of the Kentucky Sheriffs' Association (KSA). Mr. Wagner told the Committees that KSA's legislative agenda will include: (1) amending KRS 189A.010 to include blood test costs in court fees rather than making sheriff's offices or fiscal courts pay for those costs; (2) addressing the \$8 court reimbursement of court bailiffs; (3) addressing the effects on the county and sheriff revenue stream from civil process service by constables; and (4) transportation of prisoners with no funding.

Representative Riggs asked Mr. Wagner to expand on the issue of transportation of prisoners with no funding. Mr. Wagner explained that sheriffs sometimes have to transport prisoners to other counties for court appearances. He noted that KSA is working with the Executive Branch on ways to not have to transport

them to other counties.

Regarding charging restitution to inmates, Representative Napier asked if there is a profit to be made from jailing a person when that person fails to pay restitution. Mr. Cohron stated that there is no profit and that most jurisdictions try not to jail a person purely on financial grants. In response to another question from Representative Napier, Mr. Cohron answered that in most cases involving drunk drivers having their licenses suspended, the defendants will often drive anyway. Incarceration, he noted, is the most effective way to keep them from drinking.

Representative Napier asked why circuit court clerks have to take tests to hold the office. Mr. Tolle said it is to ensure that the candidate has a basic knowledge of the office.

Representative Ford asked whether circuit clerks would like driver licenses to be issued by some other office. Mr. Tolle answered that the clerks would not oppose that idea.

Ms. Hampton lastly introduced Mr. Bobby Waits, President of the Kentucky Jailers' Association (KJA). Mr. Waits pointed out that, according to the Pew Report, Kentucky's jail population increase is the highest in the nation. He noted that there are a lot of prisoners that committed misdemeanors that could be released. Mr. Waits told the committees that the jailers' legislative agenda included: (1) attaching the Consumer Price Index (CPI) to the per diem, bed allotment, and medical per diem received by the county jails; (2) allow county jails to collect a processing fee (co-pay) from inmates seeking medical attention; (3) allow for an exception in the statute for county governments to return to the general fund any uncollected monies left by an inmate in his/her canteen account; and (4) amend current statute to allow a prisoner who fails to return from work release to be charged with a failure to return in lieu of an escape and apply the same penalties.

Regarding the issue of prisoners' failure to return, Representative McKee stated that he has worked on that issue before and suggested that the jailers urge the Senate to pass it.

Regarding the issue of inmates' unreturned canteen funds, Representative Graham asked how much money they were talking about. Mr. Waits said they are working on getting those figures but that it is usually a small amount. He explained that if it is a large amount, it will be turned over to the state. Mr. Waits noted that it involves a lot of book-keeping.

There being no further business, the meeting was adjourned at 12:15

p.m.

INTERIM JOINT COMMITTEE ON VETERANS, MILITARY AFFAIRS, AND PUBLIC PROTECTION

Minutes of the 5th Meeting of the 2009 Interim November 12, 2009

The 5th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, November 12, 2009, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Tanya Pullin, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Tanya Pullin, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Denise Harper Angel, Joey Pendleton, Kathy W. Stein, and Jack Westwood; Representatives Linda Belcher, Tom Burch, Dwight D. Butler, Mike Cherry, Larry Clark, Leslie Combs, Tim Couch, Myron Dossett, David Floyd, Jeff Greer, Jimmie Lee, Tim Moore, Rick G. Nelson, Fred Nesler, Sannie Overly, Tom Riner, Carl Rollins II, Steven Rudy, Sal Santoro, Dottie Sims, Ancel Smith, and Alecia Webb-Edgington.

Guests: Col. John P. Cook, Hospital Commander, Fort Campbell; Adjutant General Edward Tonini, Captain Brian Combs, State Family Programs Director, Stephanie Fields, Health Services Coordinator, Sharon Allen, Director of Psychological Health, Captain Phil Major, Chaplaincy Core, Kentucky National Guard; Carlos Pugh, Past State Commander, Veterans of Foreign Wars; and Margaret Plattner, Kentucky Department of Veterans Affairs.

LRC Staff: Erica Warren, CSA, Mustapha Jammeh, Tiffany Opil, Clint Newman, and Rhonda Schierer.

Chair Pullin welcomed members and asked for a motion to approve the minutes of the September meeting. Rep. Cherry moved to approve the minutes. Rep. Floyd seconded the motion. The September meeting minutes were approved by a unanimous voice vote. Chair Pullin asked for a motion to approve the minutes of the October meeting. Rep. Floyd moved to approve the minutes. Rep. Moore seconded the motion. The October meeting minutes were approved by a unanimous voice vote.

Chair Pullin called on Rep. Cherry and Rep. Lee to read resolutions for fallen soldiers, Specialist Kevin J. Graham and Staff Sergeant Edward B. Smith, who lost their lives in the Operation Enduring Freedom and Operation Iraqi freedom, respectively. She asked the committee to stand in a moment of silence in the honor of the fallen soldiers. The resolutions were unanimously adopted by a voice

vote. Chair Pullin asked for a motion to be made on the committee resolution expressing the Interim Joint Committee on Veterans, Military Affairs, and Public Protection's support for recognition of women veterans' combat experience. Rep. Belcher move to adopt the resolution. Rep. Combs seconded the motion. The resolution was adopted unanimously by a voice vote.

Chair Pullin called on Col. John P. Cook, Hospital Commander at Fort Campbell, Kentucky. Col. Cook stated that the mission at the Blanchfield Army Community Hospital, (BACH) in Fort Campbell is to deliver quality healthcare and to promote wellness for the military community while supporting medical readiness through trained personnel in a safe work environment. Col. Cook stated that their Warrior Transition Battalions (WTB), have averaged 400 soldiers within the past several months. Col. Cook added that the WTB expects to expand in numbers between 600 and 700 due to the upcoming deployments of the soldiers between the 101st Airborne Division during 2010. The warriors living in the WTB barracks reside in the best barracks on the installation with handicap and accessible rooms available. Col. Cook stated that they also have a wonderful community support base that continuously offers superb benefits such as free community events, tickets, dinners, and family-oriented functions for the wounded soldiers. Col. Cook stated that 13 soldiers have graduated with a Bachelor's degree since the WTB's inception. Col. Cook stated that the WTB helps soldiers participate in their roles in the army while dealing with physical, emotional, social, spiritual, and family needs. In addition to the WTB, BACH houses one of the premier treatment programs for Traumatic Brain Injury (TBI) within the army. Soldiers from the Kentucky National Guard or Reserve have the benefit of treatment in this 12-week program. Over 700 soldiers have gone through the program with a 77 percent return to duty rate for those who complete the program. Col. Cook stated that the TBI program uses a multi-disciplinary program in their approach including occupational therapy, physical therapy, speech and language pathology, mental health services, sleep medicine, neurology, and primary care. Col. Cook stated that BACH has added 50 behavioral health support positions to help meet the increased demand. BACH has 7 resiliency teams which are made up of specialty services to include chaplains, chaplain assistants, clinical psychologist, social psychologists, social workers, psychologists, primary care providers, and behavior health technicians.

Chair Pullin noted that the Veterans, Military Affairs, and Public Protection Committee toured the WTB and BACH in 2007 and members were impressed with the facility.

Sen. Pendleton thanked Col. Cook for all they do and expressed his concerns for the soldiers who return home with mental health issues and asked Col. Cook how much room is available at Fort Campbell to take care of those soldiers. Col. Cook stated that although they have an extensive process to identify these soldiers and get them help as soon as possible they do not have inpatient capabilities. He added that they do use multiple inpatient organizations off post.

Rep. Burch asked Col. Cook if their programs encourage soldiers to seek help without retribution in their careers. Col. Cook stated that during advanced individual training, soldiers are brought into a culture that is encouraged to ask questions and seek help when needed. He added that in recent years past, the chain of command in the army is making huge strides in breaking down the cultural barrier that in the past would have prevented a soldier from coming forward for help.

Rep. Belcher asked Col. Cook if they only treat wounded soldiers stationed at Ft. Campbell or if others are treated from different parts of the state and country. Col. Cook stated that they do treat soldiers that are not stationed at Ft. Campbell and also try to assist in getting them relocated as close to their stationed area as possible.

Chair Pullin asked Col. Cook if soldiers that have traumatic brain injuries are more likely to be patients in the hospital on post. Col. Cook said yes. Chair Pullin stated that she felt it would be good if the state first responders could ask soldiers when they first pick them up if they have been in combat. She added that if they have been in combat, first responders need have a quick and easy place to send them for help immediately. Chair Pullin asked Col. Cook if he felt it would be helpful if that became a process in Kentucky. Col. Cook stated that it sounded like a reasonable approach for soldiers. Col. Cook stated that he would encourage some sort of dialogue between first responders and folks on post.

Rep. Moore asked Col. Cook if the soldiers at the WTB are only soldiers that have returned from deployment or if there are also those who are injured in training exercises in preparation for deployment. Col. Cook stated that of the 400 in the WTB, the majority are from combat but there are soldiers that have gotten hurt in training as well. Rep. Moore expressed the need to always

ensure that a soldier gets the highest level of care possible.

Sen. Gibson asked Col. Cook if there have been any records of comparisons done of the particular behaviors between current wars and the Vietnam conflict. Col. Cook stated that he was not aware of any comparisons but he believes that we currently have much more care going into a soldier's mental, physical, and emotional resiliency than ever before.

Rep. Dossett asked Col. Cook if there are support groups at Fort Campbell that are staffed by either active duty or retired military personnel that have seen combat. Col. Cook said that they regularly have people come in and talk to groups like amputees or burn victims and through the health program.

Chair Pullin called on General Tonini. General Tonini started by stating his and the Kentucky National Guards gratitude to the committee members for what they do for men and women in uniform. He presented members with the new acrylic paper weight containing the Kentucky Joint Service Badge that recognizes individuals for the outstanding service that they provide. Gen. Tonini gave the history of the badge details. He added that this acrylic paperweight was of no expense to the federal government or the Commonwealth. Chair Pullin thanked Gen. Tonini and the National Guard on behalf of the entire committee.

General Tonini spoke to the committee on the care of soldiers and airmen. Gen. Tonini introduced Captain Brian Combs, State Family Program Director; Captain Stephanie Fields, Health Services Coordinator, and Captain Phil Major with the Chaplaincy Corps.

Cpt. Brian Combs briefed the committee on the Family Programs and the Yellow Ribbon Reintegration Program (YRRP). Cpt. Combs stated that the mission of these programs is to provide family support services to all Kentucky National Guard service members and to all branches of the military service. He stated that pre-9/11 staff consisted of 1 federal employee while post-9/11 consists of 8 federal employees and 31 contract employees at an annual cost of \$2.2 million. Cpt. Combs stated that the Family Assistance Center is the first 24/7 outreach in Kentucky where family members or soldiers in any branch of military service can receive a support network. Cpt. Combs discussed the Yellow Ribbon Reintegration Program which is tied hand-in-hand with the Family Assistance Center. The YRRP is literally focused on the mobilized soldier and family and is a federally mandated program that is used to address pre-, during,

and post-mobilization.

Chair Pullin asked Cpt. Combs where the two family readiness centers are located. Cpt. Combs stated that the Wendell H. Ford Regional Training Center in Western Kentucky and Campbellsville and added that there are also family assistance center representatives in southeastern Kentucky, northeastern Kentucky, Louisville, and in Glasgow.

Chair Pullin called on Cpt. Stephanie Fields, the Health Services Coordinator for the Kentucky National Guard. She stated that their mission is to provide quality, innovative health care to meet the needs of each and every soldier. She stated that pre 9/11 they had 3 federal employees and post-9/11 they have increased in size to 11 federal employees. She stated that the health services section is responsible for the Kentucky guard soldiers' medical well-being from the time they enlist into the guard until the time that they transition out. Cpt. Fields stated that the four main health service programs are the post-deployment health reassessment, physiological health, medical retention processing, and the incapacitation pay.

Chair Pullin called on Chaplain Phil Majcher. Chaplain Majcher stated that their primary mission is to nurture the living, care for the wounded, and honor the dead. He added that they provide religious support across denominations and across faith groups, and provide personal counseling to soldiers. He added that they are a pre-9/11 organization still going strong. Currently Kentucky is over 100 percent staffed on Chaplains. He discussed the marriage enrichment events, single soldier event, and 7 habits for highly effective families programs. Gen. Tonini added that they have also developed relationships with a myriad of private agencies that also have the same purpose in mind to help the individual soldiers.

Rep. Lee expressed his concern for soldiers who have been called to several deployments and have lost their jobs at home for lack of keeping up with trainings or other reasons. Gen. Tonini stated that there have been incidents where the soldier returns and the company no longer exist; but that the state Employer Support of the Guard and Reserve (ESGR) organization provides soldiers with an ombudsman who will bring a representative to the soldier or a mediator to the employee.

Chair Pullin called on Carlos Pugh, Past State Commander, Veterans of Foreign Wars, of Kentucky. Mr. Pugh stated that he speaks to various VFW posts and American Legion posts within the state. He stated that there are 112 VFW posts

in Kentucky. Mr. Pugh stated that he sees a problem with communication between the hospitals and clinics in getting the word out to the soldiers of programs available to them. He stated that there is a need to have better coordination between the reserves, guard, and active duty people. Mr. Pugh stated that he works day and night and at the VFW posts to get soldiers connected to the correct place for help and he still needs help. Chair Pullin thanked Mr. Pugh for all of his hard work and dedication.

Rep. Nesler commented that he is grateful to hear good things about the Louisville and Lexington VA hospitals but is concerned that he continues to hear negative news about the VA medical center and hospital in Marion, Illinois, where our veterans from the western part of the state go. Chair Pullin suggested that as long as they serve Kentucky veterans, she would work with Rep. Nesler to possibly have a representative from the facility to appear before the committee. Mr. Pugh stated that at each JECVO meeting, they try to have the directors of the Marion, Illinois, Louisville and Lexington, VA hospitals provide reports.

Rep. Nelson thanked Mr. Pugh for his straight talk and thanked him for all he does for the veterans.

There being no further business, the meeting adjourned.

CAPITAL PLANNING ADVISORY BOARD Minutes of the 5th Meeting of the 2009 Calendar October 9, 2009

The 5th meeting of the Capital Planning Advisory Board was held on Friday, October 9, 2009, at 1:00 PM, in Room 169 of the Capitol Annex. Representative Melvin B. Henley, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Melvin B. Henley, Co-Chair; Representative Ron Crimm; David Buchta; Carole Henderson; John Hicks; Mary Lassiter; William May; Katie Quitter; Edmund Sauer; Doug Teague; and Laurel True.

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

Mr. Buchta made a motion to approve the minutes of the September 18, 2009 meeting. The motion was seconded by Mr. True and approved by voice vote.

Mr. Mullis briefly discussed the 2010-2016 Statewide Capital Improvement Plan (plan). He said the plan contained four policy recommendations as follows: 1) the Governor and the General Assembly should place a high priority on fully funding the Budget Reserve Trust

Fund at a level that represents 5 percent of General Fund revenues; 2) in each biennium, all funds available from Investment Income should be appropriated for agency miscellaneous maintenance pools and, to ensure sufficient funding of these pools, additional amounts of state bond funds should be appropriated as needed; 3) the General Assembly should establish a task force composed of representatives of the three branches of government to review Kentucky's debt issuance processes and approaches to debt capacity; and 4) the three branches of government should continue its efforts to identify, fund, and implement alternatives to incarceration that will provide for the public safety, reduce the prison population, and relieve the pressure to either build state facilities or enter into third party arrangements through the private sector.

Mr. Mullis said the plan also contained project recommendations in the categories of maintenance and renovation, information technology, and new construction. Each list was a compilation of projects selected in that category by Board members. The projects were listed alphabetically, and a list does not reflect the number of members who listed a particular project. The recommendations include 16 maintenance/renovation projects, 11 information technology projects, and 16 new construction projects.

The Board recommended that in authorizing projects to be financed 100 percent from other than state funds and for which the other funds may be used for discretionary purposes (e.g., postsecondary education restricted funds), a high priority should be assigned to projects to address life/safety and deferred maintenance needs for which state funds are not provided. Upon completion of the editing process, the plan will be printed and distributed to the heads of the three branches of government and all legislators, and posted in electronic format on the Capital Planning Advisory Board's website.

Representative Crimm made a motion to approve the 2010-2016 Statewide Capital Improvement Plan including the policy and project recommendations as presented. Included within the motion was the authorization for staff to make appropriate editing changes as needed in finalizing the plan for publication. The motion was seconded by Mr. Buchta and approved by unanimous roll call vote.

Co-Chair Henley, Co-Chair Westwood, Representative Crimm, and Ms. Lassiter expressed their appreciation to the Capital Planning Advisory Board members and staff for their hard work in developing the

2010-2016 Statewide Capital Improvement Plan.

With there being no further business, the meeting adjourned at 1:21pm.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

January 19, 2010

The Capital Projects and Bond Oversight Committee met on Tuesday, January 19, 2010, at 2:30 p.m., in Room 169 of the Capitol Annex. Representative Susan Westrom, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Bob Wiseman, University of Kentucky; Larry Owsley, University of Louisville; James Street, Eastern Kentucky University; Charles Bush, Division of Real Properties; Sandy Williams, Kentucky Infrastructure Authority; Katie Smith, Department of Financial Incentives, Economic Development Cabinet; Brett Antle, Office of Financial Management; and Rick McQuady and John Herald, Kentucky Housing Corporation.

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

Senator Tori made a motion to approve the minutes of the December 15, 2009 meeting. The motion was seconded by Representative Rudy and approved by voice vote.

Representative Westrom called on Don Mullis, Committee Staff Administrator, to discuss correspondence and information items. Mr. Mullis said members' folders contained several correspondence items: the quarterly status reports from the Finance and Administration Cabinet, the universities that manage their own construction projects, and the Administrative Office of the Courts (AOC); correspondence from the Kentucky Infrastructure Authority (KIA) regarding members questions from the December 2009 meeting; and correspondence from the Finance and Administration Cabinet regarding notice of advertisement for leased space.

Next Mr. Mullis noted that members' folders also contained several information items: KIA American Recovery and Reinvestment Act projects update; proposed legislation related to the jurisdiction of the Capital Projects and Bond Oversight Committee; and the staff and bond market updates.

Representative Westrom called on Bob Wiseman, Vice President for Facilities Management, University of Kentucky (UK) to report a lease modification. Mr. Wiseman reported a modification to PR-8303, a lease between UK and the UK Federal Credit Union for space located on Export Street in Lexington. Rather than terminate the lease previously occupied by the College of Pharmacy, UK has opted to relocate several Provost Office area divisions into the space. UK has requested renovations to the building, including additional space to accommodate offices, records storage, painting, and carpet replacement. The cost of the lease will increase by \$15,721 and will be amortized over the remaining lease term (December 31, 2012). No Committee action is required.

Next Representative Westrom called Larry Owsley, Vice President for Business Affairs, University of Louisville (UL) to report two lease related items. Mr. Owsley said the first item was a lease modification to PR-7058, a lease between UL and MedCenter One, LLC for space located on East Broadway in Louisville. UL has requested an additional 1,689 square feet of space to the original 35,086 square feet to be used for additional health science center offices. The cost of the lease will increase by \$29,723 and will be amortized over the remaining lease term (through July 31, 2011). No Committee action is required.

Mr. Owsley said the second item was a new lease (SR-100901) exceeding \$100,000 between UL and Watterson Medical Center, LLC for space located on Newburg Road in Louisville. The new space will be utilized for additional medical offices needed for UL Family Medicine. The university will add 5,544 square feet of office space (\$20 per square foot) with an annual cost of \$111,157 through December 31, 2018. Action is required on leases with an annual cost in excess of \$100,000.

Representative Rudy made a motion to approve the new lease for UL. The motion was seconded by Senator Tori and passed unanimously by roll call vote.

Next Representative Westrom called James Street, Associate Vice President for Capital Planning/Facilities Management, Eastern Kentucky University (EKU), to the table. Mr. Street asked for the Committee's approval for a scope increase for the New Science Building project from restricted funds in the amount of \$5,558,300. The restricted funds are derived from interest income, contingency, and excess academic receipts. The scope increase is needed to fund unforeseen expenses related to site development and higher than ex-

pected costs for the building chillers and air handlers. The revised scope of the project will be \$64,666,300.

Representative Rudy made a motion to approve the scope increase for EKV. The motion was seconded by Senator Tori and approved unanimously by roll call vote.

Representative Westrom asked Charles Bush, Director, Division of Real Properties, Finance and Administration Cabinet, to report two items related to leases. Mr. Bush said the first item was a report of changes in square footage for eight state leases for the period July through September 2009. The lease modifications were less than \$50,000 and did not require Committee action.

Senator Buford asked if both PR-4123 and PR-2829 were property of the Montgomery County Fiscal Court. Mr. Bush responded affirmatively.

In response to another question from Senator Buford, Mr. Bush said that in regards to the leased space related to PR-2829 renovations were made to the building and the leased spaced related to PR-4123 was in a newer building.

Mr. Bush said the second item was a lease renewal (PR-2591) between Louisville Jefferson Metro Government and the Office of Attorney General, Unified Prosecutorial System in Jefferson County for space located on West Liberty Road in Louisville. No square footage increase is necessary and the annual cost of the lease is \$313,838 (no rent increase). The lease term is through June 30, 2012. Action is required on leases with an annual cost in excess of \$100,000.

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

Next Representative Westrom called on Sandy Williams, Financial Analyst, KIA to present several loans. Ms. Williams said that the first loan request was a Fund A loan increase for Sanitation District No. 1 in Boone, Kenton, and Campbell Counties. The District is requesting an increase in the amount of \$787,220 to the \$740,000 Fund A loan approved by the Committee at the June 2009 meeting. The increase results from an additional wetland site that was identified and will allow for the construction of two 3-acre wetland cells. The new loan amount is \$1,527,220 with a 20-year term and an interest rate of two percent. Funds for this loan increase were provided by decreases to two other American Recovery and Reinvestment Act loans for the District because of favorable bids. This project represents \$1,527,220 of Kentucky's Green Reserve requirement. Funding for this loan comes

from the American Recovery and Reinvestment Act.

The second loan request was a Fund A loan increase for the City of Pineville in Bell County. The City is requesting an increase in the amount of \$490,000 to the \$1,703,000 Fund A loan approved by the Committee at the July 2009 meeting. The loan increase is needed because of increased costs related to the sewer line being placed lower than anticipated. The new loan amount is \$2,193,000 with a 20-year term and an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The third loan request was a Fund A loan increase for the City of Calvert City in Marshall County. The City is requesting an increase in the amount of \$250,000 to the \$796,065 Fund A loan approved by the Committee at the October 2009 meeting. The new loan amount is \$1,046,065 with a 20-year term and an interest rate of three percent. Funding for this loan comes from the American Recovery and Reinvestment Act made available by a decrease of the same amount to the Fund A loan for Calvert City's Riverport project.

The fourth loan request was \$6 million Fund A loan for the City of Ashland in Boyd County for various capacity upgrades to two pump stations. The loan term is 20-years with an interest rate of two percent.

Senator Tori asked how many people would be served by the project upgrade for the City of Ashland. Ms. Williams said that she wasn't sure on the exact amount of people the upgrade would serve, but that the upgrades would serve people on Sixth Street and Roberts Drive.

In response to a question by Senator Buford regarding the project for Sanitation District No. 1, Ms. Williams said that the project will divert flows from a stream into a wetland and the wetland will help with the combined sewer overflow problem.

Representative Westrom asked if the Sanitation District No. 1 was required to work with the Army Corps of Engineers for this type of project. Ms. Williams responded that she was not sure, but that the District had to work with the Environmental Protection Agency.

Senator Leeper made a motion to approve the three Fund A loan increases and the new Fund A loan request. The motion was seconded by Senator Tori and passed unanimously by roll call vote.

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

Next Representative Westrom called on Katie Smith, Deputy Commissioner, Department of Financial Incentives, Economic Development Cabinet, to discuss a new Economic Development Bond (EDB) Pool grant. Smith asked the Committee for its approval of an EDB grant in the amount of \$250,000 for the Pike County Fiscal Court for the benefit of EQT Corporation. The grant proceeds will offset the cost of construction, lease, and equipping of a 35,000 square-foot facility and a 10,000 square foot ancillary warehouse facility. Pursuant to the EDB grant agreement, EQT will be required to maintain the existing 147 full-time jobs and create 100 new, full-time jobs within three years. Additionally, EQT will be required to pay the 100 new jobs an average hourly wage of not less than \$26.78, excluding benefits.

In response to a question from Representative Westrom, Ms. Smith said that EQT is a natural gas company.

Representative Rudy made a motion to approve the EDB grant for EQT Corporation. The motion was seconded by Senator Carroll and passed unanimously by roll call vote.

Representative Westrom called Brett Antle, Deputy Director, Office of Financial Management, to the table to report several items. Mr. Antle said the first item was a new bond issue for the Kentucky Asset/Liability Commission Project Notes, 2010 Federal Highway Trust Fund First Series (GARVEEs) in a principal amount not to exceed \$100 million. This bond issue provides permanent financing for \$100 million of the \$231 million authorized by the 2008 General Assembly in HB 406 for the Louisville Southern-Indiana Ohio River Bridges project. The bond issue may include both tax-exempt and taxable Build American Bonds components.

Senator Carroll asked what percentage of Federal Highway Trust funds received are committed to repay GARVEE bonds. Mr. Antle said he was not sure and would provide the information to Committee staff.

Senator Buford made a motion to approve the new bond issue. The motion was seconded by Representative Rudy and approved unanimously by roll call vote.

Next Rick McQuady, Chief Executive Officer, Kentucky Housing Corporation (KHC), and John Herald, Chief Financial Officer, KHC, came to the table to provide a follow-up report for the KHC Revenue Bonds Series 2009 C (Taxable Escrow Bonds). Mr. McQuady said as part of the New Issue Bond Program offered by the federal government, KHC issued \$180 million 30-year bonds at a 3.81 percent rate. The bonds are being securitized by Fannie Mae and Freddie

Mac and will be privately placed with the US Treasury. The Committee approved this issue at the October 2009 meeting and allowed KHC to take the necessary steps to participate in the program. No Committee action was needed.

Senator Tori asked if KHC had exhausted their bonding authority for fiscal year 2010. Mr. McQuady responded that KHC had not and if needed multi-family conduit bonds could be issued this year.

Next Mr. Antle provided three follow-up reports for Kentucky Economic Development Finance Authority (KEDFA). The first report was for KEDFA Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2009 A (Saint Elizabeth Hospital Facilities Revenue Refunding Bonds, Series 2009 B (Saint Elizabeth Medical Center, Inc.). Proceeds from this bond issue will finance the acquisition, construction, installation, and equipping of healthcare facilities, including a new ambulatory care facility in Covington, Kentucky; and Refund Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2003 A, 2003 B, and 2003 C (Saint Elizabeth Medical Center, Inc. project) - \$109.1 million outstanding principal, which were issued as auction rate securities. The Committee approved this issue at the October 2009 meeting.

The second report was for KEDFA Healthcare Facilities Revenue Bonds, Series 2009 (Masonic Homes of Kentucky, Inc. Project). Proceeds from this bond issue will construct and equip a new 186,000 square foot healthcare facility to provide 136 skilled care nursing beds and inpatient and outpatient rehabilitation, dialysis, and dementia services, and palliative care. The new facility will be located in Louisville; and refinance a \$2 million line of credit established to pay for improvements to long-term care facilities located in Shelby County. The bond issue was approved by the Committee in July 2009 and was resubmitted and approved in November 2009 as a bank-eligible purchase transaction.

The third report was for KEDFA Healthcare Facilities Revenue and Refunding bonds, Series 2009 (Kentucky Easter Seal Society, Inc. Project). A portion of the proceeds from this bond issue will be used to (1) provide new money for an addition to the Cardinal Hill Rehabilitation Hospital in Lexington and (2) refund outstanding variable rate debt that has been affected by events in the financial markets. No Committee action is required on follow-up reports for previously approved bond issues.

Senator Carroll asked if the amount of conduit bonds is excluded from bonds issued by the state in

the ranking of bonds supported by General Fund receipts. Mr. Antle responded affirmatively.

Next Mr. Antle reported 11 new bond issues with the School Facilities Construction Commission (SFCC) debt participation for Boyle County, Clark County, Cloverport Independent in Breckinridge County, Gallatin County, Henry County, Hopkins County, Lincoln County, McCracken County, Perry County, Somerset Independent in Pulaski County, and Whitley County.

Senator Carroll made a motion to approve the 11 SFCC bond issues. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

Representative Westrom asked Mr. Mullis to report the new local school bond issues. Mr. Mullis said there were seven new school district bond issues with 100 percent local debt support for Boone County, Calloway County, Daviess County, Fayette County, Madison County, Paducah Independent, and Warren County. All disclosure information has been filed. No Committee action was needed.

With there being no further business, Representative Rudy made a motion to adjourn the meeting. The motion was seconded by Representative Damron and the meeting adjourned at 3:15 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

February 16, 2010

The Capital Projects and Bond Oversight Committee met Tuesday, February 16, 2010, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order.

Present were:

Members: Senator Bob Leeper, Co-Chair; Senators Tom Buford and Julian M. Carroll; Representatives Steven Rudy and Jim Wayne.

Guests: Charles Bush, Division of Real Properties; John Hicks, Governor's Office for Policy and Management; John Osborne, Western Kentucky University; Sandy Williams and John Covington, Kentucky Infrastructure Authority; Katie Smith, Economic Development Cabinet; Tom Howard, Office of Financial Management; Jim Ackinson and Edward Cunningham, Kentucky Higher Education Student Loan Corporation; Jerry Frantz, Kentucky State Fair Board; and John Egan, Frost, Brown and Todd.

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

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

Mr. Mullis said members' folders contained several correspondence items: correspondence from Brett Antle, Deputy Director, Office of Financial Management, regarding percentage of Federal Highway Trust Fund monies committed to GARVEE bonds; Auditor of Public Accounts Lease Law Compliance Report for Fiscal Year 2008-2009; a report of plan by the University of Kentucky to use the Construction Management-at-Risk project delivery method; a report of plan by the University of Louisville (UL) Athletics Association to use the Design-Build project delivery method; and a report from the Department of Commercialization and Innovation of a grant over \$600,000 from the High Tech Investment Pool and High Tech Construction Pool Grants.

Mr. Mullis noted that members' folders also contained several information items: Kentucky Higher Education Student Loan Corporation (KHESLC) 2004 Trust Restructuring memo from Kristi Culpepper, Committee Analyst; Kentucky Infrastructure Authority (KIA) Leveraged Bond Program memo from Ms. Culpepper; Western Kentucky University (WKU) Energy Savings Performance Contract; proposed legislation related to the jurisdiction of the Committee; and the staff and bond market updates.

Senator Carroll asked Mr. Mullis to review the proposed legislation related to the jurisdiction of the Committee. Mr. Mullis said that the only piece of legislation related to the Committee that has been signed by the Governor is House Bill 302, which authorizes \$4 million in agency bonds for the Department of Military Affairs to construct a hangar at Bluegrass Station.

Mr. Mullis reported that UL has used available federal funds totaling \$455,000 to acquire one item of scientific equipment. Purchases of unbudgeted equipment must be reported to the Committee, but no action is required.

Senator Leeper called on Charles Bush, Director, Division of Real Properties, Finance and Administration Cabinet, to report several items related to leases. Mr. Bush said the first item was a lease modification report for the Personnel Cabinet (Cabinet) in Franklin County (PR-4830). The Cabinet has requested improvements be made to the facility housing the Deferred Compensation Authority. The improvements will consist of an additional door and side panels to provide an airlock to the employee

entrance. The cost of improvement is \$2,045 and will be amortized over the remaining lease term (through June 30, 2014). No Committee action is required.

Mr. Bush reported one emergency lease. He said that the Finance and Administration Cabinet has declared an emergency under KRS 56.805 to allow for procurement of temporary storm debris storage sites for the Transportation Cabinet. He indicated that of the 89 storm debris sites, 63 sites have been closed out and 26 are still active sites. No action is required for emergency leases.

In response to a question from Senator Carroll, Mr. Bush said that the 26 properties have not been properly reclaimed.

Senator Leeper indicated that the Committee still did not have a quorum and asked the secretary to call the role.

Senator Leeper asked Mr. Bush to report several lease renewals. Mr. Bush said the first lease renewal was for the Department of Libraries and Archives (PR-3388) in Frankfort, Kentucky for space located at the Buffalo Trace Distillery. No square footage increase is necessary and the annual cost of the lease is \$192,948 (no rent increase). The lease term is through June 30, 2011.

The second lease renewal was for the Cabinet for Health and Family Services (PR-4000) in Prestonsburg, Kentucky for space located on North Arnold Avenue. No square footage increase is necessary and the annual cost of the lease is \$114,499 (no rent increase). The lease term is through June 30, 2018.

The third lease renewal was for the Cabinet for Health and Family Services (PR-4613) in Florence, Kentucky for space located on US 42. No square footage increase is necessary and the annual cost of the lease is \$233,156 (no rent increase). The lease term is through June 30, 2013.

The fourth lease renewal was for the Department of Corrections (PR-3086) in Lexington, Kentucky for space located on West Main Street. No square footage increase is necessary and the annual cost of the lease is \$116,908 (no rent increase). The lease term is through June 30, 2011.

The fifth lease renewal was for the Department of Housing, Buildings, and Construction (PR-4464) in Frankfort, Kentucky for space located on Sea Hero Road. No square footage increase is necessary and the annual cost of the lease is \$361,931 (no rent increase). The lease term is through June 30, 2013.

The sixth lease renewal was for the Cabinet for Health and Family Services in Louisa, Kentucky for space located on Bulldog Lane. No square footage increase is necessary and the

annual cost of the lease is \$123,671 (no rent increase). The lease term is through June 30, 2018.

In response to a question from Senator Carroll, Mr. Bush said that none of the lease renewals had an increase cost in rent.

Senator Leeper asked John Osborne, Vice President, Campus Services and Facilities, Western Kentucky University (WKU), to come to the table. Mr. Osborne reported a scope increase for the Construct Chapel and Columbarium project. The scope increase is \$255,000 for a revised scope of \$1,955,000. Funding for the increase comes from private funds. The additional funds are needed due to receiving bid that were greater than the original estimate.

Action is required, however due to a lack of quorum, no action was taken.

In response to a question from Representative Wayne, Mr. Osborne said the WKU Chapel would be non-denominational.

Senator Leeper asked John Hicks, Deputy Director, Governor's Office for Policy and Management, Finance and Administration Cabinet, to report several projects. Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of a new Emergency, Repair, Maintenance, or Replacement project for the Tourism, Arts and Heritage Cabinet, Kentucky State Fair Board (Fair Board) Horse Barn Replacement and Arena Repair in the amount of \$2,000,000. The project was necessitated by a fire which destroyed four horse barns and nearby support structures, and damaged a covered arena. Funding for this project is provided from a portion of the insurance proceeds.

Representative Wayne asked why the insurance proceeds did not cover the full value of the horse barns and structures. Mr. Hicks said that the Fair Board did not have full replacement coverage on the structures. As a result of this project, the Fair Board will subsequently insure the new horse barns at full replacement value.

In response to another question from Representative Wayne, Mr. Hicks said as a result of this project, the state is moving in the direction to have full replacement value insurance on other state structures.

Representative Rudy asked what caused the fire at the Fairgrounds. Mr. Hicks said that Jerry Frantz, Kentucky State Fair Board, could answer the question. Mr. Frantz responded that an investigation determined the fires were caused by arson.

Action is required, however due to a lack of quorum no action was taken.

Next Mr. Hicks said the Finance and Administration Cabinet is report-

ing its approval of a scope increase for Eastern Kentucky University to Renovate Residence Hall (Walters Hall). The scope increase is \$500,000 for a revised scope of \$10,500,000. Funding for this increase comes from restricted funds. The funds will be used to offset increased costs associated with unanticipated remedial action related to brick veneer on the building being attached, removal of interior partitions, and plumbing problems.

Action is required, however due to a lack of quorum no action was taken.

Mr. Hicks then reported that the Finance and Administration Cabinet approved an unbudgeted project for the Department of Military Affairs to Construct a New Armory Readiness Center in Owensboro. The project cost is \$14 million and will be funded from a grant (\$10,500,000) from the Department of Defense Army Military Construction program and \$3,500,000 from restricted agency funds. The project will replace a 50-year-old facility that does not meet the requirements of the units which currently use it. The existing armory will be purchased by the City of Owensboro for \$1 million. The new facility will be located on state leased property at the Owensboro-Daviess County Regional Airport and will consist of 58,318 square feet that includes an assembly hall, classrooms, kitchen, break area, and other related facilities.

Action is required, however due to a lack of quorum, no action was taken.

Next Senator Leeper called on Sandy Williams, Financial Analyst, KIA, to present several loans. Ms. Williams said the first loan request was a Fund A loan increase for the City of Prestonsburg in Floyd County. The City is requesting an increase in the amount of \$41,900 to the \$230,100 Fund A loan approved by the Committee at the October 2009 meeting. The increase was necessitated during the design phase when it was discovered that the potential for sewer overflows was reduced but not eliminated. The new loan amount is \$272,000 with a 20-year loan term and an interest rate of one percent.

The second loan request was a Fund A loan increase for the City of Prestonsburg in Floyd County. The City is requesting an increase in the amount of \$420,700 to the \$365,300 Fund A loan approved by the Committee at the October 2009 meeting. The increase was necessitated during the surveying process when it was discovered that combined sewer overflow (CSO) problems were more severe than originally anticipated. The design area was extended to address the CSO of a large area of the City

which feeds into the Westminster Street Sewer. The new loan amount is \$786,000 with a 20-year term and an interest rate of one percent.

The third loan request was a \$1,860,405 Fund A loan for the City of Prestonsburg in Floyd County to complement the \$2,670,000 Fund A American Recovery and Reinvestment Act loan to modify the existing Wastewater Treatment Plant. The project also involves two additional treatment units and the conversion of an existing unit. The loan term is 20-years with an interest rate of one percent.

The fourth loan request was a Fund A loan increase for the City of Prestonsburg in Floyd County. The City is requesting an increase in the amount of \$1,772,429 to the \$897,571 Fund A loan approved by the Committee at the October 2009 meeting. The increase will replace the Fund B loan approved by the Committee in October 2009 for the same amount. Funding for this increase was made available by other American Recovery and Reinvestment Acts projects having lower than expected bids. The new loan amount is \$2,670,000 with a 20-year term and an interest rate of one percent. The project represents \$803,000 of Kentucky's Green Reserve requirement. Funding for this loan comes from the American Recovery and Reinvestment Act.

Senator Leeper asked why KIA did not know about the two additional treatment units in October 2009. Ms. Williams indicated that this project was initially awarded a Fund B loan and that the City applied for a Fund A loan through the American Recovery and Reinvestment Act and when additional stimulus money became available KIA replaced the Fund B loan with the American Recovery and Reinvestment Act funds. Additionally, the increase was necessitated due to several changes required during the design process after the KIA application had been submitted.

The fifth loan request was a Fund A loan increase for the City of Princeton in Caldwell County. The City is requesting an increase in the amount of \$174,256 to the \$975,000 Fund A loan approved by the Committee at the December 2009 meeting. The loan increase was needed to allow for additional rehabilitation as a result of the inspection required with American Recovery and Reinvestment Act funding. The new loan amount is \$1,149,256 with a 20-year term and an interest rate of one percent.

The sixth loan request was a Fund A loan increase for the City of Princeton in Caldwell County. The City is requesting an increase

in the amount of \$103,744 to the \$1,000,000 Fund A loan approved by the Committee at the August 2009 meeting. The loan increase was needed to allow for additional rehabilitation as a result of the inspection required with American Recovery and Reinvestment Act funding. The new loan amount is \$1,103,744 with a 20-year term and an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The seventh loan request was a Fund A loan increase for the City of Warsaw in Gallatin County. The City is requesting a \$60,156 increase to the \$2,000,000 Fund A loan approved by the Committee at the December 2009 meeting. The loan increase resulted from bids higher than the estimated project costs. The new loan amount is \$2,060,156 with a 20-year term and an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The eighth loan request was an amended loan request for the Mountain Water District in Pike County. The Committee approved a \$750,000 Fund A loan for the District in December 2009. It was noted that the District's Repair and Maintenance Fund was underfunded by \$560,948 because the District had not made the scheduled deposits to the reserve funds. KIA is bringing the loan request back to the Committee with amended loan conditions, whereby the District would make monthly payments of \$11,340 to the reserve account until January 2016.

Representative Rudy asked how many of KIA's outstanding loans currently have insufficient funds in their replacement reserves. Ms. Williams responded that to her knowledge the District was the only one.

Representative Wayne asked if KIA was aware that the State Auditor's Office has initiated an audit of Mountain Water District at the request of Pike County Fiscal Court. Ms. Williams indicated that she was not aware of the audit.

Senator Carroll asked if KIA had copies of the outside audit information. Ms. Williams responded affirmatively.

In response to another question from Senator Carroll, Ms. Williams said the District used the reserve funds to offset increase costs due to growth in the area.

Senator Carroll asked if the District used the reserve funds to make a payment on a previous KIA loan. Ms. Williams said KIA received a letter from the District indicating that the District had been in full compliance with reserve requirements up until 2005. However, because of aggressive expansion, the District ex-

perienced challenges to operations and cash flows, which resulted in an underfunded reserve account. Additionally, Ms. Williams indicated that if the District would have notified KIA of the situation and have asked to use the reserve funds, KIA would have allowed them to.

Senator Carroll asked if it was KIA's policy to allow borrower's to use reserve funds to pay on other KIA loans. Ms. Williams responded affirmatively.

In response to another question from Senator Carroll, Ms. Williams indicated that KIA works with each borrower to allow them to repay the reserve account without having to increase customer rates.

Senator Carroll asked Ms. Williams if KIA could resubmit to the Committee the District's amended loan condition request in March 2010. Ms. Williams responded affirmatively.

Representative Wayne commented that he was concerned about proceeding with this project and asked Ms. Williams if there was a rush on the project or if it could wait until further information was gathered concerning the status of the state audit. Ms. Williams responded that it could wait until next month.

The ninth loan request was a \$36,600,000 Fund A loan for the Winchester Municipal Utilities through the City of Winchester in Clark County for construction of the Lower Howards Creek Wastewater System Improvements project. The loan term is 20-years with an interest rate of two percent.

Senator Leeper asked if the City had passed an ordinance for the rate increases. Ms. Williams responded affirmatively.

Action is required, however due to a lack of quorum no action was taken.

The tenth loan request was a \$500,000 Fund B loan for the Bullitt County Sanitation District to acquire and repair a privately-owned wastewater treatment plant and collection system in Pioneer Village. The loan term is 20-years with an interest rate of three percent.

The eleventh loan request was a \$1,000,000 Fund B loan for the Hart County Industrial Authority to expand an existing wastewater pretreatment facility at Progress Park in Horse Cave, Kentucky. The expansion of the plant is necessary to accommodate the T. Marzetti Company. The loan term is 20-years with an interest rate of one percent.

Senator Leeper asked if the company's expansion would create any new jobs for Kentucky residents. Ms. Williams said the company would create about 40 new jobs.

Action is required, however due to a lack of quorum, no action was taken.

The twelfth loan request was a Fund F loan increase for the Louisville Water Company in Jefferson County. The Company is requesting an increase in the amount of \$173,200 to the \$4,000,000 Fund F loan approved by the Committee in September 2009. This project involves construction of 5.4 miles of steel transmission pipeline along I-64, a 20 million-gallons-per-day booster pump station, and one storage tank. The increase will be paid for with American Recovery and Reinvestment Act funds made available from other projects receiving favorable bids. The new loan amount is \$4,173,200 with a 20-year term and an interest rate of two percent.

Senator Carroll asked if the waterline will go to the Shelby County line and hook into the Shelby County Water District. Ms. Williams said she wasn't sure and would provide the information to Committee staff.

Representative Wayne said information provided to the Committee by KIA indicated that the waterline would hook into the Shelby County Water District and eventually end up in Frankfort.

Senator Carroll asked when the waterline will end up in Frankfort. Ms. Williams indicated she would have to provide the information to Committee staff.

Action is required, however due to a lack of quorum, no action was taken.

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

Senator Leeper called on Katie Smith, Deputy Commissioner, Department of Financial Incentives, Economic Development Cabinet, to discuss a few items. Ms. Smith asked the Committee for its approval of an Economic Development Bond (EDB) Pool grant in the amount of \$250,000 for the Boone County Fiscal Court for the benefit of Coating Excellence International, LLC (CEI). The grant proceeds will offset the cost of the lease, improvements, and equipping of a 120,000 square foot building for a production and warehouse facility. Pursuant to the EDB grant, CEI will be required to create 71 new, full-time jobs within three years. Additionally, CEI will be required to pay the 71 new jobs an average hourly wage of not less than \$17.53, excluding benefits.

Action is required, however due to a lack of quorum, no action was taken.

Next Ms. Smith reported an

amendment to a previously approved EDB grant. The Committee approved a \$450,000 EDB grant in June 2005 for Land O' Frost, Inc. in Hopkins County to offset the cost of development, construction, and equipping of a 175,000 square foot USDA prepackaged lunchmeat production facility. The company was required to create a minimum of 300 new, full-time jobs within three year of completion and occupancy. However, due to a significant downward change in the economy, Land O' Frost, Inc. has not been able to meet the job requirements. The company has requested an extension of the grant agreement from November 5, 2009 to January 1, 2013. The Kentucky Economic Development Finance Authority (KEDFA) approved the amendment to the grant agreement extending the first compliance measurement by one year. No action is required on EDB amendments.

Next Senator Leeper called Tom Howard, Executive Director, Office of Financial Management, to the table to report several items. Mr. Howard said the first item was a new bond issue for KIA Wastewater and Drinking Water Revolving Fund Revenue Bonds, Series 2010. Mr. Howard asked John Covington, Executive Director, KIA, to the table to discuss the new bond issue. These bond issues will leverage the loan repayments KIA receives under its Fund A and Fund F loan programs. [Authorized in the 2008-10 Budget.] Proceeds from the bond issue will be used to make loans to government agencies to finance wastewater and drinking water infrastructure projects. Mr. Howard indicated that an AA rating is anticipated.

Mr. Covington said KIA received legislative approval for \$112 million for Fund A projects in 2009 and \$131 million in 2010, and \$23 million for Fund F projects in 2009 and \$30 million in 2010. He indicated that over half of the funds have been committed and will be deemed spent when the bonds are issued. KIA will proceed with the balance of the funds before the end of the current fiscal year.

Senator Leeper asked what KIA's capacity is to do additional leveraged bond issues in the future. Mr. Howard said it will depend on the rating target. He indicated if the bonds receive an AA rating, there may be additional capacity. Mr. Covington said when KIA looked at this bond issue, there was significant additional capacity above the targeted AA rate, since that time KIA did the initial capacity analysis and determined factors have moved in KIA's favor. The estimated interest rate on the bonds has decreased and KIA also received an additional infusion of cash into the

programs from the federal stimulus legislation, which generated another pool of capital that KIA could use to make loans that can be pledged.

Action is required, however due to a lack of quorum no action was taken.

Mr. Howard said the next two bond issues were for the Kentucky Higher Education Student Loan Corporation (KHESLC) and called Jim Ackinson, Chief Financial Officer, KHESLC, and Edward Cunningham, CEO, KHESLC, to the table to discuss the bond issues. Mr. Ackinson said the first bond issue was KHESLC Straight A Conduit (2004 Trust Restructuring). This transaction and the companion KHESLC LIBOR Floating Rate Notes transaction will refinance the failed auction rate securities issued under KHESLC's 2004 General Bond Resolution. Mr. Ackinson said the standard for issuing debt in the student loan industry was auction rate securities (ARS), which began to fail in the marketplace in February 2008. The market was no longer interested in a collateralized loan product at that time and the investors that held the bonds could no longer liquidate their positions. Subsequently, the interest rates on those bonds were dictated by the terms of the bond document. Mr. Ackinson indicated that the memo prepared by Ms. Culpepper gives a thorough analysis of KHESLC's status.

Mr. Ackinson said currently KHESLC has approximately \$1.8 billion in failed ARS's outstanding under two separate trust indentures. One of the indentures, dated 2004, is comprised of about \$1 billion in outstanding debt. The solution KHESLC has identified involves a two-stage transaction. First, KHESLC would borrow, to the extent possible, under Straight A Conduit mechanism (2004 Trust Restructuring). This is a commercial paper product that was established under the federal Ensuring Continued Access to Student Loan Act. When liquidity dried up for the industry, those borrowers who still wanted to purchase student loans could not obtain liquidity through conventional sources. The federal government created a program to provide to liquidity. The federal program had two components. The first was the Participation and Put Program, which KHESLC has been very active in, and the second was the conduit program. The conduit program was designed to provide a short-term financing vehicle for student lenders who in the past had used bank lines of credit.

Mr. Ackinson said KHESLC did not consider the conduit program a viable financing alternative because it requires an equity contribution that KHESLC could not afford until

this transaction came about. What KHESLC plans to do is transfer as many of the existing assets to a new trust within the asset-backed commercial paper program, receive the proceeds, and buy back bonds held by the original broker-dealer of the bonds. Over the past few years, broker-dealers agreed to buy back the debt from the original investors. KHESLC has a unique case, in which the broker-dealer holds 93 percent of those bonds. KHESLC will be allowed to buy back the bonds at a discount and retire the bonds. He said KHESLC cannot use only the conduit program, because not all of KHESLC's loans are eligible collateral for the conduit. Therefore, KHESLC is planning a second financing.

In response to a question from Senator Carroll, Mr. Ackinson said the investment bankers were the ones that suggested these transactions.

Representative Wayne asked how stable the transactions are and what the future holds for student lending. Mr. Ackinson this is a refinancing transaction, so it only applies to KHESLC's existing portfolio of student loans. He said there is a solid market for the conduit financing. The problems in the market have been created by two major risks: 1) credit risk, and 2) liquidity risk. In the case of the conduit program, the federal government is backing it and prepared to buy the paper if investors do not. With the second piece, the LIBOR Floating Rate Notes, KHESLC in effect is replacing a product that required new investment every 30 to 35 days through an auction process, rather than a long-term investor. Mr. Cunningham said the interest rates are compressed at this time and a failed ARS is a cash-flow investment for KHESLC. He said when interest rates start moving back up, the interest rate formula works to KHESLC's disadvantage. KHESLC believes it is in front of the market at this time and not refinancing could create a serious problem.

Senator Carroll asked why student loans fell short in 2008-2009 and what happened to remedy the crisis. Mr. Ackinson said when KHESLC signed-up for the participation program, the federal government did not set up an ideal situation and would not advance the funds. The Commonwealth provided the money for the student loans through a \$50 million bond.

Action is required, however due to a lack of quorum no action was taken.

Next, Mr. Howard said the last bond issue was for KEDFA Medical Center Revenue Bonds, Series 2010 (Ashland Hospital Corporation d/b/a King's Daughters Medical Center

Project). Proceeds from this bond issue will be used to make various improvements to the medical center in Ashland, Kentucky including adding two floors to the Heart and Vascular Center, renovating and expanding an operating room, inpatient, and outpatient facilities.

In response to a question from Senator Carroll, Mr. John Eagan, Frost, Brown Todd LLC., said that King's Daughters is a non-profit organization and has been located in Ashland, Kentucky for many years.

Action is required, however due to a lack of quorum, no action was taken.

Mr. Howard then reported a follow-up report for State Property and Buildings Commission (SPBC) Road Fund Revenue Bonds, Project no. 73. Proceeds from this bond issue refunded outstanding bonds from SPBC Project No. 73. The refunding resulted in a net present value savings of \$473,250, or 3.788% of the refunded bonds.

Senator Leeper asked Mr. Mullis to report one new local school bond issue. Mr. Mullis said the new school bond issue with 100 percent local debt support for Franklin Independent School District Finance Corporation. All disclosure information has been filed. No Committee action was needed.

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

With there being no further business, the meeting adjourned at 3:30 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

March 22, 2010

The Capital Projects and Bond Oversight Committee met on Monday, March 22, 2010, at 3:00 PM, in Room 171 of the Capitol Annex. Representative Susan Westrom, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: John Hicks, Governor's Office of Policy and Management; Bob Wiseman, University of Kentucky; Charles Bush, Division of Real Properties; Sandy Williams, Kentucky Infrastructure Authority; and Brett Antle, Office of Financial Management.

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

Jesse Fries.

Senator Buford made a motion to approve the minutes of the January 19, 2010 meeting. The motion was seconded by Representative Rudy and approved by voice vote.

Senator Buford made a motion to approve the minutes of the February 16, 2010 meeting. The motion was seconded by Senator Tori and approved by voice vote.

Representative Westrom called on Don Mullis, Committee Staff Administrator to discuss correspondence and information items. Mr. Mullis said members' folders contained several items of correspondence: a letter to Secretary Miller, Finance and Administration Cabinet, and President Gary Ransdell, Western Kentucky University, regarding lack of quorum at the February 16, 2010 Committee meeting; correspondence from Secretary Miller, Finance and Administration Cabinet, regarding approval of projects from the February 16, 2010 Committee meeting, and correspondence from Dr. Gary A. Ransdell, President, Western Kentucky University, regarding approval of a project from the February 16, 2010 Committee meeting; correspondence from the Kentucky Infrastructure Authority (KIA) regarding Mountain Water District and the Louisville Water Company; and a report of the plan by the University of Kentucky to use the Construction Management-at-Risk project delivery method for CAER Laboratory Building #2.

Next Mr. Mullis noted that member's folders also contained several information items: an Energy Savings Performance Contract for the Education Cabinet's Carl D. Perkins Training Center; Murray State University notice of reduction in scope for the Construct Electrical Generation Plant project; proposed legislation related to the jurisdiction of the Capital Projects and Bond Oversight Committee; and the staff and bond market updates.

Representative Westrom called on John Hicks, Deputy Director, Governor's Office for Policy and Management, Finance and Administration Cabinet, to report two projects. Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of an unbudgeted project for the Tourism, Arts, and Heritage Cabinet, Department of Fish and Wildlife for a land acquisition in Marion County. The project cost is \$1,825,000 and will be funded from federal funds in the amount of \$1,022,000 and \$803,000 from the Kentucky Heritage Land Conservation Fund. The project consists of the purchase of a 1,200 acre tract in partnership with the Division of Forestry and the Marion County Fiscal Court.

The land will be used for hunting, fishing, and outdoor recreation.

Representative Rudy made a motion to approve the unbudgeted project. The motion was seconded by Senator Leeper and approved unanimously by roll call vote.

Next Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of an unbudgeted project for the Department of Military Affairs for the construction of roadway repairs at the Harold L. Disney Training Center. The project cost is \$750,000 in federal funds. The funds will be used to repair a portion of an existing roadway to prevent it from collapsing into the Cumberland River and to correct a danger to vehicular traffic.

In response to a question from Senator Leeper, Mr. Hicks said the Harold L. Disney Training Center was located in Barbourville in Knox County.

Representative Rudy made a motion to approve the unbudgeted project. The motion was seconded by Senator Tori and approved unanimously by roll call vote.

Representative Westrom called on Bob Wiseman, Vice President for Facilities Management, University of Kentucky (UK), to report two projects. Mr. Wiseman asked for the Committee's approval of an unbudgeted project to renovate the 4th floor of the Sanders-Brown Center on Aging. The project scope is \$6,432,134 funded by a National Institutes of Health grant derived from the American Recovery and Reinvestment Act. The renovations will include retrofitting outdated, non-compliant research support space and the associated mechanical equipment to meet current regulatory requirements. Mr. Wiseman said the project was approved by the UK Board of Trustees and the Council on Postsecondary Education is considering the project at its April meeting. However, in order to comply with the timing requirements of the stimulus funding, action by the Committee was needed at this meeting.

Senator Carroll made a motion to approve the unbudgeted project for UK. The motion was seconded by Senator Buford and passed unanimously by roll call vote.

Next Mr. Wiseman asked the Committee for its approval of an unbudgeted project to construct the Center for Applied Energy Research Laboratory #2 (CAER). The project scope is \$19,776,913 funded by a National Institute of Standards and Technology grant (\$11,832,685), a state Energy Plan Energy Efficiency and Renewable Energy demonstration grant (\$7,000,000), and restricted funds (\$944,228). The CAER will provide laboratory space dedicated to

battery manufacturing research and development. The project was approved by the UK Board of Trustees at its March meeting and the Council on Postsecondary Education at its February meeting.

In response to a question from Senator Carroll, Mr. Wiseman said UK researchers are still looking for a \$3,500,000 grant from the Energy and Renewable Energy section of the state that is currently being negotiated.

Senator Carroll asked what UK would do if they did not receive the \$3,500,000 grant. Mr. Wiseman said that UK would have to scale down the size of the project, but was requesting authorization for the full scope.

Senator Carroll made a motion to approve the unbudgeted project for UK. The motion was seconded by Senator Leeper and passed unanimously by roll call vote.

Next Mr. Mullis reported that UL has used available federal funds totaling \$350,315 to acquire one item of scientific equipment. Purchases of unbudgeted equipment must be reported to the Committee, but no action is required.

Representative Westrom called on Charles Bush, Director, Division of Real Properties, Finance and Administration Cabinet, to report two items related to leases. Mr. Bush said the first item was a report of changes in square footage for eight state leases for the period October through December 2009. The lease modifications were less than \$50,000 and did not require Committee action.

Mr. Bush said the second item was a lease renewal (PR-4095) between the Cabot Turfway Ridge Lease Company, LLC and the Department of Revenue in Florence, Kentucky for space located on Turfway Drive. No square footage increase is necessary and the annual cost of the lease is \$115,892 (no rent increase). The lease term is through June 30, 2011. No Committee action was needed.

Next Representative Westrom called on Sandy Williams, Financial Analyst, KIA to present one loan. Ms. Williams said the loan request was an amended loan for the Mountain Water District in Pike County. The District's Repair and Maintenance Fund was underfunded by \$560,948 because the District had not made the scheduled deposits to the reserve funds. KIA is bringing the loan request back to the Committee at the request of Committee members at the February, 2010 meeting after concerns over an ongoing audit by the State Auditor's Office (Office). The amended loan conditions would require the District to make monthly payments of \$11,340 to the reserve account until January 2016. Ms. Wil-

liams said that she spoke to the Office concerning the status of the audit and they indicated at the request of the Pike County Fiscal Court, an examination is currently being conducted for the Mountain Water District from 2004 to the present. Ms. Williams noted that the Office cannot discuss the specifics of an on-going examination, but that the examination is not a full financial audit and is tailored to address specific issues.

Senator Tori said she was concerned over the media reports of the financial and operational stability of the Mountain Water District. Ms. Williams said she spoke with the Chairwomen of the Mountain Water District and got confirmation that the District is cooperating with the audit and does not seem to have concerns.

Senator Leeper made a motion to approve the amended loan condition for the Mountain Water District. The motion was seconded by Representative Rudy. Four members voted affirmatively, and two members voted "No." The motion did not pass.

Senator Buford commented that perhaps the Finance and Administration Cabinet would allow KIA to proceed with the loan to Mountain Water District. Representative Westrom indicated that a letter would be sent to the Finance Secretary by the Committee indicating lack of approval of the project.

Representative Westrom requested that KIA provide the Committee with a copy of the audit once the examination has been completed. Ms. Williams responded affirmatively.

Next Representative Westrom called on Brett Antle, Deputy Director, Office of Financial Management, to present several items. Mr. Antle said the first item was a new bond issue for the State Property and Buildings Commission (SPBC) Taxable Agency Fund Revenue Bonds, Project No. 97 in a principle amount not to exceed \$6,000,000. Proceeds from this bond issue will provide permanent financing to construct a hangar at Bluegrass Station in Lexington for the Department of Military Affairs. This project was authorized by the 2010 General Assembly in HB 302.

Senator Tori made a motion to approve the new bond issue for SPBC. The motion was seconded by Senator Leeper and approved unanimously by roll call vote.

Mr. Antle said the second new bond issue was for the Kentucky Economic Development Finance Authority (KEDFA) Industrial Building Revenue Notes, Series 2010 (Goodwill Industries of Kentucky, Inc. project). Proceeds from this conduit bond issue will 1) finance the relocation and expansion of Goodwill's

corporate offices, expansion of a district office and donation centers, and establishing new donation centers; and 2) refund an outstanding 2003 adjustable-rate conduit bond issue. The bonds will be secured by a mortgage on all of Goodwill's real property and will be directly purchased by PNC Bank.

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

Mr. Antle said the third new bond issue was for the Turnpike Authority of Kentucky Economic Development Road Revenue and Revenue Refunding Bonds (Revitalization Projects) 2010 Series A (Revenue and Revenue Refunding) and Series B (Federally Taxable – Build America Bonds – Direct Payment to the Authority). Proceeds from this issue will permanently finance \$250 million of the \$400 million Road Fund supporter projects authorized by 2009 HB 536 and \$50 million of Base Realignment and Closure projects authorized in 2008 HB 406 (2008-10 Budget). No Committee action was required.

Next Mr. Antle provided three follow-up reports for KEDFA. The first report was for KEDFA Health care Facilities Revenue Bonds, Series 2010 (Masonic Homes of Kentucky, Inc. project). Projects from this bond issue will be used to: 1) construct and equip a new 186,000 square foot healthcare facility to provide 136 skilled care nursing beds and inpatient and outpatient rehabilitation, dialysis, and dementia services; and palliative care. The new facility will be located in Louisville; and 2) refinance a \$2 million line of credit established to pay for improvements to long-term care facilities located in Shelby County. The bonds were purchased directly by Stock Yard Bank and Trust. The bond issue was approved by the Committee at the November 2009 meeting.

The second follow-up report was for KEDFA Healthcare Facilities Revenue and Refunding Bonds, Series 2010 (Kentucky Easter Seal Society, Inc. project). A portion of the proceeds from this bond issue will be used to 1) provide new money for an addition to the Cardinal Hill Rehabilitation Hospital in Lexington, and 2) refund outstanding variable rate debt that has been affected by events in the financial markets. The remaining proceeds will be used to 1) refund debt outstanding from KEDFA Adjustable Rate Demand Healthcare Facilities Revenue Bonds Series 2000 bond issue, and 2) refinance an outstanding loan from the KEDFA Variable Rate Demand Revenue Bonds 1985 Series A Pooled Loan Program. The bond issue was approved by the

Committee at the May 2008 meeting.

The third follow-up report was for KEDFA Healthcare Facilities Revenue Bonds (Madonna Manor, Inc. Project). Proceeds from this bond issue will finance the acquisition, construction, and equipping of health care facilities in Villa Hills. The bond issue was approved by the Committee at the November 2009 meeting. No Committee action is required on follow-up reports for previously approved bond issues.

Next Mr. Antle reported 11 new bond issues with the School Facilities Construction Commission (SFCC) debt participation for Casey County, Calloway County, Covington Independent in Kenton County, Floyd County, Floyd County, Kenton County, Madison County, Ohio County, Paris Independent in Bourbon County, Scott County, and Simpson County.

Senator Buford made a motion to approve the 11 SFCC bond issues. The motion was seconded by Senator Carroll and passed unanimously by roll call vote.

Representative Westrom asked Mr. Mullis to report the new local school bond issues. Mr. Mullis said there were 15 new school district bond issues with 100 percent local debt support for Barren County, Boone County, Boone County, Boone County, Boone County, Fleming County, Franklin County, Harrison County, Laurel County, Lewis County, Nelson County, Paintsville Independent in Johnson County, Rowan County, Somerset Independent in Pulaski County, and Todd County. All disclosure information has been filed. No Committee action was needed.

With there being no further business, Senator Leeper made a motion to adjourn the meeting. The motion was seconded and the meeting adjourned at 3:30 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

April 20, 2010

The Capital Projects and Bond Oversight Committee met on Tuesday, April 20, 2010, at 1:00 p.m. in room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Senators Tom Buford, Julian M. Carroll, and Elizabeth Tori; Representative Steven Rudy.

Guests: John Hicks, Governor's Office of Policy and Management; Sam Ruth, Facilities and Support Services; Charles Bush, Division of Real Properties; Sandy Williams, Ken-

tucky Infrastructure Authority; and Tom Howard and Brett Antle, Office of Financial Management.

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

Senator Carroll made a motion to approve the minutes of the March 22, 2010 meeting. The motion was seconded by Representative Rudy and approved by voice vote.

Senator Leeper indicated that because some members needed to leave early, action items would be taken first. He called on John Hicks, Deputy Director, Governor's Office for Policy and Management, to come to the table to present one project. Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of an unbudgeted project for the Department for Military Affairs Wendell H. Ford Regional Training Center. The project cost is \$610,000 and is funded by the 2010 Army Operations and Maintenance grant program and is 100 percent federally funded. The project consists of the construction of a 25 meter rifle range that will be used to train Kentucky National Guard troops.

Representative Rudy made a motion to approve the unbudgeted project for the Department for Military Affairs. The motion was seconded by Senator Buford and passed unanimously by roll call vote.

Next Senator Leeper called on Brett Antle, Deputy Director, Office of Financial Management, to report school bond issues. Mr. Antle reported 13 new bond issues with the School Facilities Construction Commission (SFCC) debt service participation for Allen County, Barren County, Carter County, Crittenden County, Ft. Thomas Independent in Campbell County, Greenup County, Henderson County, Johnson County, Mercer County, Monroe County, Muhlenberg County, Owsley County, and Warren County.

Senator Buford made a motion to approve the 13 SFCC bond issues. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

Senator Leeper called on Don Mullis, Committee Staff Administrator, to discuss correspondence and information items. Mr. Mullis said members' folders contained several correspondence items: the quarterly status reports from the Finance and Administration Cabinet, the universities that manage their own construction projects, and the Administrative Office of the Courts (AOC); correspondence from the Finance and Administration Cabinet regarding notice of advertisement for leased space; and a report of a plan by the Finance and Administration Cabinet to use the Construction Management-at-Risk project delivery method for

the Lexington Community College Classroom/Lab Building (Classroom/Student Services Building for Bluegrass Community and Technical College System) on the Newtown Pike Campus in Lexington, Kentucky.

Next Mr. Mullis noted that members' folders contained several information items: the Semi-Annual Report of the Kentucky Asset/Liability Commission, proposed legislation related to the jurisdiction of the Capital Projects and Bond Oversight Committee; and the staff and bond market updates.

Mr. Mullis then reported that Western Kentucky University has used available federal funds totaling \$2,355,128 to acquire an item of research equipment. Purchases of unbudgeted equipment must be reported to the Committee; but no action is required.

Next Senator Leeper called on Mr. Hicks and Sam Ruth, Commissioner, Facilities and Support Services, Finance and Administration Cabinet, to report allocations from the Major Maintenance and Renovation Pool. Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of three new capital projects for the Tourism, Arts, and Heritage Cabinet, Kentucky Center for the Arts: 1) Dimming and Lighting System Replacement project (\$1,218,400). This project will replace the dimming systems in all three theaters, along with the theatrical lighting fixtures; 2) Rigging system replacement project (\$4,250,000). This project involves replacing the current hydraulic rigging system with and electric motor driven rigging system; and 3) Lobby Renovation project (\$1,300,000). This project consists of replacing the wall covering the main lobby's three levels and the finishes in the building elevators. The total estimated cost of the projects is \$6,768,400 and will be funded from the Major Maintenance Renovation Pool funded by the 2008-10 budget. No Committee action was required.

Senator Leeper recognized Charles Bush, Director, Division of Real Properties, Finance and Administration Cabinet, to report two items related to leases. Mr. Bush reported two lease modifications. The first lease modification was for the Department of Public Advocacy (Department) in Franklin County (PR-3764). The Department requested to make improvements to their facility, which included the installation of an entry door and sidelights where the corridor occupied by the agency meets the main public hallway to secure access to the office area. The cost of the modifications, \$1,922, will be amortized over the remaining lease term (through June 30, 2011).

Mr. Bush said the second lease modification was for the Department of Agriculture (Department) in Franklin County (PR-4861). The Department requested improvements to the facility housing the Office of the Commissioner and support staff. The improvements will consist of renovations to create an executive office, conference room, and support staff areas. The move was necessitated by water damage to the previous office space. The cost of the modifications, \$30,967, will be amortized over the remaining lease term (through June 30, 2011). The Department's monthly rental cost will increase by \$1,146.93. No Committee Action was required.

Senator Leeper asked if there was existing leased-space that is not currently being occupied. Mr. Bush said that existing leased-space is currently being studied.

Senator Leeper asked Sandy Williams, Financial Analyst, Kentucky Infrastructure Authority, to present several grants. Ms. Williams indicated that various coal and tobacco development grants authorized by the General Assembly were included in members' folders. Each project was authorized in a budget bill and no further Committee action was needed.

Next Senator Leeper called on Tom Howard, Executive Director, and Mr. Antle, Office of Financial Management, to present several follow-up reports for previously approved bond issues. Mr. Antle said the first follow-up report was for the Kentucky Asset/Liability Commission Project Notes 2010 Federal Highway Trust Fund First Series A (GARVEEs). This bond issue will provide permanent financing for part of the \$231 million authorized by the 2008 General Assembly in HB 406 for the Louisville-Southern Indiana Ohio River Bridges project. GARVEE bonds are repaid with future federal highway appropriations. The bond issue was approved by the Committee at the January 2010 meeting.

The second follow-up report was for the Kentucky Housing Corporation (KHC) Housing Revenue Bonds 2010 Series A (Non-AMT) and 2009 Series C-1 (Non-AMT). Proceeds from this bond issue will be used to make a deposit to the 2010 Series A/2009 Subseries C-1 Mortgage Purchase Account, thereby making funds available for single-family mortgage loans. The bond issue was approved by the Committee at the October 2009 meeting.

The third follow-up report was for the KHC Conduit Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan – Country Place Apartments Project) Series 2010. Proceeds from this conduit

bond issue will be used to finance the acquisition, rehabilitation, and equipping of the 150-unit Country Place Apartments in Hebron, Kentucky. All of the units included in the project will be reserved for families earning 60 percent or less of the area median income. The bond issue was approved by the Committee in June 2009, then resubmitted in September 2009 with an increased project amount. The Committee voted to defer action on the project until October 2009 to give KHC the opportunity to respond to Committee members' questions about the transaction participants and various policy issues. The issue was approved in October 2009.

Mr. Antle said the fourth follow-up report was for Kentucky Economic Development Finance Authority (KEDFA) Hospital Revenue Bonds, Series 2010A (Owensboro Medical Health System, Inc.). Proceeds from this bond issue will: 1) provide funding for the construction of a replacement hospital in Owensboro, Kentucky; and 2) refund Kentucky Health System Variable Rate Revenue Bonds (Owensboro Mercy Health System, Inc.) Auction Rate Securities, 2001 Series A, 2001 Series B, and 2001 Series C – in a principal amount of \$168,700,000, which were issued on a conduit basis by the City of Owensboro. The bond issue was approved by the Committee at the October 2009 meeting.

The fifth follow-up report was for KEDFA Industrial Building Revenue Note, Series 2010 (Goodwill Industries of Kentucky, Inc. project). Proceeds from this conduit bond issue will (1) finance the relocation and expansion of Goodwill's corporate offices, expansion of a district office and existing donation centers, and establishing new donation centers; and (2) refund an outstanding 2003 adjustable-rate conduit bond issue. The bonds will be secured by a mortgage on all of Goodwill's real property and will be directly purchased by PNC Bank. The bond issue was approved by the Committee at the March 2010 meeting.

The sixth follow-up report was for KEDFA Medical Center Revenue Bonds, Series 2010A (Ashland Hospital Corporation d/b/a King's Daughters Medical Center project). Proceeds from this bond issue will be used to make various improvements to the medical center in Ashland, including adding two floors to the Heart and Vascular Center, renovating and expanding operating room, inpatient, and outpatient facilities. The bond issue was approved by the Committee at the February 2010 meeting. No Committee action is required on follow-up reports for previously approved bond issues.

Senator Carroll asked about the variation in interest rates across different bond issues. Mr. Howard indicated that there is a wide gap between credit ratings. Also, there is typically a penalty on health care related vs. non-health care related bond issues. He said the market does price for credit risk in the current environment.

Senator Carroll asked why health-care related bond issues would receive a penalty. Mr. Howard responded that many have thin operating margins and high overhead costs. He indicated that there is a wide-variety of reasons regarding strength vs. weaknesses when it comes to credit. Mr. Howard also mentioned that health-care related bond issues are dependent on government reimbursements.

Senator Carroll asked why some of the bond issues are competitively bid and some are negotiated. Mr. Howard indicated that typically conduit transactions are done on a negotiated basis where the individual entity is able to select the underwriter, whereas local government and state government transactions require a competitive bid. Some borrowers need to work with the underwriter to receive the best deal on the bonds, for example if the borrower involves unique credit risks.

Senator Leeper asked Mr. Mullis to report the new local school bond issues. Mr. Mullis said there were nine new school district bond issues with 100 percent local debt support for Bardstown Independent in Nelson County, Bullitt County, Kentucky Interlocal School Transportation Association, Laurel County, Montgomery County, Oldham County, Pulaski County, Shelby County, and Warren County. All disclosure information has been filed. No Committee action was needed.

With There being no further business, Representative Rudy made a motion to adjourn the meeting. The motion was seconded and the meeting adjourned at 1:20 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

December 15, 2009

The Capital Projects and Bond Oversight Committee met on Tuesday, December 15, 2009, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Susan Westrom, Co-Chair; Senators Tom Buford, Julian M. Carroll, and Eliza-

beth Tori; Representatives Robert R. Damron, Steven Rudy, and Jim Wayne.

Guests: John Hicks, Governor's Office for Policy and Management; Sandy Williams, Kentucky Infrastructure Authority; and Brett Antle, Office of Financial Management.

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

Representative Rudy made a motion to approve the minutes of the November 17, 2009 meeting. The motion was seconded by Senator Tori and approved by voice vote.

Senator Leeper indicated that because some members needed to leave early, action items would be taken first. He called on John Hicks, Deputy Director, Governor's Office for Policy and Management, to come to the table to present three projects.

Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of a 100 percent federally-funded unbudgeted project for the Cabinet for Health and Family Services (CHFS), Department for Income Support for a diesel-fueled generator. The project scope is \$355,000 and the generator will support delivery of services for child support enforcement and disability determination. The generator will be installed at leased facilities and the cost will be amortized over the five-year term of the lease.

Representative Wayne made a motion to approve the unbudgeted project for CHFS. The motion was seconded by Senator Carroll and passed unanimously by roll call vote.

Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of a 100 percent federally-funded unbudgeted project for Kentucky State University (KSU) for Phase I renovations of the Old Federal Administration Building. The project scope is \$1 million and will document and rehabilitate the structure and site, repair architectural elements, and transform the structure and site into a teaching, historical, architectural, and cultural resource for the university. The project is funded by the American Recovery and Reinvestment Act of 2009.

Senator Carroll made a motion to approve the unbudgeted project for KSU. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

Lastly, Mr. Hicks said the Finance and Administration Cabinet is reporting its approval of a 100 percent federally-funded unbudgeted project for the Education and Workforce Development Cabinet (EWDC), Office of Employment and Training for an Unemployment Insurance Benefit Payment Control System. The project scope is \$1.7 million, which is fund-

ed by the United States Department of Labor. The project will provide an opportunity to better manage the recovery of unemployment insurance benefits through automation of the recovery process.

Representative Wayne made a motion to approve the EWDC unbudgeted project. The motion was seconded by Senator Tori and passed unanimously by roll call vote.

Senator Leeper called on Sandy Williams, Financial Analyst, Kentucky Infrastructure Authority (KIA), to present several loans. Ms. Williams said that the first loan request was a \$550,000 Fund A loan for the City of Hardinsburg in Breckinridge County for a wastewater improvements project. The loan term is 20 years with an interest rate of one percent.

Senator Leeper asked why the engineering fees for this project where so high. Ms. Williams said that there are additional upfront planning costs that appear in the engineering fees.

The second loan request was a \$975,000 Fund A loan to complement the \$1 million Fund A loan approved by the Committee in August 2009 for the City of Princeton in Caldwell County to allow for additional rehabilitation as a result of the inspection conducted with American Recovery and Reinvestment Act funding. The loan term is 20 years with an interest rate of one percent.

The third loan request was a \$2 million Fund A loan for the City of Warsaw in Gallatin County for renovation and expansion of the Warsaw Wastewater Treatment Plant to increase capacity to accommodate additional wastewater flow from new sewer line extensions. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

Senator Leeper asked how much the flat monthly rate is that the City will charge new users. Ms. Williams said she would have to report the information back to the Committee.

In response to another question from Senator Leeper, Ms. Williams said that the current users' rates will not change.

Representative Westrom asked why the Community Development Block Grant (CDBG) is unfunded. Ms. Williams said the City has applied for the grant funds and is currently working with the CDBG office administrators in order to receive approval. KIA has also been in contact CDBG officials and Warsaw has provided CDBG officials with all required information and is in the approval process.

Representative Westrom asked if there was a backup plan in place in case the grant was not awarded. Ms. Williams responded that the project

will not be able to continue without the grant funds.

The fourth loan request was a \$497,409 Fund A loan for the Ohio County Regional Wastewater Commission for the Southern Elementary Extension project. The loan term is 20 years with an interest rate of two percent. Funding for the loan comes from the American Recovery and Reinvestment Act.

The fifth loan request was a \$750,000 Fund A loan for the Mountain Water District (District) in Pike County for the Shelby Sanitary Sewer Project Phase III. The loan term is 20 years with an interest rate of one percent. Funding for the loan comes from the American Recovery and Reinvestment Act.

Senator Leeper asked if KIA had already negotiated an agreement with the District in regards to the District paying off the underfunded repair and maintenance fund (\$560,948). Ms. Williams said that KIA is in process of working on the agreement.

In response to additional questions from Senator Leeper, Ms. Williams said the agreement will entail a plan for the District to make up the underfunded repair and maintenance. KIA anticipates that this will not be an issue in regards to the loan repayment.

Senator Leeper asked if replacement reserves are a standard condition of KIA loans. Ms. Williams said the majority of KIA loans have a required replacement reserve but projects do not when the borrower internally funds the reserves. Ms. Williams said KIA does not impose additional replacement reserve requirements for those projects.

In response to a question from Representative Westrom, Ms. Williams said that KIA requires that all borrowers have financial audits as required in the assistance agreement.

Senator Leeper asked if it was unusual for KIA to bring a project to the Committee given negotiations are still underway. Ms. Williams said because this project is funded by the American Recovery and Reinvestment Act and has to meet the February 17, 2010 contract deadline, KIA could not wait until after the negotiations were completed.

In response to a question from Senator Tori, Ms. Williams responded that geographic terrain and the complexity of the project determine the engineering costs of any given project.

Representative Westrom asked what would happen to the project if the District is unable to fund their replacement reserve. Ms. Williams said the negotiation of funding the reserve is a condition of the loan. If it cannot be negotiated, the loan will be rescinded.

Senator Buford asked how long it would take the District to make up the replacement reserve fund. Ms. Williams said the KIA Board of Directors requested that the funds be replaced by December of 2010.

The sixth loan request was a \$625,000 Fund A loan for the Meade County Riverport Authority (Authority) for construction of eight inch diameter gravity sewers, two lift stations, and sanitary sewer force mains. The loan term is 20 years with an interest rate of three percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

Senator Leeper asked about the Authority's type of organization. Ms. Williams said the Authority has to be a governmental entity as defined by statute in order to be a borrower of KIA funds.

In response to an additional question from Senator Leeper, Ms. Williams said that the Meade County Fiscal Court guaranteed payment of debt service for this project.

Senator Buford asked where the Authority's revenue comes from, given that they do not have tenants. Ms. Williams said the Authority is currently negotiating a contract with a stevedore and will have revenue next year.

In response to a question from Representative Westrom, Ms. Williams said the county will guarantee the loan and the Authority will own the assets. The City of Brandenburg will be responsible for the operations and maintenance.

The seventh loan request was a \$1.5 million Fund A loan to the Troublesome Creek Environmental Authority in Knott County for construction of a new 100,000 gallon-per-day wastewater treatment plant. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

Senator Buford asked if the Authority will be allowed to use coal severance funds allocated by the General Assembly. Ms. Williams responded affirmatively and said the county would be asking the 2010 General Assembly for the funds to be allocated to the Authority.

Representative Westrom indicated that the General Assembly was faced with a 17 percent decrease in coal severance taxes. She asked if the General Assembly would be approving a line-item for future coal severance dollars. Ms. Williams said that Knott County will be asking for their coal severance dollars to be allocated towards repayment of this loan.

Representative Westrom asked what would happen if the legislature were to appropriate these funds for other purposes. Ms. Williams said if

there is insufficient coal severance funds to repay the loan, the Authority will have to raise their user fees to pay the debt.

Senator Tori asked, given the low median household income of the area, how users would be able to afford the high rates. Ms. Williams said the rates would be extremely high. She said the reason why KIA selected this project was for the area's extreme environmental needs.

Representative Wayne asked if the KIA Board had concerns about this project. Ms. Williams responded affirmatively. She said KIA is relying on Knott county's verbal commitment that they would request funding for the project through the coal severance dollars. The Authority has assured KIA that they will work towards charging sufficient rates for the project. She indicated that there is a development planned that will add additional customers.

Representative Wayne commented that he was skeptical of the financing for this project given that the General Assembly has not yet allocated the coal severance funds.

Senator Carroll said that even if the General Assembly allocates the coal severance funds in the upcoming budget session, they could only do so for two years and this project requires several years. He said he was interested in seeing an agreement between the Knott County Fiscal Court and the Department for Local Government that they will dedicate the coal severance funds on an annual basis for full payment of the loan. He commented that right now there is no legal obligation for the county to pay the debt service for this project. He said he would like to make the approval of the loan under the condition that there will be an agreement of the coal severance funds being allocated towards this project.

Senator Leeper said the Committee would move on to the next loan and come back to the Troublesome Creek Environmental Authority project.

The eighth loan request was a \$3.8 million Fund A loan to the City of Madisonville in Hopkins County to extend sewer service to areas that are currently using straight pipe discharges into abandoned mine shafts as their sewer service. The loan term is 20 years with an interest rate of two percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

Representative Damron asked Ms. Williams to provide an updated report and overview of the stimulus funds KIA received. Ms. Williams said that KIA received about \$50 million for the Wastewater Revolving Loan fund and about \$21 million for the Drinking Water Revolving Loan fund

in capitalization grants through the Environmental Protection Agency (EPA). There was no state match requirement.

Representative Damron asked what happens if a borrower does not make payments on the debt service of the loan and if KIA had to pay that money back. Ms. Williams said KIA would not have to pay the money back to the federal government.

Representative Damron asked if as opposed to grants KIA was putting the Recovery Act funds into a loan program where KIA is able to loan money back out as the debt service payments for these projects are made. Ms. Williams responded affirmatively. She said KIA was required by the act to give away at least 50 percent of the funds and some sort of additional subsidization. KIA chose to give the funds away as principal forgiveness. For example, a borrower would only have to pay \$500,000 back on a \$1 million loan.

Senator Buford asked what the time frame was on the Recovery Act funds. Ms. Williams said the Act requires all borrowers to have a construction contract date of February 17, 2010.

Senator Buford commented that the General Assembly could load the water districts up with the stimulus funds instead of allocating the coal severance or tobacco funds. Ms. Williams said the projects presented to the Committee this month are the last of the stimulus funds and no more money was available.

Representative Rudy made a motion to approve the seven Fund A loan requests with the exception of Troublesome Creek Environmental Authority. The motion was seconded by Senator Carroll and passed unanimously by roll call vote.

Senator Leeper asked if there were any further questions regarding the Troublesome Creek Environmental Authority project.

Representative Wayne asked if KIA will lose the money for the Authority if the Committee does not approve it. Ms. Williams responded affirmatively.

Representative Wayne asked if the stimulus money was going to cover up the lack of funds from the Authority to payback the debt service on the loan. Ms. Williams said that if the community cannot repay the loan, the Act states that at least 50 percent of the funds must be given as additional subsidization. She said the 50 percent is not the ceiling and KIA can forgive up to 100 percent of the loan.

Senator Buford commented that the Committee should approve the loan because the stimulus money would otherwise be lost.

Senator Carroll said he had a problem with telling the fiscal court that they did not have to pay back the money and that the Committee should approve the loan with the requirement that an agreement from the Fiscal Court that the debt service payments will be made.

Representative Damron said KIA already has the requirement that the fiscal court request the coal severance funds be used to pay the debt service on this project.

Representative Damron made a motion to approve the Fund A loan for the Troublesome Creek Environmental Authority. The motion was seconded by Senator Buford and passed unanimously by roll call vote.

Ms. Williams presented the ninth loan request for the Northern Kentucky Water District in Kenton County for an \$8 million Fund F loan for its four-phased Advanced Treatment project at the Fort Thomas Water Treatment Plant. The loan term is 20 years with an interest rate of two percent.

The tenth loan request was a \$52,000 increase to a previously approved \$520,000 Fund F loan for the Breathitt County Water District in Breathitt County to extend water service to 32 residential customers in the western part of the county. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

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

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

Senator Leeper called Brett Antle, Deputy Director, Office of Financial Management, to the table to report several items. Mr. Antle first reported two new bond issues with the School Facilities Construction Commission (SFCC) debt service participation for Eminence Independent in Henry County and Simpson County.

Senator Carroll made a motion to approve the two new SFCC bond issues. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Mr. Antle reported three follow-up reports for previously approved bond issues. The first report was for the State Property and Buildings Commission Revenue Bonds, Project No. 96, in the amount of \$406,082,882. Proceeds from this

bond issue will provide permanent financing for projects authorized in HB 267 (2004-06 Budget), HB 380 (2006-08 Budget), HB 1 (2007 Second Special Session – energy bonds), HB 406 (2008-10 Budget), 2009 HB 143, and 2009 Special Session HB 4.

The second follow-up report was for the University of Kentucky General Receipts Bonds Taxable Build America Bonds 2009 Series B, in the amount of \$100,605,000. Proceeds from this bond issue will prove funding for the Expand Patient Care Facility – Hospital Phase II, as authorized by HB 4 (2009 Special Session).

The third follow-up report was for the Kentucky Economic Development Finance Authority (KEDFA) Revenue Bonds (Catholic Health Initiatives) Series 2009 A and 2009 B, in the amount of \$133,269,543. Proceeds from this bond issue will be used to reimburse previous capital expenditures to health facilities projects in Mount Sterling, London, Lexington, Nicholasville, and Bardstown. No Committee action was needed on the follow-up reports.

Senator Leeper called on Don Mullis, Committee Staff Administrator, to discuss correspondence and information items. Mr. Mullis said members' folders contained two items of correspondence; two letters relating to the KIA Fund A loans to the Department of Parks (General Burnside, Green River, and Penny-rile); and correspondence from the Council on Postsecondary Education regarding the Research Challenge Trust Fund and the Comprehensive University Excellence Trust Fund.

Mr. Mullis noted that members' folders also contained several information items: a memo from Kristi Culpepper, Committee Analyst, regarding Economic Development Programs; an annual capital construction report from the Office of the State Budget Director; and the staff and bond market updates.

Mr. Mullis said there were three new school district bond issues with 100 percent local debt support for Jefferson County, KISTA, and Warren County. All disclosure information has been filed. No Committee action was needed.

Lastly Mr. Mullis reported that the University of Louisville has used available private and federal funds totaling \$1,557,208 to acquire three items of medical equipment. Purchases of unbudgeted equipment must be reported to the Committee; but no action is required.

With there being no further business, Representative Wayne made a motion to adjourn the meeting. The motion was seconded and the meeting adjourned 2:00 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the January Meeting
of the 2010 Interim
January 11, 2010

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

Present were:

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

Guests: Robert King, Sarah Levy, Dennis Taulbee, Council on Postsecondary Education; Mike Carr, Education Professional Standards Board; Katie Gabhart, Sarah Bell Johnson, State Board of Elections; Karen Greenwell, Noel Record, Hartsel Stovall, Board of Barbering; Nathan Goldman, Board of Nursing; Michael West, Board of Dietitians and Nutritionists; Misty Judy, Darin Moore, Karen Waldrop; Robert Stout, Clint Quarles, Kentucky Department of Agriculture; Patrick Garrity, Peter Goodman, Abby Powell, EEC: Division of Water; Jeff Gatewood, Karen Jones, Clay Lamb, Linda Pierce, Education and Workforce Development Cabinet; Latasha Buckner, Marc Guilfoil, Timothy West, Kentucky Horse Racing Commission; Dawn Bellis, Tim House, George Mann, Richard Moloney, Department of Housing, Buildings and Construction; Chandra Venettozzi, Karen Cooke, Shirley Eldridge, Phyllis Sosa, Elizabeth Caywod, Cathy Cox, Steve Veno, Mary Sparrow, Linda Lingle, Cabinet for Health and Family Services; Gary Cox, Corey Roblee, Jim Thompson.

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

The Administrative Regulation Review Subcommittee met on Monday, January 11, 2010, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

COUNCIL ON POSTSECONDARY EDUCATION: Nonpublic Colleges

13 KAR 1:020. Private college licensing. Robert King, president; Sarah Levy, senior associate of academic affairs; and Dennis Taulbee, general counsel, represented the council.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY para-

graphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 1 to insert definitions applicable to this administrative regulation; (4) to amend Sections 1 through 16 to: (a) comply with the drafting and format requirements of KRS Chapter 13A; and (b) clarify provisions; and (5) to amend the Kentucky Licensure Fee Schedule to: (a) delete references to an administrative regulation that has been withdrawn; and (b) clarify that a change in the fee schedule requires an amendment to this administrative regulation. Without objection, and with agreement of the agency, the amendments were approved.

13 KAR 1:050. Licensed out-of-state college's eligibility for Kentucky tuition grant.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 1 to insert definitions applicable to this administrative regulation; and (4) to amend Sections 1 through 7 to: (a) comply with the drafting and format requirements of KRS Chapter 13A; and (b) clarify provisions. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION PROFESSIONAL STANDARDS BOARD: Administrative Certificates

16 KAR 2:010. Kentucky teaching certificates. Mike Carr, director of educator certification, represented the board.

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

16 KAR 2:120. Emergency certification and out-of-field teaching.

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

16 KAR 2:200. Probationary endorsement for teachers for English as a second language.

KENTUCKY STATE BOARD OF

ELECTIONS: Electronic Voting Systems

31 KAR 2:010. Preparation of ballots and voting systems prior to election day. Katie Gabhart, general counsel, and Sarah Ball Johnson, executive director, represented the board.

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

31 KAR 2:020. Accuracy test and setting of voting systems prior to election day.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Board of Barbering: Board

201 KAR 14:056. Repeal of 201 KAR 14:055. Karen Greenwell, board administrator; Noel Record, chair; and Hartsel Stovall, board member, represented the board.

Board of Nursing: Board

201 KAR 20:163. Standards for approved evaluators. Nathan Goldman, general counsel, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 20:230. Renewal of licenses.

Kentucky Board of Licensure and Certification for Dietitians and Nutritionists: Board

201 KAR 33:010. Fees. Michael West, assistant attorney general, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations;

(2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 33:015. Application; approved programs.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct a statutory citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1 and 2 to comply with the drafting and format requirements of KRS Chapter 13A; and (4) to revise the material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 33:020. Renewals.

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

201 KAR 33:030. Continuing education requirements for licensees and certificate holders.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1 through 5, 7, and 8 to comply with the drafting and format requirements of KRS Chapter 13A; (4) to amend Section 1 to establish the standards the board shall use to determine audit selection; and (5) to revise the material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 33:050. Complaint procedure.

A motion was made and seconded to approve the following amend-

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

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Game

301 KAR 2:221 & E. Waterfowl seasons and limits. Misty Judy, staff attorney; Darin Moore, administrative director; and Karen Waldrop, wildlife division director, represented the department.

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

301 KAR 2:222 & E. Waterfowl hunting requirements on public lands.

A motion was made and seconded to approve the following amendments: (1) to amend Section 5 to provide specific days for the mobility-impaired and youth-mentor waterfowl hunts; and (2) to amend Sections 1, 4, and 5 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Department of Agriculture: Office of State Veterinarian: Division of Animal Health: Livestock Sanitation

302 KAR 20:040. Entry into Kentucky. Clint Quarles, staff attorney, and Dr. Robert C. Stout, state veterinarian, represented the division. Karen Waldrop, wildlife division director, Department of Fish and Wildlife Resources appeared in support of this administrative regulation.

In response to questions by Senator Pendleton, Dr. Stout stated that the importation of animal carcasses from other states was not addressed in this administrative regulation. Ms. Waldrop also stated that these requirements did not apply to interstate "pass throughs" of animal carcasses. She further stated that affected parties had been notified of these proposed administrative regulation changes.

In response to a question by Representative Damron, Ms. Waldrop stated that Department of Fish

and Wildlife Resources understood the need for a statutory revision.

In response to questions by Senator Givens, Dr. Stout stated that the original fee for a five (5) year permit was twenty-five (25) dollars. He further stated that if a farmer needed to dispose of an animal carcass before the facility was issued a permit, this disposal could take place in a timely manner by a prompt inspection from the division. The division had thirty (30) inspectors available across Kentucky. He stated that the division had educated farmers of these proposed administrative regulation changes through university and agricultural extension agency outreach.

Senator Givens encouraged the department to ensure that all farmers were aware of these administrative regulation changes.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to add a statutory citation; and (2) to amend Sections 1, 3, and 13 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:052. Animal carcass composting.

A motion was made and seconded to approve the following amendments: (1) amends Section 1 to correct citations; and (2) to amend Sections 3 and 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

401 KAR 8:040. Laboratory certification. Patrick Garrity, environmental scientist, and Peter Goodman, assistant executive director, represented the division.

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

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: De-

partment of Workforce Investment: Office of Employment and Training: Employment Services

787 KAR 2:020. Confidentiality of records of the Office of Employment and Training. Jeff Gatewood, program leader; Clay Lamb, staff attorney; and Linda Pierce, branch manager, represented the office.

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

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Division of Licensing: Harness Racing

811 KAR 1:020. Registration and identification of horses. Latasha Buckner, general counsel; Marc A. Guilfoil, deputy executive director; and Timothy West, assistant general counsel, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend Section 6 to specify that a microchip used to identify a horse shall comply with international standard ISO 11784, as amended in 2004; (2) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 3, 4, 5, 6, 8, and 9 to: (a) update citations; (b) incorporate required standards by reference; and (c) comply with the drafting and format requirements of KRS Chapter 13A; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

Department of Housing, Buildings and Construction: Division of Heating, Ventilation and Air Conditioning: Heating, Ventilation, and Air Conditioning Licensing Requirements

815 KAR 8:010. Master heating, ventilation, and air conditioning (HVAC) contractor licensing requirements. Dawn Bellis, general counsel, and Tim House, acting director of the division of HVAC, represented the division.

In response to a question by Representative Ford, Mr. House stated that the current fee for a master

HVAC examination was \$160.

In response to questions by Representative Damron, Mr. House stated that at least one (1) licensed journeyman HVAC mechanic was required to be present with an apprentice performing HVAC work. He stated that it was difficult to license apprentice HVAC mechanics, even though they were required to receive federal prevailing wage minimums for applicable contracts, because these apprentices did not usually comply with division administrative regulation requirements. He added that the federal Department of Labor had been challenged regarding prevailing wage requirements for apprentice HVAC mechanics and that it was determined through that challenge that the requirements did not affect HVAC licensure requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 2 to clarify that the license application shall be notarized; (4) to amend Section 4 to establish that the examination fee shall not exceed \$160; (5) to amend Sections 1, 2, 4, 5, 6, 7, and 9 to comply with the drafting and format requirements of KRS Chapter 13A and for consistency with other administrative regulations within this chapter; and (6) to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 8:020. Journeyman heating, ventilation, and air conditioning (HVAC) mechanic licensing requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1 through 6 and 8 to comply with the drafting and format requirements of KRS Chapter 13A and for consistency with other administrative regulations within this chapter; and (4) to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 8:050. Continuing education requirements for heating, ventilation and air conditioning license holders.

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

815 KAR 8:060. Requirements for approval of continuing education course and providers.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend the RELATES TO paragraph and Sections 1 through 6 to comply with the drafting and format requirements of KRS Chapter 13A and for consistency with other administrative regulations within this chapter; and (4) to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

Plumbing

815 KAR 20:090. Soil, waste, and vent systems. Dawn Bellis, general counsel, and Tim House, director, Division of Plumbing, represented the division.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Health Policy: E-Health

900 KAR 7:030. Data reporting by health care providers. Chandra Venetozzi, health data administrator, represented the office.

Department for Aging and Independent Living: Division of Quality Living: Aging Services

910 KAR 1:150. Program and certification requirements for the private pay adult day and Alzheimer's respite program. Phyllis Sosa, branch manager, represented the division.

In response to a question by Representative Lee, Ms. Sosa stated that there was one (1) certified private pay adult day and Alzheimer's respite program and that there were

several others proposed.

Co-Chair Tori stated that she had visited the certified facility and found it to be beneficial for the community.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 1, 6, 8, and 9 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

910 KAR 1:160. Program and certification requirements for the Adult day and Alzheimer's respite program.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 6, and 13 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Office of Human Resource Management: Division of Employee Management: Administration

920 KAR 1:070. Deaf and hard of hearing services. Elizabeth Caywood, internal policy analyst, and Cathy Cox, manager of the Equal Employment Opportunity Branch, represented the division.

A motion was made and seconded to approve the following amendment: to amend the STATUTORY AUTHORITY paragraph to delete a statutory citation. Without objection, and with agreement of the agency, the amendment was approved.

920 KAR 1:090. Client civil rights complaint process.

A motion was made and seconded to approve the following amendment: to amend the RELATES TO paragraph to add a statutory citation. Without objection, and with agreement of the agency, the amendment was approved.

Department for Income Support: Child Support Enforcement: Child Support

921 KAR 1:400. Establishment, review, and modification of child support and medical support orders. Elizabeth Caywood, internal policy analyst; Mary Sparrow, child support supervisor; and Steve Veno, deputy commissioner, represented the department.

In response to a question by Senator Pendleton, Mr. Veno stated that the Uniform Interstate Family Support Act forced states to cooper-

ate and enforce child support agreements as if each agreement was from the enforcing state.

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

K-TAP, Kentucky Works, Welfare to Work, State Supplementation
921 KAR 2:017 & E. Kentucky works supportive services.

Department for Community Based Services: Commissioner's Office: Child Welfare

922 KAR 1:320. Service appeals.

A motion was made and seconded to approve the following amendments: to amend Sections 4 and 8 to clarify terminology. Without objection, and with agreement of the agency, the amendments were approved.

Division of Child Care: Day Care
922 KAR 2:020. Child care assistance program (CCAP) improper payments, claims, and penalties.

922 KAR 2:160. Child care assistance program.

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

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Office of Property Valuation: Ad Valorem Tax; Administration

103 KAR 5:180 & E. Procedures for sale of certificates of delinquency by county clerks.

103 KAR 5:190 & E. State registration requirements and application process for purchasing certificates of delinquency; fees; and definitions for related entities and related interest.

Office of the Secretary: Purchasing

200 KAR 5:315. Suspension.

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

201 KAR 10:050. Fees.

Kentucky Real Estate Commission: Commission

201 KAR 11:190. Disciplinary proceedings.

Board of Physical Therapy: Board

201 KAR 22:053. Code of ethical standards and standards of practice for physical therapists and physical therapist assistants.

Board of Podiatry: Board

201 KAR 25:012 & E. Licensing examinations.

Board of Licensure for Marriage and Family Therapists: Board

201 KAR 32:035. Supervision of marriage and family therapist associ-

ates.

Board of Licensed Professional Counselors: Board

201 KAR 36:060. Qualifying experience under supervision.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish

301 KAR 1:016. Use of lands and waters on lakes owned or controlled by the department.

Game

301 KAR 2:142. Spring wild turkey hunting.

Hunting and Fishing

301 KAR 3:022. License, tag, and permit fees.

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

401 KAR 47:090. Solid waste permit fees.

Department for Natural Resources: Division of Mine Permits: Permits

405 KAR 8:015 & E. Processing assessments.

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

601 KAR 12:060. Hardship driver's license.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Department for Libraries and Archives: Public Records Division: Archives

725 KAR 1:025. Transfer of public records.

Libraries

725 KAR 2:070. Certification renewal of public librarians.

FINANCE AND ADMINISTRATION CABINET: Office of the Secretary: Procedures

750 KAR 1:010 & E. Commission procedures.

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Division of Licensing: Thoroughbreds

810 KAR 1:025 & E. Licensing thoroughbred racing.

810 KAR 1:034 & E. Licensing of racing association.

Harness Racing

811 KAR 1:034 & E. Licensing of racing associations.

811 KAR 1:070 & E. Licensing standardbred racing.

Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Kentucky Building Code

815 KAR 7:125. Kentucky Residential Code. Dawn Bellis, general counsel; Tim House, director; and George Mann, deputy commissioner, represented the division. Corey Roblee appeared in opposition to this administrative regulation.

In response to a question by Representative Ford, Ms. Bellis stated that she did not know if a complaint

was filed with the Executive Branch Ethics Commission regarding the Kentucky Electrical Advisory Committee and the proposed adoption of the National Fire Prevention Association's Fuel Gas Code 54.

In response to questions by Representative Lee, Ms. Bellis stated that the determination of which gas code standard to use was based on the Kentucky Electrical Advisory Committee decision as to which agency was expected to provide the best guidance for emergency services personnel. Mr. Mann stated that this administrative regulation did not propose to change requirements for family residences.

Mr. Corey Roblee appeared in opposition to this administrative regulation but stated that he wished to defer his comments until this administrative regulation was next considered by the Subcommittee.

Co-Chair Tori asked if the division would defer consideration of this administrative regulation until information was received from the Executive Branch Ethics Commission. Ms. Bellis stated that the division agreed to the deferral. Without objection, and with agreement of the agency, this administrative regulation was deferred to the February 8, 2010 meeting.

The subcommittee adjourned at 2 p.m. until February 8, 2010.

**ADMINISTRATIVE
REGULATION REVIEW
SUBCOMMITTEE
Minutes of the February 2010
Meeting
February 8, 2010**

The February 2010 meeting of the Administrative Regulation Review Subcommittee was held on Monday, February 8, 2010, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Elizabeth Tori, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Diana Barber, Becky Gilpatrick, Kentucky Higher Education Assistance Authority; Dennis Taulbee, Council on Postsecondary Education; Kathryn Gabhart, State Board of Elections; Dinah Bevington, Personnel Cabinet; Tom Crawford, Greg Jennings, Department of Revenue; DeVon Hankins, Mark Johnson, Gary Morris, Bruce Nix, Don Richardson, Department of Revenue; Tony Barrett, Jane Gardner, Scott Hannah, State Board of Landscape Architects; Mark Brengelman, Becky

Klusck, Board of Physical Therapy; Angela Evans, Stephanie Head, Frances Short, Board of Marriage and Family Therapists; Ron Brooks, Benjy Kinman, Catherine York, Kentucky Department of Fish and Wildlife Resources; Amy Barker, James VanNort, Department of Corrections; Ann Dangelo, Godwin Onodu, Todd Shipp, Transportation Cabinet; Kevin Brown, Ronald Flora, Denise Hagan, Mark Johnson, Kentucky Department of Education; Charlene Davis, Clay Lamb, Terry Manuel, Beth Milburn, Wayne Onkst, Barbara Teague, Kentucky Department for Libraries and Archives; Tom Howard, Jeff Mosely, Rob Ramsey, Bob Tarvin, Finance and Administration Cabinet; Bob Elkins, Kristi Redmon, Labor Cabinet; Dawn Bellis, Tim House, George Mann, Richard Moloney, Melissa Smith, Department of Housing, Buildings and Construction; Shirley Eldridge, Tonia Wells, Mary Sparrow, Steven Veno, Virginia Carrington, Elizabeth Caywood, Cabinet for Health and Family Services; Virginia T. Hillis, Fred Roser, Robert Fleenor, Bill Gibson, Russ Sanders, Harry Gibson, John Knight, Frank Henn Jr., Barry Edwards, Hank Hancock, Jack Reckner, Tom Underwood, Corey Roblee, Lewis Abbott, Wesley Abbott, Ralph Cornelius, Michael Doolin, Billy Slone, Bobby Mills, Roy Cornelius, Chad Cartwright, Susan Snipes, Charles Moore, Arthur Ellis, Billy Caudill, Don Blevins, Randy Vanhook.

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

The Administrative Regulation Review Subcommittee met on Monday, February 8, 2010, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: KHEAA Grant Programs

11 KAR 8:030. Teacher scholarships. Diana Barber, general counsel, and Becky Gilpatrick, Student Aid Branch Manager, represented the authority.

A motion was made and seconded to approve the following amendments: to amend Sections 5, 6, and 12 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

COUNCIL ON POSTSECONDARY EDUCATION: Public Educational Institutions

13 KAR 2:045 & E. Determination of residency status for admission and tuition assessment purposes. Dennis Taulbee, general counsel,

represented the council.

In response to questions by Representative Damron, Mr. Taulbee stated that an armed forces, active-duty member or member's spouse who qualified as a home-of-record Kentucky resident for tax purposes also qualified as a Kentucky resident for purposes of online or correspondence courses.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 8, 10, 12, and 14 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

KENTUCKY STATE BOARD OF ELECTIONS: Board

31 KAR 4:020. Election costs and county clerk reimbursement form. Kathryn Gabhart, general counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Section 1 to clarify requirements pertaining to the reimbursement form. Without objection, and with agreement of the agency, the amendments were approved.

31 KAR 4:030. Reporting forms.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (2) to amend Section 1 to clarify who is required to file the forms incorporated by reference; and (3) to amend Section 2 to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

PERSONNEL CABINET: Personnel Cabinet, Classified

101 KAR 2:120. Incentive programs. Dinah Bevington, general counsel, represented the cabinet.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 through 3 to comply with the drafting and format requirements of KRS Chapter 13A; and (2) to amend Section 2 to update two (2) forms incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Department of Reve-

nue: Office of Property Valuation: Ad Valorem Tax; Administration

103 KAR 5:190 & E. State registration requirements and application process for purchasing certificates of delinquency; fees; and definitions for related entities and related interest. Tom Crawford, staff advisor, and Greg Jennings, staff attorney, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with the agreement of the agency, the amendments were approved.

Office of Income Taxation: Income Tax; General Administration

103 KAR 15:110. Ethanol tax credit. Bruce Nix, policy advisor, and Don Richardson, executive director, represented the office.

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

103 KAR 15:120. Cellulosic ethanol tax credit.

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

103 KAR 15:140. Biodiesel tax credit.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend

Sections 1 through 5 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Division of Individual Income Tax: Income Tax; Withholding

103 KAR 18:110. Withholding methods. Bruce Nix, policy advisor, and Don Richardson, executive director, represented the division.

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

GENERAL GOVERNMENT CABINET: Board of Physical Therapy: Board

201 KAR 22:053. Code of ethical standards and standards of practice for physical therapists and physical therapist assistants. Mark Brengelman, assistant attorney general, and Becky Klusch, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 2 and 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Licensure for Marriage and Family Therapists: Board

201 KAR 32:035. Supervision of marriage and family therapist associates. Angela Evans, board counsel; Stephanie Head, board co-chair; and Frances Short, Executive Director, Office of Occupations and Professions, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 6, 7, and 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish

301 KAR 1:016. Use of lands and waters on lakes owned or controlled by the department. Benjy Kinman, deputy commissioner, and Catherine York, deputy general counsel, represented the department. Virginia T. Hillis, Lake Malone resident, appeared in support of this adminis-

trative regulation.

Senator Pendleton and Senator Kerr thanked the department for cooperating with stakeholders to develop this administrative regulation.

In response to a question by Senator Pendleton, Mr. Kinman stated that a new boat dock development would begin the process with a public hearing.

Ms. Hillis thanked the Department of Fish and Wildlife Resources for cooperating with stakeholders to develop this administrative regulation. She stated that she preferred for future policy to require public input for commercial docks.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 4, and 5 to change July 1, 2009 dates to the "effective date of this administrative regulation"; (2) to amend Section 1 to define the term "rebuild"; (3) to amend Section 4 to prohibit additional community boat docks not approved as of January 1, 2010; (4) to amend Section 5(10) and (11) to exempt existing land owners from having to meet new access structure requirements; (5) to amend Section 5(14) to allow non-access structures to be kept if the landowner maintained a valid shoreline use permit; (6) to amend Section 7(4) to delete the waiver provisions for rebuilding; (7) to amend Section 8(1)(a)2. to delete "boat dock walkway" from the list of items that cannot be renovated without department approval; (8) to amend Section 9 to provide for an amended application; and (9) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 5 through 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with the agreement of the agency, the amendments were approved.

Hunting and Fishing

301 KAR 3:022. License, tag, and permit fees.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Sex Offender Risk Assessment Advisory Board

501 KAR 6:190. Approval process for mental health professionals performing comprehensive sex offender presentence evaluations and treatment of sex offenders. Amy Barker, assistant general counsel, and Dr. James VanNort, board chair, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 3, 5, 7, and 8 for clarification and to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION CABINET: Kentucky Board of Education: Department of Education: Food Service Programs

702 KAR 6:100. Appeal procedures for nutrition and health services programs. Kevin Brown, general counsel, and Denise Hagan, director, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph and Section 4 to correct statutory citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Department for Libraries and Archives: Public Records Division: Archives

725 KAR 1:020. Recording and reproducing public records. Clay Lamb, staff attorney, and Wayne Onkst, State Librarian and commissioner, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 7 to reflect the new publication dates of material incorporated by reference contained in this administrative regulation; and (4) to amend Sections 1 through 7 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

725 KAR 1:025. Transfer of public records.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 6 to reflect the new publication dates of material incorporated by reference contained in this administrative regulation; and (4) to amend Sections 1 through 6 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Libraries

725 KAR 2:060. Certification

of public librarians. Clay Lamb, staff attorney, and Wayne Onkst, State Librarian and commissioner, represented the division.

In response to a question by Representative Ford, Mr. Onkst stated that there were approximately 1,400 librarians and that one (1) certificate would be eliminated, but that those librarians already operating under that certificate would be "grandfathered" in.

In response to a question by Senator Givens, Mr. Onkst stated that the five (5) dollar fee had been established in 1942 and had not changed since. He stated that the new fifteen (15) dollar fee was for a scholarship fund for a librarian to work in a public library and that the fee would be due once each five (5) years.

725 KAR 2:070. Certification renewal of public librarians.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 8 to reflect the new publication dates of material incorporated by reference contained in this administrative regulation; and (4) to amend Sections 1 through 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Office of the Secretary: Procedures

750 KAR 1:010 & E. Commission procedures. Tom Howard, executive director; Bob Tarvin, policy analyst; and Jeff Moseley, general counsel, represented the office.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a citation; and (2) to amend Sections 7, 10, and 11 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

LABOR CABINET: Department of Workplace Standards: Division of Occupational Safety and Health Compliance: Occupational Safety and Health

803 KAR 2:300. General. Bob Elkins, safety standards specialist, and Kristie Redmon, safety standards specialist, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation;

and (2) to amend Sections 1 and 2 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

803 KAR 2:307. Hazardous materials.

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

PUBLIC PROTECTION CABINET: Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Kentucky Building Code

815 KAR 7:125. Kentucky Residential Code. Dawn Bellis, general counsel; George Mann, deputy commissioner; and Richard Moloney, commissioner, represented the division.

Division of Plumbing: Plumbing
815 KAR 20:055. Water heater devices. Dawn Bellis, general counsel; Tim House, Director of the Division of Plumbing; and Richard Moloney, commissioner, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the **STATUTORY AUTHORITY** paragraph to correct citations; and (2) to amend the **NECESSITY, FUNCTION, AND CONFORMITY** paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Aging and Independent Living: Division of Operations Support: Brain Injury

910 KAR 3:030. Traumatic brain injury trust fund operations program. Shirley Eldridge, regulation coordinator, and Tonia Wells, program director, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the **RELATES TO** paragraph to correct a citation; (2) to amend Sections 14 and 15 for clarification; and (3) to amend Sections 1 and 7 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Income Support: Child Support Enforcement: Child Support

921 KAR 1:380. Child support enforcement program application and interstate process. Mary W. Sparrow, supervisor, and Steven P. Veno, dep-

uty commissioner, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the **NECESSITY, FUNCTION, AND CONFORMITY** paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Section 3 to comply with the format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Family Support: K-TAP, Kentucky Works, Welfare to Work, State Supplementation

921 KAR 2:055. Hearings and appeals. Virginia Carrington, branch manager, and Elizabeth Caywood, internal policy analyst, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 13 for clarification; (2) to amend Section 15 to specify when new evidence or exhibits may be submitted to the appeal board; (3) to amend the **NECESSITY, FUNCTION, AND CONFORMITY** paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (4) to amend Sections 3, 4, 7, and 14 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

FINANCE AND ADMINISTRATION CABINET: Office of the Secretary: Purchasing

200 KAR 5:314. Disclosure of contractor's financial records and information to certain governmental entities.

200 KAR 5:315. Suspension.
GENERAL GOVERNMENT CABINET: State Board of Examiners and Registration of Landscape Architects: Board

201 KAR 10:050. Fees. Tony Barrett, secretary - treasurer, and Scott Hannah, President of the Kentucky Society of Landscape Architects, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1(3) to clarify that the original license fee shall be paid by all licensees; and (2) to amend Section 1(4) to reduce the reciprocal license fee from \$250 to \$200. Without objection, and with agreement of the agency, the amendments were approved.

In response to a question by Co-Chair Tori, Mr. Barrett stated that the board agreed to defer consideration of this administrative regulation. Without objection, and with agreement of the agency, this administrative regulation was deferred to the March 8, 2010 meeting of the Subcommittee.

Kentucky Real Estate Commission: Commission

201 KAR 11:190. Disciplinary proceedings.

Board of Podiatry: Board
201 KAR 25:012 & E. Licensing examinations.

Board of Licensed Professional Counselors: Board

201 KAR 36:060. Qualifying experience under supervision.

TOURISM, ARTS AND HERITAGE CABINET: Department of Fish and Wildlife Resources: Game

301 KAR 2:142. Spring wild turkey hunting.

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

401 KAR 47:090. Solid waste permit fees.

Department for Natural Resources: Division of Mine Permits: Permits

405 KAR 8:015 & E. Processing assessments.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Motor Vehicle Licensing: Division of Motor Carriers

601 KAR 1:220. Theft of motor fuel; procedures to obtain motor vehicle record. Ann D'Angelo, assistant general counsel; Godwin Onodu, assistant director; and Todd Shipp, special assistant, represented the division.

In response to a question by Co-Chair Tori, Mr. Shipp stated that the department had not yet received any requests for personal information following the theft of motor fuel. Ms. D'Angelo stated that it was difficult to anticipate if requests would be made for the personal information. Mr. Shipp stated that the fee increase was estimated based on the costs charged by surrounding states and average costs to produce reports. He stated that the division expected the cost of the fee to be subject to restitution from the motor fuel theft offender.

In response to questions by Representative Ford, Mr. Shipp stated that the report would contain the information for the registered owner of a vehicle based on the license number of the vehicle allegedly involved in the motor fuel theft. He stated that the information was not expected to assist in matters of previous motor fuel theft violations.

In response to questions by Co-Chair Tori, Mr. Onodu stated that

there had not been requests for personal information after theft of motor fuel but that there had been commercial requests for opens records, into which category the motor fuel theft report fell. Mr. Shipp stated that the average size of a commercial open records request was fifty two (52) to 150 pages of documents. Mr. Godwin stated that, in the past, the two (2) dollar processing fee had not been based on the actual costs of processing the reports.

In response to a question by Representative Ford, Mr. Shipp agreed to consider if a ten (10) dollar fee for a report that costs, on average, eighty-eight (88) dollars to prepare was reasonable.

A motion was made and seconded to approve the following amendments: (1) to amend the title to make technical changes for consistency with other administrative regulations; and (2) to amend the **STATUTORY AUTHORITY** and **NECESSITY, FUNCTION, AND CONFORMITY** paragraphs to correct a statutory citation. Without objection, and with agreement of the agency, the amendments were approved.

Co-Chair Tori asked if the division would defer consideration of this administrative regulation in order to consider the appropriate fee amount and to ensure that the statutory requirements were met. Mr. Shipp stated that the division agreed to the deferral. Without objection, and with agreement of the agency, this administrative regulation was deferred to the March 8, 2010 meeting.

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

601 KAR 12:060. Hardship driver's license.

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Division of Licensing: Thoroughbreds
810 KAR 1:025 & E. Licensing thoroughbred racing.

810 KAR 1:034 & E. Licensing of racing association.

Harness Racing
811 KAR 1:034 & E. Licensing of racing associations.

PUBLIC PROTECTION CABINET: Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Kentucky Building Code

815 KAR 7:120 & E. Kentucky Building Code. Dawn Bellis, general counsel; George Mann, deputy commissioner; and Richard Moloney, commissioner, represented the division. Corey Roblee, representative of the International Code Council, and Tom Underwood, Executive Director of the Kentucky Fire Sprinkler Contractors' Association, appeared in opposition to this administrative

regulation.

Mr. Underwood stated that the fee increase would be a burden to the industry. He also stated that he made comments during the public comment period but had not received a timely copy of the division's Statement of Consideration. He requested that the administrative regulation be deferred to the March meeting of the Subcommittee so that he had time to review the Statement of Consideration.

In response to a question by Co-Chair Combs, Mr. Roblee stated that those who would be responsible for enforcing the gas code were opposed to the code change.

Ms. Bellis stated that all comments that were received during the public comment period were included in the Statement of Consideration. She stated that there was not a "speed review" in place for sprinkler projects.

Mr. Mann stated that the fee increase was reviewed and approved unanimously by the Board of Housing.

In response to questions by Representative Lee, Mr. Moloney stated that it was mandatory that the division increase the staffing level in order to prevent a backlog of permitting. He stated that, with the fee increase, the program was expected to break even by the end of the year and that, without the fee increase, the permitting process would slow down significantly. He also stated that, with the fee increase even if the economy improved and construction returned to stronger levels, the agency would be able to maintain the ten (10) to fifteen (15) day turn-around time for processing permits.

In response to questions by Senator Givens, Mr. Underwood stated that the fee increase disproportionately affected small sprinkler installations. He preferred a staggered approach to the fees with smaller jobs having smaller fee increase increments.

In response to a question by Co-Chair Combs, Mr. Mann stated that the division would consider staggering the fee schedule so that smaller jobs would have smaller fee increase increments. Mr. Moloney also agreed to consider such an amendment.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 3 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved. In response to a request by Representative Damron, Mr. Moloney stated that the division agreed to defer consideration of this

administrative regulation. Without objection, and with agreement of the agency, this administrative regulation was deferred to the March 8, 2010 meeting.

Division of Plumbing: Plumbing 815 KAR 20:050 & E. Installation permits. Dawn Bellis, general counsel; George Mann, deputy commissioner; Richard Moloney, commissioner; and Melissa Smith, acting director of budgets, represented the division. Harry P. Gibson, owner of Harry P. Gibson and Company, appeared in support of this administrative regulation. Frank Henn, Jr., plumber and President of the Kentucky Association of Plumbers and Housing Construction Contractors, appeared in opposition to this administrative regulation.

In response to questions by Co-Chair Tori, Mr. House stated that the Division of Plumbing needed a fee increase in order to keep the division solvent and to maintain a reasonable permit-processing turn-around time. He stated that the bulk of the plumbing industry supported the fee increase.

Representative Lee stated that fee increases to compensate for budget shortfalls was unacceptable.

In response to a question by Representative Ford, Mr. House stated that, without the fee increase, twenty-six (26) division employees would be laid off and the permit processing turn-around time may increase by six (6) to eight (8) weeks. Mr. House stated that inspections would also be delayed and opportunities for the licensing examinations would have to be significantly truncated.

In response to a question by Senator Givens, Mr. House stated that excess funds swept into the General Fund would have to be reallocated through General Fund appropriations in order to be transferred within the department. Mr. Moloney stated that the Division of Plumbing funds were not swept in 2009. Ms. Smith stated that the 2009 budget bill required funds transferred within the department to be repaid to the original division at the end of the biennium.

Mr. Gibson stated that, because of better enforcement and more timely inspection and permit processing turn-around times, he would rather pay the increased fees than lose services.

In response to a question by Representative Lee, Mr. Gibson stated that he would pass the added fee expenses on to the final customer.

In response to a question by Co-Chair Tori, Mr. Gibson stated that the monetary savings of not raising the fee would not adequately provide for the protection of the public.

Mr. Henn stated that a fee in-

crease during a slow economy would be difficult in the context of an already shrinking market share. He stated that more customers would probably have plumbing work performed without having the work properly inspected because of the fee increases that would be passed on to the final customer.

In response to a question by Senator Givens, Mr. Henn stated that the fee increases would create an uneven playing field.

In response to a question by Mr. House, staff noted that an emergency administrative regulation stayed in effect until it expired, was withdrawn, or the ordinary administrative regulation filed to replace it was withdrawn or became effective.

In response to a question by Senator Pendleton, there was a show of hands from plumbers in the audience regarding the proposed fee increases. More hands were raised in support of the fee increases than hands raised in opposition to the fee increases by approximately a three (3) to one (1) ratio, respectively.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; and (2) to amend Sections 1 and 2 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

In response to a request by Senator Givens, Mr. Moloney stated that the division agreed to defer consideration of this administrative regulation until more direction was available regarding budget expectations. Without objection, and with agreement of the agency, this administrative regulation was deferred to the March 8, 2010 meeting.

The subcommittee adjourned the meeting at 3:10 p.m. until March 8, 2010.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the March Meeting March 8, 2010

The March meeting of the Administrative Regulation Review Subcommittee was held on Monday, March 8, 2010, at 12:00 PM, in Room 149 of the Capitol Annex. Senator Elizabeth Tori, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Leslie Combs, Co-Chair; Senators David Givens, Alice Forgry Kerr, and Joey Pendleton; Representatives Danny

Ford, and Jimmie Lee.

Guests: Becky Gilpatrick, Melissa Justice, Kentucky Higher Education Assistance Authority; Mark Sipek, Personnel Board; DeVon Hankins, Don Richardson, Lisa Swiger, Mark Johnson, Tom Crawford, Frank Dempsey, Robert Carter, Mike Grammer, Finance and Administration Cabinet; Joyce Bonick, Scott Majors, Board of Nursing; James Grawe, Vivian Rodes, Board of Podiatry; Timothy Robertson, Board of Licensed Professional Counselors; Amy Barker, James Erwin, Scott Haas, Al Parke, Philip Parker, LaDonna Thompson, Steve Lynn, Department of Corrections; Caleb Asbridge, Miranda Denney, Joslyn Olinger Glover, Department of Juvenile Justice; William Nold, Department of Insurance; Dawn Bellis, George Mann, Richard Moloney, Housing, Buildings and Construction; Tom Underwood, Kentucky Fire and Sprinkler Contractors Association; Jack Reckner, Kentucky Association of Fire Chiefs; David Barron, Department of Public Advocacy; Reverend Patrick Delahanty, Kentucky Coalition Against the Death Penalty; Kate Miller, American Civil Liberties Union.

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

The Administrative Regulation Review Subcommittee met on Monday, March 8, 2010, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: Kentucky Higher Education Assistance Authority

11 KAR 4:080. Student aid applications. Becky Gilpatrick, Student Aid Branch Manager, and Melissa Justice, senior associate counsel, represented the authority.

PERSONNEL BOARD: Board

101 KAR 1:325. Probationary periods. Mark Sipek, executive director, represented the board.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Office of Income Taxation: Forms

103 KAR 3:040 & E. Income Tax Forms Manual. Mark Johnson, staff analyst, and Don Richardson, executive director, represented the office.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 through 3 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 3 to incorporate by reference a newer edition of Form 5695-K, Energy Efficiency Products Tax Credit. Without

objection, and with agreement of the agency, the amendments were approved.

Office of Property Valuation: Ad Valorem Tax; Administration

103 KAR 5:180 & E. Procedures for sale of certificates of delinquency by county clerks. Tom Crawford, policy advisor, and Frank Dempsey, staff attorney, represented the office.

In response to questions by Representative Ford, Mr. Crawford stated that fee standards were established by statute. Mr. Dempsey stated that if a violation of the statute was determined to have occurred, the violator would no longer be able to register.

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

Division of Miscellaneous Taxes: Selective Excise Tax; Motor Fuels

103 KAR 43:310. Subjobber issuance of refund invoices. Mike Grammer, policy analyst, represented the division.

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

GENERAL GOVERNMENT CABINET: Board of Nursing; Board

201 KAR 20:161. Investigation and disposition of complaints. Joyce A. Bonick, credentials manager, and Scott D. Majors, staff attorney, represented the board.

201 KAR 20:370. Applications for licensure and registration.

201 KAR 20:411. Sexual assault nurse examiner program standards and credential requirements.

201 KAR 20:470. Dialysis technician credentialing requirements and training program standards.

A motion was made and seconded to approve the following amend-

ments: to amend Sections 1 through 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Podiatry: Board

201 KAR 25:012 & E. Licensing examinations. Jim Grawe, assistant attorney general, and Vivian Rodes, DPM, secretary, represented the board.

In response to a question by Co-Chair Tori, Dr. Rodes stated that the national average passing score requirement was seventy (70) percent and that the board wanted to lower its passing score requirement from seventy-five (75) percent to seventy-one (71) percent in order to ensure an adequate opportunity for licensure while still maintaining more stringent criteria than average.

In response to a question by Co-Chair Combs, Dr. Rodes stated that most examination scores were at least seventy-five (75) percent.

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

Board of Licensed Professional Counselors: Board

201 KAR 36:060. Qualifying experience under supervision. Timothy Robertson, board chair; Jim Grawe, assistant attorney general; and Frances Short, executive director, Office of Occupations and Professions, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1 through 5, 7, and 8 to comply with the drafting and format requirements of KRS Chapter 13A; and (4) to update the Supervisory Agreement form incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Juvenile Justice: Child Welfare

505 KAR 1:160 & E. Department of Juvenile Justice Policies and Procedures: treatment program for juvenile sexual offenders. Caleb Asbridge, assistant director, Program Services; Miranda Denney, director, Community and Mental Health Services; and Joslyn Olinger Glover, staff attorney, represented the department.

PUBLIC PROTECTION CABINET: Department of Insurance: Health and Life Division: Insurance Contract

806 KAR 14:005. Rate and form filing procedures for life insurances, life settlements providers, and life settlement brokers. William J. Nold, director, represented the division.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 11 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Kentucky Building Code

815 KAR 7:120 & E. Kentucky Building Code. Dawn M. Bellis, general counsel; George Mann, deputy commissioner; and Richard Moloney, commissioner, represented the division. Jack Reckner, Kentucky Association of Fire Chiefs, and Tom Underwood, executive director, Kentucky Fire Sprinkler Contractors Association, appeared in support of this administrative regulation.

Mr. Reckner and Mr. Underwood expressed thanks to the division for making additional amendments to this administrative regulation.

Amendments were approved at the February 8 meeting of the Subcommittee.

A motion was made and seconded to approve the following additional amendments: (1) to amend Section 3 to revise the Automatic Sprinkler Review Fee Schedule; and (2) to amend Section 5 to update the Kentucky Building Code to include the revised fee schedule. The revisions to the fee schedule included reducing the proposed fee increase by twenty-five (25) dollars for the inspection of more than 201 sprinkler heads and tiering inspections of 200 sprinklers into three (3) groups, rather than one (1) group. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Capital Punishment

501 KAR 16:001. Definitions for 501 KAR 16:280 to 16:340. Amy Barker, assistant general counsel; Steve Lynn, assistant general counsel; and LaDonna Thompson, commissioner, represented the department.

David M. Barron, assistant public advocate, Kentucky Department of Public Advocacy; Reverend Patrick Delahanty, chair, Kentucky Coalition to Abolish the Death Penalty, and designated representative, Catholic Conference of Kentucky; and Kate Miller, program associate, American Civil Liberties Union of Kentucky, appeared in opposition to these administrative regulations.

Co-Chair Tori stated that capital punishment was provided for by statutes established by the General Assembly. As background, she explained that these administrative regulations did not establish capital punishment, but provided the protocol details of how an execution was to be performed. She stated that the Kentucky Supreme Court decision in the case of Bowling v. Department of Corrections required the department to promulgate these administrative regulations.

In response to a request by Co-Chair Tori to summarize these administrative regulations, Ms. Barker stated that: (1) 501 KAR 16:001 established definitions; (2) 501 KAR 16:290 established pre and post execution procedures; (3) 501 KAR 16:300 established requirements for witnesses and visitors; (4) 501 KAR 16:310 established requirements for medical and mental health monitoring prior to execution; (5) 501 KAR 16:320 established qualifications for execution team members; (6) 501 KAR 16:330 established the lethal injection protocol; and (7) 501 KAR 16:340 established the electrocution protocol.

Ms. Miller stated that these administrative regulations did not comply with the intent of the First Amendment to the United States Constitution, which protected the rights of the media. She stated that the media should be allowed access to all parts of an execution process. She cited examples of difficult or improperly conducted executions, parts of which were conducted without media oversight. She recommended amending the protocol to provide greater access for media personnel.

In response to a question by Representative Ford, Ms. Miller stated that she would prefer an amendment to the protocol that would eliminate the curtain used during certain parts of the execution to shield pre and post execution preparations. If eliminating the curtain was not a viable option, she requested that the curtain not be closed to media. She added that other speakers would include additional amendment recommendations to these administrative regulations and that she also supported the amendments the other speakers would propose.

Reverend Delahanty requested

that the Subcommittee find these administrative regulations deficient because the protocols did not reflect the statutorily declared intent of the legislature, which did not place statutory limits on attending the execution process in its entirety. He cited the execution of Mr. Harold McQueen in 1997 as precedence of a Kentucky execution during which the curtain remained open at all times. The proposed protocol reflected a change in previous execution procedures, and the change placed more stringent limits on access to execution procedures than the prior process. He requested more disclosure on drugs used to paralyze a condemned person during an execution because of concern that the use of pancuronium bromide may prevent a person being executed from manifesting signs of pain. He also requested that the Subcommittee find these administrative regulations deficient because the protocols did not specifically provide that state employees with conscientious objections to capital punishment would be exempted from direct or indirect participation in executions.

In response to questions by Senator Pendleton, Reverend Delahanty stated that taxpayers should be permitted access to all activities pertaining to execution because the taxpayers funded the actions and because the actions were conducted on behalf of and in the name of the taxpayers.

Senator Pendleton stated that executions should be private and not open to the public. He stated that it was not a requirement that taxpayers witness an execution and that it was inappropriate to encourage a media frenzy during a person's death.

Mr. Barron stated that he appeared on behalf of numerous death-row inmates he represented. He thanked the Department of Corrections for making amendments to these administrative regulations after public comments, but he still had three (3) areas of concern. With regard to the public hearing held to allow public input on these proposed administrative regulations, he stated that multiple death-row inmates had requested to participate in the public hearing via videoconferencing but were not permitted to do so by the Department of Corrections. He stated that, although written comments were accepted, many of his clients were illiterate, and without the option of videoconferencing, were disenfranchised from participation in the promulgation process.

Mr. Barron stated that these administrative regulations should be found deficient by the Subcommittee because the department failed to respond to some of the comments

received during the public comment period. He stated that the comments not responded to by the department pertained to: maintaining life if a stay of execution was granted, the recommendation that potassium chloride be removed from the chemicals approved for use during a lethal injection execution, visitation on the day of execution, and the recommendations to ask defense counsel if a stay of execution is in place or to postpone an execution if a determination on a motion for a stay of execution is pending. He stated that the department's responses to the comments sometimes provided explanations that were not specifically provided for in the administrative regulations; therefore, the department was admitting plans to regulate beyond the administrative regulation, which violated KRS Chapter 13A. He further added that the department failed to explain why amendments were not made to provide access to all portions of an execution in order to seek legal recourse in the event of a violation of the Eighth Amendment to the United States Constitution. He stated that the Subcommittee should find the administrative regulations deficient because the department failed to respond adequately in the statement of consideration, which resulted in a violation of the Administrative Procedures Act.

Mr. Barron stated his opinion that these administrative regulations did not comply with Kentucky statutes. He stated that the protocols allowed intravenous lines to be inserted into condemned persons by execution team members that may include an EMT, a phlebotomist, or a military corpsman. Mr. Barron stated that this provision appeared to be in conflict with an existing Kentucky statute that prohibited an EMT, a phlebotomist, or a military corpsman from inserting an intravenous line. Additionally, administrative regulations did not explain what the lethal injection chemicals did or why they were used; therefore, the public was unable to make informed public comments during the public comment period, and the terms used and lack of information violated KRS 13A.222(4)(a), which required "plain and unambiguous words that are easily understood by laymen."

Mr. Barron stated that these administrative regulations violated KRS 13A.222(4)(a) by referring to "nurse visits and checks." He stated that the administrative regulations did not differentiate between a "visit" and a "check"; therefore, the terms were ambiguous, in violation of the statutory requirement for "plain and unambiguous words." Additionally, he said that forms required to be completed by condemned persons prior

to execution were not incorporated by reference in these administrative regulations. Also the department failed to include information required by the Kentucky Supreme Court, including: the volume and concentration of the chemicals used for lethal injection, if the chemicals used for lethal injection would be injected manually or by a machine in another room connected by intravenous lines, and criteria to establish the time for an execution. He added that execution time was especially important in legal matters that were governed by deadlines. He asked how an attorney or court would be able to meet legal deadlines if they were unable to determine the execution time.

Mr. Barron made recommendations for amendments to these administrative regulations. First, he recommended removing the thirty (30) minute limitation on end of life rituals and guaranteeing the option for a spiritual advisor visit with the condemned person on the day of execution. Personal visitors should be allowed to bring family photographs to visits and personal visitors, including visits from nonattorney members of the legal team, should be allowed to visit on the day of execution. More than one (1) member of the legal team should be allowed to visit at a time on the day of execution. Legal visits on the day of execution should be permitted less than three (3) hours prior to the scheduled execution and up to fifteen (15) minutes prior to the execution. A spiritual advisor should be allowed to visit the condemned person until one (1) hour prior to the scheduled execution. Mr. Barron also recommended that the administrative regulations should provide a requirement that the warden release the time of execution an established number of days prior to the execution. Viewing curtains should remain open for the full duration of the execution. The volume and concentration of lethal injection chemicals should be clearly established in the administrative regulations. Kentucky lethal injection should be conducted through a barbiturate-only protocol, which would exclude pancuronium bromide. The protocol should specify what chemicals and equipment are required on the "crash cart" that is located with the crash cart operator just outside the execution chamber.

Monitoring for consciousness during execution should be included in the protocol. Lastly, he stated that a defense team member should be asked if a stay of execution is in place. Executions should be postponed if a determination on a motion for a stay of execution is pending.

Ms. Barker responded to Mr. Barron's comments by stating that the Department of Corrections did

not have authority to require agencies other than the department to provide a conscience clause so that state employees in other agencies may opt out of participating in an execution. She stated that the department was unable to provide teleconferencing so that death-row inmates could participate in the public hearing because the needed facilities were too small and were unavailable at the time of the hearing. She stated that the department had made a good faith effort to respond to all comments received during the public hearing and public comment period. She added that visitation provisions for spiritual advisors and legal counsel were amended in response to comments made during the public comment period. The department did not have the authority to postpone an execution because there was a pending court determination regarding a motion for a stay of execution. Only the Governor of the Commonwealth of Kentucky or a court had this authority.

Steve Lynn stated that the First Amendment to the United States Constitution did not provide a right to an unfettered view of the execution preparation. He stated that preparation for an execution did not constitute the execution itself. He added that attendance at an execution was established by Kentucky statute, not by the United States Constitution.

Co-Chair Tori stated that the United States Supreme Court, in *Baze v. Rees*, determined that Kentucky's protocol was consistent with the Eighth Amendment to the United States Constitution. She thanked the Department of Corrections for their work to develop the protocols.

In response to questions by Representative Ford, Mr. Barron stated that he opposed the death penalty, but appeared at the Subcommittee meeting in order to discuss concerns he had regarding the protocols established by the administrative regulations. He stated that, if his suggested revisions were made, he would not favor the death penalty but would not oppose the promulgation of these administrative regulations. He stated that his salary came from the Department for Public Advocacy and that he was appearing at the Subcommittee meeting on behalf of many death-row inmates. He stated that he would provide the Subcommittee members with the budget for the Department for Public Advocacy as a follow-up to the Subcommittee meeting.

In response to a question by Co-Chair Tori, Mr. Barron stated that he had recommended that the protocols provide more than the two (2) minute limit for the last comments of the condemned person in case an apol-

ogy for the comfort of the victim's family may take longer. He stated that it was not feasible to establish an execution protocol for murder victims.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 16:290. Preliminary and post execution procedures condemning concerning condemned person.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 4, and 7 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 16:300. Execution procedures concerning witnesses, visitors, and demonstrators.

A motion was made and seconded to approve the following amendments: (1) to amend Section 4 regarding visitation with a condemned inmate on the day of execution to permit: (a) the minister of record to visit up to two (2) hours before the execution, rather than three (3) hours; (b) an attorney of the inmate to request additional visits until three (3) hours before the execution, rather than four (4) hours; and (c) one (1) attorney representing the inmate to have phone contact at one (1) hour prior to the execution if the contact is needed for matters concerning a stay; (2) to add a new Section 7 to establish notice procedures if a stay of execution is issued, including procedures for the warden to designate a specific phone number to be used in providing the notice; (3) to add a new Section 8 to establish procedures for legal counsel or staff to obtain medical records of the condemned inmate; and (4) to amend Sections 4 and 5 for clarity and to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 16:310. Pre-execution medical actions.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to clarify that the designated medical professional shall observe and evaluate the condemned inmate's medical condition during the week prior to the execution at least twice on nonconsecutive days; (2) to amend Section 3 to clarify the required pro-

cedures if the warden or designated medical professional receives information that the condemned inmate may be insane as defined by KRS Chapter 431, which would cause the execution to be suspended; and (3) to amend Sections 1, 2, and 3 for clarity and to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 16:320. Execution team qualifications.

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

501 KAR 16:330. Lethal injection protocol.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 regarding preliminary execution procedures to require: (a) at least two (2) phone lines be available on the day of execution for communication with the courts and counsel; (b) the warden to verify that the phones are working prior to the execution; and (c) a member of the IV team to determine the appropriate size needle to be used by examining the inmate's veins within the five (5) hours prior to the execution; (2) to amend Section 6 regarding volunteer inmates to specify stabilization procedures if the inmate changes his mind; and (3) to amend Sections 1 and 5 for clarity and to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 16:340. Electrocution protocol.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 regarding preliminary execution procedures to: (a) require at least two (2) phone lines to be available on the day of execution for communication with the courts and counsel; (b) require the warden to verify that the phones are working prior to the execution; and (c) specify the procedures for making the sodium chloride solution; (2) to amend Section 5 regarding volunteer inmates to specify stabilization procedures if the inmate changes his mind; and (3) to amend Sections 1, 4, and 5 for clarity and to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the April

2010, meeting of the Subcommittee: PERSONNEL CABINET: Personnel Cabinet, Classified

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

FINANCE AND ADMINISTRATION CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:160. Annuity tables.

102 KAR 1:225. General compliance with federal tax laws.

Department of Revenue: Division of Sales and Use Taxes: Sales and Use Tax; Administration and Accounting

103 KAR 31:310. Sourcing of digital property.

Office of the Secretary: Purchasing

200 KAR 5:314. Disclosure of contractor's financial records and information to certain governmental entities.

200 KAR 5:315. Suspension.

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

201 KAR 10:050. Fees.

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

401 KAR 47:090. Solid waste permit fees.

Department for Natural Resources: Division of Mine Permits: Permits

405 KAR 8:015 & E. Processing assessments.

JUSTICE AND PUBLIC SAFETY CABINET: Kentucky Law Enforcement Council: Council

503 KAR 1:140 & E. Peace officer, telecommunicator, and court security officer professional standards.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Motor Vehicle Licensing: Division of Motor Carriers

601 KAR 1:220. Theft of motor fuel; procedures to obtain motor vehicle record.

Division of Drivers License: Driver's License

601 KAR 12:060. Hardship driver's license.

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Division of Licensing: Thoroughbred Racing

810 KAR 1:025 & E. Licensing thoroughbred racing.

810 KAR 1:034 & E. Licensing of racing association.

Harness Racing

811 KAR 1:034 & E. Licensing of racing associations.

Department of Housing, Buildings and Construction: Division of Plumbing: Plumbing

815 KAR 20:050 & E. Installation permits.

CABINET FOR HEALTH AND

FAMILY SERVICES: Office of Inspector General:

906 KAR 1:180 & E. Operation and services; personal services agencies.

Department for Aging and Independent Living: Division of Quality Living: Aging Services

910 KAR 1:260. Kentucky Family Caregiver Program.

Other Business: Subcommittee staff stated that the April meeting would be tentatively scheduled for 10 a.m. on April 14, 2010; however, if the legislative calendar for the 2010 Regular Session changes, the meeting date would be adjusted accordingly.

The subcommittee adjourned the meeting at 2:10 p.m. until April 14, 2010.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the April Meeting of the 2010 Interim April 14, 2010

The April meeting of the Administrative Regulation Review Subcommittee was held on Wednesday, April 14, 2010, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Leslie Combs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Leslie Combs, Co-Chair; Senator Joey Pendleton; Representatives Robert R. Damron, Danny Ford, and Jimmie Lee.

Guests: Kathryn Gabhart, State Board of Elections; Beau Barnes, Kentucky Teachers' Retirement System; DeVon Hankins, Jeff Mosley, Travis Powell, Finance and Administration Cabinet; Larry Ball, Steve Lynn, Kentucky Law Enforcement Council; Ann Dangelo, Godwin Onodu, Todd Shipp, Nancy Albright, Transportation Cabinet; Todd Cassidy, Donald Smith, Tourism, Arts and Heritage Cabinet; Marc Guilfoil, Timothy West, Kentucky Horse Racing Commission; Dawn Bellis, Tim House, Richard Moloney, Department of Housing, Buildings, and Construction; Stephanie Brammer-Barnes, Mary Reinle Begley, Shirley Eldridge, Carol Hall, Marnie Mountjoy, Cabinet for Health and Family Services; Tony Senningre, Frank Henn Jr., Karen Hinkle, Debbie McGrath.

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

The Administrative Regulation Review Subcommittee met on Wednesday, April 14, 2010, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

STATE BOARD OF ELECTIONS: State-based Administrative Complaint Procedure

31 KAR 6:010. State-based administrative complaint procedure. Kathryn Gabhart, general counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to insert a citation; (2) to amend the RELATES TO paragraph and Sections 3, 4, 5, 9, and 11 to comply with the drafting and format requirements of KRS Chapter 13A; and (3) to amend Section 4 to change the window of time a complainant has to correct a deficiency in the complaint from seven (7) days to seven (7) working days of receipt of notice of the deficiency. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:160. Annuity tables. Beau Barnes, deputy executive secretary, represented the system.

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

102 KAR 1:225. General compliance with federal tax laws.

Office of the Secretary: Purchasing

200 KAR 5:314. Disclosure of contractor's financial records and information to certain governmental entities. Jeff Mosley, general counsel, and Travis Powell, deputy general counsel, represented the office.

In response to questions by Representative Ford, Mr. Mosley stated that current contracts were always bonded, but that providing financial information was requested by contractors who worked with the Transportation Cabinet. He stated that the requirements pertained to all contractors.

In response to a question by Co-Chair Tori, Mr. Mosley stated that the amendments were recommended by the University of Kentucky to clarify that the Finance and Administration Cabinet did not determine if information was proprietary.

A motion was made and sec-

onded to approve the following amendments: (1) to amend Section 1 to state that records and prequalification information confidentially disclosed as part of the bid process shall not be directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1)(c); (2) to amend the RELATES TO paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS Chapter 13A. Without objection, and with agreement of the agency the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Kentucky Law Enforcement Council

503 KAR 1:140 & E. Peace officer, telecommunicator, and court security officer professional standards. Larry Ball, executive director, and Steve Lynn, assistant general counsel, represented the council.

A motion was made and seconded to approve the following amendments: (1) to amend Section 4 to clarify the physical ability testing requirements for precertification status; and (2) to amend the RELATES TO paragraph and Sections 4 through 13 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Motor Vehicle Licensing: Division of Motor Carriers

601 KAR 1:220. Theft of motor fuel; procedures to obtain motor vehicle record. Ann D'Angelo, assistant general counsel; Godwin Onodu, assistant director; and Todd Shipp, special assistant and senior counsel, represented the division.

In response to questions by Representative Lee, Mr. Shipp stated that a motor fuel retailer may request the motor fuel theft report even if law enforcement was not immediately notified. Ms. D'Angelo and Mr. Onodu stated that the form required verification of the retailer or association's status in order to prevent an unlawful request for information. Mr. Shipp stated that the form was available online on the division's Web site. He stated that penalties already existed for an unlawful request for information at both the state and federal levels.

In response to questions by Senator Pendleton and Co-Chair Tori, Ms. D'Angelo stated that KRS 411.406 required the agency to promulgate an administrative regulation

to provide for the motor fuel theft report. Mr. Shipp stated that the agency was also obligated pursuant to federal law to protect the privacy of certain driver information, which privacy protection was indirectly affected by this administrative regulation. Mr. Onodu stated that there had not been requests for the report, except for a recent request that could not be processed because the motor fuel retailer did not have the vehicle license plate numbers. Mr. Shipp stated that the agency established the fee for the report at three (3) dollars commensurate with a statutory fee for a similarly sized report. He stated that, if the public began requesting these reports, there would be a slight increase in cost to the agency but that the agency expected to be able to absorb that cost.

In response to a question by Representative Ford, Mr. Shipp stated that, without a vehicle license plate number, the agency would not be able to generate the report.

In response to questions by Co-Chair Combs, Mr. Onodu stated that the division did not have statistics regarding if there had been a decrease in the need for this administrative regulation since the authorizing statute became effective. Mr. Shipp stated that the need seemed to have significantly decreased. Mr. Onodu stated that the fee was related to the cost of generating a title history.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1(1) to lower the fee for the report from ten (10) dollars to three (3) dollars; (2) to amend Section 2(1) to revise the form incorporated by reference; and (3) to amend Sections 1 and 2 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Highways: Division of Maintenance: Right-of-Way

603 KAR 4:045. Cultural and recreational supplemental guide signs. Nancy Albright, director of maintenance; Ann D'Angelo, assistant general counsel; and Todd Cassidy, executive director, Economic Community Development, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1, 3, 5, and 7 to comply with the drafting and format requirements of KRS Chapter 13A; and (4) to

amend Section 12 to update material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Division of Licensing: Harness Racing

811 KAR 1:070 & E. Licensing Standardbred racing. Marc A. Guilfoil, deputy executive director, and Timothy West, assistant general counsel, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend Section 14 to delete the prohibition on firearm possession by a licensee on racing association grounds; (2) to completely revise Section 9 regarding search and seizure to limit: (a) the locations subject to search to those places authorized by statute; (b) the items subject to seizure to those in violation of a KHRC statute or administrative regulation, KRS Chapter 230 or KAR Title 810 or 811; and (c) out of competition testing to those authorized by administrative regulation, 811 KAR 1:240; (3) to completely revise Section 4 regarding driver's licenses for clarification and to incorporate by reference, rather than repeat, the U.S. Trotting Association licensing provisions; (4) to amend Sections 2 and 5 and the licensing application to update the licensing categories and to delete unused licensing categories; (5) to amend Section 10 to require employers to report to the commission discharged licensees; (6) to amend Section 23 to: (a) incorporate by reference Rule 17, Sections 1 through 10, of the U.S. Trotting Association; and (b) update the licensing application and the veterinarian approval form; and (7) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 2 through 6, 9 through 14, 16 through 21, and 23 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Housing, Buildings and Construction: Division of Heating, Ventilation and Air Conditioning: Heating, Ventilation and Air Conditioning Licensing Requirements

815 KAR 8:070. Installation permits. Dawn Bellis, general counsel; Tim House, director and acting manager, Heating Ventilation, and Air Conditioning; and Richard Moloney, commissioner, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph

to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1, 2, 4, 5, and 6 to comply with the drafting and format requirements of KRS Chapter 13A; and (4) to incorporate the permit applications by reference. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 8:080. Inspections and tests.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 4, 5, and 6 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 8:090. Fees and refunds.

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

Division of Plumbing: Plumbing
815 KAR 20:050 & E. Installation permits.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Office

906 KAR 1:180 & E. Operation and services; personal services agencies. Mary Reinle Begley, inspector general, represented the cabinet.

In response to questions by Representative Lee, Ms. Begley stated that this administrative regulation did not affect home health services. She stated that this administrative regulation only applied to a nonmedical model of care. She added that the "administration of medication" had a legal definition that included evaluation of an individual; therefore, giving a preprepared dose of insulin or other medication did not constitute "administration of medication" and was not prohibited by this administrative regulation.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.222; and (2) to amend

the RELATES TO paragraph and Sections 1 through 4, 6, and 16 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Aging and Independent Living: Division of Quality Living: Aging Services

910 KAR 1:260. Kentucky Family Caregiver Program. Shirley Eldridge, internal policy analyst; Carol Hall, social services specialist; and Marnie Mountjoy, internal policy analyst, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to include citations to KRS Chapter 205; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 1 to include additional necessary definitions; (4) to amend Section 7 to clarify the department and district responsibilities regarding exception requests; and (5) to amend the RELATES TO paragraph and Sections 1 through 13 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the May 11, 2010, meeting of the Subcommittee:

PERSONNEL CABINET: Personnel Cabinet, Classified

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

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

103 KAR 31:310. Sourcing of digital property.

Office of the Secretary: Purchasing

200 KAR 5:315. Suspension.

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

201 KAR 10:050. Fees.

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

401 KAR 47:090. Solid waste permit fees.

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

601 KAR 12:060. Hardship driver's license.

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

902 KAR 20:400. Limited services clinics.

The subcommittee adjourned the meeting at 10:55 a.m. until May 11, 2010.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE Minutes of the Meeting of the 2010 Interim January 11, 2010

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Monday, January 11, 2010, at 1:30 PM, in Room 131 of the Capitol Annex. Representative Kent Stevens, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Kent Stevens, Co-Chair; Senators Vernie McGaha and Ken Winters; and Representative Bill Farmer

Guests: John Stroube and Tanja Bromley, Kentucky Music Education Association; Andrea Plummer, Kentucky Youth Advocates; Wayne Young, Kentucky Association of School Administrators; and Jim Thompson, Education and Workforce Development Cabinet.

LRC Staff: Sandy Deaton, Audrey Carr, Janet Stevens, Jesse Payne, and Lisa Moore.

Chairman Stevens welcomed the new members of the National Technical Advisory Panel on Assessment and Accountability (NTAPAA). Each member introduced themselves and provided members with information about their backgrounds and areas of interest in the field of assessment and accountability. The new members are: Dr. Ronald K. Hambleton, University of Massachusetts; Dr. Daniel Koretz, Harvard Graduate School of Education; Dr. Robert Linn, University of Colorado; Mr. Jeffrey Nellhaus, Massachusetts Department of Elementary & Secondary Education; Dr. Doris L. Redfield, Edvantia; and Dr. Pat Roschewski, Nebraska Department of Education. There were no questions for the NTAPAA panel from the committee members. Representative Stevens said he is looking forward to working with the panel in the future.

Chairman Stevens asked for a motion to approve the meeting minutes from the December 9, 2009, meeting. Senator Winters made the motion to accept the minutes and Representative Farmer seconded the motion. The minutes were approved by voice vote.

Chairman Stevens introduced

Dr. Terry Holliday, Commissioner of Education, Kentucky Department of Education (KDE); Mr. Robert King, President, and Dr. Aaron Thompson, Interim Vice President for Academic Affairs, Council on Postsecondary Education (CPE), to provide a joint presentation on the status report on the implementation of Senate Bill 1.

Dr. Holliday said most deadlines have been met within the Senate Bill 1 guidelines. However, the standards for math that were due in December 2009 will be presented February 10, 2010, in coordination with the joint meeting of the CPE, the Education Professional Standards Board (EPSB), and the State Board of Education. He noted the delay was attributed more to the common course standards work being conducted at the national level.

Dr. Holliday noted the four major components in Senate Bill 1 were the revised content standards; the new assessment and accountability system; intensive professional development; and college and career readiness initiatives. He said the revision of the content standards has been a collaborative process between KDE, CPE, & EPSB including K-12 teachers, administrators, Kentucky Community and Technical College System (KCTCS) and university faculty, and business and industry representatives. He said Kentucky is the first state to provide feedback to the National Governor's Association and the chief state school officers, and is poised to be the first state to adopt common course standards. Dr. Thompson said he is very pleased with the participation of both private and public college faculty.

Dr. Holliday said the common core standards work has revolved around English, language arts, and mathematics. He said Kentucky is still working on the revision to the content standards in science, social studies, and all the program reviews in arts and humanities, writing, and practical living and career studies. He said all content standards will be revised by December 2010, and this will satisfy the timeline as required in Senate Bill 1.

Dr. Holliday said there is an interim accountability system in place. He discussed the implementation of a balanced assessment system including formative, interim, and summative assessments. He also said end-of-course assessments are being developed and some high schools are using them.

Dr. Holliday said the KDE and CPE are developing a unified strategy to reduce college remediation rates by at least 50 percent by 2014 in comparison to the 2010 rate. They also want to increase the college completion rates of students enrolled in one

or more remedial classes by 3 percent annually from 2009 to 2014. He said the plan is due no later than May 15, 2010. Mr. King said some technical language needs to be changed in the statute but he said CPE is poised to address issues of significantly improving the graduation rates of students who enroll in Kentucky colleges and universities that are in need of remediation. Dr. Thompson said there are workgroups gathering together from colleges across the state, along with staff from K-12, to help meet the target percentage that is determined for improving the graduation rates. Dr. Holliday said there are three unified strategies to promote college and career readiness offered through KDE, CPE, and EPSB. They include accelerated learning opportunities, secondary and postsecondary interventions, and advising and mentoring programs. Dr. Thompson said many of the pilot studies that are in place are showing positive results at levels higher than originally anticipated, and they want to keep moving in these directions.

Dr. Holliday said intense professional development is a crucial piece of Senate Bill 1. He said KDE, CPE, and EPSB provide trainings for key audiences in new standards, assessments, and program reviews. He said evaluations of teachers should be formative in nature to provide them the feedback they need to build school-level and district capacity. He said a comprehensive program of professional development will be offered through professional learning teams with an excellent on-line instructional and professional development tool. Dr. King said CPE is deeply committed to the notion that high-quality, effective professional development has to be a part of this effort. He noted Ms. Elaine Farris, former interim commissioner of education, said that the Kentucky Education Reform Act may have been more successful had professional development been more intensive 20 years ago. Dr. Holliday said the statewide professional development roll-out related to Senate Bill 1 and the Race to the Top grant application will be provided locally working alongside education cooperatives, universities, P-16 councils and other partners in collaboration with districts and schools. He would like the work to happen regionally and to involve classroom teachers in the professional development within the actual context of developing classroom language around the standards and formative assessments. Content networks will be guiding district leadership teams through the process of deconstructing standards. He noted district leadership teams facilitate the process with local school leadership teams

and professional learning teams. The focus is on changing practices at the classroom level and the primary goal is for the content and examples of work from these networks to be used to populate the continuous instructional improvement software tool. He noted the software tool is one of the core fundamentals in the Race to the Top grant application. Dr. Thompson said CPE wants the universities to develop a partnership with K-12 that would build a mass capacity support system reciprocal in nature.

Dr. Holliday updated the committee on key timeline dates for Senate Bill 1 and Race to the Top activities. He said KDE anticipates that the following funding would be required to implement Senate Bill 1 requirements relating to assessment, content standards development, professional development and college/career readiness with maximum efficiency. He said the assessment standards and accountability costs for fiscal year 2011 are estimated at \$5,000,000 and \$6,630,800 for fiscal year 2012. The estimated cost for the content standards developments, program review, and professional development is \$1,865,400 for fiscal year 2011 and \$1,965,000 for fiscal year 2012. He said that KDE is working with a consortia of states to try and obtain \$350 million to cover the cost of the revision of the content standards in the areas of English, language arts, and mathematics. The money will not cover the cost of revising social studies and science and the KDE will not know the status of the funding until June 2010. Dr. Holliday is expecting a cost between \$3 and \$5 million to do the content standards work in social studies and science and the program review areas. Dr. King said CPE anticipates that the assessment standards and accountability costs for fiscal year 2011 will be \$1,550,000 and \$200,000 for fiscal year 2012. He is estimating the professional development cost of post-secondary faculty being \$3,130,000 in fiscal year 2011 and \$1,630,000 in fiscal year 2012. He said the college and career readiness costs are estimated at \$7,560,000 in fiscal year 2011 and \$7,560,000 in fiscal year 2012. He said the CPE has requested additional funding from the steering committee and the Governor's office to implement Senate Bill 1.

Senator McGaha thanked the CPE and KDE for their collaborative presentation. He asked Dr. Holliday about the remake of the regional service centers and if there would be dedicated sites for a center. Dr. Holliday said KDE would be submitting a Request for Proposal (RFP) for dedicated sites if Race to the Top funds are received, but would require collaboration in the response to the call

for proposals to show how they are utilizing higher education, teacher organizations, and school board organization. He said a center could be located on the site of a regional cooperative if it was very strong in instructional work, or it could be a P-16 council. It would also require a regional collaboration to leverage the resources that already exist and partnership with the universities. He said KDE would dedicate existing KDE staff on a regional level and there are some dollars in the Race to the Top application dedicated to ensuring there are enough KDE staff to address the roll-out of standards, the software system, formative assessment training, the statewide longitudinal data system to ensure teachers can utilize the system appropriately, and staff to assist with the turnaround of low-performing schools. Senator McGaha clarified that the RFP was for management of the centers and Dr. Holliday said that was correct. Senator McGaha asked how many regions would be identified. Dr. Holliday said eight regions, plus Jefferson County, for a total of nine. He said there will be two to four staff members per region depending on the size. Senator McGaha asked if KDE staff will be placed in the regions if the Race to the Top dollars are not awarded to Kentucky. Dr. Holliday said staff would be placed in the regions regardless to ensure the work is meeting the requirements authorized by Senate Bill 1.

Senator McGaha asked President King about meeting with the education committee co-chairs to clarify the issues surrounding the graduation rate language in Senate Bill 1. Ms. Sue Cain, College Readiness and Development Coordinator, CPE, said that the current language in the statute says that related to the number of students who graduate, or who are retained and earn a degree, will be three percent annually. She said this figure is based upon a percentage, and could fluctuate between 3.2 and 6.4 percent increases in college completion rates between now and 2014. Ms. Cain said after speaking with representatives on the steering committee, it was communicated that this was not the intent of the legislation. She said the CPE will continue dialogue with legislators to determine how best to meet the intent of the legislation. She said the CPE is developing unified strategies that will lead Kentucky colleges to higher completion rates and will identify the matrix of measurement with legislators. President King said if Kentucky colleges and universities met the goals as defined in the current language, the General Assembly would be very disappointed in the outcome. He hopes to meet with Ed-

ucation Committee co-chairs in the near future to determine an agreed upon approach. Dr. Thompson said the conversation also needs to determine when the counting starts because the way it is currently stated, it is almost impossible because students will not have transitioned with any of the standards in K-12. He said there are two parts to the clarification of the statute: one is the percentage; and the other is when the assessment of the accountability measure starts.

Senator Winters discussed the timeline of the legislation and said it needs to be adjusted to be more realistic, but at the same time, he does not want the standards softened or altered. He asked Dr. Holliday about the participation of the state chief school officers and the members of the National Governor's Association completing the revision of the content standards on a national basis in 2010. Dr. Holliday responded that there is no definitive timeline on social studies, but he is hoping that the group will begin the revision of the standards in science in the summer of 2010. Senator Winters said the National Governor's Association had promised that the revision of all the content standards in all subjects would be completed in 2010, and he is disappointed that the original timeline is not going to be met. He said this will lose momentum toward creating a national standard as timelines are changed and not met.

Senator Winters asked about the development of a common assessment from the state chief school officers and the members of the National Governor's Association. Dr. Holliday specified that the Race to the Top dollars can only be used for formative assessment development and cannot be used to develop summative, end-of-course, or high school exit exams. He said a consortia of five states is competing for \$350 million that the United States Secretary of Education has set aside for competitive purposes and this money could be used for the development of those assessments. He mentioned working collaboratively with Mark Tucker on the possibility of developing a broad examination that could be used as end-of-course assessments in high school and compliments the ACT nicely. He said the consortia of states will come together after the process of the Race to the Top application is completed, which will most likely be in February or March of 2010. At that time, final guidelines will need to be discussed and proposals submitted to get access to the \$350 million. He is anticipating a summative assessment that at least 20-30 states would sign on for grades three through eight in math and language arts. It is not an-

ticipated to get end-of-course exams that a number of states would sign off on unless Mark Tucker's work is utilized. This is the only one that Dr. Holliday knows is working on end-of-course types of assessments for the high school level. He noted the Kentucky Board of Education and teachers want Kentucky to move toward student accountability utilizing end-of-course assessments. The federal government will award the grants for the summative assessments between March and early June of 2010. Dr. Holliday said that 30 states will have to agree on what a summative assessment tied to common course standards will look like in order to get the test ready for the 2011-2012 school year. Senator Winters said he will look forward to future updates.

Chairman Stevens asked Dr. Ken Draut, Associate Commissioner, KDE, to explain administration regulation 703 KAR 5:060. He noted there was a summary of the administrative regulation and a letter from of the Office of Education Accountability (OEA) concerning the regulation in the members' folders. He said the actual regulation was not in members' folders because it has not actually been filed with the Legislative Research Commission. Dr. Draut said the regulation is an interim regulation and covers the 2009-2010 and 2010-2011 school years. At the end of that time, KDE will write a regulation that covers all the new assessments and accountability for the long-term model. He said the reason for bringing the regulation forth was to replace indices from the Commonwealth Assessment and Accountability System (CATS) that were eliminated after the passage of Senate Bill 1, enacted from the 2009 Kentucky General Assembly. He briefly explained the six sections of the regulation. They were: 1) Student assessments lists the state-required assessments (Kentucky Core Content Test (KCCT), Norm-Referenced Test, and Readiness assessments) and establishes a KCCT test window with a six-day schedule; 2) Data collection supports the statutory requirements for nonacademic data collection and establishes a transition process for graduation rates that moves Kentucky to using the federally-required cohort model. This change will increase attention on graduation rates by reporting rates for all students and for No Child Left Behind (NCLB) students groups. The first impact to NCLB reporting will occur in 2010-2011; 3) Reporting establishes new measures for NCLB reporting for other academic indicator (elementary and middle) and safe harbor and creates a data review period for NCLB reports. The other academic indicator would use social studies, science and writ-

ing-on-demand scores for elementary and middle schools; 4) Schools not conforming to standard grade configuration establishes waiver requests; 5) Schools having more than one level describes how an aggregated average of data for the school is used in NCLB reporting. He said sections four and five remove references to state accountability; and 6) Assistance describes a continuum of service to provide supports for Non-Title I and Title I schools not meeting NCLB goals. Assistance is based on an intervention matrix. Dr. Draut said KDE will come back and explain the details of the administrative regulation at the appropriate time.

Chairman Stevens introduced Ms. Marcia Seiler, Director, (OEA), to make comments and introduce OEA staff to explain two reports. Dr. Ken Chilton, Director of Research, and Dr. Keith White, Research Analyst, OEA, explained the OEA report "Leadership Training for Superintendents, Board Members, Principals, and School-Based Decision Making Councils." Dr. Chilton said the presentation overview would focus on leadership duties and responsibilities, training requirements, monitoring training, and survey results.

Dr. Chilton reviewed the prerequisites for each education leadership position. Superintendents, principals, and teachers require certifications, board members must have a high school diploma or its equivalent, and school-based decision making council members must have a child enrolled in school. He also discussed general duties of each position.

Dr. Chilton said the number of annual training hours for superintendents and principals is greater than for board and council members. Superintendents are required to receive 42 hours of training over a 24 month period or the equivalent of 21 hours as part of an individual growth plan annually. Principals must complete 21 hours of leadership training per year. The requirements for board and council members vary by the individuals' level of experience. Board members with 3 years or less of experience must complete 12 hours of annual training, while members with 4-7 years complete 8 hours of annual training and members with 8 or more years of experience must complete 4 hours of annual training. New school-based decision making council members are expected to complete 6 hours of annual training and all members with more than 1 year of experience have to complete 3 hours of annual training. Failure to complete mandated training can lead to the loss of a superintendent's or principal's certificate. Similarly, board members can be removed from their leadership position for failure to

attend training. He said there is no statute or regulation setting out discipline for failure of a council member to receive training. He said data in 2008 showed 11 board members not receiving their training, but they were all granted extensions due to extenuating circumstances. There were no superintendents, board members, or principals who lost their certificates due to not completing the required training. There were 234 school-based decision making council members not receiving training in 2008.

Dr. Chilton said districts are required to submit training records for compliance purposes. The OEA is recommending that the KDE should review those records and enforce KRS 160.345(6) by taking appropriate action toward those school-based decision making council members who do not receive training.

Dr. White discussed the four different surveys that were developed and administered to superintendents, school board members, principals, and school-based decision making council members. The surveys were designed to elicit input on the perceived value of leadership training in preparing leaders to perform their statutory duties. The survey questions were developed to highlight the statutory duties of each leadership group.

Dr. White said in all cases, survey respondents reported high levels of satisfaction with the appropriateness of the training. Over 70 percent of respondents agreed or strongly agreed that mandated training prepared them to perform their duties. There was considerable overlap and agreement between superintendents and boards and between principals and councils.

Dr. White said despite the overall high levels of satisfaction reported with the training, some subjects that are critical to improving student achievement were considered less satisfactory than others. For example, superintendents and board members reported lower levels of agreement on their preparedness to develop curriculum, analyze and interpret assessment data, and address achievement gaps. For principals and council members, the lowest levels of preparedness were reported for selecting text books and instructional materials, planning professional development, and determining the number of persons to be employed in each job classification.

Dr. White said in the course of administering the surveys, OEA staff experienced varying degrees of difficulty communicating with some education leaders, especially school-based decision making council members. He said databases of these

school leaders are not maintained or updated annually. Therefore, the OEA recommends that KDE shall develop and maintain an up-to-date directory, including e-mail addresses, of all superintendents, school board members, school principals, and school-based decision making council members to facilitate better communication between district and school leadership.

Dr. White said the surveys asked if appointed leaders, superintendents and principals, differed from board and council members in reported levels of knowledge. Overall, 85 percent of school board members and school-based decision making council members consider themselves knowledgeable about duty-related topics. Yet, 54 percent of school principals indicated that their school-based decision making council had high or very high knowledge levels regarding duties and 60 percent of superintendents responded that their school board had high or very high duty-related knowledge levels.

Dr. White said the topics in which school board members reported having the least amount of knowledge were developing curriculum standards (73 percent indicated having knowledge), assessment data analysis and interpretation (78 percent), and addressing achievement gaps (78 percent). These areas are all inter-related. He noted developing curriculum to overcome achievement gaps is dependent upon the ability to analyze and interpret student assessment data.

Dr. White discussed the collaborative participation of leaders and trainings. He said over 90 percent of survey respondents indicated that learning from other leaders was a key contributor to their feelings of preparedness and knowledge levels. He said leadership initiatives include the Kentucky Cohesive Leadership System, the Education Professional Standards Board (EPSB) Master of Arts – Teacher as Leader, and the Principal training redesign. The OEA recommends that the EPSB shall develop a rigorous evaluation framework to measure the impact of the Principal Training Redesign prior to July 30, 2011.

Dr. White said school leadership is linked to student achievement in education research. However, the relationship between leadership survey responses and student performance indicators in Kentucky is weak. He said in theory, school leaders' responses indicating high levels of preparedness, collaborative training, and higher knowledge levels would be expected to yield high student performance scores. An examination of the relationship between the Kentucky Core Content Test performance

and preparedness found no statistically significant relationship between high levels of leadership capacity and Kentucky Core Content Test performance.

Dr. White said in conclusion that statutory requirements are being met. Survey respondents credit training for positively impacting their duty-relating preparedness. He said most survey respondents consider training requirements to be appropriate. He also said collaborative training effects were present and there were no linkages between levels of leader preparation and academic performance.

Senator Westwood thanked the OEA staff for their hard work on the report. He asked what training teachers and school-based decision making council members receive to prepare them to make the selection of textbooks. Dr. Chilton said teachers and principals rely on their previous education training and experiences, while the parents are dependent upon the training they receive for being new school-based decision making council members. He said there is no additional training required of parents in the statute, but they could serve with other education members on textbook selection committees. Senator Westwood said he thinks more training should be required for the people making the selections of textbooks as this is critical to a student's educational experience. Ms. Seiler said the professional development section within Senate Bill 1 addresses the preparation of teachers for the selection of curriculum and textbooks. She said she will notify the KDE of his concern.

Chairman Stevens asked about the experience levels of teachers and the educational background of parents serving on the school-based decision making councils. Dr. Chilton said he would analyze the data and get a report to Chairman Stevens.

Chairman Stevens introduced Ms. Brenda Landy, Research Analyst, OEA, to present the report "Compendium of State Education Rankings 2009." Ms. Landy said this is the third annual compendium of state rankings it is intended as a convenient reference tool regarding how Kentucky's education indicators compare to the nation, Southern Regional Education Board states, and other states that border Kentucky. While rankings are based on all states and the District of Columbia, the tables in the members' meeting materials focus on peer states only.

Ms. Landy said Kentucky's student poverty rate continues to be above the national rate. Kentucky has one of the highest rates of students enrolled in rural schools, which have unique advantages and disadvantages.

es. She said although the number of Hispanic students has been increasing in Kentucky, it is still a smaller minority student population than most states.

Ms. Landy said given Kentucky's small Hispanic population, few students have limited English proficiency. However, the number of students with socioeconomic disadvantages are reflected in high rates of subsidized lunches and Title I funds. Kentucky also has a relatively high rate of students with disabilities.

Ms. Landy said even after adjusting for geographic cost differences, Kentucky is among the bottom 10 states when ranked by revenues and current spending per pupil; however, unlike most states, Kentucky does not include school activity funds when reporting revenues and expenditures. She said that the teacher salaries rank has risen. As the share of Kentucky's revenues from local sources gradually increases, the high share of revenues from state funds is slipping. She noted the proportion of spending dedicated to instruction mirrors the nation.

Ms. Landy said Kentucky's drop in rank with respect to the student-teacher ratio is good news because it suggests that students have more opportunities for individual attention. She said high numbers of instructional aides per student are likely due to high preschool enrollment and disability rates. High numbers of administrators likely reflect Kentucky's small rural schools and districts.

Ms. Landy said because Kentucky's average fourth grade National Assessment of Educational Progress (NAEP) math score increased faster than in other states, its ranking jumped from 39th in 2003 to 29th in 2009. On the other hand, Kentucky's average 8th grade NAEP math score increased at about the same rate as the national average, leaving its ranking the same. She said Kentucky's rankings improved dramatically with respect to its graduation rate and the percentage of students attempting and passing Advanced Placement exams. She noted as all students now take the ACT, Kentucky's participation rank jumped from 13th in 2008 to a tie for 1st with Michigan and Colorado in 2009. She said now that examinees include those who are not college-bound, Kentucky scores are lower, but this is not unexpected. She said Kentucky's rank with respect to the average composite score dropped from 25th in 2008 to 49th in 2009.

Due to the lack of a quorum, the reports were not formally adopted. With no further business before the committee, the meeting adjourned at 3:25 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

**Minutes of the 4th Meeting
of the 2009 Interim
December 7, 2009**

The fourth meeting of the Education Assessment and Accountability Review Subcommittee was held on Monday, December 7, 2009, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Jack Westwood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Mary Jo Rist, Kentucky Department of Education; and Clyde Caudill, Kentucky Association of School Administrators.

Legislative Guest: Representative Derrick Graham.

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

Senator Westwood asked for a motion to approve the minutes of the October 13, 2009, meeting. Upon motion by Representative Stevens, seconded by Representative Marzian, the minutes were approved by voice vote.

Senator Westwood welcomed and introduced Senator Vernie McGaha as the newly appointed member to the subcommittee.

Senator Westwood introduced Bryant Gillis, Principal of the John W. Miles Elementary School, Erlanger-Elsmere Independent School District, and asked him to inform the committee about the school's innovative parent reporting system and curriculum alignment process. Mr. Gillis introduced Della Kemper, fourth grade teacher, and Gina Dansk, Kindergarten teacher, who assisted with the presentation. A handout was provided to committee members relating to the school's curriculum, assessment, and parent reporting activities.

Mr. Gillis said that he and his staff worked with a steering committee for over four years to develop a properly aligned curriculum, related assessments, and a parent reporting system that would accurately reflect student academic progress. He said that during the six years he has been principal at the school, the student population had increased from 11% free and reduced lunch to 47%. He said teacher-led grade level teams reviewed the Kentucky core content standards and added national standards to increase the rigor of the curriculum. The curriculum committee reviewed the assessments being used

and national assessments and decided that the Measures of Academic Progress™ (MAP) Tests developed by the Northwest Evaluation Association would more accurately reflect student learning. The curriculum committee also developed nine objectives each student should master during each nine week grading period and assessments to be administered during those periods to ensure students were meeting established goals. Also, intervention techniques are immediately utilized to help each student who is struggling. Mr. Gillis said many of the teachers expressed concern that letter grades do not adequately reflect student progress and, with the assistance of parents, teachers, counselors, and others, a new reporting system was developed to show a student's progress in mastering standards. He said the report card represents an authentic grade but does not reflect behavior, extra credit, and attendance. Also, student-led parent-teacher conferences are held where the students explain their learning achievements, goals, challenges, and future pathway. He said that the Miles project has been publicized and he has been contacted by more than 20 different states to explain the program.

Senator Westwood said it appears that the system could also serve as an evaluation of teachers based on total student progress and an evaluation of the appropriateness of the standards being used to achieve desired goals. He asked if any of the faculty has objected to the new system. Ms. Kemper said there has been no negative feedback since teachers were involved in developing the process. She said teachers believe their students needed more information about how to achieve their goals and letter grades were not adequately reflecting progress. She said although it is more time consuming, the system also provides important feedback to help teachers know when to re-teach or use a different method of teaching, especially when several children are not understanding certain concepts. Ms. Dansk said the process also includes a professional learning community team which enables teachers to seek out information and assistance from other teachers to develop more effective teaching techniques.

Senator Westwood said the process also appears to be an evaluation of the Kentucky core content standards which are currently being aligned as a result of Senate Bill 1. Ms. Kemper said the use of standards based assessments better reflects content knowledge and the parent reporting system provides more detailed information on student progress. Mr. Gillis said the ver-

biage in the standards used at Miles is based on Kentucky standards and that students are routinely assessed to ensure they are on track. Senator Westwood said he applauds the faculty for the energy and time they have put into the process to ensure student success. He asked if the students have been receptive to the new reporting system to which Mr. Gillis responded that the students are excited in sharing their progress and are also open and honest about where they need to improve.

Senator Winters said it appears that the school has vertically aligned the core content and asked how the current process may be affected by the revision and alignment taking place as a result of Senate Bill 1. Mr. Gillis said that Miles faculty and administrators are excited about Senate Bill 1 implementation because it increases rigor and alignment statewide. He said Miles is still assessing Arts and Humanities and is continuing the portfolios for students already enrolled.

Representative Stevens said he liked the 17-1 student-teacher ratio and wished each school in the Commonwealth could have a similar ratio. He asked what percentage of the parents attended the parent academy training. Mr. Gillis responded that about one third of all parents beyond those that had been involved in the various committees attended the training. Representative Stevens asked how the rest of the parents were informed to which Mr. Gillis responded that information packets were sent home with the students and 87% of the parents attended the parent-teacher conferences. Representative Stevens asked if parents still want letter grade comparisons. Mr. Gillis replied that the majority of parents are pleased with the new reporting system. Representative Stevens asked if the best way to communicate student progress is a parent-teacher conference and Mr. Gillis agreed. Representative Stevens asked what the consensus of opinion is at Miles regarding Senate Bill 1. Mr. Gillis said faculty and staff are excited about the changes required by Senate Bill 1, although he believes a student portfolio has been effective in tracking student progress even if the portfolio is not assessed.

Senator McGaha asked Mr. Gillis to explain the tiers of intervention on the school's Pyramid of Intervention. Mr. Gillis said the pyramid was based on an estimate of the total number of students who need varying degrees of intervention to bring them up to grade level. He said that he had been a special education teacher for 23 years and one of his goals as principal is to ensure that each child in special education needs to

be there because of academic needs and not because of behavior or social issues. Senator McGaha asked what intervention services are available for students. Mr. Gillis replied that Family and Resource Center personnel, counselors, the Title I coordinator, speech and language therapists, and many other personnel depending on the specific needs of each student. Senator McGaha asked how class assignment of students is done. Mr. Gillis said students are assigned based on academic ability and total number of students. Ms. Dansk said students entering kindergarten were assessed to determine if intervention was needed and that other factors, such as temperament and personality, were also considered to ensure that a heterogeneous group was in each class, which has proven successful.

Senator Westwood asked if the students will have trouble adjusting to middle school, especially since no other school in the district is following the same procedures. Mr. Gillis said fifth grade parents have been asking questions about the transition. He said the district high school is very involved in changing standards and assessments but the middle school is not. Senator Westwood said that, even though letter grades are used at the high school level to determine scholarship and college admission eligibility, he likes the reporting system being used at Miles to measure student academic growth.

Senator Westwood thanked Mr. Gillis and his staff for sharing their innovative approach to education.

Senator Westwood asked Marcia Seiler, Director, Office of Education Accountability (OEA), to discuss the study proposals for 2010. Members were provided a memorandum from Ms. Seiler dated November 30, 2009, regarding the proposed study agenda.

Ms. Seiler explained that the Education Assessment and Accountability Review Subcommittee (EAARS) is required by statute to approve a list of study topics for OEA. She said that she worked with the co-chairs of EAARS to develop the study agenda and specific details will be provided at the next meeting on how her staff will proceed on each subject area. OEA will conduct a review of the General Fund reserve balances of each Kentucky school district. The review will include information on statutory and regulatory authority, federal guidelines, best practices, district balances, average monthly General Fund expenditures, and analysis of fund balance trends from 2005-2009. Representative Farmer asked if the source of the funds in those balances will be analyzed because districts used various sources of fund-

ing. He expressed concern that any legislative action initiated as a result of the study should not impede a district's ability to retain matching funds for federal dollars. Ms. Seiler said that Sabrina Olds, OEA Analyst, would be conducting the study and asked her to respond. Ms. Olds said a district's General Fund carry forward balance is comprised of funds collected from local taxes and Support Educational Excellence in Kentucky (SEEK) funding allocation. She said the study will include a review of other balances that the districts carry but those funds are in restricted accounts.

Ms. Seiler said a study would be conducted on assistance being provided to struggling schools related to the consequences in the No Child Left Behind (NCLB) tier levels. The study will include the current status of all school districts, the consequences and assistance being provided to underperforming school districts and schools, a review of state and national accountability models, and information on how Kentucky districts are meeting established goals. She said another study will be done on districts participating in bargained for contracts to determine the impact and provisions of those contracts on the duties and responsibilities of schools and district leadership and will include information on the effectiveness of the contracts to actually improve school performance. Ms. Seiler said a study will also be conducted on teacher evaluation and compensation systems and will examine teacher quality components, performance pay, differentiated compensation, value added literature, and a review of Kentucky's compensation and teacher evaluation system. She said teachers and administrators will be surveyed as part of the study. Ms. Seiler said OEA will also prepare the 2010 yearly compendium of state education rankings and district data profiles.

Senator Winters asked if the data for the study of district General Fund reserves would be assimilated from available data at the Kentucky Department of Education (KDE) rather than through visits to school districts. Ms. Seiler said most of the data is available at KDE and some has been reported in the past in the district data profile reports. Senator Winters said he would prefer that OEA use existing data from KDE, especially in the current uncertain economic climate. Senator Westwood asked if data is also available from KDE on restricted fund balances, to which Ms. Olds and Ms. Seiler responded that it is available at KDE.

Senator Westwood asked if there was a motion to approve the OEA study plan for 2010. Upon mo-

tion by Senator Winters, seconded by Senator McGaha, the 2010 study agenda was approved by voice vote.

Ms. Seiler said the next presentation related to Part III of the mathematics study. She said the first two parts of the study were presented at a previous meeting. She asked Deborah Nelson, OEA Research Analyst, and Brenda Landy, Research Analyst, to present the findings to the subcommittee. Members received a draft copy of Part III of the study and a copy of the PowerPoint presentation.

Dr. Nelson said that Part I of the math study was a review of assessment and course taking data, Part II examined issues related to teacher preparation and continuing education, and Part III pertains to school practices in mathematics programs. She said while some Kentucky schools have made steady gains in improving student math achievement reaching near 100% proficiency, the proficiency rate at other Kentucky schools is only 20%. She said challenges are especially great in middle and high schools and in schools serving large percentages of students living in poverty. Dr. Nelson said the detailed study contains information about the differences observed in mathematics instruction and achievement, best practices, and challenges still confronting Kentucky schools.

Dr. Nelson said many elementary schools, even those with a high percentage of poverty students, are at or near proficiency goals, although there is a direct correlation between low student achievement in schools with high poverty levels. Similar data for middle schools showed that most of the higher performing schools are low poverty schools and that the lowest performing middle schools tend to be the schools with the highest poverty levels. She said data related to high school mathematics achievement showed that high schools with the lowest proficiency rates are also the schools with the highest percentage of poverty students, although many low performing high schools also had moderate poverty levels.

Dr. Nelson said OEA made site visits to eleven high performing and six low performing schools, although a disproportionate number of middle schools and high schools were visited. They also reviewed state assessment data, course taking and evaluation data, and interviewed more than 25 state administrators, researchers and professional development providers with extensive experience in improving math teaching and learning in Kentucky schools. The study also includes information on the various funding allocated to improve mathematics education in

Kentucky is being used at the district level. Dr. Nelson said the Mathematics Achievement Fund was the major source of state funding in 2008-2009 with a \$6.9 million allocation to fund various initiatives including the Kentucky Center for Mathematics at Northern Kentucky University, local grants, and research and policy development activities of the Committee for Mathematics Achievement. She said many major investments have been made in math teaching and learning over time and that some of the initiatives have shown promising results in student achievement but need to be more readily accessible to teachers and school administrators.

Dr. Nelson said there were notable differences in characteristics between high performing and low performing schools relating to group accountability, positive climate, curriculum and assessments, staff and scheduling for acceleration, and the professional learning community, especially the presence or lack thereof of building level instructional support for mathematics teachers. She said although only a few schools were visited and the characteristics observed may not be applicable in each low or high performing school, many of the findings were supported in interviews with state administrators and professional development providers who have extensive experience in working with schools throughout the state. Dr. Nelson said that group accountability with high expectations for student achievement by teachers and staff was evident in high performing schools; and teachers knew what was expected of them by administrators, such as bell to bell instruction, engaging and effective lesson plans, and positive demeanor with students. Teachers also shared responsibility for high performance of all students in the school and not just those in their own classroom, such as sharing ideas and problem solving techniques, and enjoyed good working conditions and support from administrators relating to discipline, interruption free instruction periods, and instructional resources. She said administrators of high performing schools were allowed to recruit highly qualified teachers and to remove or replace teachers who did not meet expectations, although highly qualified teachers are not always readily available. Dr. Nelson said that high performing schools had very clear grade and course level curriculum documents detailing specific skills that need to be mastered and a time sequence in which those skills should be mastered, which provided a blueprint for teaching and learning. Many of the schools had common assessments used across classrooms and closely monitored the progress of

individual students. She said similar documents did not exist or were not used in low performing schools.

Dr. Nelson said that, although many of the recommendations in the report are directed at KDE and may require additional administrative and fiscal resources, it is also clear that math teaching and learning cannot be improved unless school administrators and teachers participate in the process and districts allocate resources and focus attention on improving mathematics achievement. She said OEA recommends that KDE clarify the specific mathematics curriculum to be adopted by schools since the current definition is vague and KDE needs to provide guidance about curriculum documents that should be used. She said many school and district administrators expressed frustration that they did not have the expertise or resources to develop high quality documents and were having trouble accessing those already in existence.

Dr. Nelson said high performing schools provide systematic support for struggling students, including extended class time for students, smaller class sizes, and teacher aides in classrooms to assist struggling students. She said high performing schools actually review and use data to identify student deficiencies or provide accelerated classes for advanced students and also use the data to make necessary staffing and scheduling decisions to provide the support. They noted that elementary schools have more flexibility with adding instruction time and additional staff to assist struggling students than high schools. She said several high school administrators and principals expressed frustration during interviews about being unable to make needed changes because decisions regarding faculty and scheduling is controlled by the school-based decision making councils.

Dr. Nelson said that high performing schools have a professional learning system in place for their faculty that includes internal and external professional development opportunities, but low performing schools do not have the same level of internal professional development even though their teachers participate in external professional development. She said building level instructional support for math teachers was evident in all of the high performing schools with administrators providing feedback and assisting with data analysis and curriculum development, but teachers in low performing schools did not have similar support. Dr. Nelson said that statutory and regulatory language relating to professional development, such as required number of hours, individual

growth plans, and professional development plans, needs to be clarified and districts need to use professional development funds for that purpose. She said Part II of the mathematics study raised concerns about the lack of relevant courses required to obtain a master's degree to teach mathematics and that interviews with over 125 math teachers for Part III of the study showed that the majority of teachers obtained their master's degrees for compliance and took almost no courses that would help them teach mathematics. She said resources are available through the Kentucky Center for Mathematics and other sources which would be extremely helpful for all math teachers. She said administrators are required to take 21 hours of training annually but only 16 of over 800 courses approved by KDE are directly related to mathematics. She said OEA recommends that KDE solicit or develop more mathematics relevant courses for Effective Instructional Leadership Act (EILA) credits for administrators.

Representative Stevens said he disagreed with the recommendation regarding professional learning. He said elementary school teachers provide the total learning environment for their students. He said college students planning to teach only math should take relevant courses during their undergraduate studies and the master's program should continue to emphasize pedagogy. He said that he has a concern that block scheduling may also create some issues because of the extended periods a student may encounter between math courses. Dr. Nelson said that KDE has provided training for high schools on all different types of course scheduling options to help schools meet the needs of their students. She said the major complaint they heard from administrators and principals regarding block scheduling or scheduling in general was how difficult it is to change a schedule because changes must be approved by the school-based decision making council. With regard to content knowledge, Ms. Nelson said that each of the high performing schools surveyed did concentrate on the whole child, but research data also shows that many Kentucky teachers lack the basic mathematics knowledge necessary to provide effective teaching and learning. Representative Stevens said he agrees that content knowledge is important but teaching techniques also need to be examined when teachers are ineffective.

Senator Westwood asked if there were any observations about student assignment in low performing schools especially relating to placement of advanced students with the best teachers. Dr. Nelson said ad-

ministrators were asked how teacher assignments were made and generally administrators of high performing schools intentionally designate staff to work with students with varying degrees of academic ability, but there was no consistent method throughout the schools surveyed in making class assignments.

Dr. Nelson said there was a consensus of opinion among administrators and teachers of high school math that the fundamental mathematics foundation of many students entering high school is very weak even if those same students had scored proficient or distinguished on the math portion of the Kentucky Core Content Test (KCCT). They said that it is very important that students possess computational fluency, understand basic math concepts, and be able to compose and decompose numbers rapidly and accurately or they will struggle in high school math classes. She said OEA identified three contributing factors contributing to the lack of preparation of students entering high school, which was based on data compiled by consultants observing Kentucky classroom instruction. One factor was the inadequate teaching of the conceptual foundations behind mathematics by elementary and middle school teachers, most likely due to a teacher's lack of understanding of the concepts or being unable to identify the specific point where intervention is needed. Another factor was the breadth of the curriculum which may have caused teachers to move too quickly and not have enough time to cover the depth needed to master concepts. She said even when the content has been revised, proper teaching methods and techniques will still need to be in place to promote deeper knowledge of the standards. Dr. Nelson said the third concern is student lack of automaticity and computational fluency and that allowing the use of calculators, which was permitted on KCCT math beginning in 1999, could be a contributing factor. She said OEA receive numerous comments from high school teachers and administrators about the indiscriminate use of calculators even though they are commonly accepted as a critical tool for student learning; but, there is currently no research to suggest that calculator use undermines automaticity.

Dr. Nelson said they found very little use of high school readiness tests and college readiness tests in early high school years to address basic skill deficiencies, although some higher performing schools provided extra grade level content support in certain math classes. High school teachers and administrators in general did not appear to pos-

sess the knowledge or know effective techniques to teach math at the high school level. Dr. Nelson said that even with the math initiatives being taken by KDE and the Council on Postsecondary Education (CPE), unless district and school administrators make needed staffing and scheduling changes, little can be accomplished by state leaders alone. She said that in order to strengthen weak mathematics foundations, OEA recommends that KDE and CPE ensure that the new standards and associated professional development include sufficient attention to basic numeracy and that the new assessments be used to provide early intervention for students lacking basic foundational mathematics skills.

Dr. Nelson said that students graduating in 2012 will be required to take Algebra II and at least one mathematics class each year in high school. She said although most students in schools throughout the state are meeting the Algebra II graduation requirement, many schools will need to make substantial shifts in scheduling to ensure students meet the annual math requirement. She said increasing the number of classes and rigor also will not ensure increased student math achievement. In two of the low performing schools OEA visited, even though all of the students were taking Algebra II for graduation, the proficiency rates in those two schools were 21% and 24% respectively, which is common throughout the state. Dr. Nelson said that OEA also noted that credit recovery is being widely used but maybe not for its intended purpose. In high performing schools, credit recovery was used infrequently or not at all, but in one low performing school, every student who failed Algebra II was put into a credit recovery class and not allowed to return to regular class. She said OEA has received a number of complaints regarding the inappropriate use of credit recovery and those complaints are being investigated.

Dr. Nelson said OEA has recommended that KDE help schools meet new high school graduation requirements by providing guidance on the types of courses that are appropriate for students of varying abilities; collect data to monitor the use of credit recovery classes; and establish systematic channels of communication with district and school staff responsible for monitoring and implementing math programs.

Dr. Nelson said although high performing schools provide advanced placement mathematics classes, about 25% of all high schools had no AP math classes and over half of the high schools with AP math had no students who earned qualifying scores on AP math courses.

She said data shows that for students to be successful in advanced courses they need to begin Algebra in the 8th grade, but currently about a third of middle schools do not offer 8th grade Algebra and two-thirds of middle schools do not allow credit for Algebra which would indicate that high ability students are not being systematically prepared to be successful in advanced classes at the high school level. OEA recommends that KDE contact schools that are not providing adequate coursework for high performing students to provide assistance and resources to help them develop appropriate classes.

Dr. Nelson said that OEA believes Kentucky has great untapped student potential; that the new standards and assessments being developed will bring more focus to the issues examined in the study; that there is a need to leverage resources already available to assist both struggling and excelling students; and a greater sense of urgency is needed in preparing for the new graduation requirements.

Representative Farmer asked if there are enough math teachers in the current system and in the pipeline to meet the needs of all schools to fulfill the new high school graduation requirements. Dr. Nelson said that Part II of the study examined the type of data that needs to be collected to systematically provide an accurate answer to that question. She said anecdotally administrators and faculty in higher performing schools appear to understand and try to provide the needed instructional support for both advanced and remedial math classes. She said resources may need to be reallocated in many schools which will require an understanding and action by school-based decision making councils. She said many administrators have expressed concern about the lack of financial resources needed to hire sufficient staff. Representative Farmer said the information implies that school-based councils may be satisfied with their personnel complement, even though their current personnel may not be the most content qualified to teach some of the courses.

Senator Westwood recognized Representative Derrick Graham, who was visiting, and provided him opportunity to ask a few questions. Representative Graham said it is his understanding that KDE allows each district to develop their own credit recovery programs and he asked if most districts use the grade from the credit recovery program to calculate the student transcript and grade point average (GPA). Dr. Nelson said she did not know the answer to the question although there appears to be inconsistency in general

in grading practices. Representative Graham said that since scholarship funding is often based on a student's GPA, KDE should establish a consistent statewide policy on how the GPA is to be determined, especially relating to credit recovery programs. He asked what options are available to students who have no particular interest in mathematics even though four years of math will be required for 2012 graduates. Dr. Nelson said they visited some schools that were providing math courses to help students learn advanced mathematics principles that could be used in college and work careers while still offering advanced placement courses for other students. Representative Graham said he is concerned that students who do not plan to pursue a degree or career that would require advanced placement mathematics classes are being required to take those classes which may be negatively impacting their GPA and adversely impacting scholarship eligibility and college admission requirements. Ms. Seiler responded that school resources and personnel complements factor into the classes that are offered and that KDE needs to provide guidance.

Representative Graham asked what some of the characteristics of high performing schools were, such as geographic location and the percentage of free and reduced lunch student population. Dr. Nelson said they visited three higher performing districts, all of which had poverty levels at or above the state average and one district had only one high school and the larger district had four high schools. She said all of the high performing schools exhibited high expectations for student achievement; district administrators had skills in working with teachers and school administrators; administrators who had not produced desired results had been removed; school administrators and teachers were provided necessary resources, professional development opportunities, and other needed support; and steps were immediately taken to address problem areas. Representative Graham said the costs of dual credit presents a problem for many students at or below poverty level, even when colleges and universities are providing reduced fees. He said it is important that realistic measures be taken to help all students have access to the best education possible including access to other schools.

Senator Westwood asked if there was a KDE representative in the audience who would like to provide a response to any of the recommendations in the OEA study. Mr. Michael Miller, Director of Curriculum Development, Kentucky Department of Education, said that KDE is

thrilled about the report and looks forward to implementing all of the recommendations. Ms. Seiler said that OEA worked closely with KDE throughout the whole year on the study and came to agreement on the recommendations.

Senator Westwood asked if there was a motion to accept all three parts of the mathematics study. Upon motion by Representative Stevens, seconded by Senator McGaha, the OEA Mathematics Study was approved by voice vote in its entirety.

Senator Westwood said that discussion on the remainder of the agenda items would be deferred to the January meeting. There being no further business to discuss, the meeting adjourned at 3:00 PM.

GOVERNMENT CONTRACT REVIEW COMMITTEE Committee Minutes January 12, 2010

The Government Contract Review Committee met on Tuesday, January 12, 2010, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Dennis Horlander, Co-Chair; Senator Julian M. Carroll; Representatives Jesse Crenshaw, Brad Montell, and Brent Yonts.

Guests: David Holcomb, Pam Hatcher, Joe Cowles, Fred Nelson, Steve Byars, Bill Harris, Dr. Steve Davis, Nancy Myers, Joe Barrows, Walt Gaffield, Michele Kays, Marcheta Sparrow, Tim Pollard, Gary Freeland, Robert Brown, Wesley Duke, Joe Meyer, and Hiren Desai.

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

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

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

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

A motion was made by Representative Yonts to consider as reviewed,

the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Montell seconded the motion, which passed without objection.

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Radical Rehabilitation Solutions, LLC, 1000000499; Center for Comprehensive Services Incorporated, 1000000791.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

KVC Behavioral Healthcare Kentucky Assignee for Croney & Clark, 0800008238-1.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Hospital Research & Education Foundation, 0900011901-1; University of Louisville Hospital, 1000000788.

DEPARTMENT OF INSURANCE: Knowledge Transformation Systems Incorporated, 1000000923; Duane Manns, 1000000926.

EDUCATIONAL TELEVISION, KENTUCKY:

John Bacon, 1000000957; Steven G. Shaw, 1000000959.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

GRW Engineers Incorporated, 1000000839; Myers Jolly Architects, 1000000840; Patrick D. Murphy Company Incorporated, 1000000847; DDS Engineering, PLLC, 1000000849; Kersey & Kersey Incorporated, 1000000852.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Truck America Training, LLC, KCTPS428; Lake Cumberland CDL Training School, Incorporated, KCTPS429; Association of Community College Trustees, KCTPS430.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Strothman & Company, PSC, 10004.

KENTUCKY LOTTERY CORPORATION:

Visions Solutions, 10920012. KY HORSE RACING AUTHORITY:

Stoll Keenon Ogden PLLC, 1000000941.

MOREHEAD STATE UNIVER-

SITY:

STAMATS, 10014.

NORTHERN KENTUCKY UNIVERSITY:

Cornerstone, 2010539; NACDA Consulting, 2010540; Susan Brinkman, 2010541.

STATE POLICE, DEPARTMENT OF:

John E. Reid & Associates, 1000000884.

TRANSPORTATION CABINET:

Vaughn & Melton Consulting Engineers (Kentucky) Incorporated, 1000000873; Kentucky Association of Chiefs of Police, 1000000899; Kentucky Hospital Associates, 1000000901; QK4, 1000000927; Kentucky Association of Chiefs of Police, 1000000934; Kentucky Association of Chiefs of Police, 1000000942; Kentucky Crime Prevention Coalition, 1000000944; Municipal Engineering Company, 1000000945; Kosair Children's Hospital, 1000000946; CDP Engineers Incorporated, 1000000961.

UNIVERSITY OF KENTUCKY:

Denham Blythe, A101070; Pappas Consulting Group Incorporated, K10131; Shield Environmental Associates Incorporated, K10133; International Business Machines Incorporated (IBM), K10134.

UNIVERSITY OF LOUISVILLE:

Sabak, Wilson & Lingo Incorporated, 10021; Classickle Incorporated, 10022; URS Corporation, 10023; URS Corporation, 10024; Storbeck/Pimentel & Associates, 10026.

VETERANS AFFAIRS, DEPARTMENT OF:

Disabled American Vets, 1000000763.

WESTERN KENTUCKY UNIVERSITY:

Learning Curve Educational Consulting, 091041; Lynne Sullivan, 091046.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Teddy Michael Prater, CPA, PLLC, 1000000361.

CABINET FOR HEALTH AND FAMILY SERVICES:

Saint Claire Medical Center, 0800007651; Trover Clinic Foundation, 0800007652.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

University Medical Associates, 0800009227.

CORRECTIONS, DEPARTMENT OF:

Criminal Justice Institute, 1000000344.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Experience Works,

0900012408.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Croney & Clark Incorporated, 0800008238.

DEPARTMENT FOR PUBLIC HEALTH:

URS Corporation, 0900011799.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Cindy Owen, 1000000881.

FINANCE AND ADMINISTRATION CABINET:

Frost Brown Todd, LLC, 0800009341.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Farris McIntosh & Tremper Incorporated, 0700006165; Voelker Blackburn Niehoff Architects, 0700006447; EOP Architects, PSC, C-05298623.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Strothman & Company, PSC, 09014.

KENTUCKY HOUSING CORPORATION:

Middleton Reutlinger, 201013; 8700 CORPORATION, 201019.

MILITARY AFFAIRS, DEPARTMENT OF:

Andre O. Daigle, 0800011138.

MURRAY STATE UNIVERSITY:

Robert Clark Harris, MD, 00710; Porter Khouw Consulting, 01410.

PERSONNEL BOARD:

John C. Ryan, 0800008384; Edward P. Moores, 0800008402.

PERSONNEL-OFFICE OF THE SECRETARY:

Price WaterhouseCoopers LLP, 0800009001.

TRANSPORTATION CABINET:

QK4, 0700006089; Wilbur Smith Associates, 0800007893; WMB Incorporated, 1000000854; Palmer Engineering Company, C-99005702-5; Bernardin, Lochmueller & Associates, C-99014514-3.

UNIVERSITY OF KENTUCKY:

Underwriters Safety & Claims, K09113; Bond, Schoeneck & King, PLC, K10126.

WESTERN KENTUCKY UNIVERSITY:

Linda Jensen Sheffield, 091005.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Grant County Jail, 1000000868.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE: Finance & Administration Cabinet, 1000000159.

MILITARY AFFAIRS, DEPARTMENT OF:

Bullitt County Fiscal Court,

1000000398; Cumberland Valley Area Development District, 1000000803; Pennyroyal Mental Health, 1000000878.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Ludlow, 1000000836; Letcher County Fiscal Court, 1000000870; Harlan County Fiscal Court, 1000000904; Letcher County Fiscal Court, 1000000908; Letcher County Fiscal Court, 1000000910; City of Booneville, 1000000913; Pike County Board of Education, 1000000914; City of Jackson, 1000000917; City of Pikeville, 1000000918; Washington County Fiscal Court, 1000000958; City of Booneville, 1000000981; Menifee County Fiscal Court, 1000001031; Menifee County Fiscal Court, 1000001034.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Pennyroyal Mental Health, 0900012789; River Valley Behavioral Health, 0900012796.

AGRICULTURE, DEPARTMENT OF:

Multi, 0900011602; Multi, 0900011722.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Audubon Area Community, 0900012410.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Kentucky Association of Sexual Assault Programs, 0800009592; Community Action Kentucky Incorporated, 0900012751.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Barren County Board of Education, 0800006793; Barren County Board of Education, 1000000130.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Bluegrass Regional Mental Health Mental Retardation, 0800007887; Pennyroyal Mental Health, 0900012111; Lifeskills Incorporated, 0900012113; Communicare Incorporated, 0900012114; Seven Counties Services, 0900012115; Northern Kentucky Regional Mental Health Mental Retardation Board, 0900012116; Pathways Incorporated, 0900012118; Mountain Comprehensive Care Center, 0900012119; Cumberland River Mental Health Mental Retardation Board Incorporated, 0900012121; Lake Cumberland Mental Health Mental Retardation Board, 0900012122; Bluegrass Regional Mental Health Mental Retardation, 0900012123.

DEPARTMENT FOR PUBLIC HEALTH:

North Key Community Care, 0900011860; Adanta Group, 0900011861; Mountain Comprehensive Care Center, 0900011870.

EDUCATION, DEPARTMENT OF: Madison County Board of Education, 0800008328; Department for Public Health, 0900011480; Shelby County Board of Education, 0900011841; North Central AHEC, 0900012941; Shelby County Board of Education, 1000000185; Pike County Board of Education, 1000000462.

FISH & WILDLIFE, DEPARTMENT OF:

EPPC, Division of Conservation, 0800011224.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Breckinridge County Fiscal Court, 0700003242; City of Leitchfield, 0700003584; City of Manchester, 0700003617; Beattyville City Treasurer, 0700005287; McCreary County Fiscal Court, 0700005972; Harlan County Fiscal Court, 0700006493; City of Warsaw, 0700006604; City of Greensburg, 0800006970; City of Paducah, 0800007456; Harlan County Fiscal Court, 0800010203; Madisonville Community College, 0800010696; Floyd County Fiscal Court, 0800010848; Bell County Fiscal Court, 0800010867; Bell County Fiscal Court, 0800010870; Leslie County Fiscal Court, 0800011075; Leslie County Fiscal Court, 0800011078; Bell County Fiscal Court, 0800011233; Bell County Fiscal Court, 0800011238; Bell County Fiscal Court, 0800011241; City of Providence, 0900011517; Leslie County Fiscal Court, 0900011898; Breathitt County Fiscal Court, 1000000514; Floyd County Fiscal Court, 1000000715; City of Jamestown, M-03467352-1; Jessamine County Fiscal Court, M-06000548; City of Franklin, M-06167797.

PERSONNEL-OFFICE OF THE SECRETARY:

Kentucky Department of Education, 1000000163.

POST SECONDARY EDUCATION, COUNCIL ON:

Washington Center for Internships, 0800009790.

WORKFORCE INVESTMENT, OFFICE OF:

Barren River Area Development District, 0800008088; Bluegrass Area Development District, 0800008191; Lake Cumberland Area Development District, 0800008192; Eastern Kentucky CEP Incorporated, 0800008194; Green River Area Development District, 0800008196; Lincoln Trail Area Development District, 0800008198; Louisville Metro Government, 0800008200;

Northern Kentucky Area Development District, 0800008201; Buffalo Trace Area Development District, 0800008202; Pennyrile Area Development District, 0800008205.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

C. D. L. Training Services & Consulting, KCTPS427. David Holcomb and Pam Hatcher discussed the contract with the committee. A motion was made by Senator McGaha to disapprove the contract. Representative Montell seconded the motion, which passed unanimously.

PERSONNEL-OFFICE OF THE SECRETARY:

Covington & Burling, 1000000954. Joe Cowles and Fred Nelson discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

UNIVERSITY OF KENTUCKY:

Stites & Harbison, K10132. Steve Byars and Bill Harris discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed with Senator McGaha and Representative Montell voting NO.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR PUBLIC HEALTH:

Healthcare Education and Registration Training, 0800008794. Dr. Steve Davis discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

KENTUCKY HOUSING CORPORATION:

Default Mitigation Management, LLC, 201010; Stierle & Stierle, Attorneys At Law, 201011. Nancy Myers discussed the contracts with the committee. A motion was made by Senator McGaha to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed unanimously.

OFFICE OF HOMELAND SECURITY:

RCC Consultants Incorporated, 0900011815. Joe Barrows discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

PERSONNEL ADMINISTRATION, DEPARTMENT FOR:

Salvaggio Teal & Associates, M-06189445. Walt Gaffield and Michele Kays discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed with Representative Montell voting NO.

TOURISM DEVELOPMENT CABINET:

Pros Consulting, LLC, 0900011540. Marcheta Sparrow and Tim Pollard discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

EDUCATION PROFESSIONAL STANDARDS BOARD:

Green River Regional Education Cooperative, 1000000996; Jefferson County Public Schools, 1000001009. Gary Freeland and Robert Brown discussed the contracts with the committee. A motion was made Senator Carroll to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

CORRECTIONS, DEPARTMENT OF:

Department of Public Advocacy, 1000000938. Wesley Duke discussed the contract with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed unanimously.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Kentucky Educational Development Corporation, 1000000983; Ohio Valley Education Coop, 1000000984; Western Kentucky Education Cooperative, 1000000985; NKCES, 1000000986; Central Kentucky Educational Cooperative, 1000000987; Fayette County Public Schools, 1000001003; Franklin County Board of Education, 1000001004; Simpson County Board of Education, 1000001005; Muhlenberg County Board of Education, 1000001006; Oldham County Board of Education, 1000001007; Marion County Board of Education, 1000001008; Logan County Board of Education, 1000001010. Gary Freeland and Robert Brown discussed the contracts with the committee. A motion was made Senator Carroll to

consider the contracts as reviewed. Representative Yonts seconded the motion, which passed unanimously.

DEFERRED CONTRACTS: EDUCATION PROFESSIONAL STANDARDS BOARD:

Cindy Owen, 100000881. Gary Freeland, Joe Meyer, and Hiren Desai discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

KENTUCKY HOUSING CORPORATION:

8700 CORPORATION, KHC201019. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

EXEMPTION REQUEST CABINET FOR HEALTH & FAMILY SERVICES:

The Cabinet for Health and Family Services requested exemption for all Local Health Department Memoranda of Agreements and Amendments. A motion was made by Representative Yonts to approve the request to December 31, 2010 and for the agency to submit a written report to the committee on a quarterly basis. Senator Carroll seconded the motion, which passed unanimously.

With no further business before the committee, the meeting adjourned at 11:45 AM.

GOVERNMENT CONTRACT REVIEW COMMITTEE

**Committee Minutes
February 9, 2010**

The Government Contract Review Committee met on Tuesday, February 9, 2010, at 3:30 PM, in Room 131 of the Capitol Annex. Senator Vernie McGaha, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Tim Burcham, David Holcomb, Philip Brashear, Steve Mason, Walt Gaffield, Fred Nelson, Mitchell Payne, David Martin, Don Pendleton, Charlie Kendell, Irene Centers, Keith Kappes, Peggy Stratton, Therese Richerson, Greg Guess, Lee Colten, Dinah Bevington, Jeff Mosley, Russ Salsman, Amy Barnes and Andrew Hartley.

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

A motion was made by Representative Montell to approve minutes of the January 2010 meeting of

the committee. Representative Yonts seconded the motion, which passed without objection.

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

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

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Louisville Metro Reentry Task Force Incorporated, 1000001080; Prodigal Ministries Incorporated, 1000001081.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Radical Rehabilitation Solutions, LLC, 1000000808.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Pathways Incorporated, 1000000966; KVC Behavioral Health Care, 1000000967; Bellewood Presbyterian Home for Children Incorporated, 1000000968; Specialized Alternatives for Families & Youth of Kentucky Incorporated, 1000000969; Bellewood Presbyterian Home for Children Incorporated, 1000000980.

DEPARTMENT FOR NATURAL RESOURCES:

Davey Resource Group, 1000001037.

DEPARTMENT OF HOUSING, BUILDING, AND CONSTRUCTION:

Code Administrative Associates of Kentucky, 1000001079.

EDUCATION, DEPARTMENT OF: Multi, 1000000915.

EDUCATIONAL TELEVISION,

KENTUCKY:

Justin Craig Allen, 1000001154.
FINANCE AND ADMINISTRATION CABINET:

Frost Brown Todd, LLC, 1000001051.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Brandstetter Carroll Incorporated, 1000000845; Entran, PLC, 1000000856; Mactec Engineering and Consulting, 1000000872; HDR Engineering Incorporated, 1000000939; Shield Environmental, 1000001028.

HORSE PARK, KENTUCKY: Claire Larkin Pope, 1000001203.

MURRAY STATE UNIVERSITY: SEM Works, LLC, 01610.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

ICF Incorporated LLC, 1000001141.

TRANSPORTATION CABINET:

J M Crawford and Associates Incorporated, 1000001073; American Engineers Incorporated, 1000001074; J. M. Crawford & Associates Incorporated, 1000001094; J. M. Crawford & Associates Incorporated, 1000001105.

UNIVERSITY OF KENTUCKY: Denham Blythe, A101080; JRA Architects, A101090; Solstice Transportation Group Incorporated, K10135.

UNIVERSITY OF LOUISVILLE: Multi, 10029; MACTEC Engineering & Consulting, 10035.

WORKERS CLAIMS, DEPARTMENT OF:

Ingenix Incorporated, 1000000765.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Gary M. Beckstrom, 1000000149.

DEPARTMENT FOR NATURAL RESOURCES:

Stantec Consulting Services Incorporated, 0800009794; Bowser Morner Associates Incorporated, 0800010721; R M Johnson Engineering Incorporated, 0900012472; ATC Associates Incorporated, 0900013190.

DEPARTMENT FOR PUBLIC HEALTH:

St. Joseph Hospital, 0800008371.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Potter & Company, LLP, 0800009890.

EDUCATION, DEPARTMENT OF: Susan Gormley Tipton, 0800008360.

FINANCE AND ADMINISTRATION

CABINET - DIVISION OF ENGINEERING:

Omni Architects, 0600000391; Stantec Consulting Services Incorporated, 0700003463; GRW Engineers Incorporated, 0700006167; Omni Architects, 0800011282; Collignon & Nunley, 0900011347; Omni Architects, 0900011348; Arrasmith Judd Rapp Chovan Incorporated, 0900011608; CMTA Incorporated Consulting Engineers, 1000000152; Godsey Associates Architects Incorporated, 1000000518; Godsey Associates Architects Incorporated, 1000000518; Clotfelter Samokar, PSC, C-05277108; Luckett & Farley Architects Engineers & Construction Managers Incorporated, C-05287671-2.

JUSTICE CABINET:

Barbara Weakley-Jones, 0800011129; McBrayer McGinnis Leslie & Kirkland, 0900012579; Fulkerson & Kinkel PLLC, 0900012589; Jenkins, Smith & Welleford, 0900012769.

KENTUCKY STATE UNIVERSITY: Crowe Horwath, KSU1001.

NORTHERN KENTUCKY UNIVERSITY:

Multi, 2010447.

OFFICE OF HOMELAND SECURITY:

Goldberg & Simpson PSC, 0800008537.

TRANSPORTATION CABINET:

W M B Incorporated, 0700003516; WMB Incorporated, 0700004366; Entran, PLC, 0700005382; BTM Engineering Incorporated, 0700005851; Burgess & Niple Incorporated, 0700006084; Lochner H W Incorporated Consulting, 0800009842; W M B Incorporated, C-00053395-3; Burgess & Niple Limited, C-01105003-4; GRW Engineers Incorporated, C-03314499; GRW Engineers Incorporated, C-99004860-4; E A Partners PLC, C-99005249-5; W M B Incorporated, C-99005589-8.

UNIVERSITY OF KENTUCKY: SSRcx, LLC, A071150; Immix Technology, K09174.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

National Center for State Courts, 1000001165; Cabinet for Health & Family Services, Department for Mental Health/Mental Retardation, 1000001177.

AGRICULTURE, DEPARTMENT OF:

Feeding America, Kentucky's Heartland, 1000001128; God's Pantry Food Bank Incorporated, 1000001150; Dare To Care Food Bank, 1000001151.

CORRECTIONS, DEPARTMENT

OF:

Louisville Metro Criminal Justice Commission, 1000001086.

FISH & WILDLIFE, DEPARTMENT OF:

United States Fish & Wildlife Service, 1000000911.

INFRASTRUCTURE AUTHORITY:

Letcher County Water & Sewer District, 1000001146.

MILITARY AFFAIRS, DEPARTMENT OF:

Northern Kentucky Area Development District, 1000000505.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Ashland Independent Board of Education, 1000000951; City of Fulton, 1000000965; Floyd County Fiscal Court, 1000000972; City of Newport, 1000001000; Pine Mountain Independent Development Authority, 1000001035; Breathitt County Board of Education, 1000001044; Webster County Fiscal Court, 1000001045; Whitley County Fiscal Court, 1000001046; Morgan County Fiscal Court, 1000001050; Regional Technology Authority Incorporated, 1000001108; Trimble County Fiscal Court, 1000001112; Warren County Office of County Clerk, 1000001130; Lawrence County Fiscal Court, 1000001137; Letcher County Fiscal Court, 1000001160; Pike County Fiscal Court, 1000001162.

VETERANS AFFAIRS, DEPARTMENT OF:

Volunteers of America of Kentucky Incorporated, 1000000758.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 0900011602; Multi, 0900011722.

ATTORNEY GENERAL, OFFICE OF THE:

Kids on the Block, 1000000848.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Housing Authority of Bowling Green, 0800008757; Kentucky Communities Economic Opportunity Council Incorporated, 0900012135; Northeast Kentucky Area Development, 0900012144; Community Action of Southern Kentucky Incorporated, 0900012148; Community Action Kentucky Incorporated, 0900012751.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Green River Area Development District, 0800006794.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Kentucky River Community

Care, 0900012120.

DEPARTMENT FOR PUBLIC HEALTH:

Lincoln Trail Area Development District, 0800010510; Kentucky River Community Care, 0900011866.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Kentucky Educational Development Corporation, 1000000983.

EDUCATION, DEPARTMENT OF:

Casey County Board of Education, 0800007954; Raceland Worthington Independent Board of Education, 0800008350; Madison County Board of Education, 0800008924; Calloway County Board of Education, 0900012491; Bath County Board of Education, 0900012746; Covington Independent Board of Education, 0900012748; Hart County Board of Education, 0900012749; Corbin Independent Board of Education, 0900012975; Jessamine County Board of Education, 0900012976; Larue County Board of Education, 0900012977.

FISH & WILDLIFE, DEPARTMENT OF:

Mammoth Cave Resource Conservation & Development Area Incorporated, 0800008104; Bat Conservation International Incorporated, 0900011422.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Kentucky Higher Education Student Loan Corporation, 0800008374.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 0800007930.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Lee County Fiscal Court, 0700004610; City of Sturgis, 0700005009; City of Clay, 0700005454; Hazard Independent Board of Education, 0800010461; Ohio County Fiscal Court, 0800010480; City of Barbourville, 0800011109; Letcher County Fiscal Court, 0900011323; Letcher County Fiscal Court, 0900011324; City of Barbourville, 0900011370; Union County Fiscal Court, 0900011371; City of Brodhead, 0900011407; Floyd County Fiscal Court, 0900011432; Floyd County Fiscal Court, 0900011435; Knott County Fiscal Court, 0900011462; Knott County Fiscal Court, 0900011502; City of Mount Vernon, 0900011519; Knox County Fiscal Court, 0900011809; Knox County Fiscal Court, 0900012954; Lincoln Trail Area Development District, 0900013087; Knox County Fiscal Court, 1000000521; Breathitt County Fiscal Court, 1000000950.

TRANSPORTATION CABINET:
Lincoln Trail District Health Department, 1000000494.

WORKFORCE INVESTMENT, OFFICE OF:

Hancock County Board of Education, 0800009810.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Thorn Run Partners, LLC, KCTPS431. Tim Burcham, David Holcomb, and Philip Brashear discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Quilogy, KCTPS432; High Monkey Consulting, KCTPS433; Summit 7 Systems, KCTPS434. Tim Burcham, David Holcomb, and Philip Brashear discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

KENTUCKY STATE UNIVERSITY:

Witt / Kieffer, 1006. Steve Mason discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

PERSONNEL-OFFICE OF THE SECRETARY:

Chapman Kelly Incorporated, 1000001089. Walt Gaffield and Fred Nelson discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed unanimously.

UNIVERSITY OF LOUISVILLE:

Patricia Campbell, 10027. Mitchell Payne and David Martin discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator Tori seconded the motion, which passed with Senator McGaha electing to abstain (pass).

UNIVERSITY OF LOUISVILLE:

Greenwood/Asher & Associates Incorporated, 10030; Baker & Associates, LLC, 10031; Academic Search Incorporated, 10032. Mitchell Payne and David Martin discussed the contracts with the committee. A motion was made by Senator Carroll to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed with Senator McGaha voting NO.

UNIVERSITY OF LOUISVILLE:

Advances in Education, 10034. Mitchell Payne and David Martin discussed the contract with the committee. A motion was made by Senator

Carroll to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:

Law Enforcement Services, 0800010110. Don Pendleton discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

DEPARTMENT FOR PUBLIC HEALTH:

Mississippi Foundation for Medical Care Incorporated, 0800009720. Charlie Kendell and Irene Centers discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Hospital Association, 1000000519. Charlie Kendell and Irene Centers discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

MOREHEAD STATE UNIVERSITY:

MML&K Government Solutions, 10006. Keith Kappes discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

TRANSPORTATION CABINET:

Kentucky Waterways Alliance, 0900013139. Peggy Stratton and David Waldner discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

TRANSPORTATION CABINET:

Kentucky Association of Chiefs of Police, 1000000899. Boyd Sigler and Therese Richerson discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed with Senator McGaha electing to abstain (pass).

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Kentucky Housing Corporation, 1000000160. Greg Guess and Lee Colten discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

PERSONNEL-OFFICE OF THE SECRETARY:

Finance & Administration Cabinet, 1000001095. Dinah Bevington and Jeff Mosley discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

EXEMPTION REQUEST

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

The Office of the Governor, Department for Local Government requested exemption pertaining to the Biennial Requirement GCRC Policy Statement 99-4; seeking extensions for time only on various projects. Russ Salsman, Amy Barnes, & Andrew Hartley discussed the exemption request with the committee. A motion was made by Representative Yonts to approve the request. Representative Crenshaw seconded the motion, which passed with Senator Gibson electing to abstain (pass).

With no further business before the committee, the meeting adjourned at 4:52 PM.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

March 9, 2010

The Government Contract Review Committee met on Tuesday, March 9, 2010, at 4:15 PM, in Room 131 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Tonia Wells, Bill Cooper, Charles Kendell, Paul Royce, Rebecca Gillis, Len Peters, Holland Spade, Hiren Desai, Janet Hartlage, Rhonda Sims, David Blackburn, Walt Gaffield, Dinah Bevington, Bill Harris, Jane Harrison, Ed Erway, Sharon Clark, D.J. Wasson, David Holcomb, Gwen Joseph, Mike Hill, Ken Mitchell, Ron Alsup, Martha Slemple and Mark Robinson.

LRC Staff: Kim Eisner, Matt Ross

and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the February meeting of the committee. Representative Montell seconded the motion, which passed without objection.

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

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

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Blue & Company, LLC, 1000001100.

EDUCATION, DEPARTMENT OF: Kentucky Clean Fuels Coalition, 1000001116; Boys & Girls Club of Greater Cincinnati, 1000001194; Lighthouse Promise Incorporated, 1000001208; R.C. Durr YMCA, 1000001211.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

CMW Incorporated, 1000000976; Mactec Engineering & Consulting, 1000001118.

FISH & WILDLIFE, DEPARTMENT OF:

Ducks Unlimited Incorporated, 1000000834.

INFRASTRUCTURE AUTHORITY:

Blue & Company, LLC, 1000001428.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Dry Stone Conservancy, KCTPS435; Youth Build Louisville, KCTPS436.

KY PUBLIC SERVICE COMMISSION:

BBC Research & Consulting, 1000001127.

PERSONNEL-OFFICE OF THE SECRETARY:

Blue & Company, LLC, 1000001418.

TRANSPORTATION CABINET:

H A Spalding Incorporated, 1000001390; T H E Engineers Incorporated, 1000001409.

UNIVERSITY OF KENTUCKY:

Stengel-Hill Architecture, A101100; Hill-Rom, K10138.

WESTERN KENTUCKY UNIVERSITY:

Multi, 091049; Neace Lukens, 091051; Lori Bland, 091053; Houchens Insurance Group, 091054.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Deloitte Consulting, 0800010728.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Corradino Group, C-04482541-4.

DEPARTMENT FOR PUBLIC HEALTH:

Norton Healthcare Incorporated, 0700006664; Kentucky Primary Care Association Incorporated, 1000000204.

EDUCATION, DEPARTMENT OF:

Jan Marie Fritz, 0800008320; Pleasant Green Baptist Church, 0800008773; Kenton County YMCA, 0900011489; Lotts Creek Community School, 0900011491; 22nd Century Technologies Incorporated, 1000000330.

EDUCATIONAL TELEVISION, KENTUCKY:

John Bacon, 1000000957.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Tetra Tech Incorporated, 0700003392; Hastings & Chivetta Architects, 0700004255; CDP Engineers Incorporated, 0800010316; Peck Flannery Gream Warren Incorporated, C-05231905-2.

FINANCIAL INCENTIVES, DEPARTMENT OF:

Potter & Company, LLP, 0800008917.

MOREHEAD STATE UNIVERSITY:

Beach Management Solutions Incorporated, 10015.

NORTHERN KENTUCKY UNIVERSITY:

Schoepf & Associates, 77810.

OFFICE OF HOMELAND SECURITY:

Mountjoy & Bressler, LLP,

0800008549.

PERSONNEL BOARD:

Edward P. Moores, 0800008402.

TRANSPORTATION CABINET:

Burgess & Niple Incorporated, 0700003885; American Engineers Incorporated, 0700003893; Vaughn & Melton, C-01318841.

UNIVERSITY OF KENTUCKY:

Wyatt, Tarrant & Combs, K10107.

UNIVERSITY OF LOUISVILLE:

JRA Incorporated, 09054; Environmental Health Management, 09109.

WESTERN KENTUCKY UNIVERSITY:

Ross Tarrant Architects, 080936; Hastings & Chivetta Incorporated, 080941; Ross Tarrant Architects, 080985; Contemporary Services Corporation, 091010.

WORKERS CLAIMS, DEPARTMENT OF:

Wells Fargo Disability Management, 1000000162.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Boyle County Detention Center, 1000000999; Kentuckianaworks, 1000001166.

EDUCATION, DEPARTMENT OF:

Christian County Board of Education, 1000001196; Fayette County Board of Education, 1000001200; Fulton County Board of Education, 1000001201; Grayson County Board of Education, 1000001202; Hickman County Board of Education, 1000001204; Letcher County Board of Education, 1000001207; Newport Independent Board of Education, 1000001209; Pulaski County Board of Education, 1000001210; Wayne County Board of Education, 1000001213; Franklin County Board of Education, 1000001260; Allen County Board of Education, 1000001282; Bowling Green Independent Board of Education, 1000001285; Fayette County Board of Education, 1000001293; Fleming County Board of Education, 1000001294; Kenton County Board of Education, 1000001309; Letcher County Board of Education, 1000001312; Mercer County Board of Education, 1000001314; Paducah Independent Board of Education, 1000001318; Pulaski County Board of Education, 1000001323; Rockcastle County Board of Education, 1000001325; Scott County Board of Education, 1000001328.

FISH & WILDLIFE, DEPARTMENT OF:

Cave Springs Resort & Marina Incorporated, 0900012869.

MILITARY AFFAIRS, DEPART-

MENT OF:

Bluegrass Area Development District, 1000000489; Fivco Area Development District, 1000000510; Multi, 1000000949; Hopkinsville Surface & Storm Utility, 1000000982; Multi, 1000001041.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Letcher County Fiscal Court, 1000000805; Crittenden County Fiscal Court, 1000001049; City of Cynthia, 1000001111; Boyd County Fiscal Court, 1000001125; Marshall County Fiscal Court, 1000001167; Hopkins County Courthouse, 1000001174; Hopkins County Fiscal Court, 1000001175; Pike County Board of Education, 1000001179; Johnson County Fiscal Court, 1000001219; Letcher County Fiscal Court, 1000001224; Floyd County Fiscal Court, 1000001226; Floyd County Fiscal Court, 1000001229; Louisville Metro Government, 1000001277; City of Warsaw, 1000001349; Livingston County Fiscal Court, 1000001382; Webster County Fiscal Court, 1000001415; City of Greenup, 1000001419.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Eastern Kentucky University, 0900012911.

AGRICULTURE, DEPARTMENT OF:

Dare to Care Food Bank, 0800007655; America's Second Harvest of Kentucky's Heartland, 0800007657; God's Pantry Food Bank Incorporated, 0800007659; Northern Kentucky Area Development District, 0800007660; Purchase Area Development District, 0800007666.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Kentuckianaworks, 0800008693; Community Action Kentucky Incorporated, 0900012751.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Paducah Uranium Plant Asset Utilization Incorporated, 0700003285; Finance & Administration Cabinet, 1000000159.

EDUCATION, DEPARTMENT OF:

Bourbon County Board of Education, 0800007942; Boyd County Board of Education, 0800007944; Campbellsville Independent Board of Education, 0800007948; Corbin Independent Board of Education, 0800007963; Covington Independent Board of Education, 0800007964; Jenkins Independent Board of Education, 0800008317; Lee County Board of Education,

0800008322; Livingston County Board of Education, 0800008325; Metcalfe County Board of Education, 0800008330; Monroe County Board of Education, 0800008332; Monticello Independent Board of Education, 0800008334; Morgan County Board of Education, 0800008335; Whitley County Board of Education, 0800008365; Barren County Board of Education, 0800008381; Harlan County Board of Education, 0800008401; Taylor County Board of Education, 0800008407; Elizabethtown Independent Board of Education, 0900011727; Henry County Board of Education, 0900011730; Anderson County Board of Education, 0900011731; Floyd County Board of Education, 0900011737; Campbells-ville Independent Board of Education, 0900011748; Madison County Board of Education, 0900011750; Frankfort Independent Board of Education, 0900011756; Pike County Board of Education, 0900011763; Carter County Board of Education, 0900011765; Bourbon County Board of Education, 0900011767; Bourbon County Board of Education, 0900011770; Floyd County Board of Education, 0900011771; East Bernstadt Independent Board of Education, 0900011775; Scott County Board of Education, 0900011780; Todd County Board of Education, 0900011783; Madison County Board of Education, 0900012030; Mercer County Board of Education, 0900012031; Bell County Board of Education, 0900012074; Daviess County Board of Education, 0900012077; Scott County Board of Education, 0900012079; Bourbon County Board of Education, 0900012093; Montgomery County Board of Education, 0900012097; Bullitt County Board of Education, 0900012098; Green County Board of Education, 0900012101; Letcher County Board of Education, 0900012104; Green County Board of Education, 0900012105; Allen County Board of Education, 0900012631; Boyd County Board of Education, 0900012636; Christian County Board of Education, 0900012638; Jessamine County Board of Education, 0900012647; Livingston County Board of Education, 0900012651; Union County Board of Education, 0900012660; Bowling Green Independent Board of Education, 0900012747; Nelson County Board of Education, 0900012821; Elizabethtown Community College, 0900013066; Scott County Board of Education, 1000000171; Paints-ville Independent Board of Education, 1000000186; Madison County Board of Education, 1000000187; Louisville Metro Department of Public Health & Wellness, 1000000388.

INFRASTRUCTURE AUTHOR-

ITY:

Perry County Fiscal Court, 0800010408; Letcher County Fiscal Court, 0900012843; Letcher County Fiscal Court, 0900012844; Letcher County Fiscal Court, 0900012845; Letcher County Fiscal Court, 0900012856; City of Sebree, 1000000757.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Henderson County Fiscal Court, 0700004483; Henderson County Fiscal Court, 0700004484; Wayne County Fiscal Court, 0700005752; Butler County Fiscal Court, 0800007570; City of Salyersville, 0800010403; Floyd County Fiscal Court, 0800010849; Floyd County Fiscal Court, 0800010851; Floyd County Fiscal Court, 0800010858; City of Prestonsburg, 0800010864; Floyd County Fiscal Court, 0800011005; Floyd County Fiscal Court, 0800011010; Johnson County Fiscal Court, 0900011372; City of Elkhorn City, 0900012487; Purchase Area Development District, 0900013088; Lake Cumberland Area Development District, 0900013101; Pennyriple Area Development District, 0900013135; Big Sandy Area Development District, 0900013138; Barren River Area Development District, 0900013181; Buffalo Trace Area Development District, 0900013182; Northern Kentucky Area Development District, 0900013183; KIPDA, 0900013184; Gateway Area Development District, 0900013186; Kentucky River Area Development District, 0900013189; Cumberland Valley Area Development District, 0900013195; Green River Area Development District, 0900013197; Bluegrass Area Development District, 0900013208; Fivco Area Development District, 0900013209; Harlan County Fiscal Court, M-02383528-7.

WORKFORCE INVESTMENT, OFFICE OF:

Madison County Board of Education, 0800009127.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Neurobehavioral Resources Limited, 1000000893. Tonia Wells and Bill Cooper discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Hospital Research & Education Foundation, 1000000519-1. Charles Kendell, Paul Royce and Rebecca Gillis discussed the contract

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

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

The Bagley Group LLC, 1000001393. Len Peters and Holland Spade discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF:

Donna Dietrich, 1000001189. Hiren Desai, Janet Hartlage and Rhonda Sims discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

Achieve Incorporated, 1000001198; Metametrics Incorporated, 1000001421. Hiren Desai, Janet Hartlage and Rhonda Sims discussed the contracts with the committee. A motion was made by Senator Carroll to defer the contracts to the April 2010 meeting of the committee. Representative Montell seconded the motion, which passed unanimously.

MURRAY STATE UNIVERSITY:

Gary Draper & Associates of Atlanta Incorporated, 01710. David Blackburn discussed the contract with the committee. A motion was made by Senator Carroll to defer the contract to the April 2010 meeting of the committee. Representative Yonts seconded the motion, which passed unanimously.

PERSONNEL-OFFICE OF THE SECRETARY:

Conliffe Sandmann & Sullivan, 1000001255. Walt Gaffield and Dinah Bevington discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

UNIVERSITY OF KENTUCKY:

Touchpoint Associates, K10136. Bill Harris, Jane Harrison and Ed Erway discussed the contract with the committee. A motion was made by Senator McGaha to defer the contract to the April 2010 meeting of the committee. Senator Carroll seconded the motion, which passed unanimously.

UNIVERSITY OF KENTUCKY:

Grant Cooper & Associates, K10137. Bill Harris, Jane Harrison and Ed Erway discussed the contract with the committee. A motion was made by Senator Carroll to defer the

contract to the April 2010 meeting of the committee. Senator Tori seconded the motion, which passed unanimously.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF INSURANCE:

Anthem Health Plans of Kentucky Incorporated, 0800009195. Sharon Clark and D.J. Wasson discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Towers Watson (formerly known as Watson Wyatt Worldwide), KCTPS409. David Holcomb and Gwen Joseph discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Horlander seconded the motion, which passed with Senator McGaha voting no and Representative Montell electing to abstain (pass).

MURRAY STATE UNIVERSITY:

Robert Clark Harris, MD, 00710. David Blackburn discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed with Senator McGaha voting no.

UNIVERSITY OF KENTUCKY:

PricewaterhouseCoopers, LLP, K09167. Bill Harris, Jane Harrison and Ed Erway discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

THE FOLLOWING PERSONAL SERVICE CONTRACTS FOR \$10,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

TRANSPORTATION CABINET:

Palmer Engineering Company, 1000001384. Mike Hill discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Kentucky School Boards Association, 1000001115. Ken Mitchell and Ron Alsup discussed the contract with the committee. There was no motion made on this memorandum of agreement; however per KRS.45A, the agreement moves forward.

THE FOLLOWING MEMORAN-

DA OF AGREEMENTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

CORRECTIONS, DEPARTMENT OF:

Council On Postsecondary Education, 1000000733. Martha Slomp and Mark Robinson discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Bluegrass Area Development District Title III, 0900011879; Buffalo Trace Area Development District, 0900011883; Cumberland Valley Area Development District Agency, 0900011885; Green River Area Development District, 0900011888; Kentucky River Area Development District, 0900011890; Lake Cumberland Area Development District, 0900011891; Lincoln Trail Area Development District, 0900011892; Northern Kentucky Area Development District, 0900011893; Pennyriple Area Development District, 0900011894. A motion was made by Representative Montell to consider the contract as reviewed. Senator McGaha seconded the motion, which passed unanimously.

EXEMPTION REQUESTS

The following exemption requests were deferred to the April 2010 meeting of the committee:

Department of Education Exemption Request pertaining to the Biennial Requirement GCRC Policy Statement 99-4; seeking exemptions for Federal Grant Agreements.

Request for Waiver from the Department of Juvenile Justice regarding youth and specialized medical services.

With no further business before the committee, the meeting adjourned at 5:45 PM.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

April 20, 2010

The Government Contract Review Committee met on Tuesday, April 20, 2010, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Vernie McGaha, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Rebecca Cecil, Shelley Meredith, Debbie Newsom, Lora Snider, Shelley Park, Kimberly Puck-

ett, Hiren Desai, Janet Hartlage, Larry Stinson, Joanna Lang, David Holcomb, Wendell Followell, Cam Cantrill, Mike Hill, Craig Farmer, Fran Hawkins, Jennifer Linton, Paul Gannoe, Captain John Barger, Bob Wiseman, Dall Clark, Kelley Webb, Mike Riley, Elizabeth Caywood, David Gayle, Debbie Anderson, Mike Leadingham,

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

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

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

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

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Littler & Mendelson, P.C., 1000001642; Littler & Mendelson, P.C., 1000001717; Littler & Mendelson, P.C., 1000001740; Gess Mattingly & Atchison, 1000001744.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Stantec Consulting Services Incorporated, 1000001351.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

ARC of Kentucky Incorporated, 1000001107.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Stantec Consulting Services Incorporated, 1000001217.

MEDICAL LICENSURE, BOARD OF:

Donna H. Terry, 1000001554.

NORTHERN KENTUCKY UNIVERSITY:

Crowe Horwath, LLP, 20104623.

STATE POLICE, DEPARTMENT OF:

Robert Hawkins, 1000001461; Stephen C. Humphreys, 1000001462; Kenneth W. Mayfield, 1000001463; Thomas A. Miller, Jr., 1000001464; Paul D. Oldham, 1000001465; Roy Pace, Jr., 1000001466; Kenneth W. Perkins, 1000001467; Curtis Pingleton, 1000001468; Ricky V. Underwood, 1000001469; Rodger L. Waters, 1000001470; Tony R. Wells, 1000001471.

TRANSPORTATION CABINET:

Florence & Hutcheson, 1000001251; WMB Incorporated, 1000001506; Vaughn & Melton Consulting Engineers (Kentucky), Incorporated, 1000001508; Palmer Engineering Company, 1000001521.

UNIVERSITY OF LOUISVILLE:

Bravura Incorporated, 10050.

WORKERS CLAIMS, DEPARTMENT OF:

Underwriters Safety & Claims Incorporated, 1000001103.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Simon Underwood & Associates, PSC, 0900013045.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Tetra Tech Incorporated, 0600002657.

DEPARTMENT FOR INCOME SUPPORT:

Jack Edward Allen, M.D., 0900012862.

DEPARTMENT FOR NATURAL RESOURCES:

Multi, 0800011097.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Hospital Association, 0900011901.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Omni Architects, 0600000391; Stantec Consulting Services Incorporated, 0700003463; Sherman Carter Barnhart, 0700003932; EOP Architects PSC, 0800011002; Staggs & Fisher Consulting Engineers Incorporated, 0900011701; Luckett & Farley Architects Engineers & Construction Managers Incorporated, 0900012055; M2D Design Group, PLLC, 1000000475; Kersey & Kersey Incorporated, 1000000852; Presnell Associates Incorporated d/b/a QK4, C-99004368.

FISH & WILDLIFE, DEPARTMENT OF:

David Buehler, 0800011081. GOVERNOR, OFFICE OF THE: Wyatt Tarrant & Combs, 0800008178.

JUVENILE JUSTICE, DEPARTMENT OF:

Medical Staffing Network, 0800008679; Paul L. Whalen, 0800008709; Keith Hardison, 0800009116.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Alamo Community College District, KCTPS419; Cuyahoga Community College, KCTPS420; Lansing Community College, KCTPS421; Spartanburg Community College, KCTPS422; Pellissippi State Community College, KCTPS423; Henry Ford Community College, KCTPS424; Danville Community College, KCTPS425.

KENTUCKY HOUSING CORPORATION:

Mountjoy Chilton Medley, LLP, 201016.

MEDICAL LICENSURE, BOARD OF:

Thomas J. Hellmann, Attorney-at-law, P.S.C., 0800010081.

NORTHERN KENTUCKY UNIVERSITY:

Ziegler & Schneider, PSC, 2010494; Jeffrey Groob, 80210.

PERSONNEL BOARD:

Roland P. Merkel, P.S.C., 0800008393.

PERSONNEL-OFFICE OF THE SECRETARY:

Price Waterhouse Coopers, LLP, 0800009001; Blue & Company LLC, 0900012676.

REAL ESTATE COMMISSION:

Core Systems Development Incorporated, 0800008862.

TRANSPORTATION CABINET:

Wilbur Smith Associates Incorporated, 0600001467; QK4, 0600001472; Wilbur Smith Associates, 0800007020; GRW Engineers Incorporated, 0800007043; Johnson Depp & Quisenberry, C-01167628-6; Burgess & Niple Limited, C-03273229-1.

UNIVERSITY OF LOUISVILLE:

CMTA Incorporated, 09087.

WESTERN KENTUCKY UNIVERSITY:

Angela Cox, 091016.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 1000001497.

EDUCATION, DEPARTMENT OF: Mason County Board of Education, 1000001357.

INFRASTRUCTURE AUTHORITY:

Mountain Water District, 1000001494.

LIBRARIES & ARCHIVES, DEPARTMENT FOR:

Louisville Free Public Library,

1000001442.

MILITARY AFFAIRS, DEPARTMENT OF:

Gateway Area Development District, 1000000506; Barren River Area Development, 1000000509; Green River Area Development District, 1000000512.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Knox Partners Incorporated, 0900012997; Russell County, 1000001272; Newport Housing Authority, 1000001278; City of Pikeville, 1000001394; City of Pikeville, 1000001395; City of Morganfield, 1000001396; Harlan County Fiscal Court, 1000001404; City of Middlesboro, 1000001408; City of Lebanon, 1000001426; Henderson County Fiscal Court, 1000001458; Green River Regional Independent Development Authority, 1000001489; Troublesome Creek Environmental Authority, 1000001492; Letcher County Board of Education, 1000001495; Big Sandy Regional Independent Development Authority, 1000001496; Webster County Fiscal Court, 1000001500; Webster County Fiscal Court, 1000001501; Webster County Fiscal Court, 1000001502; Hopkins County Fiscal Court, 1000001524; Lee County Fiscal Court, 1000001602; Floyd County Fiscal Court, 1000001610.

TRANSPORTATION CABINET:

Mammoth Cave Resource Conservation & Development Area Incorporated, 1000001441.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Northern Kentucky Area Development District, 0900012780; National Center for State Courts, 1000001124.

AGRICULTURE, DEPARTMENT OF:

Multi, 0900011602; Multi, 1000001497.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Purchase Area Development District, 0900011874; Barren River Area Development District, 0900011884; Fivco Area Development District, 0900011886; Gateway Area Development District, 0900011887; Kentuckiana Regional Planning, 0900011889.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Green River Regional Mental Health Mental Retardation Board, 0900012112; Pathways Incorporated, 0900012118; Mountain Comprehensive Care Center, 0900012119; Bluegrass Regional Mental Health Mental Retardation, 0900012874.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Department of Education, School Nurse Program, 0900011848; North Key Community Care, 0900011860.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Economic Development, 1000000158.

EDUCATION, DEPARTMENT OF:

Owen County Board of Education, 0800008338; Clay County Board of Education, 0900011733; Corbin Independent Board of Education, 0900011735; Owen County Board of Education, 0900011739; Jefferson County Board of Education, 0900011752; Fayette County Board of Education, 0900011753; Trigg County Board of Education, 0900011755; Hazard Independent Board of Education, 0900011760; Fayette County Board of Education, 0900011761; Fleming County Board of Education, 0900011768; Lincoln County Board of Education, 0900011773; Bowling Green Independent Board of Education, 0900011778; Warren County Board of Education, 0900011781; Lee County Board of Education, 0900011843; Laurel County Board of Education, 0900012029; Pulaski County Board of Education, 0900012078; Warren County Board of Education, 0900012087; Eminence Independent Board of Education, 0900012094; Fayette County Board of Education, 0900012096; Fayette County Board of Education, 0900012099; Fayette County Board of Education, 0900012100; Ashland Independent Board of Education, 0900012489; Bath County Board of Education, 0900012634; Bowling Green Independent Board of Education, 0900012635; Edmonson County Board of Education, 0900012640; Treasurer Johnson County Board of Education, 0900012648; Lewis County Board of Education, 0900012650; McCreary County Board of Education, 0900012655; Powell County Board of Education, 0900012657; Trigg County Board of Education, 0900012659; Metcalfe County Board of Education, 0900012673; Owen County Board of Education, 1000000138; Mason County Board of Education, 1000000170.

INFRASTRUCTURE AUTHORITY:

Mountain Water District, 0900011386; Mountain Water District, 0900012076.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 0900012807.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

McLean County Fiscal Court, 0700004962; Crittenden County Fiscal Court, 0800009353; Perry Coun-

ty Board of Education, 0800010378; Menifee County Sheriff's Office, 0800010595; Knox County Fiscal Court, 0800010871; Floyd County Fiscal Court, 0800010904; Floyd County Fiscal Court, 0800010906; Floyd County Fiscal Court, 0800010907; Perry County Fiscal Court, 0800010961; Perry County Fiscal Court, 0800010968; Floyd County Fiscal Court, 0800010999; Floyd County Fiscal Court, 0800011000; Floyd County Fiscal Court, 0800011007; Leslie County Fiscal Court, 0800011077; Bell County Board of Education, 0800011101; Elliott County Board of Education, 0800011185; Pike County Fiscal Court, 0800011192; Letcher County Fiscal Court, 0900011326; Floyd County Fiscal Court, 0900011434; Lawrence County Fiscal Court, 0900011438; Knox County Fiscal Court, 0900011523; Lawrence County Fiscal Court, 0900011699; Lawrence County Fiscal Court, 0900011700; Lawrence County Fiscal Court, 0900011703; Lawrence County Fiscal Court, 0900011704; Lawrence County Fiscal Court, 0900011705; Lawrence County Fiscal Court, 0900011708; City of Pikeville, 0900012503; City of Pikeville, 0900012504; City of Pikeville, 0900012509; City of Pikeville, 0900012511; Leslie County Fiscal Court, 0900012521; Knox County Fiscal Court, 0900012955; City of Olive Hill, 1000000550.

TRANSPORTATION CABINET:

Commonwealth of Kentucky Personnel Cabinet, 0900012182.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

University of Louisville Hospital, 1000000919. Rebecca Cecil and Shelley Meredith discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

EASTERN KENTUCKY UNIVERSITY:

Arch Street Consulting, 10057. Debbie Newsom, Lora Snider and Shelley Park discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed unanimously.

EASTERN KENTUCKY UNIVERSITY:

Nancy Batson of Marc Gold & Associates, 10058; Norciva Shumpert of Marc Gold & Associates, 10059. Debbie Newsom, Lora Snider, Shelley Park and Kimberly Puckett discussed

the contract with the committee.

EASTERN KENTUCKY UNIVERSITY:

Crowe Horwath, LLP, 10063. Debbie Newsom, Lora Snider and Shelley Park discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF:

Kentucky Science & Technology Corporation, 1000001354. Hiren Desai, Janet Hartlage, Larry Stinson and Joanna Lang discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Dean Dorton Ford, PSC, KCTPS437. David Holcomb and Wendell Followell discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

TRANSPORTATION CABINET:

Hanson Professional Services Incorporated, 1000001431. Mike Hill and Craig Farmer discussed the contract with the committee. A motion was made by Senator Gibson to disapprove the contract. Senator Carroll seconded the motion, which passed with Representatives Yonts and Montell electing to PASS.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR PUBLIC HEALTH:

Maximus Incorporated, 0800006950. Fran Hawkins discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Bennett Rosser International, LLC, 0900012990. Jennifer Linton, Paul Gannoe, and Captain John Barger discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Walther, Roark & Gay, PLC, KCTPS381. David Holcomb, Wendell Followell and Cam Cantrill discussed

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

UNIVERSITY OF KENTUCKY:

GBBN Architects, A061080. Bob Wiseman and Dall Clark discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

THE FOLLOWING PERSONAL SERVICE CONTRACTS FOR \$10,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

JUVENILE JUSTICE, DEPARTMENT OF:

Dr. L. C. Miccio-Fonseca, 1000001281. Kelley Webb and Mike Riley discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed with Senator McGaha voting NO.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:

Ashland Independent Board of Education, 1000001252; Estill County Board of Education, 1000001258; Harrison County Board of Education, 1000001261; Knott County Board of Education, 1000001266; Lawrence County Board of Education, 1000001267; Lewis County Board of Education, 1000001268; Lincoln County Board of Education, 1000001269; Logan County Board of Education, 1000001273; Marion County Board of Education, 1000001274; Montgomery County Board of Education, 1000001276; Henderson County Board of Education, 1000001279; Adair County Board of Education, 1000001280; Barren County Board of Education, 1000001283; Bell County Board of Education, 1000001284; Carter County Board of Education, 1000001286; Clay County Board of Education, 1000001287; Covington Independent Board of Education, 1000001288; Grant County Board of Education, 1000001296; Grayson County Board of Education, 1000001297; Hardin County Board of Education, 1000001299; Hart County Board of Education, 1000001300; Clark County Board of Education, 1000001302; Jefferson County Board of Education, 1000001305; Johnson County Board of Education, 1000001308; Knox County Board of Education, 1000001310; Meade County Board of Education, 1000001311; Pike County Board of Education, 1000001321; Powell County Board of Education, 1000001322; Rowan County Board

of Education, 1000001326; Russell County Board of Education, 1000001327; Shelby County Board of Education, 1000001329; Perry County Board of Education, 1000001331; Greenup County Board of Education, 1000001340; Warren County Board of Education, 1000001343. Hiren Desai, Larry Stinson and Mike Leadingham discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDA OF AGREEMENTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Bell Whitley Community Action, 0900012090; Daniel Boone Community Action Agency Inc., 0900012132; West Kentucky Allied Services, 0900012150; Audubon Area Community Services, 0900012317; Bell Whitley Community Action, 0900012318; Big Sandy Area Community Action Program Incorporated, 0900012323; Blue Grass Community Action, 0900012325; Community Action Lexington Fayette, 0900012327; Central Kentucky Community Action Council Incorporated, 0900012328; Gateway Community Services Organization, Incorporated, 0900012330; Kentucky Communities Economic Opportunity Council Incorporated, 0900012334; Foothills Community Action, 0900012336; Lake Cumberland Community Services Organization Incorporated, 0900012337; L. K. L. P. Community Action Council, 0900012338; Licking Valley Community Action Program, 0900012339; Middle Kentucky Community Action Partnership Incorporated, 0900012342; Multi Purpose Community Action Agency Incorporated, 0900012343; Northeast Kentucky Area Development, 0900012344; NKCAC Incorporated, 0900012345; Pennyryle Allied Community Services, 0900012346; Community Action of Southern Kentucky Incorporated, 0900012348; Tri County Community Action Agency, 0900012349. Elizabeth Caywood and David Gayle discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF:

Jefferson County Board of Education, 0900012646. Debbie Anderson discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion,

which passed unanimously.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:

Clinton County Board of Education, 1000001254; Cumberland County Board of Education, 1000001257; Jackson Independent Board of Education, 1000001265; Crittenden County Board of Education, 1000001290; Dawson Springs Independent Board of Education, 1000001291; Edmonson County Board of Education, 1000001292; Frankfort Independent Board of Education, 1000001295; Green County Board of Education, 1000001298; Barbourville Independent Board of Education, 1000001301; Jackson County Board of Education, 1000001303; Jenkins Independent Board of Education, 1000001307; Menifee County Board of Education, 1000001313; Elliott County Board of Education, 1000001316; Newport Independent Board of Education, 1000001317; Paris Independent Board of Education, 1000001319; Science Hill Independent School, 1000001333; Cloverport Independent Board of Education, 1000001341; West Point Independent Board of Education, 1000001344; West Point Independent Board of Education, 1000001346; Augusta Independent Board of Education, 1000001356. Hiren Desai, Larry Stinson, and Mike Leadingham discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed unanimously.

DEFERRED CONTRACTS:

MURRAY STATE UNIVERSITY:

01710, Gary Draper & Associates of Atlanta Incorporated. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed unanimously.

The following contracts were deferred to the May 2010 meeting of the committee:

PERSONAL SERVICE CONTRACT LIST

EDUCATION, DEPARTMENT OF

1000001198, Achieve Incorporated; 1000001421, Metametrics Incorporated.

UNIVERSITY OF KENTUCKY

K10137, Grant Cooper & Associates

EASTERN KENTUCKY UNIVERSITY

10058, Nancy Batson of Marc Gold & Associates; 10059, Norciva Shumpert of Marc Gold & Associates.

KENTUCKY LOTTERY CORPORATION

1010027, PDT Communications Limited.

NORTHERN KENTUCKY UNIVERSITY

2010542, KZF Design Incorporated.

PERSONAL SERVICE CONTRACTS FOR \$10,000 & UNDER LIST

EASTERN KENTUCKY UNIVERSITY

10060, Cornerstone Designs Incorporated

WESTERN KENTUCKY UNIVERSITY

091057 Delta Timing Group Incorporated; 091058, ETS/Praxis Workshops.

EXEMPTION REQUESTS

DEPARTMENT OF EDUCATION:

The Department of Education requested exemption pertaining to the Biennial Requirement GCRC Policy Statement 99-4; seeking exemptions for Federal Grant Agreements. A motion was made by Representative Yonts to approve the request to September 30, 2012. Senator Tori seconded the motion, which passed unanimously.

DEPARTMENT OF JUVENILE JUSTICE:

The Department of Juvenile Justice requested waiver regarding youth and specialized medical services. A motion was made by Representative Yonts to approve the request to June 30, 2011 and for the agency to submit a written report to the committee on a quarterly basis. Senator Tori seconded the motion, which passed unanimously.

KENTUCKY INFRASTRUCTURE AUTHORITY:

The Kentucky Infrastructure Authority requested exemption pertaining to the Biennial Requirement GCRC Policy Statement 99-4; seeking exemptions for LGEDF Coal Severance Grants/Projects. A motion was made by Representative Yonts to approve the request to July 30, 2012. Senator Tori seconded the motion, which passed unanimously.

With no further business before the committee, the meeting adjourned at 12:15 PM.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

December 10, 2009

The Program Review and Investigations Committee met on Thursday, December 10, 2009, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Reginald Meeks, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel,

Co-Chair; Representative Reginald Meeks, Co-Chair; Senators Vernie McGaha, Joey Pendleton, Dan “Malano” Seum, Brandon Smith, and Katie Kratz Stine; Representatives Dwight D. Butler, Leslie Combs, Arnold Simpson, and Ken Upchurch.

Guests: Mark Robinson, Director, Office of Administrative Services, Department of Corrections. Brigid DeVries, Commissioner; Julian Tackett, Assistant Commissioner; Kentucky High School Athletic Association. Kay Kennedy, Director, Division of Operations and Transportation; Amy Peabody, Office of Legal, Legislative, and Communication Services; Denise Hagan, Acting Director; Karen Erwin, School Nurse Consultant; Division of Nutrition and Health Services; Kentucky Department of Education. Sandi Clark, Pediatric and School Nurse Consultant, Department for Public Health, Cabinet for Health and Family Services. Sharon Mercer, Practice Consultant; Nathan Goldman, General Counsel; Kentucky Board of Nursing. Debbie McGrath, Executive Director, Epilepsy Foundation. Stewart Perry, former chair of the board of the American Diabetes Association.

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

Representative Meeks said the co-chairs would recommend four study topics for adoption by the committee: 1) state role in workforce training for citizens 55 and older, 2) transparency of quasi-governmental entities, 3) the impact on local taxes and the SEEK formula from private businesses deeding property to local governments to qualify for tax free municipal bonds, and 4) the effectiveness of putting pseudoephedrine behind the counter and the Methcheck system in reducing illegal production of methamphetamine in Kentucky. He summarized each topic. Upon motion made by Senator Schickel and seconded by Representative Combs, the four study topics were approved by roll call vote.

Senator Stine commented that selecting these topics should not preclude selecting additional topics later.

Upon motion made by Senator Schickel and seconded by Representative Combs, the minutes of the October 8, 2009 meeting were approved by voice vote, without objection.

Upon motion made by Senator Schickel and seconded by Senator McGaha, the minutes of the November 12, 2009 meeting were approved by voice vote, without objection.

The Highly Skilled Educator Program Follow-up Report was approved by roll call vote upon motion made by Senator Schickel and second by Senator Smith.

Cindy Upton presented the report Cost of Incarcerating Adult Felons. She said the focus of the report is the direct cost to the state of incarcerating adult inmates in its custody. She said that some of the recommendations call for the General Assembly to consider revising laws to potentially reduce cost to the state, but this is not meant to imply that state cost should be the only consideration.

She said in the 10-year period from Fiscal Year 2000 to Fiscal Year 2009, the annual cost of corrections increased by more than 53 percent, from \$294 million to almost \$451 million. Even though the cost is high, it compares favorably with other states. In FY 2007, the cost of corrections was 2.4 percent of state spending, lower than or equal to the percentage in all but 12 states.

Ms. Upton said in FY 2009, Kentucky had an average of 22,553 state inmates, of which 53.6 percent were housed in state prisons, 5.5 percent were housed in contracted prisons, 33.8 percent were housed in local jails, 6.0 percent were housed in contracted halfway houses, and 1.1 percent were on home incarceration. She said the department does not house out-of-state inmates and it does not house Kentucky inmates in other states. The contracted Lee Adjustment Center houses inmates from Vermont to fill beds not contracted to the department. The state earns no money and incurs no cost for the inmates.

She said the number of inmates has increased by nearly 49 percent since FY 2000. The large number of inmates is due, in part, to an increasing number of offenses defined as felonies, longer sentences for persons defined as persistent felony offenders, and a 42 percent recidivism rate.

She said national studies have shown that the financial cost of incarcerating nonviolent offenders is greater than the cost of alternatives. As of June 30, 2009, the state had 9,430 inmates who had been convicted of nonviolent property and drug offenses, some as persistent felony offenders. They were 42 percent of all inmates. The estimated cost for FY 2009 to incarcerate them was \$136.2 million. The estimated cost of community supervision by probation and parole officers is \$14.5 million, which includes \$5.5 million to hire, equip, and train new officers. Recommendation 1.1 is that the General Assembly may wish to consider reducing the penalties for nonviolent offenses and amending KRS 532.080

to apply the persistent felony offender sentences only to persons convicted of violent offenses.

She said the U.S. Department of Justice has estimated that 61 percent of inmates in state prisons and 44 percent of inmates in local jails have a mental health problem. About 75 percent of these inmates also met criteria for substance dependence or abuse. She said that participants in drug and mental health courts have lower recidivism rates than persons who receive treatment as usual. Recommendation 1.2 is that the General Assembly may wish to consider providing funding to expand the use of drug and mental health courts.

Ms. Upton said one-third of state inmates were housed in local jails in FY 2009. The state is required to pay the county a per diem for each state inmate after the person is sentenced. Before sentencing, the cost of housing the inmates is borne by the counties, even though the inmates receive credit for time served, and the state receives the benefit of the reduced number of days it pays to house the inmates. Recommendation 2.1 is that the General Assembly may wish to consider appropriating funds for the Department of Corrections to pay counties a per diem for incarcerating persons who serve time in local jails before being convicted of a felony offense.

Representative Meeks asked what the counties are spending to incarcerate state inmates.

Ms. Upton said she did not know the exact amount spent by counties, but the state pays the counties just under \$32 per day.

Ms. Upton said statute requires the department to pay inmates or their dependents for each day worked outside the prison, with inmates having the greatest family dependency being given preference for outside work assignments. She said the statute implies that inmate earnings from outside work assignments should be used for family support, but no statute or department policy requires the department to withhold money from inmate earnings for family support. The department reported no family support deductions.

She said statute requires the department to specify the amount of compensation an inmate will earn for a governmental services program, which by definition is performed outside the prison. She said no statute requires that inmates be paid for work or educational assignments inside correctional facilities. In FY 2009, state inmates were paid about \$2.5 million for all assignments not associated with Kentucky Correctional Industries. Recommendation 3.1 is that if it is the intent of the General Assembly that inmates be

paid for working or participating in program assignments inside correctional facilities, the General Assembly may wish to consider specifying in statute whether, to what extent, and for what purpose deductions should be made from inmate earnings.

Ms. Upton said all 50 states operate correctional industries, and most states compensate inmates for working in industries. Kentucky inmates earned more than \$802,000 from working in correctional industries in FY 2009. She said some states withhold a portion of inmate earnings for inmate savings, to reimburse the state for room and board, or to pay court fines and restitution. Kentucky has no such requirement. Nationally, about \$7 million was deducted from inmate earnings in correctional industries in FY 2008. Recommendation 3.2 is that if it is the intent of the General Assembly that inmates working in Kentucky Correctional Industries be paid, the General Assembly may wish to consider specifying in statute whether, to what extent, and for what purpose deductions should be made from inmate earnings.

Ms. Upton said Kentucky's correctional industries are not keeping pace with those in other states. In FY 2008, Kentucky's net sales were \$12.1 million; the national average was \$34.9 million. She said a possible new industry could be created if prison canteens were operated by Kentucky Correctional Industries rather than being managed by prison wardens. The department is required by statute to maintain a centralized canteen operation that is self-supporting for all state and contracted prisons. She said all profits must be used exclusively for the benefit of state inmates, but it is not known if Kentucky Correctional Industries could operate a centralized canteen at a lesser cost than the prisons and current vendors. Recommendation 3.3 is that the Department of Corrections should conduct a cost-benefit analysis to determine the feasibility of operating prison canteens as a correctional industry. If the results of the analysis are favorable, the department should centralize the canteen operations under Kentucky Correctional Industries.

Ms. Upton said the federal Prison Industry Enhancement Certification Program encourages governments to develop meaningful employment opportunities for inmates by partnering with private industries that need labor. Requirements for certification include legislative approval, payment of prevailing wages to inmates, and a guarantee that inmate employment will not displace private-sector workers.

She said 37 states are certified; Kentucky is one of the 13 that are not. She said 28 certified states reported that inmates earned \$40.3 million in gross wages in calendar year 2008. More than \$15.5 million was deducted from their earnings to pay room and board to offset the cost of incarceration, to pay restitution to crime victims; to provide financial support to families; and to pay local, state, and federal income taxes. More than \$3 million was deducted for inmates' savings to be used when they are released from prison.

She said the program offers financial incentives to inmates. It also allows inmates to gain employment experience and job skills that increase the likelihood of getting a job when they are released. She said program participants had lower recidivism rates than inmates who worked in traditional prison industries or other correctional programs. Legislation authorizing the department to operate the program had been introduced, but the bill did not pass. Recommendation 3.4 is that the General Assembly may wish to consider authorizing the Department of Corrections to participate in the federal Prison Industry Enhancement Certification Program.

Ms. Upton said state inmates can earn credits on their sentences for good conduct, educational accomplishment, meritorious service, and work on governmental services projects. The credits are deducted from the maximum expiration date of an inmate's sentence. She said in FY 2009, inmates received more than 7.2 million days of credits. Legislation extending sentence credits to treatment programs that require participation of 6 months or more had been introduced, but the bill did not pass. Recommendation 3.5 is that the General Assembly may wish to consider amending KRS 197.045(1) to award sentence credits to inmates who successfully complete substance abuse programs or other treatment programs that require participation of six months or more.

Ms. Upton said six programs in particular have been shown to reduce recidivism by more than 10 percent. Kentucky uses all these programs. They are cognitive-behavioral treatment in the community for low-risk sex offenders on probation; intensive community supervision with a focus on treatment; cognitive-behavioral treatment in prison for sex offenders; vocational education in prison; drug treatment in the community for drug-involved offenders; and adult drug courts. She said adult drug courts are administered by the Administrative Office of the Courts and the other programs currently are operated by the department. She said

the department has recently received federal grant awards to provide a re-entry framework to train staff and reduce recidivism rates.

She said the financial cost of incarceration should not be the sole measure of how well a prison system is managed. A system may have relatively low financial costs but be ineffective in ensuring the safety of the public and inmates and staff. She said better data on performance could provide critical information to managers of the system and to members of the General Assembly as they make policy decisions about the system and funding. Recommendation 4.1 is that the Department of Corrections should identify meaningful performance indicators, collect the needed data, and develop benchmarks for prisons and the system. The information should be publicly available.

Senator Pendleton asked if Ms. Upton had any idea of the percentage of people in county jails or state prisons for drug reasons. Ms. Upton responded that about 30 percent were in state prisons.

Senator Pendleton said that he estimates that 75 to 80 percent of inmates in jail or prison are there for drug-related reasons. He said that legislators need to do something to rehabilitate prisoners and break the cycle. If prisoners can be put to work and send money to their families, it will help the children.

Senator Schickel said he was pleased with the performance measures mentioned in Recommendation 4.1. He asked if any states require their inmates to work to generate revenue for the state beyond the cost of housing the inmate. Ms. Upton said there are mostly cost offsets but few revenue-producing activities in other states.

Representative Upchurch asked what the per diem was to the counties and for private prisons. Ms. Upton said the per diem to county jails was \$31.34 and the lowest priced private prison was \$35 per day.

Senator Seum asked if furniture is still being produced at Eddyville. Mr. Robinson said they are producing furniture at other prisons but not at Eddyville.

Senator Seum said he would like a list of what is being produced statewide. Senator Schickel said that a list was available on the Department of Corrections Web site.

Senator Seum asked if the state is mandated to use products produced by prisoners. Ms. Upton said yes, unless it is not economically feasible or does not meet a state need.

Senator Seum said that the state should be a great customer of prison industries. Senator Pendleton said that there are several prison farms

across the state that did a great job providing produce and meat, but have scaled back. He said there are some opportunities out there.

The Cost of Incarcerating Adult Felons report was approved by roll call vote upon motion made by Representative Simpson and seconded by Representative Upchurch.

Senator Smith asked the committee to keep the family of Velma Childers in their thoughts. Representative Combs spoke of her experiences with Ms. Childers and agreed that this would be a great loss.

Greg Hager presented the report Kentucky High School Athletic Association. He said that the main concerns that led to the report dealt with governance of the association; finances of the association, particularly the cost of contracted legal services; and issues related to eligibility of student athletes. Eligibility issues involved how long it took for the association to make eligibility rulings and KHSAA's policy that it could penalize a school and its staff for following a court order "that was determined improper" that allowed a student to play sports after the association had declared the student ineligible. This meant in some cases that penalties were imposed for students ultimately deemed eligible by the courts.

He said this study is unusual in that KHSAA acted to address some concerns that led to the study before the study was completed. A follow-up in the future will be necessary to make sure the actions are successful, but they appear promising. Earlier this year, the Administrative Regulation Review Subcommittee deferred approving an update of the regulation governing KHSAA unless its court order policy was reconsidered. He said the association and state board of education agreed to do so. According to the regulation, KHSAA "shall...not punish or sanction, in any manner, a school, student, coach, or administrator for allowing a student to play in an athletic contest or practice with the team during a time when an order of a court of competent jurisdiction permits the student to participate or otherwise stays or enjoins enforcement of a KHSAA final decision on eligibility."

He said the association also revised the student eligibility decision appeal process this year. Preliminary information is that this reduces the time taken for appeal cases by weeks. KHSAA also hired an in-house counsel this year. Unless the association's need for legal services increases, this should reduce expenses for contracted legal services.

Representative Meeks asked if there was detailed expenditure information for contracted legal expenses.

Mr. Hager said that staff did not have that information but that KHSAA may be able to provide it.

Mr. Hager said KHSAA is a non-profit, independent agency. Kentucky is typical of other states in that the state, in Kentucky's case through the Board of Education, designates an agency to manage high school interscholastic sports. KHSAA is typical in terms of how it is governed, its number of staff, its major sources of revenue, and its bylaws related to student athlete eligibility.

He said the members of KHSAA are high schools. KHSAA has 279 member schools: 232 public, 45 private, and 2 federal. Annual dues depend on the size of the school, ranging from \$800 to \$1,400.

He said KHSAA is governed through a constitution and 33 bylaws. Subjects covered by the constitution include the duties of the commissioner, membership and duties of the Board of Control, school membership requirements, management of dues and revenues, and procedures for amending bylaws. Topics covered by the bylaws include eligibility; duties of school officials; rules and regulations governing contests; requirements and regulations for coaches, schools, and officials; and imposition of penalties. Oversight is the responsibility of the Kentucky Board of Education, to which KHSAA reports regularly. KHSAA has 15 staff, who include the commissioner and four assistant commissioners.

Mr. Hager said KHSAA is a non-profit. In some years, expenses have been greater than revenue. In FY 2009, revenue was greater than expenses and totaled just over \$4 million. He said 70 percent of revenue, \$2.85 million, was from playoff receipts from state championships in KHSAA-sanctioned sports; the bulk of which was from the boys basketball tournament, totaling \$1.8 million or 44 percent of total revenue. Thirteen percent of revenue was from KHSAA's corporate partners, 9 percent from school dues, and 5 percent from fees collected from officials.

Mr. Hager said 31 percent of FY 2009 expenses relate to provision of sports playoffs. About half of the expenses are for administration, personnel and all other administrative costs. More than 6 percent is for insurance. The association purchases catastrophic insurance for students, which cost \$168,000 in FY 2009. Expenses related to services for corporate partners were about 5 percent of expenses.

He said the largest item in the "other administration" category is payment for contracted legal services, which totaled to \$2 million from FY 2002 to FY 2009, 7.3 percent of expenses over this period. Contracted

legal work was done by Greenebaum, Doll, and McDonald, except for protection of intellectual property.

Mr. Hager said 13 of 33 bylaws cover athletic eligibility. Most eligibility cases involve students transferring schools. Bylaw 6 covers domestic students; Bylaw 7 covers foreign exchange students. Under both bylaws, students who transfer schools are ineligible for 1 year unless the student meets specified exceptions. He said there are several exceptions in Bylaw 6 such as parents legally divorcing and a student's legal custodial guardian changing by court order.

He said there are at least 12 specified exceptions used by other states not found in KHSAA's Bylaw 6. KHSAA has discretion to waive the transfer rule for reasons in addition to those specified, but it would be clearer to students, parents, and schools if as many of the reasons as possible could be specified in writing. Recommendation 2.1 is that KHSAA should consider expanding the exceptions to Bylaw 6 based on a review of specific exceptions allowed by other states.

Mr. Hager said a paper form is used to process eligibility decisions. The process begins with the student's new school, called the receiving school. If the student's previous school, called the sending school, verifies that the student did not previously participate in varsity sports and the student is otherwise eligible, then the student is immediately eligible and KHSAA need not make a ruling. Otherwise, both schools are responsible for completing their sections of the form. He said that if the sections are done in specified sequence, the form could be sent back and forth up to five times before the form is submitted to KHSAA. In practice, the form goes from the receiving school to the sending school back to the receiving school, which sends it to KHSAA.

Representative Meeks asked how many transfer cases there are. Mr. Hager said that there were nearly 2,500 in the last 3 years.

Mr. Hager said each state has at least one process for students, or schools on behalf of students, to appeal eligibility decisions. There are at least 19 due process arrangements among state activity associations. KHSAA's current process, which began in July 2009, appears to be unique. He said the initial eligibility decision is made by ruling officers, who are KHSAA assistant commissioners. A student who is ruled ineligible may appeal. A hearing is conducted by one of two hearing officers at the KHSAA office in Lexington. Parties to the case may have attorneys present. The hearing

officer forwards findings of fact and recommendation to the commissioner. Before making a final decision, the commissioner may allow additional information to be submitted. This process was changed to reduce the time taken for appeal cases.

He said, in the previous process, a case would go from the commissioner's office to the hearing officer and then to the Board of Control. Because the Board of Control considered cases at its monthly meetings, it could take several weeks for appeals cases to be decided. He said Program Review staff analyzed transfer cases occurring over the past 3 years to determine how long it took for different stages of the process and what decisions were made. Because the current appeals process is new, almost all analyses are based on the previous process. Average time for an appeal, once it was filed, was 33 days under the previous system, and 17 days under the current system based on preliminary data.

Mr. Hager said nearly 2,500 hundred domestic and foreign students sought eligibility rulings to play sports at KHSAA member schools over the past 3 years, an average of 766 cases per year. Twenty-eight percent were foreign exchange students and 20 percent were domestic students transferring from schools in other states. More than 90 percent of the students transferred to public high schools. On average, more than 200 cases are received in August and nearly half the cases for the year are received in July and August.

Mr. Hager said Program Review staff reviewed the paper domestic student transfer forms (Bylaw 6) submitted to KHSAA over the past 3 years. There were more than 1,600 cases in which signature dates and date-received stamps allowed staff to tell how long each step of the eligibility process took. He said within a week after the case was initiated, the commissioner's office had ruled on 10 percent of the cases; 32 percent were awaiting the sending school's signature; 46 percent were signed by the sending school but not yet mailed to KHSAA; and 11 percent had arrived at KHSAA but no decision had yet been made. Once KHSAA received the transfer forms, the association took 1 week or less to make an eligibility ruling in 73 percent of cases. In nearly 50 percent of the cases, however, the association did not receive the required forms within 2 weeks of the student's new school initiating the transfer process. Thirty percent of the forms were not received within 3 weeks; 20 percent were not received within 4 weeks.

He said that the time before KHSAA receives the transfer form could be decreased if parents were

informed earlier about KHSAA's transfer rule, the circumstances under which a rule can be waived, and what documents are needed to justify waiving the transfer rule under each circumstance. This information is on the transfer form, but staff interviews with athletic directors indicate that there are no guarantee parents or students will have met with the athletic director and seen the form immediately after enrollment. Recommendation 2.2 is that KHSAA should consider creating a document that provides a concise explanation of the association's transfer rule that details the various circumstances under which the transfer rule can be waived, and that describes the supporting documentation that KHSAA would need to justify waiving the rule under each circumstance. The document should also encourage any student wishing to participate in sports to contact the athletic director at the student's new school immediately. This document should be made available by the school to the student's parents at the time the student is enrolled in the new school.

Mr. Hager said a student's ability to play sports the same year he or she transfers ultimately depends on KHSAA's eligibility ruling—whether the student is ruled eligible. However, it also depends on when KHSAA makes its initial ruling, or if the case is appealed, and when the association makes its final decision. Depending on the sport a student wants to play, it is possible that the association could declare a student eligible to play too late in the season for the student to participate.

He said that over the past 3 years more than 500 eligibility requests were initiated in July and August for students who wanted to play fall sports. KHSAA prioritizes such cases, processing them more quickly. The main problem is for students who appeal the initial decision. The new appeals process appears to be faster, which should help. He said that in the past KHSAA sent a letter stating the initial eligibility ruling to the principals of the sending and receiving schools. As of November 2009, KHSAA also mails a copy to the student's current address. This may speed up the filing of an appeal.

He said a hypothetical example illustrates the need for continued improvement. If the receiving school initiated the request for an eligibility ruling on July 1, 2009, in 75 percent of cases KHSAA would have made the initial ruling by July 29. By this date, practice had already started for four sports. If a student who was initially ruled ineligible appealed immediately, the commissioner would have issued a final ruling by August 21 based on the average decision

time under the new appeal process. This is a notable improvement over the previous process, but by August 21 the regular season had started for all five fall sports.

Mr. Hager said staff analyzed 1,798 domestic transfer cases occurring over the past 3 years. The commissioner ruled 66 percent immediately eligible to play sports. Mr. Hager said 42 percent of students initially ruled ineligible appealed. Of those, 40 percent were ruled eligible by the Board of Control. Ultimately, 71 percent of students seeking eligibility under Bylaw 6 were ruled eligible. Since ineligible students cannot play or practice, those students who appeal may miss part or all of a sport season while waiting for the Board of Control to issue a final ruling. Staff analyzed decisions to see if there were differences based on whether the student was transferring to a private or public school, what sports the student wished to play, and the region in which the student's new school was located. He also summarized the results for regions. The percentage of students ruled eligible did vary by region. At least 80 percent were ruled eligible in four regions; less than 60 percent were ruled eligible in two regions.

Mr. Hager said, for this report, Program Review staff reviewed the paper transfer forms for domestic students from the past 3 years. This is time-intensive and would not be feasible for KHSAA to do with the current number of staff. He said moving to an electronic system would mean cases could be coded by criteria of interest to the Board of Control. For example, it could quickly be determined whether decisions differed by sport. Another benefit is that eligibility cases would reach KHSAA sooner. Recommendation 2.3 is that KHSAA should consider creating an electronic system for processing the forms and other information required to determine the eligibility of student athletes.

Senator Stine asked for the corporate partners. Mr. Hager said KHSAA would have the information.

Senator Stine asked what ethical code guides KHSAA and its dealings with corporate partners. Ms. Myatt said KHSAA has a code of ethics and a conflict of interest statement in its operating procedure manual.

Senator Stine asked if the expenditures on physical plant and equipment listed in the report included automobiles. Mr. Hager said it includes their building and computers but does not include automobiles.

Senator Stine asked how many automobiles they have. Mr. Hager said KHSAA has five.

Senator Stine asked who audits their accounts. Mr. Hager said that

Stivers and Associates is the auditor.

Senator Stine asked about regional investigative committees mentioned in the report. She asked if committee members would be involved in eligibility decisions about students at competing schools. Ms. Myatt said that they are not decision makers and would not be making recommendations if there was a conflict of interest.

Senator Stine asked if commissioners have any relationship to any school. Mr. Hager said no.

Representative Simpson asked if school districts can be assessed for the association's legal fees in eligibility cases. Mr. Hager said yes unless the school can prove it was not involved in the case.

Representative Simpson asked if KHSAA made the new changes willingly or at the insistence of the Administrative Regulations Review Subcommittee. Mr. Hager said he did not know what the association planned to do but his impression from attending a subcommittee meeting was that the changes were made at the insistence of the subcommittee.

Brigid DeVries, Commissioner, and Julian Tackett, Assistant Commissioner, from KHSAA responded to the report. Ms. DeVries said that they concur with the recommendations and look forward to implementing them.

Senator Pendleton said that he had not received a response to a letter he sent to KHSAA. He asked who has oversight as to where the football playoff games are played. Mr. Tackett said the home school determines where the game is played. In the case referred to by Senator Pendleton, the home school's stadium was not adequate and the school chose a stadium in Tennessee.

Senator Pendleton said that Kentucky schools should not be providing economic benefits to another state by playing in Tennessee. He wanted to see details on the finances. Mr. Tackett said that he would provide the financial information when it became available. He said he would relay Senator Pendleton's concerns.

Senator Stine asked who the corporate sponsors are. Mr. Tackett said PNC Bank sponsored the boys basketball tournament. Houchens Industries and various smaller partners are also partners. He said they try to have sponsors for all events.

Senator Stine asked how often and by whom is KHSAA audited. Mr. Tackett said they are audited every year. He said they were previously audited by Miller, Mayer, Sullivan, and Stevens but switched this year to Stivers and Associates. The audit is expected to be completed in January 2010. He said the last five audits were on their Web site.

Senator Stine asked if employees of the association belong to the state retirement system. Mr. Tackett said employees with college degrees are in the Kentucky Teachers' Retirement System. Others are in the Kentucky Retirement Systems.

Senator Stine said that in the Mitchell case, the school and coach were penalized even though the student was eligible to play sports according to the courts after prolonged litigation. The high school was fined \$1,500 and the coach was suspended for two games. This was done before litigation was complete. She asked if restitution had been made to the school. Ms. DeVries said there was not an appeal by the school and coach, so no restitution has been made.

Senator Stine said that an injustice had been done that has not been addressed. She said that Bylaw 33, which allows for the association to require schools to pay its legal fees in some cases, has a chilling effect. She asked if they would consider removing this from the bylaws. Mr. Tackett said this bylaw was initiated by the schools. They will discuss the removal of the bylaw at the January board meeting.

Representative Simpson asked how KHSAA decides whether to seek reimbursement and how much to collect. Ms. DeVries said there has been no reimbursement of legal fees in the past 3 years.

Representative Simpson asked if the association would support legislation to make the requirements of the federal decree regarding composition of the board of control part of Kentucky law. Mr. Tackett said the board would be amenable to this.

Representative Upchurch asked how frequently they had changed auditors prior to this year. Mr. Tackett said they had used the same auditor every year but changed the lead staff each year. He said they will now be changing auditors every 3 to 5 years.

Representative Upchurch asked if there is any reason the state auditor does not audit KHSAA. Mr. Tackett said no one had asked for such an audit.

Representative Meeks asked what KHSAA spends on audits. Mr. Tackett said they spent \$18,000 on audits this year.

Senator Stine asked if the Program Review and Investigations Committee can make a recommendation for KHSAA to be audited regularly by the state auditor. Representative Meeks said yes.

Representative Simpson made a motion that the Program Review and Investigations Committee make a recommendation that the state auditor audit KHSAA regularly. Senator

Stine seconded the motion, which was approved by voice vote.

The Kentucky High School Athletic Association report was approved by roll call vote upon motion made by Representative Simpson and seconded by Representative Combs.

Van Knowles presented the report School Health Services for Students With Chronic Health Conditions in Kentucky. He said this report examines the efforts schools make to ensure that students with diabetes, asthma, severe allergy, and epilepsy are able to participate in school safely and to learn while there. All these conditions are chronic and have potentially life-threatening complications; most require some kind of regular care during school hours.

He said the report has eight major conclusions. 1) Most school personnel and school nurses appear motivated to provide the best possible care for all students. 2) In many schools, health services staffing is inadequate. Some parents and school staff members have reported inappropriate care or inappropriate limitations on care for students with chronic health conditions. 3) Multiple federal and state laws and regulations govern school health services and leave many open questions about what services schools are obligated to provide and how they should provide them. School districts do not fully understand their obligations and the requirements for providing health services. 4) The Kentucky Department of Education (KDE), while providing some guidance and technical assistance, does not exercise oversight of school health services and does not utilize its student information system effectively to track health services. Other agencies regulate aspects of school health but do not actively monitor services. Coordination has been limited but has improved. 5) Local health departments employ more school nurses than school districts do. Coordination with school districts is good in many cases, but sometimes health departments and schools disagree on the services needed. 6) Unlicensed school staff supplement nurses in many school districts in Kentucky and across the country. There is disagreement even within the medical and nursing professions on the extent that unlicensed staff should provide care. 7) Many districts cite funding limitations as a reason for limited health services, but some districts in relatively impoverished counties have exemplary health services. 8) Medicaid has become a crucial funding source for school health services because most health departments can bill Medicaid for school health services and school districts cannot. However, health departments in the

16-county Passport managed care region cannot bill Medicaid.

He said the reported number of students known to have asthma and epilepsy are significantly below the expected numbers, possibly because many students with those conditions are able to manage their symptoms without informing the schools. The reported number for severe allergy overstates the number with truly life-threatening allergy, but schools have to assume that anyone who might have such an allergy actually does.

Mr. Knowles said multiple federal and state laws and regulations govern levels of care that schools must consider. 1) The Individuals with Disabilities Education Act establishes the rules for determining the services needed for students with significant disabilities affecting their ability to learn, including health services for conditions that contribute to the education difficulty. 2) Most students with chronic health conditions would be considered to have a less severe disability under Section 504 of the Rehabilitation Act of 1973, which requires schools to determine what accommodations are needed to ensure participation in school and related activities. 3) Some students with chronic health conditions might not be considered to have a disability, but might still need health services during school and school activities; they are covered by KRS 156.502 and other Kentucky statutes.

He said federal disability laws leave many open questions about what services schools are obligated to provide and how they should provide them. Kentucky has resolved some open questions but some federal ambiguities remain and some issues have arisen with Kentucky's laws. Recommendation 2.1 is that the General Assembly may wish to consider establishing or clarifying school health policy in the following areas, within the limits of federal disability laws: 1) minimum staffing requirements for school health services; 2) the meaning of "any necessary arrangement" in KRS 156.502; 3) whether districts must provide health services at all school-related programs and activities; 4) whether districts must provide health services in the school a student would ordinarily attend; 5) how districts should provide for students with prescriptions for emergency medications not mentioned in statute; 6) how districts should provide for students with prescriptions for new treatments not mentioned in statute; 7) how districts should respond to parent and physician requests for students to carry and self-administer medications not mentioned in statute.

ute; 8) the discretion districts should have when students with permission to carry medications misuse them; 9) whether there should be a written individual health care plan for all students needing routine or emergency care; 10) provision to protect physicians who agree to be district medical directors; and 11) the role parents and their designees, including school employees, may have in providing health services to their children in school.

Mr. Knowles said KRS 156.502 states that school health services shall be provided by physicians or nurses or unlicensed people they delegate. The overwhelming number of licensed health professionals in school districts are registered nurses and that is what the report focuses on.

He said local health departments employ a greater portion of school nurses than school districts do. Coordination with school districts is good in many cases, but sometimes health departments and schools disagree on the services needed. The Department for Public Health allows health departments to provide direct school health services but requires the health departments to accept full liability for those services. In addition, sharing of student health information between health departments and school districts is restricted based on a concern with federal health privacy law. Recommendation 3.1 is that the Department for Public Health should advise local health departments on ways to meet school district needs with a reasonable liability risk and to share health information with the schools as needed. If necessary, the department should request that the General Assembly grant liability protection so that health departments may better serve school health needs.

Mr. Knowles said KDE has not adequately monitored agreements between school districts and health departments and other contracted providers. Recommendation 3.2 is that the department should require school district agreements with outside health service providers to be in writing. Agreements should describe the responsibilities of both parties and be submitted to the department.

He said staff identified several different models for delivering school health services. Many of the models involved nurses from more than one employer. Of the 168 school districts responding to information requests, 49 indicated having nurses from more than one employer, usually including the district itself. Of those, 42 indicated shared responsibility for supervision between the school district and the other employer.

He said most school districts also used trained, unlicensed school personnel to assist nurses. Some districts struggled to have an effective model that meets all the requirements of school health services.

Mr. Knowles said several school districts reported depending on parents to provide care to their children at school and especially on field trips. In some schools, parents recruited and trained school staff to provide care for their children, a practice that might be illegal. He said districts may not require a parent to perform health service tasks and may not deny attendance and participation because of a lack of health services.

He said some school districts do not fully understand their obligations and the requirements for providing health services, and some appear not to be meeting the minimal requirements. Recommendation 3.3 is that KDE should require all school districts to submit descriptions of their school health services models, policies, and procedures and to update them on a regular basis. The descriptions should be adequate to determine whether districts meet minimum requirements for providing health services. The department should include guidance to districts on these requirements. If necessary, the Kentucky Board of Education should promulgate regulations to authorize such reporting.

Mr. Knowles said that Program Review staff identified 31 issues, including some of the issues listed in Recommendation 2.1, which KDE and the other agencies might resolve. Because most of these issues involve nursing and medical practice, staff did not propose specific resolutions. Rather, staff recommended that the agencies work together on a comprehensive solution.

He said some of the issues concerning Unlicensed Assistive Personnel (UAP) under KRS 156.502 that need clarification are that 1) UAPs must be properly trained and demonstrate competency to perform each task; 2) UAPs must be delegated and supervised by a nurse or physician; 3) UAPs must be assigned to specific students; and 4) most school personnel may refuse to be UAPs, unless it is part of their contract or job description. He said nursing regulations and guidelines require a nurse to evaluate each student and determine whether it is prudent to delegate health service tasks. He said KDE does not monitor the procedures used by districts to delegate and supervise UAPs.

He said issues regarding delegation of insulin need clarification. There is agreement that nurses are the best choice to administer insulin. There is disagreement on whether

UAPs should administer insulin when nurses cannot. Practicing physicians and advocates argued that UAPs can do it as well as parents can. Care for some students with diabetes is complex and difficult even for parents; it would be unwise to delegate for such students.

Mr. Knowles said questionable health service practices have been reported by parents and school staff. Some of these gaps and lapses in care indicate occasional violations of state or federal requirements. For example, schools may not always have someone present to administer emergency medication for a student with diabetes or epilepsy as required by Kentucky statute. In some instances, students with high or low blood sugar were sent to the office alone to receive care. Some schools prohibit students from carrying asthma inhalers despite the statutory procedure to allow it. Some schools do not allow students with diabetes to attend school unless a parent can come to administer insulin.

He said several agencies have oversight authority over aspects of school health services, but the agencies do not actively monitor the way school health services are provided. He said the Kentucky Board of Education and KDE have the primary responsibility and should take the lead in regulating and overseeing school health services. The department, while providing some guidance and technical assistance, has not assigned adequate resources to school health, does not monitor or exercise oversight of school health services, and does not utilize its student information system effectively to track health services. Recommendation 3.4 is that the Kentucky Board of Education and KDE should take the lead to ensure compliance with current and future statutes and regulations. They and the Kentucky Department for Public Health, Board of Nursing, and Board of Medical Licensure, in consultation with other stakeholders, should collectively review the issues identified in this report. Using their respective authorities, they should develop comprehensive school health regulations, advisory opinions, and advice for school districts, health departments, nurses, and physicians. These should be mutually consistent, should address statutory ambiguities, and should establish minimum requirements for school health services, with flexibility for justifiable variations among districts. If statutory changes would be helpful, the agencies should propose such changes to the General Assembly.

Mr. Knowles said many districts cite funding limitations as a reason for limited health services, but some

districts in relatively impoverished counties have exemplary health services, often in cooperation with health departments. Most school districts pay for their health services out of the general fund, which consists primarily of local tax funds and state education funds. Other sources include Medicaid, federal disability funds, and grants.

He said because of federal disability laws and the Medicaid "free care rule," schools may not bill Medicaid or most insurers for students. Health departments may bill Medicaid because of a federal exemption for recipients of Maternal and Child Health (Title V) funds, even though most other insurers do not cover their nursing services. As a result, health departments have taken on a greater role, growing by 31 percent between FY 2008 and FY 2009.

Mr. Knowles said private insurance might be another source of revenue for school health if it would cover nurses who are not under direct supervision of a physician. School health providers also would be able to bill for students with disabilities if families did not have to pay out of pocket. Recommendation 4.1 is that the General Assembly may wish to consider whether to require private insurers to cover school health services provided by registered nurses and licensed practical nurses. It also may wish to consider ways to permit school health providers to receive reimbursement without requiring families to pay out of pocket, so that the providers may bill for services to students with disabilities.

Mr. Knowles said that although Medicaid covers school health services in other parts of the state, the Passport Medicaid managed care organization does not. The Passport region includes Jefferson County and 15 nearby counties.

He said Program Review staff found that the number of schools per nurse and number of students per nurse inside the Passport region were at least twice as high as outside the Passport region. Staff also noted that school districts' own expenditures per pupil were higher in the Passport region than in any other region. He said payment for school health services would have to come from existing programs. He said Passport, Medicaid, the Department for Public Health, and health departments have held discussions. Passport has proposed partial coverage, but so far no agreement has been reached. Recommendation 4.2 is that the Department for Medicaid Services, Department for Public Health, local health departments, and University Health Care, Inc., should continue to seek an equitable method to cover school health services for students enrolled

in Medicaid in the Passport region. If they are unable to reach an agreement, the General Assembly may wish to consider whether it can establish a solution within or outside of the Medicaid managed care waiver.

Mr. Knowles concluded that districts may look at options for providing adequate care at the lowest cost, including use of UAPs and sharing costs with health departments. He said some states, such as Virginia, Tennessee, and Georgia provide additional funding for school nurses. South Carolina uses some Title V funds to allow school districts to bill Medicaid. He said Medicaid and some insurers do not cover a second prescription for medication or equipment needed at school.

Representative Butler complimented the report and pointed out the needs for school health services. He said he was surprised at the low number of school nurses per school in the Passport region in comparison to the rest of the state. He asked about the training of non-certified personnel. Mr. Knowles said those who had been trained had a fairly high willingness to continue, and nurses said the training was adequate.

Representative Butler asked about the use of emergency medical technicians (EMTs) to provide services. Mr. Knowles said staff did not learn of any districts using EMTs but several were using certified medical assistants.

Representative Butler said the questionable practices identified in the report are unacceptable; for example, sending students with high or low blood sugar to the office alone. He said an informational campaign is needed. Kay Kennedy, Director of the Division of District Operations, Kentucky Department of Education, said a written response to the report had been provided.

Representative Meeks asked about the cost of implementing the recommendations, including how many additional staff would be needed. Ms. Erwin said she would provide this information.

Sandi Clark, Pediatric and School Nurse Consultant, Department of Public Health, responded to the report. She said that public health departments are required to provide mandated services. School health is an option health departments may provide if all local mandated services have been met. Therefore, some health departments can provide school health services and others cannot. She said that when a health department is in the school building, it is considered a satellite and may bill just as if it were in the health department. She summarized recent training efforts by the department, including a contract with the Univer-

sity of Louisville to provide a workshop for school nurses.

Representative Simpson asked about attendance at the workshop. Ms. Clark said 89 attended this year. In the previous year, there were more than 100 in attendance.

Representative Meeks asked if the training is moved around the state. Ms. Clark said it is not due to the contract with the University of Louisville, but that online training is available.

Representative Meeks asked how many nurses would be needed to put a nurse in every school. Ms. Erwin said most states focus on elementary and middle schools, and she can get that number for him.

Representative Meeks asked for models used in other states. Nathan Goldman, General Counsel for the Kentucky Board of Nursing, read a written statement. He said the board put together its own task force to study the issue of health care for school children. He said one of the outcomes of that group is the development of a training program that will provide a consistent, standardized training on medication administration by unlicensed personnel. He said the Board of Nursing would work with KDE, the Department of Public Health, and any other interested agency or party to find solutions to these issues to insure that school children receive high quality health care.

Sharon Mercer, Practice Consultant for the Kentucky Board of Nursing, said only nurses or physicians can delegate medical duties according to statute. EMTs cannot dictate to other employees.

Representative Butler clarified that EMTs could be on the staff and be designated by a nurse or physician. Ms. Mercer said she was surprised that not all schools had someone to do emergency medications. She was pleased with the recommendation to pull departments together to decide on these issues.

Stewart Perry, former chair of the board of the American Diabetes Association, read a written statement. He said the association supports administration of medication by trained, nonmedical personnel. He said there should be a comprehensive policy for all the problems with diabetes in a school setting.

Debbie McGrath, Executive Director of the Epilepsy Foundation Kentuckiana, said that the number of students with epilepsy in the report is too low. She said her organization provides school nurse training for epilepsy and seizure disorders. She said the department needs more than one nurse to deal with all the issues such as diabetes and epilepsy. She said medication can be administered by

nonmedical people who are trained. She wants to work with other groups across the board to train unlicensed people to administer various medications.

Representative Meeks asked if there are models for training. Ms. McGrath said yes. She said Kentucky was the first state to make a law that Diastat may be administered by unlicensed personnel.

The meeting was adjourned at 1:00 p.m.

POVERTY TASK FORCE Minutes of the 4th Meeting of the 2009 Interim December 2, 2009

The 4th meeting of the Poverty Task Force was held on Wednesday, December 2, 2009, at 10:30 AM, in Room 154 of the Capitol Annex. Senator Brandon Smith, Co-Chair, called the meeting to order at 10:53 AM, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Greg Stumbo, Co-Chair; Senators Dan "Malano" Seum, Robert Stivers II, and Johnny Ray Turner; Representatives Linda Belcher, Dwight D. Butler, Leslie Combs, C. B. Embry Jr., Kelly Flood, Keith Hall, Richard Henderson, Martha Jane King, Mary Lou Marzian, Reginald Meeks, Fred Nesler, Kevin Sinnette, Kent Stevens, Ken Upchurch, and Addia Wuchner.

Guest Legislator: Representative Dennis Horlander.

Guests: D. W. Bouchard, Executive Director, and Jennifer Weeber, Hazard/Perry County Community Ministries; Patrick McKiernan, CADC, Homeless Veterans Outreach Coordinator, Kentucky Department of Veterans Affairs; Nina Walfoort, Director of Marketing, Transit Authority of River City (TARC); Tawny Acker-Hogg, Program Development Director, Leslie, Knott, Letcher, Perry (LKLP) Community Action Council, Inc.; Melissa Benton, Kentucky Interagency Council on Homelessness, Executive Director, Kentucky Housing Corporation; and Marlene Gordon, Coalition for the Homeless.

LRC Staff: DeeAnn Mansfield, Lou DiBiase, Amanda Dunn, Mustapha Jammeh, Carlos Lopes, John Scott, and Gina Rigsby.

A motion to approve the minutes of the November 16, 2009 meeting was made by Representative Stevens, seconded by Representative Stumbo, and approved by voice vote.

Douglas W. Bouchard, Hazard/Perry County Ministries, and Patrick McKiernan, CADC, Homeless Veterans Regional Administrator, Kentucky Department of Veterans Affairs (KDVA) provided testimony on initiatives to serve the homeless.

Mr. Bouchard gave an overview

of poverty, homelessness, and mental health in Eastern Kentucky. He stated that some Appalachian communities have successfully diversified their economies; some are still adjusting to structural changes in declining sectors; and some severely distressed areas still require basic infrastructure, such as water and sewer systems. In 1965, one in three Appalachians lived in poverty. By 1990, the poverty rate had been cut in half, but not in Eastern Kentucky. The Kentucky Interagency Council on Homelessness results of the January 24, 2009 Point-in-Time Count of Homeless Persons show there were 2,825 homeless persons in Louisville and Lexington, 3,174 in rural Kentucky for a total of 5,999. The Third Annual Homeless Assessment Report to Congress (AHAR) reports, in Kentucky, that there are three Continuum of Cares or jurisdictions designated by HUD, comprised of homeless service providers: the Balance of State, Lexington/Fayette County, and Louisville/Jefferson County. In some states, Continuum of Cares that represent more rural portions of a state may also account for a large share of a state's homeless population. In 2007, the majority of homeless persons in Kentucky were located in the Balance of State Continuum of Care.

For many decades, social science researchers have known that poverty and mental illness are strongly related. The poorer the person, the stronger likelihood his or her chances are of having some sort of mental disorder. A report by Mental Health America, Ranking America's Mental Health: An Analysis of Depression Across the States indicated several statistically significant predictors of depression and suicide rates: Mental health resources - the higher the number of psychiatrists, psychologists, and social workers per capita in a state, the lower the suicide rate; barriers to treatment - the lower the percentage of the population reporting that they could not obtain healthcare because of costs, the lower the suicide rate and the better the state's depression status. The lower the percentage of the population that reported unmet healthcare needs, the better the state's depression status. Mental health treatment utilization - holding the baseline level of depression in the state constant, the higher the number of antidepressant prescriptions per capita in the state, the lower the suicide rate. Socioeconomic characteristics - the more educated the population and the greater the percentage with health insurance, the lower the suicide rate. The more educated the population, the better the state's depression status. Mental Health America suggests the following five public policy solutions:

(1) improve the availability of mental health professionals; (2) reduce cost and other barriers to mental health treatment; (3) encourage appropriate utilization of mental health therapies; (4) provide a richer socioeconomic environment by improving education levels, economic status, and health insurance coverage; and (5) legislate mental health benefits that are equivalent to that for physical health. In the mental Health America report Kentucky ranked 49th. The American Foundation for Suicide Prevention ranks Kentucky 13th in the United States for rate of suicides. Kentucky earned an "F" on the National Alliance on Mental Illness 2009 Report Card.

According to the Centers for Medicare and Medicaid Services, 42 CFR § 431.51, Free choice of providers, Section 1902(a)(23) provides that recipients may obtain services from any qualified Medicaid provider that undertakes to provide the services to them. A recipient may obtain Medicaid services from any institution, agency, pharmacy, person, or organization that is qualified to furnish the services and willing to furnish them to that particular recipient. 907 KAR 1:515, Section 4, Provider Qualifications, states that provider participation shall be limited to the fourteen regional mental health mental retardation centers, licensed in accordance with 902 KAR 20:091.

Mr. Bouchard recommends creating legislation that would enable a wide array of community mental health service providers to provide services. The legislation would (1) provide impoverished people a choice of mental health providers; (2) provide services outside of and in addition to the community mental health centers; (3) create a link between new service providers and a funding source – Medicaid; (4) allow for free market forces to play a role in the mental health resources of Kentucky; (5) allow for entrepreneurial opportunities for potential service providers; (6) provide a wider array of mental health services; and (7) impact mental health issues of impoverished people earlier and more effectively, thereby helping to bring them out of poverty.

Senator Smith asked what it was like before 907 KAR 1:515 went into effect. Mr. Bouchard stated that the regulation is approximately 30 to 40 years old, and he could not find anyone who knew what it was like before the change. Senator Smith said approximately ten percent of the individuals in homeless shelters are veterans, and he asked if the change desired in the regulation would affect the funds that go to the homeless shelters. Mr. Bouchard stated that if

the regulation is changed, it would allow access to Medicaid dollars and that would allow someone onsite to assess people's needs and make referrals, possibly to the regional mental health centers.

Representative Meeks asked about the function of the 14 regional mental health centers and coordinating services of providers. Mr. Bouchard stated that allowing other providers to have case management for services would allow a broader array of choices and would not cut the regional mental health centers out of services but allow them to be a part of the continuum of care for individuals.

Marlene Gordon, Executive Director for the Coalition for Homeless in Louisville, stated that the 14 regional mental health centers were formed prior to the explosion to homelessness.

Representative Hall said that a federal Senate health care bill is trying to address mental health needs, and asked if the legislation would allow the money to go to other service providers other than the regional mental health centers. Mr. Bouchard stated that the regulation does not allow for money to go anywhere else but to the 14 regional mental health centers. Mr. Bouchard stated that the proposed federal legislation would offer a wide array of mental health services with more choice for individuals.

Senator Smith asked if the choice would be modeled on self determination. Mr. Bouchard stated that self determination is very important within the mental health field.

Representative Wuchner stated that she volunteers in a homeless shelter and approximately 80 percent of the individuals do not qualify for Medicaid. She asked if they do not qualify for services, how individuals can get access to treatment. Mr. Bouchard stated that there is a project in Kentucky called SOAR that tries to make sure as many people are qualified for services as possible. He stated he would like to see more than one place or option for mental health services. Ms. Gordon stated that one issue is access, not just transportation, and she stated that the Medicaid service delivery needs to be examined by the General Assembly. One huge problem is that mental health services cannot be provided for an individual during the two-year gap after foster care ends at age 19 and eligibility for services at age 21. During this timeframe, some become homeless, addicted to drugs, or have their mental illness worsen, which costs the state more money to treat than if treatment could be provided immediately. There is a need to look at the structure of Medicaid to

see how it addresses homelessness and the poor. Senator Smith asked if Ms. Gordon would send a copy of her testimony and concerns to the task force.

Representative Stumbo asked if the 14 regional mental health centers were different from community action agencies, and Mr. Bouchard said they were different.

Steve Shannon, Executive Director, Kentucky Association of Regional Mental Health and Mental Retardation Programs, stated that there is a network of providers that has access to community mental health centers in all 120 counties. He said that it is a great model, but not well implemented. He stated that they would like to embed staff at homeless shelters, provided there was a way to pay for it. He said that they provide services to one in 25 Kentuckians. He said that there is an inability to access enough resources to support enough individuals without a payor source. He stated that Medicaid system can meet the demand to provide services. He said that the community mental health centers have spread themselves as thin as possible.

Representative Marzian stated the Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses started meeting in 2000 to come up with a long-term strategy for mental health issues. Mr. Shannon stated that the Medicaid cost-based rates have not increased since 2001 based on fiscal year 1999 dollars. He said that the mechanism is there to provide access to services, but the problem is the unavailability of funds.

Representative Stumbo asked if there is any evidence from other states that shows a more competitive system provides a more cost-efficient way to provide adequate services with the dollars available. He asked that the information be provided to the task force.

Representative Flood asked if more federal dollars are available to Kentucky if we diversify access beyond the 14 regional mental health centers. Mr. Bouchard stated that if there were a wider array of services and qualified providers willing to provide services, additional state funds would be needed to draw down more federal funds. Mr. Shannon stated the number of providers does not matter if state funds are not available for the federal match. Ms. Gordon stated that the way Medicaid dollars are or are not being used leads to barriers. The system was implemented in 1966 but it has not been evaluated or restricted along the way. The population and the need have grown exponentially. Ms. Gordon said that

people have to be met where they are and be connected with needed services. When looking at poverty, individuals need someone to help them through the difficult systems to get access to services.

Representative King asked if medical records for homeless people who migrate from one shelter to another were available to make sure Medicaid is not doubled charged. Jennifer Weeber from Hazard/Perry County Ministries stated that someone would have to give permission in order to access their medical records.

Representative King asked about access to medical records. Ms. Weeber said that the individual would have to give permission to access medical records. Ms. Gordon stated that medical records are harder to access if someone is coming out of foster care or has just been released from prison. Representative King stated that if an individual's medications cannot be monitored, they could end up back in the judicial system.

Representative Horlander asked if providers had access to the Kentucky All Schedule Prescription Electronic Reporting (KASPER) system to prevent double coverage for medications. Ms. Weeber stated that the KASPER system only covers narcotic medications, and Medicaid will not allow refills on medications until it is due.

Representative Henderson asked that a list of the 14 regional mental health centers be provided to the task force. Representative Henderson asked how the centers are funded. Mr. Shannon stated that there are two pots of money. There is a Medicaid dollar which CMHC provides to cover the bills and is not distributed but paid on how services are provided to Medicaid recipients. There is \$25 million state general fund dollars for community care and support flexible dollars and the board of directors decide how the money is spent. The division of funds is specified in regulation.

Dr. McKiernan gave an overview of the Homeless Veterans Outreach Program of the Kentucky Department of Veterans Affairs (KDVA). Margaret Plattner, Deputy Commissioner, KDVA, was available for questions. He stated KDVA's mission is to ensure Kentucky's 345,000 veterans and their families receive all the benefits and services they have earned. KDVA provides counseling, skilled nursing care at state veterans' centers, dignified interment at state veterans' cemeteries, and special programs for women veterans, homeless veterans and others. Approximately 637,000 adults in the United States are homeless in a given week and 2.1 million adults experience homeless-

ness over the course of a year. The Veterans Administration (VA) estimates that nearly 130,000 veterans are homeless on any given night, and 800 to 1,200 of them are in Kentucky and that there are 3,500 homeless veterans annually in Kentucky. The VA estimates there are 200,000 incarcerated veterans in the United States; which means for the first time there are more incarcerated veterans than homeless veterans. The following are veteran statistics: (1) 26 percent of homeless population are veterans; (2) 33 percent of male homeless population are veterans; (3) 15 percent served before the Vietnam Era; (4) 47 percent served during the Vietnam Era; (5) 17 percent served after the Vietnam Era; (6) 67 percent served three or more years; (7) 33 percent were stationed in a war zone; (8) 25 percent have used VA homeless services; (9) 89 percent received an honorable discharge; (10) 85 percent completed high school or GED compared to 56 percent of non-veterans; (11) 79 percent reside in central cities; (12) 70 percent suffer from substance abuse problems; (13) 45 percent suffer from mental illness; (14) 46 percent are age 45 or older compared to 20 percent of non-veteran homeless citizens.

On July 14, 2000, the Kentucky Homeless Veterans Program (KHVP) was created to develop a statewide network of services that provide treatment for addictions, including, but not limited to alcohol, drug use, and gambling; services that lead to permanent housing; services that lead to employment; and concerned citizens and nonprofit agencies that provide shelter. KRS 40.340 established the KHVP with a mission to work toward the elimination of homelessness and the prevention of the threat of homelessness and its causes in the veteran population of the Commonwealth. Under the directive, the KHVP will request funds to obtain, retain, or secure housing/lodging and/or other related support needed for homeless or potentially homeless veterans and their dependent family members. The Homeless Veterans Trust Fund provides prevention and intervention funds. In 2008, the total HVTF expenditures were \$35,349.49 and provided assistance to 139 veterans and 70 family members. In 2009, the total HVTF expenditures were \$48,203.79 and provided assistance for 166 veterans and 75 family members.

State and federal strategies to assist homeless veterans include maximizing federal resources such as the Grant and Per Diem Program for transitional housing, HUD Veterans Affairs Supported Housing (VASH), Homeless Veterans Reintegration Project (HVRP), Incarcerated

Veterans Transition Program (IVTP), VA Benefits-disability and pension claims, and Housing and Emergency Assistance Reaching the Homeless KY HEARTH). Barriers to assist the homeless veterans include the 12-month rate claim turnaround, federal guidelines for eligibility, VA provides very few services to dependent family members, employment opportunities, limited housing subsidies, and substance abuse. Societal and community benefits of substance abuse treatment for veterans outweigh costs by four to one, reduces burdens to the government, reduce criminal activity by up to 77 percent, increase employment, improve physical and mental health, reduce medical costs, provide significant immediate and long-term savings, and provide countless gains to the individual and his/her family, such as improved relationships, increased wellbeing, and keeping families together.

Senator Smith asked about recommendations to help veterans know about available services and benefits. Mr. McKiernan stated that a public service announcement telling veterans to obtain their DD Form 214, Certificate of Release or Discharge from Active Duty, and call to see if they are eligible for services and benefits. Senator Smith asked if someone could go online and find information to see if a soldier meets the eligibility criteria to be considered a veteran and is eligible for benefits. Mr. McKiernan stated that the DD214 is available online, but the homeless population does not generally have access to or knowledge of a computer. Shelters should be more diligent to find out if individuals are veterans or widows of veterans to make sure they access all available services. A great number of Kentucky veterans do not even realize they are eligible for benefits.

Representative Belcher said that she was impressed and said to keep up the good work.

Nina Walfoort, Director of Marketing, Transit Authority of River City (TARC), and Tawny Acker-Hogg, Director, Program Development Director, Leslie, Knott, Letcher, Perry (LKLP) Community Action Council, Inc., gave presentations on transportation issues for the low-income population.

Ms. Walfoort stated the Transit Authority of River City's (TARC) mission is to explore and implement transportation opportunities that enhance the social, economic, and environmental well-being of the Greater Louisville community. In 2009, there were 15.1 million TARC customers. The TARC has 65 routes in five counties with 255 buses and trolleys and 89 paratransit vehicles. Title VI, 49 CFR § 21, is a section of the Civil Rights Act of 1964 requiring that no

person in the United States shall on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The TARC grants provide for equal access to its programs and services for all citizens, ensure that the community understands civil rights laws that protect their receipt and benefit of such services as defined by Title VI, explain and provide a process for making a Title VI complaint, and report and ensure compliance every three years. The main reasons someone uses the TARC are to go to work, go to school, go to the doctor, or go to the store. Individuals who ride transit can save on average \$9,190 annually based on the November 9, 2009 national average gas price and the national unreserved monthly parking rate. Public transportation provides much needed access to jobs, health care, and education, increases mobility for people with disabilities and older adults, reduces energy consumption, improves air quality, provides an alternative to driving, and offers relief from high fuel cost. TARC programs include job hunting trips, ticket assistance for the Coalition for the Homeless, Bikes on Board work trips, assistance at job fairs, and travel for training to the Kentucky Refugee Ministries and Catholic Charities.

Senator Smith asked the number of transitional riders, and Ms. Walfoort stated 15 percent of riders use the transit to go to school and 56 percent to jobs.

Representative Wuchner said that there are identifications that veterans and seniors can use to help get them to medical appointments. She asked if there is a voucher or fair rate that someone impoverished or on Medicaid can get to have medical access. Ms. Walfoort stated that there is a half-fair for all Medicaid trips, but there is no program that picks up people on an emergency basis. Representative Wuchner asked how half-fair rates are supplemented. Ms. Walfoort stated that is an unmandated requirement in Title VI.

Representative Stumbo asked for information about public transportation provided for the distressed or impoverished counties listed on page three of Mr. Bouchard's handout.

Ms. Acker-Hogg stated that the LKLP Community Action Council, Inc. is designed to be a community action service and planning agency, to develop to the fullest potential of the human and natural resources in the four-county area. Although the council's primary focus is the poor, it seeks to actively and substantially involve all segments of the community in an effort to alleviate the

distress of poverty. The council began in 1966 with transportation and nutrition programs in Leslie, Knott, Letcher, and Perry (LKLP) counties. Currently, the council has 23 on-going programs in 56 counties across the Commonwealth and provides low-income youth with camp opportunities in the summer. LKLP is one of the only regional agencies providing services to the most vulnerable populations from infancy through aging, and providing public and human services transportation delivery (HSTD). Public trips must originate or end in the LKLP service area. Anyone who does not have a Medicaid card or has a Medicaid card, but does not meet other eligibility requirements for transportation through the HSTD brokerage, can call to schedule public transportation. Public trips need to be scheduled 24 hours in advance and no later than 3:00 p.m. the day prior to the trip. Drivers make the appointed pick-up and take passengers to the scheduled destination and then return to take them to their next destination. All rates are calculated from the origin of the pickup to the drop off destination. In 2008, there were 706,763 HSTD trips.

The Elderly and Persons with Disabilities Formula Program is authorized by 49 U.S.C. § 5310. The program makes funding available to private, nonprofit organizations and associations and designated public entities for the purchase of capital equipment for use in transporting the elderly and persons with disabilities, where existing services are unavailable, insufficient, or inappropriate. This program is designed to supplement other capital assistance programs by funding transportation projects for the elderly and persons with disabilities in all areas – urbanized, small urban, and rural. The goals of the Section 5311, Rural and Non-urbanized Rural Public Transportation Program, are to enhance the access of people in non-urbanized areas, especially elderly persons, persons with disabilities, and economically disadvantaged persons, to health care, shopping, education, employment, public services and recreation, assist in the maintenance, development, improvement, and use of public transportation systems in rural and small urban areas. The Section 5316, Job Access Reverse Commute (JARC) program is under the Federal Transit Administration of the United States Department of Transportation. The purpose of the JARC grant program is to assist states and localities in developing new or expanded transportation services that connect welfare recipients and other low-income persons to jobs and other employment related services. JARC projects are targeted at

developing new or expanded transportation services such as shuttles, vanpools, new bus routes, connector services to mass transit, and guaranteed ride home programs for welfare recipients and low-income persons. Reverse Commute projects provide transportation services to suburban employment centers from urban, rural, and other suburban locations for all populations. In 2008, there were 3,367 JARC trips in a four county service area. The purpose of the New Freedom grant under Section 5317 is to encourage services and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act (ADA). In 2008, there were 3,615 trips in a four county service area.

SoGo is a demonstration grant the council received in 2008 from the National Center for Senior Transportation, a partnership of Easter Seals and the National Association of Area Agencies on Aging, supported with funding from the United States Department of Transportation, Federal Transit Administration and guidance from the United States Administration on Aging. The council was one of eight grantees chosen to be funded from across the United States to create an innovative program to better serve senior citizens.

Some transportation barriers are mountainous terrain, lack of adequate infrastructure, lack of adequate area services, population in outlying areas, and lack of resources, both agency and client. More than 1.6 million rural households do not have cars, with the proportion of carless households highest in the South, Appalachia, the Southwest, and Alaska. High carless rural communities are characterized by persistent poverty. Transportation needs to be integrated as a holistic component of all poverty initiatives and services designed to assist families and individuals in their transition to self-sufficiency. All newly funded or refunded poverty initiatives should include funding for a transportation delivery system in the program design before it is enacted as legislation or is approved in individual governmental departments.

Representative Stumbo asked that a list of states that have addressed the public transportation issue be provided to the task force.

Senator Smith asked that Ms. Walfoort and Ms. Tawny-Hogg get together and come up with recommendations for a public transportation system that could be used statewide.

A motion to recognize the accomplishments of Mudd Creek Clinic and the work of its founders was made by Representative Wuchner,

seconded by Representative Hall, and approved by voice vote.

Representative Henderson stated that it has been an honor to be able to be a part of the task force, and he looks forward to continuing the work.

Representative King stated that the Pikeville Medical Center has been named the national hospital of the year by the American Alliance of Healthcare Providers.

Representative Stumbo thanked the members for all their hard work. He said that the task force has a better understanding about poverty issues and programs that impact the poor. He said he hopes that the task force is able to continue the work and that as we gain more information on the subject there will be opportunities at the state level to focus some monies into meaningful programs in the future when the economy improves. There is interest in producing a long-term strategy from the state level that would be more productive.

A motion to accept the revised draft recommendations and incorporate them into the final report was made by Representative Henderson, seconded by Representative Stumbo, and accepted by voice vote. A motion to amend the recommendations to reauthorize the Poverty Task Force to meet in the 2010 Interim was made by Representative Hall, seconded by Representative Belcher, and approved by voice vote.

There being no further business, the meeting was adjourned at 1:22 p.m.

SPECIAL ADVISORY COMMISSION OF SENIOR CITIZENS

Minutes of the 2nd Meeting of the 2009 Interim November 5, 2009

The 2nd meeting of the Special Advisory Commission of Senior Citizens was held on Thursday, November 5, 2009, at 1:00 PM, at the Capital Plaza Hotel in Frankfort. Lillian Rice, Chair, called the meeting to order.

Present were:

Members: Lillian Rice, Chair; Frances Baccus, Mary Barlow, Cluster Belcher, Aaron Cardwell, Velma Childers, Douglas Cole, Bertha Daniels, Norieta Dickerson, Joe Doeblor, Marsha Dufek, Carole Dunn, Bob Elliott, Carol Fausz, Ed Flanagan, Jane Fugate, Rufus Fugate, Barbara German, Margaret Gilland, Gloria Hall, Helen Hansford, Bill Harned, Edna Hawkins, Bobby Hazen, Don Helton, Faye Hensley, Marty Herbert, Jim Heth, Eleanor Holbrook, Betty Huff, James Huff, Gayle King, Lee King, Ray Kremer, Gina Loxley, Phillip Martin, Denver Moore, Jerry Moser, Henry Mosley, Jack Niece, Vivian Niece,

Betty Olson, Elmer Olson, Kenneth Overhults, Norman Pallarito, Joy Payne, Mary Lou Perry, Jean Phelps, Opal Phillips, Nancy Purvis, Clarence Richardson, Jeane Robertson, Ray Roundtree, Clayton Shannon, Dennis Shaw, Martha Shircliffe, Berton Sisk, Fred Smith, Martha Smith, Ted Smith, Paul Steenbergen, Donald Stethen, Pat Sutton, Ernest Taylor, Jim Terrell, Claude Tiller, Mary Trimble, Roger Truitt, Joan Veazey, Joe Wahlen, Lillian Weston, Alban Wheeler, and Lillian Wheeler.

Guests: Ron Crouch, Education and Workforce Development Cabinet; Ben Johnson, US Census Bureau; John Emerson, spouse of deceased member Rowena Emerson; Rebecca Searcy, spouse of deceased member John Searcy; Jane Bellucci, daughter of deceased member John Searcy; Bob Mueller, Vice President, Hosparus Foundation; Debbie Anderson, Commissioner, Department for Aging and Independent Living, Cabinet for Health and Family Services; Trey Grayson, Kentucky Secretary of State; Les Fugate, Assistant Secretary of State; Sarah Ball Johnson, Executive Director, Board of Elections; Bill Harned, Advisory Council on Consumer Affairs, Office of the Attorney General; Johnny Cantrell Consumer Credit Counseling Service; Amy Shir, Kentucky Coalition for Responsible Lending; Robert Owens; Anne L. Harrison, Director of Professional Studies, UK College of Health Sciences; Bill Nold, Director of Health Division, Office of Insurance; D.J. Wasson, Legislative Liaison, Office of Insurance; Davey King, Kentucky Housing Corporation; Kerry L. Conley, Department for Medicaid Services; Gail Mayeux, Office of Transportation Delivery; John Dudinskie, Kentucky Office of Highway Safety; Barbara Gordon, KIPDA Area Development District; Alisha Johnson, Barren River ADD; Jill Collins; Vivian Craig; and Representative Jeff Greer.

LRC Staff: Sheila Mason, Kenny Bishop, Katie Carney, Adanna Hydes, Miriam Fordham, Rhonda Franklin, Emily Bottoms, Eric Kennedy, Charlotte Quarles, Brandon White, Betsy Bailey, Cindy Smith, Jonathan Scott, Jamie Griffin, Sheri Mahan, Linda Hughes, Janice Clark, Sally Everman, Rick Devers, Karen Lile, and Richard Rigney.

Chairwoman Rice welcomed everyone to the Advisory Commission's second semiannual meeting for 2009 and introduced the head table. Chairwoman Rice informed members that the minutes from the Advisory Commission's May 7-8, 2009, meeting had been mailed earlier and were in their folders. She asked for any proposed additions or deletions. Chairwoman Rice asked for a motion to adopt the minutes as presented. A

motion was made and seconded, and the minutes were adopted. Chairwoman Rice informed members that the minutes from the September 30, 2009, Executive Committee meeting were in their folders for informational purposes.

Chairwoman Rice informed the members of the passing of Commission members Rowena Emerson and John Searcy, and asked the members to review resolutions honoring Ms. Emerson and Mr. Searcy for their public service and accomplishments. A motion was made and seconded to adopt the resolutions, and the motion was passed. Chairwoman Rice informed the Advisory Commission that members of both Ms. Emerson's and Mr. Searcy's family have been invited to attend the evening dinner session to accept the resolutions honoring their loved ones.

Chairwoman Rice informed members of the passing of two former members of the Advisory Commission, Peggy Chadwick of Lexington and Joe Bishop of Springfield. Chairwoman Rice informed the members that Commission member Rebecca Baird has resigned the Commission due to health problems.

Chairwoman Rice advised that two new members have been appointed to the Advisory Commission since the May 2009 meeting. They are Ralph Souleyret, a Cumberland Valley Area Development District appointee from Harlan, and Roger Truitt a Purchase Area Development District appointee from Paducah.

Chairwoman Rice introduced Ron Crouch, Director of Research and Statistics, Office of Employment and Training, Education and Workforce Development Cabinet to discuss shifts in population growth and decline, and demographic trends in Kentucky and across the United States. Mr. Crouch also discussed the effects of those trends on the economy, transportation, housing, health care, education, public safety and government.

Chairwoman Rice introduced Ben Johnson of the US Census Bureau to explain the benefits, importance and processes of gathering information for the 2010 census. Mr. Johnson also discussed how that information is used to affect decisions relating to each person's welfare.

Chairwoman Rice introduced Debbie Anderson, Commissioner, Department for Aging and Independent Living, Cabinet for Health and Family Services, to bring a brief greeting and update from the department. Commissioner Anderson advised that the Department for Aging and Independent Living was spared from the last round of budget cuts, but still faces a large deficit and potential future budget cuts. She also

informed members that requests for assistance and reports of elder abuse are up across Kentucky.

Chairwoman Rice made a few concluding remarks and announcements, then adjourned the opening general session to allow the Advisory Commission subcommittees to convene.

Chairwoman Rice convened the dinner session by welcoming everyone and introducing those seated at the head table. Chairwoman Rice recognized Fred Smith to give the invocation.

After dinner, Chairwoman Rice recognized Ms. Mason for introduction of the legislative hosts for the evening. Ms. Mason recognized Senator Tom Buford; Senator Julian Carroll; Representative Derrick Graham, and Representative Fred Nesler.

Chairwoman Rice recognized John Emerson, spouse of deceased Advisory Commission member Rowena Emerson, and Rebecca Searcy and Jane Bellucci, spouse and daughter of deceased Advisory Commission member John Searcy. Both families were presented with resolutions honoring the service of the deceased members. Mr. Emerson and Mrs. Searcy each shared a few words of remembrance and thanks.

Vice Chairman Norman Pallarito introduced Bob Mueller, Vice President, Hosparus Foundation, as the guest speaker for the evening. Mr. Mueller titled his presentation after his published article, "Fifteen Ways to Get the Most Out of Life."

Chairwoman Rice thanked Mr. Mueller for his remarks and adjourned the dinner session with a few remarks and announcements.

Following the conclusion of the subcommittee meetings on Friday, November 6, 2009, Chairwoman Rice convened the closing general session at 10:30 a.m. Chairwoman Rice welcomed members and guests and introduced those seated at the head table. She then introduced Deputy Commissioner Bill Cooper to provide an update on the Cabinet for Health and Family Services' Department for Aging and Independent Living.

Mr. Cooper thanked the Advisory Commission for the opportunity to speak and updated the Commission on the Department's programs, activities and challenges as requests for services continue to increase. He also encouraged members to be informed and involved by communicating with their local and state officials. After his presentation, Mr. Cooper received questions and comments from Advisory Commission members. Chairwoman Rice thanked Mr. Cooper for his remarks.

Chairwoman Rice recognized Douglas Cole to report on the Nominating Committee's actions. Mr. Cole

reported that the Nominating Committee had nominated Norman Pallarito and Douglas Cole as candidates for chair of the Special Advisory Commission of Senior Citizens. Mr. Cole also reported that the Nominating Committee had nominated Barbara Germain, Bertha Daniels and Bill Harned as candidates for vice chair. The floor was opened for additional nominations. None were made.

A motion to adopt the Nominating Committee's report was made, seconded, and passed on a voice vote. Mr. Cole then withdrew his name from nomination.

Chairwoman Rice introduced each of the subcommittee Chairs to present their subcommittee's report for adoption by the full membership. The Advisory Commission adopted the following subcommittee reports.

Subcommittee on Consumer Affairs

(Reported by Claude Tiller, Subcommittee Chair)

The Subcommittee on Consumer Affairs adopted the following recommendations:

(1) Urge the 2010 Kentucky General Assembly to provide adequate funding in the 2010-2012 biennial budgets to restore the budget cuts in the 2008, 2009, and 2010 fiscal years; and in addition increase the appropriations to AAA by at least 10% per year in the 2010-2012 biennial budgets.

(2) Urge the 2010 Kentucky General Assembly to direct the establishment of an early voting option for eligible voters.

(3) Urge the Kentucky General Assembly to enhance consumer protection measures in the current "pay day lending" statutes KRS Chapter 286 to include the following provisions:

Limit interest on short-term loans to 36 annual percentage rate;

Substitute the term "short-term" loan for deferred deposit transactions;

Limit borrowers to one short-term loan at a time, up to \$500;

Extend the minimum term of a short-term loan to 30 days;

Limit borrowers to one short-term loan every 90 days;

Prohibit licensees from making short-term loans by telephone, mail, or internet; and prohibit licensees from accessing borrowers banking accounts electronically;

Provide for enforcement by the Office of Financial Institutions or Attorney General, and allow borrowers to take legal action if loans violate the statute.

(4) Urge the Kentucky General Assembly to amend KRS-380 addressing practices of debt adjusters. Modifications recommended for inclusion are

Prohibit up-front fees,
Written contracts,
Consumer Disclosures/right to cancel,

Clear enforcement authority for OAG and

Privacy protections.

A motion to adopt the subcommittee's report and recommendations was made, seconded, and passed on a voice vote.

Subcommittee on Health and Human Services

(Reported by Ms. Edna Hawkins, Subcommittee Chair)

The Subcommittee on Health and Human Services adopted the following recommendations:

(1) With the understanding that there are 20,600 seniors on waiting lists for services, urge the 2010 General Assembly to maintain current funding for the Department for Aging and Independent Living to provide services to seniors and continue to look for additional revenue sources.

(2) Urge support of the Area Agencies on Aging and Independent Living in the statewide implementation of a universal plan of care for the delivery of services.

(3) In light of the 43,195 adult abuse cases reported in 2008 and the unreported cases, urge the 2010 General Assembly to support legislation to establish an adult abuse registry.

(4) Urge support of the Department for Aging and Independent Living to emphasize cost sharing when appropriate for Title III programs to increase services to seniors and decrease waiting lists.

A motion to adopt the subcommittee's report and recommendations was made, seconded, and passed on a voice vote.

Subcommittee on Insurance
(Reported by Barbara Germain, Subcommittee Chair)

The Subcommittee on Insurance adopted the following recommendations:

(1) Urge the General Assembly to provide continuation funding at the current level for Area Agencies on Aging to support Senior Programs due to the current economic climate, but urge the General Assembly to increase much needed funding to at least 5% when the economy improves.

(2) To require long-term care insurance carriers to submit rate increases to the Attorney General, as well as the Office of Insurance, to allow intervention by the Attorney General as needed.

(3) Urge the General Assembly to continue to address the state employee and other state supported retirement system funding including insurance benefits.

(4) Urge the General Assembly to address necessary assistance for seniors when enrolling in Medicare Part D, appropriating federal funds including stimulus money for technology to the Senior Centers for access to Medicare.gov and staffing to assist seniors in selecting a prescription plan.

A motion to adopt the subcommittee's report and recommendations was made, seconded, and passed on a voice vote.

Subcommittee on Taxation
(Reported by James Huff, Subcommittee Chair)

The Subcommittee on Taxation adopted the following recommendations:

(1) That the General Assembly enacts legislation to provide tax credits to an individual caregiver who cares for a chronically ill person in that person's home, or in the caregiver's home.

(2) That if the General Assembly imposes a sales tax on services or increases the general sales and use tax rate, a percentage of the increased tax receipts be earmarked for senior services.

A motion to adopt the subcommittee's report and recommendations was made, seconded, and passed on a voice vote.

Subcommittee on Transportation

(Reported by Fred Smith, Subcommittee Chair)

The Subcommittee on Transportation adopted the following recommendations:

(1) Prohibit the use of hand-held communication devices with the exclusion of emergency personnel.

(2) Recommend that the General Assembly appropriate sufficient funds to ensure available federal matching funds for use in the state's public transportation programs, state funding for Area Agencies on Aging support Senior Programs, and for Area Agencies on Aging that support Senior Programs.

A motion to adopt the subcommittee's report and recommendations was made, seconded, and passed on a voice vote.

Chairwoman Rice thanked all for taking the time to attend the November meeting. She announced that the next semiannual meeting is tentatively scheduled for May 13-14, 2010. There being no further business, the meeting was adjourned.

SPECIAL ADVISORY COMMISSION OF SENIOR CITIZENS

**Subcommittee on Consumer Affairs
Minutes of the 2nd Meeting
of the 2009 Interim
November 5, 2009**

The 2nd meeting of the Special

Advisory Commission of Senior Citizens Subcommittee on Consumer Affairs was held on Thursday, November 5, 2009, at 2:30 PM, in Assembly Ball Room III in the Capital Plaza Hotel. Claude Tiller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Claude Tiller, Chair; Aaron Cardwell, Norietta Dickerson, Gloria Hall, Bill Harned, Faye Hensley, Marty Herbert, Jim Heth, Lee King, Joan Veazey.

Guests: Amy Shir, Chairperson, Kentucky Coalition for Responsible Lending; Bill Harned, Advisory Council of Consumer Affairs, Office of Attorney General; Johnny Cantrell, Consumer Credit Counseling Services.

LRC Staff: Adanna Hydes and Betsy Bailey.

The Subcommittee on Consumer Affairs began its Thursday afternoon session with a discussion on setting loan caps at 36% for pay day loans. Ms. Amy Shir, Chairperson for the Kentucky Coalition for Responsible Lending, led the discussion and provided the subcommittee members with interesting and persuasive testimonials and facts related to the impact of high interest loans on Kentuckians.

The Subcommittee on Consumer Affairs has followed this issue for several years identifying the negative impact that predatory lending has on Kentucky's families. The 2009 General Assembly passed HB 444 which began a monitoring and tracking program for pay day loans, but the subcommittee recommended an amendment to the bill to provide additional consumer protection enhancements.

The council has been reviewing regulations for the practice of debt management and found that several areas should be investigated. As people are struggling with the economy, unscrupulous businesses are seeking those families in financial crisis and are finding loop holes in the current provisions. Bill Harned, a member of the subcommittee, who serves on the Attorney General's Advisory Council on Consumer Affairs, introduced Johnny Cantrell, Consumer Credit Counseling, who provided additional information on debt management and what consumers should look for in a financial services representative. Several of these criteria are being recommended as statutory changes in KRS 380. Additionally, Mr. Cantrell provided an overview of pending federal changes in credit card provisions that will take effect in February 2010.

The subcommittee recessed until 8:30 AM, November 6, 2009.

The Subcommittee on Consumer Affairs of the Special Advisory Com-

mission Senior Citizens met on Friday November 6, 2009, at 8:30 AM, in Assembly Ball Room III in the Capital Plaza Hotel. Claude Tiller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Claude Tiller, Chair; Aaron Cardwell, Norietta Dickerson, Gloria Hall, Bill Harned, Faye Hensley, Marty Herbert, Lee King, Joan Veazey.

Guests: Trey Grayson, Secretary of State.

LRC Staff: Adanna Hydes and Betsy Bailey.

Trey Grayson, Secretary of State, discussed early voting options for seniors and persons with disabilities. Secretary Grayson said that he is a proponent of early voting options. Evidence from states where a system for early voting has been implemented may indicate increased voter turnouts. He provided background information on elements that have been viewed either positively or negatively and that prevented the implementation of early voting options.

The Subcommittee on Consumer Affairs urges the Commission to continue as its top priority increased funding for AAA. The following recommendations were presented to the Special Advisory Commission on Senior Citizens:

Urge the 2010 Kentucky General Assembly to provide adequate funding in the 2010-2012 biennial budgets to restore the budget cuts in the 2008, 2009 and 2010 fiscal years; and in addition increase the appropriations to AAA by at least 10% per year in the 2010-2012 biennial budgets.

Urge the 2010 Kentucky General Assembly to direct the establishment of an early voting option for eligible voters.

Urge the Kentucky General Assembly to enhance consumer protection measures in the current "pay day lending" statutes KRS Chapter 286 to include the following provisions:

Limit interest on short-term loans to 36 annual percentage rate;

Substitute the term "short-term" loan for deferred deposit transactions;

Limit borrowers to one short-term loan at a time, up to \$500;

Extend the minimum term of a short-term loan to 30 days;

Limit borrowers to one short-term loan every 90 days;

Prohibit licensees from making short-term loans by telephone, mail, or internet; and prohibit licensees from accessing borrowers banking accounts electronically;

Provide for enforcement by the Office of Financial Institutions or At-

torney General, and allow borrowers to take legal action if loans violate the statute.

4) Urge the General Assembly to amend KRS-380 addressing practices of debt adjusters. Modifications recommended for inclusion are:

Prohibit up-front fees,

Written contracts,

Consumer disclosures/right to cancel,

Clear enforcement authority for OAG and

Privacy protections.

There being no further business, the meeting adjourned.

SPECIAL ADVISORY COMMISSION OF SENIOR CITIZENS

Subcommittee on Health and Human Services

November 5, 2009

The meeting of the Subcommittee on Health and Human Services of the Special Advisory Commission of Senior Citizens was held on Thursday, November 5, 2009, and Friday, November 6, 2009 at 2:30 PM, and 8:30 AM respectfully, at the Holiday Inn, Capital Plaza Hotel in Frankfort, Kentucky. Edna Hawkins, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Edna Hawkins, Chair; Frances Baccus, Joe Doeblor, Bob Elliott, Carol Fausz, Helen Hansford, Betty Huff, Ray Kremer, Phillip Martin, Vivian Niece, Betty Olson, Opal Phillips, Lillian Rice, Jeane Robertson, Pat Sutton, Ernest Taylor, and Mary Trimble.

LRC Staff: Miriam Fordham, Jonathan Scott, and Cindy Smith.

The Health and Human Services Subcommittee focused on two topics during its Thursday meeting: (1) a presentation on the 2010 legislative agenda for services to seniors, provided by Deborah Anderson, Commissioner, Department for Aging and Independent Living; and, (2) a presentation on the fall prevention program for older adults, provided by Dr. Anne Harrison, Director of Professional Studies at the University of Kentucky.

Commissioner Deborah Anderson discussed the outlook for DAIL in the upcoming legislative session. The state's current budget situation, the \$1.1 billion deficit, has put the department in survival mode. There are four issues that the department is dealing with: budget cuts, a hiring freeze, a waiting list for services, and a lack of resources. Most of the legislation that the Cabinet for Health and Family Services will be focusing on is clean up legislation rather than legislation involving new initiatives. The department is looking at a number of issues and programs and ex-

ploring ways to continue to provide services. These issues include cost sharing; shifting eligible individuals from state General Fund programs to Medicaid for long-term care services; hospital discharge planning; creating an elder abuse unit with dedicated funding; increasing the number of volunteers; establishing a universal plan of care and single entry demonstration project; establishing a self directed care option in the Homecare program; a long-term care awareness project; and addressing Alzheimer's care training and the need for Alzheimer's care in the future with the aging baby boomers.

Dr. Anne Harrison discussed the fall prevention program for older adults that has been initiated as part of the Kentucky Safe Aging Coalition. Falls are the most common cause of injury-related death in older adults; affect 30 percent of adults over 65 each year; are the most common cause of non-fatal injuries in older adults; are the seventh leading cause of death in people over 75; and, as a result, drive up medical costs. In Kentucky, on a daily basis in 2007, falls involving people aged 65 or older resulted in 60 outpatient encounters, 16 hospitalizations, and between eight and nine hip fractures. It is estimated that almost 23,000 older adults are treated in Kentucky's hospitals as outpatients and 6,000 are hospitalized from falls. In 2006, falls among older adults resulted in \$142 million in hospital inpatient charges. Data is now available on-line for falls among older adults in each county.

Some of the risk factors for falls include reduced balance; decreased strength in the lower extremities; unstable gait; and cognitive issues. Medical conditions such as arthritis; a central nervous condition like Parkinson's or stroke; visual impairment; dizziness; and reduced sensation also play a role. Other risk factors include taking more than four medications daily, improper assistive devices, and environmental hazards. Interventions to prevent falls include strengthening and balance programs; medication adjustment; updating eyeglasses; home assessment and modification of environmental hazards; and awareness campaigns. Dr. Harrison also stressed the need for public policy solutions and advocacy.

During the session on Friday, the subcommittee discussed and formulated the slate of legislative recommendations. The subcommittee's legislative recommendations are as follows:

(1) With the understanding that there are 20,600 seniors on waiting lists for services, urge the 2010 General Assembly to maintain current funding for the Department for Aging

and Independent Living to provide services to seniors and continue to look for additional revenue sources.

(2) Urge support of the Area Agencies on Aging and Independent Living in the statewide implementation of a universal plan of care for the delivery of services.

(3) In light of the 43,195 adult abuse cases reported in 2008 and the unreported cases, urge the 2010 General Assembly to support legislation to establish an adult abuse registry.

(4) Urge support of the Department for Aging and Independent Living to emphasize cost sharing when appropriate for Title III programs to increase services to seniors and decrease waiting lists.

SPECIAL ADVISORY COMMISSION OF SENIOR CITIZENS

Subcommittee on Insurance Minutes of the 2nd Meeting of the 2009 Interim November 5, 2009

The 2nd meeting of the Subcommittee on Insurance of the Special Advisory Commission of Senior Citizens was held on Thursday, November 5, 2009, at 2:30 PM, at the Capital Plaza Hotel. Barbara Germain, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Barbara Germain, Chair; Mary Barlow, Velma Childers, Marsha Dufek, Ed Flanagan, Jane Fugate, Don Helton, Denver Moore, Joy Payne, Clarence Richardson, Ray Roundtree, Clayton Shannon, and Jim Terrell.

Guests: Representative Jeff Greer, D.J. Wasson, Bill Nold, Jay Thompson, and Stephanie McGauhey, Kentucky Department of Insurance.

LRC Staff: Rhonda Franklin, Emily Bottoms, and Jamie Griffin.

The minutes of the May 7, 2009 meeting were approved.

Representative Jeff Greer, Chairman of the House Committee on Banking and Insurance, attended the subcommittee meeting. He spoke with the members and responded to questions regarding various insurance concerns. He expressed his interest in seniors' issues and invited members of the subcommittee to contact him.

Bill Nold, Director of the Health Division of the Department of Insurance, addressed the issue of health insurer coverage of genetic disorders. He stated that the Department has no role in determining coverage of genetic disorders or denial of insurance coverage for genetic disorders. The 2008 federal legislation, known as the "Genetic Information Nondiscrimination Act," will benefit people

who have a genetic condition by prohibiting health insurers from requiring genetic testing and by prohibiting reliance on genetic information of an individual.

D.J. Wasson, Department of Insurance, presented on the Local Government Premium tax. She stated that local governments, both cities and counties, have had the authority to impose, by ordinance, a tax on insurance companies' premium receipts for decades. Some local governments impose a flat rate tax, but most local governments impose a tax based on a percentage of the premium. Currently, 389 local governments in Kentucky impose a local government premium tax. In 2008 the General Assembly passed legislation that required the insurers in the state to itemize the premium tax on each premium statement mailed to policyholders to make them aware of the tax being charged, and to give them the ability to contest the tax if they believe they do not have taxable property or other taxable policies in the taxing jurisdiction. Ms. Wasson stated that there is no maximum on the premium tax. The highest tax is 15% in the city of Ravenna. Members suggested that a statutory cap be placed on the maximum allowable local government premium tax.

Finally, Bill Nold and D.J. Wasson discussed the issue of federal health care reform. Mr. Nold discussed the various House and Senate versions now before Congress. Both Mr. Nold and Ms. Wasson stated that they could not predict the outcome of health care reform, and stated that any changes made by Congress would require time for states to implement the changes. Members discussed the pros and cons of universal coverage. Mr. Nold pointed out that a successful health care reform package would require a number of different pieces, including reform of health care delivery, improved "telehealth" information sharing, and more coverage of the 47 million uninsured Americans.

On Friday, November 6, 2009, the subcommittee adopted the following recommendations:

Urge the General Assembly to provide continuation funding at the current level for Area Agencies on Aging to support Senior Programs due to the current economic climate, but urge the General Assembly to increase much needed funding to at least 5% when the economy improves.

To require long-term care insurance carriers to submit rate increases to the Attorney General, as well as the Office of Insurance, to allow intervention by the Attorney General as needed.

Urge the General Assembly to continue to address the state em-

ployee and other state supported retirement system funding including insurance benefits.

Urge the General Assembly to address necessary assistance for seniors when enrolling in Medicare Part D, appropriating federal funds including stimulus money for technology to the Senior Centers for access to Medicare.gov and staffing to assist seniors in selecting a prescription plan.

SPECIAL ADVISORY COMMISSION OF SENIOR CITIZENS

Subcommittee on Taxation Minutes of the 2nd Meeting of the 2009 Interim November 5, 2009

The 2nd meeting of the Subcommittee on Taxation of the Special Advisory Commission of Senior Citizens was held on Thursday, November 5, 2009, at 2:30 PM, in the Kentucky Room I of the Capital Plaza Hotel. James Huff, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: James Huff, Chair; Cluster Belcher, Bertha Daniels, Carole Dunn, Jerry Moser, Jack Niece, Elmer Olson, Kenneth Overhults, Dennis Shaw, Martha Shircliffe, Berton Sisk, Martha Smith, Donald Stethen, Roger Truitt, and Alban Wheeler.

Guests: Davey King, Kentucky Housing Corporation

LRC Staff: Eric Kennedy, Sheri Mahan, and Charlotte Quarles.

A motion was made and seconded to approve the minutes from the May meeting as written. The motion carried by voice vote.

Chairman Huff introduced the new members of the subcommittee. He then called for a moment of silence for Ms. Rowena Emerson.

Chairman Huff updated the subcommittee on his efforts to contact legislators on the Elder Care Credit legislation during the 2009 Regular Session. He reported that he had spoken to Representative Tommy Thompson and Commissioner Debbie Anderson. He reported that he had received a memorandum from the executive branch concerning the cost of the proposal which only included the estimated cost of the income tax credit but did not include any projected savings in regard to Medicaid.

Mr. Davey King of the Kentucky Housing Corporation gave a Power-Point presentation on "Homelessness in Kentucky's 55+ Population." Mr. King discussed the definition of a homeless person, stating that they are people who are staying in a shelter, living in a transitional housing, or staying in a place not meant for human habitation. The largest group

of homeless in Kentucky is the single Caucasian male group from 50 to 59 years old. Mr. King then provided a profile of the homeless in Kentucky. He discussed several groups including those that are chronically homeless and those who are veterans. He also discussed the homeless with disabilities, stating that physical disability, mental health issues, and alcohol abuse are the largest disability groups. Mr. King also discussed income sources for Kentucky's homeless. He then discussed Kentucky's HEARTH program which provided financial assistance and housing relocation and stabilization services for the state's homeless. He discussed who may be eligible for the program and how the program works. Finally, Mr. King discussed other homeless programs offered by the Kentucky Housing Corporation.

Mr. Perry Nutt, an economist with the Legislative Research Commission, provided the subcommittee with an update on the cigarette excise tax. The updated information stated that the 60 cent per pack tax is estimated to generate approximately \$270 million in fiscal year 2010. At the present time, 97.5% of that amount will go to the General Fund, one percent will be distributed to the University of Kentucky's Tobacco Research and Development Center to support research into alternative ways to use tobacco, and one and one-half percent will be placed into the Cancer Research Fund which is a matching fund to support research at the University of Kentucky and the University of Louisville.

Chairman Huff briefly outlined the recommendations put forth by the subcommittee during the May 2009 meeting and asked the members to reflect upon these in preparation for the following day's meeting.

Chairman Huff called the meeting to recess until Friday, November 6, at 8:30 a.m. A motion to recess was made, seconded, and passed by voice vote.

The Subcommittee on Taxation of the Special Advisory Commission of Senior Citizens was reconvened on Friday, November 6, 2009, at 8:30 a.m., in Kentucky Room I of the Capital Plaza Hotel. James Huff, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: James Huff, Chair; Cluster Belcher, Douglas Cole, Bertha Daniels, Carole Dunn, Jerry Moser, Jack Niece, Elmer Olson, Kenneth Overhults, Dennis Shaw, Martha Shircliffe, Berton Sisk, Martha Smith, Donald Stethen, Roger Truitt, and Alban Wheeler.

Chairman Huff opened the floor for discussion of subcommittee issues and recommendations. Chair-

man Huff reminded the subcommittee of the May, 2009 recommendations.

A motion was made and seconded that the first recommendation of the taxation subcommittee be that the General Assembly enact legislation to provide tax credits to an individual caregiver who cares for a chronically ill person in that person's home or in the caregiver's home. The motion carried by voice vote.

A motion was made and seconded that the second recommendation be that if the General Assembly imposes a sales tax on services or increases the general sales and use tax rate, a percentage of the increased tax receipts be earmarked for senior services. The motion carried by voice vote.

Being no further business, the meeting was adjourned at 9:30 a.m.

SPECIAL ADVISORY COMMISSION OF SENIOR CITIZENS

Subcommittee on Transportation Minutes of the Fourth Meeting of the 2009 Interim November 5-6, 2009

The fourth meeting of the Subcommittee on Transportation of the Special Advisory Commission of Senior Citizens was held on Thursday, November 5, 2009, at 2:30 PM, in the Kentucky Room II at the Capital Plaza Hotel. Fred Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Fred Smith, Chair; Rufus Fugate, Margaret Gilland, Bobby Hazen, Eleanor Holbrook, Gayle King, Gina Loxley, Norman Pallarito, Mary Lou Perry, Jean Phelps, Ted Smith, Paul Steenbergen, Joe Wahlen, Lillian Weston, and Lillian Wheeler.

Guests Appearing Before the Subcommittee: Kerry Conlee, Medicaid Specialist III, Department of Medicaid Services, Cabinet for Health and Family Services; Gail Mayeux, Project Manager, Eric Perez, Executive Staff Advisor, and Jeremy Thompson, Office of Transportation Delivery, Transportation Cabinet; and John Dudinskie, Program coordinator, Division of Highway Safety, Transportation Cabinet.

LRC Staff: Brandon White and Linda Hughes.

Mr. Hazen moved to approve the minutes from the Subcommittee's May 2009 meeting. Mr. Fugate seconded the motion, which passed by voice vote.

The Subcommittee heard testimony on the accessibility of transportation opportunities from representatives from the Cabinet for Health and Family Services and the Transportation Cabinet.

A representative from the Office of Transportation Delivery within

the Kentucky Transportation Cabinet stated that the Office's goals of accessibility and mobility remained the same. There were over 29 million one-way trips and over 28 million round-trips offered last year, with only 150 complaints registered.

In the past several years, the Office of Transportation Delivery was only able to purchase 30 new vans due to lack of funds, even though it receives on average 150 requests per year.

Mr. Perez said that transportation funding comes from a number of sources, such as federal, state, and local. Grants can be for different uses, such as for urban, rural, operational, primary usage, incidental usage, and meal delivery. Grants usually depend upon certain requirements being met. Not all areas are eligible for the same type of services as other areas because of local financing. Some areas provide more funds to match federal money and thus receive more grant money.

A representative from the Department for Medicaid Services within the Cabinet for Health and Family Services said that his Office contracts with the Transportation Cabinet to manage the daily transportation needs for the state's Medicaid recipients.

Mr. Conley said that it is Medicaid's policy that all Medicaid recipients receive medical treatment as long as it is medically necessary and verified by their doctor. Medicaid would pay for the transportation to and from treatment if a doctor deems it necessary, including out-of-state travel.

Mr. Conley said that the Medicaid transportation program costs approximately \$55 million (70% federal funds and 30% state funds). Before the current system was enacted by the General Assembly, it was estimated that the cost would be over \$72 million to run by 2003. He said that while nothing is perfect, in his estimation this program is highly efficient.

The Subcommittee recessed until 8:30 a.m. on November 5, 2009.

Present were:

Members: Fred Smith, Chair; Rufus Fugate, Margaret Gilland, Bobby Hazen, Eleanor Holbrook, Gayle King, Gina Loxley, Norman Pallarito, Mary Lou Perry, Jean Phelps, Ted Smith, Paul Steenbergen, Joe Wahlen, Lillian Weston, and Lillian Wheeler.

The Subcommittee heard testimony on the possibility of re-enacting the motorcycle helmet law. John Dudinskie, Division of Highway Safety, Transportation Cabinet, stated that the only persons who are required to wear a helmet are persons under 21 years of age, a person with a learner's permit, and a person

holding a motorcycle license for under one year. Motorcycle accidents from 2004 to 2008 rose over 73%, deaths due to not wearing a helmet rose 71%. The largest motorcycle crash age group is older persons on touring bikes. According to a federal survey, 83% of women bikers and over 70% of men bikers endorse a universal helmet law.

The Subcommittee adopted two recommendations:

1. Prohibit the use of hand-held communication devices with the exclusion of emergency personnel.

2. Recommend that the General Assembly appropriate sufficient funds

to ensure available federal matching funds for the use in the state's

public transportation programs, state funding for Area Agencies on Aging support Senior Programs, and for Area Agencies on Aging that support Senior Programs.

With no further business before the Subcommittee, the meeting adjourned at 9:45 a.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

January 6, 2010

The 1st meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, January 6, 2010, during a recess of the Senate and House Chambers, in Room 129 of the Capitol Annex. Senator Carroll Gibson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Carroll Gibson, Co-Chair; Representative Dottie Sims, Co-Chair; Senators David E. Boswell, David Givens, Vernie McGaha, Joey Pendleton, and Damon Thayer; and Representative McKee.

Guests: Roger Thomas, Joel Neaveill, Angela Blank, Kylie Palmer, and Michael Tobin, Governor's Office of Agricultural Policy.

LRC Staff: Lowell Atchley, Stefan Kasacavage, Biff Baker, Morgan Whitney, and Kelly Blevins.

The December 2, 2009, minutes were approved by voice vote and without objection on a motion made by Rep. McKee, seconded by Rep. Sims.

The presiding co-chair, Senator Gibson, invited Mr. Joel Neaveill, Chief of Staff, Governor's Office of Agricultural Policy, to appear before the committee and report on the Agricultural Development Board's (ADB) actions from the previous month. Mr. Roger Thomas, GOAP Executive Director, joined him later in the meeting, as did GOAP staff members Kylie

Palmer and Michael Tobin.

During the discussion of the Marksbury Farm Food LLC project, Mr. Neaveill explained the responsibilities of the partners involved. Later in the meeting, they responded to Co-chair Gibson's observations about LLCs, saying that they routinely check the business organization of those applying for state tobacco settlement funds. They indicated they could not recall of an LLC that had failed after receiving the funding.

The Marksbury Farm Foods project, along with two other projects, J & Sons Meat and Processing LLC, and Bluegrass Lamb and Goat LLC, prompted committee discussion about the availability of food animals to supply the meat processors' needs. Mr. Neaveill observed that, in looking at projects funded from 2001 to 2007, there were some unintended consequences occurred because competitors for the same type business were awarded funding.

As the review of the projects list continued, they explained to Senator McGaha that Marshall County Conservation District received a funding approval to set up a welding program for area producers even though the custom of directing the funds toward those with ties to the tobacco industry was not followed. Mr. Thomas explained to the senator that this was not indicative of a "new direction" but reflected the fact Marshall County was not historically a significant tobacco producing county. According to Mr. Thomas, there are many young farmers who need assistance, but who may not have been involved in tobacco production. He pointed out that state funds had been awarded in the past for projects that were not related to current or prior tobacco production, such as the funding for the Kentucky Proud program.

A Kentucky Community and Technical College System Foundation project that was denied \$252,000 in funding to teach basic computer skills to farm families led to committee discussion about the notion of affected counties contributing to such endeavors.

Senator Gibson indicated he could see the merits of using the tobacco funds to help train people for career opportunities. According to Mr. Thomas, the adequacy of funds at this point in time also is a factor in no-funding decisions.

Following the projects review, Mr. Thomas and GOAP staff highlighted the ADB's actions on 2010 program/policy revisions within the County Agricultural Investment Program.

Some of the changes led to extended committee discussion. According to Mr. Thomas, the board considered the changes after receiv-

ing consultation and input from a panel made up of county extension agents, who administer the County Agricultural Investment Programs (CAIP) and after receiving input from a committee of the board.

GOAP officials presented the committee with a detailed list of policy revisions affecting individual programs. Mr. Thomas highlighted some of those in particular, including decisions to: remove fertilizers, pesticides, and soil amendments from the list of eligible cost-share items; to remove all transport equipment (trailers and wagons) from the cost-share item list; to include hired labor as an eligible cost-share item; and to set the maximum cost-share producer at \$5,000, a reduction from the previous \$7,500.

Following Mr. Thomas' summary, several committee members asked questions and commented on the merits and timing of the changes.

Senator Givens wondered aloud if the GOAP had given counties enough notice regarding the policy changes, even allowing a year to elapse before the changes took effect. Mr. Thomas responded that extension agents had been informed and that the changes would not be effective until March or April.

Responding to Senator Givens, Mr. Thomas said the board thought that fertilizer and pesticide costs were part of a normal farming operation. But Senator Givens observed that those cost-share items allowed farmers to be better consumers and required them to be trained on fertilizer usage and the merits of soil testing.

Senator Givens expressed his concerns that "local control" was being taken away from county councils. In his response, Mr. Thomas indicated that, under the CAIP system, counties can focus on investment areas aimed at producers in their county.

Testimony showed the CAIP system was undertaken to put some uniformity into the way counties dispense the tobacco settlement funds.

Mr. Thomas told the committee that, under the CAIP, they were hopeful counties would devote the funds they administer to unique programs, but that has not happened. He told Co-chair Sims that producers were not losing interest in the local program; rather there is "tremendous interest."

According to the GOAP officials, who was responding to Senator Givens about whether local producers were becoming complacent in their use of the funds, GOAP staff were hopeful that counties examine what is important at the local level and tailor agricultural investment programs to meet those needs. The senator asked if the CAIP system had

created a dependency under which a county council would be a rubber stamp body. But the witnesses indicated that was not the case, reiterating the notion that they wanted the local councils to think about new approaches. Mr. Thomas again mentioned that, under the CAIP system, counties can prioritize how they grant the funds. He also mentioned the increased accountability of the CAIP system.

In continuing discussion about the CAIP system and how often county councils meeting, Senator Givens requested from GOAP staff a comparison of how the funds were granted under the old "model program" system versus the CAIP.

Responding to Co-chair Sims, who referred to the cost-share change from \$7,500 to \$5,000, Ms. Palmer indicated that few counties granted up to the \$7,500 cost-share limit. According to Mr. Rogers, smaller counties with fewer farmers tended to be the ones that granted the larger cost-share amount.

Next, Representative McKee discussed some of the history of the program. He observed that changes have occurred in agriculture since 2001, some good and some bad. He said they wanted to make sure that local control in the use of the funds was evident. The representative indicated that county councils do have input in the utilization of the funds. He noted that councils can place a low priority on individual project fund requests. According to Representative McKee, Kentucky's tobacco settlement program is recognized nationally. If changes are made in the program and they do not work, those changes can be reversed. The challenge, he indicated, will be to retain funds in the program in light of the current budget situation.

After some discussion about the differences between the tobacco settlement funds coal severance funds, discussion returned to the policy changes.

Senator McGaha observed that, in some areas, county councils are delighted just to help farmers to continue farming.

Senator Givens agreed with Mr. Rogers' observation that it would have been acceptable if the ADB had taken a difference approach of allowing county councils to decide how they want to handle the use of funds for fertilizers and pesticides.

As the meeting was ending, Co-chair Gibson suggested that the committee revisit the issue in the future, once all the members were able to attend a meeting.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at ap-

proximately 5 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

March 3, 2010

The 2nd meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, March 3, 2010, at 4:00 PM, in Room 129 of the Capitol Annex. Representative Dottie Sims, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Roger Thomas, Joel Neaveill, Angela Blank, Jennifer Hudnall, and Michael Tobin, Governor's Office of Agricultural Policy.

The January 6, 2010, minutes were deferred because of the lack of a quorum.

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

The presiding co-chair, Representative Sims, invited Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief of Staff, and Mr. Michael Judge, Director of Operations, Governor's Office of Agricultural Policy, to appear before the committee and report on the Agricultural Development Board's (ADB) tobacco settlement grant and loan actions from the previous month.

Funded projects reviewed during the committee meeting included: Two Brothers Garden Center and Nursery; Capstone Auction Service; Washington County Cattlemen's Association; Jessamine County FFA Alumni Association; A&S Livestock; Western Kentucky University Research Foundation; Lewis County Conservation District; Rowan County Fiscal Court; and The Beef Connection.

Responding to Co-chair Sims, the GOAP officials identified the owner of Capstone Auction Service as Mr. David Neville. Mr. Judge said Mr. Neville had been active in hosting meetings in the Shelbyville area to generate interest in the project, which will be a produce auction. The endeavor is expected to impact 180 farm families in 18 counties, according to their testimony.

As the meeting continued, the GOAP officials explained in greater detail the A&S Livestock project in Russell County, which was approved for \$16,000 in Russell County funds and \$5,000 in Adair County funds to provide a dead livestock incineration service for Russell and surrounding counties. The committee wit-

nesses explained how the operation got started, how the carcass pickup and incineration process will work, and future plans, which may include a value-added product from the incineration process. Responding to Senator McGaha, they said the ADB does not normally fund operating expenses for a project, but they noted the applicant can use its funding for capital expenses.

They indicated to Representative Hoffman that a federal regulation requiring the removal of the brain and spinal cord from livestock carcasses before undergoing rendering will not apply to the incineration process.

As the meeting progressed, Co-chair Gibson commented on the WKU Research Foundation project. The foundation received \$249,300 in state tobacco settlement funds to renovate an existing building into a cheese processing facility what will provide dairy producers in the area some assistance in adding value to their farm operations.

Mr. Judge explained to Senator Gibson that the WKU foundation will match salary and benefit funds with grant funds that will be used in remodeling, construction and sewer hookups. WKU already has purchased equipment for the project. Mr. Judge indicated to Senator Gibson that the ADB had not funded a similar project to the scale of the WKU project. Mr. Thomas mentioned an earlier project at the University of Kentucky that would assist food processors in creating and marketing their products.

Co-chair Gibson expressed his concerns about the potential impact of the project on cheese-making factories in the private sector, but also could see the worthiness of the WKU project.

Christi Marksbury, the GOAP project analyst for the endeavor, explained the relationship between the WKU foundation and dairy producers. Initially, producers will be asked to attend cheese processing workshops and will be required to create marketing plans for their cheese. According to testimony, a goal will be to offer local dairies the opportunity to receive training in cheese-making and possibly pursue that further.

As the meeting continued, the Rowan County Fiscal Court project prompted Senator McGaha to offer a suggestion regarding how to save funds. Under the project, the applicant will use \$16,000 in Rowan County tobacco settlement funds to offer a welding program to local producers. The courses will be taught by Kentucky Community and Technical College System (KCTCS) instructors. Rather than hiring KCTCS instructors, Senator McGaha suggested, local technology center welding instructors could be hired at a lower

rate. He urged the GOAP to consider at that option. Mr. Thomas indicated they would.

The GOAP officials responded to questions later on The Beef Connection project. The ADB approved a \$500,000 zero-interest loan to The Beef Connection project, which would entail the applicant providing cattle management and marketing data to beef producer members. Responding to Co-chair Sims, Mr. Judge identified the owner as Mr. Robert Sand. At last report, he said, 128 members had signed up for the project.

According to Mr. Judge, responding to Senator McGaha, the applicant would be providing equity on the loan, but they were still awaiting the submittal of that equity.

The GOAP staff reviewed three additional projects, two that were denied funding, Little Kentucky River Winery and Tracy Curtsinger dairy processing, and a pending project, Grasshoppers Distribution.

Responding to Senator McGaha, the GOAP staff indicated they would obtain some additional information regarding Kentucky's grape production and state winery grape utilization.

Mr. Thomas responded to Co-chair Gibson that the Grasshoppers organization, a Jefferson County product distribution network, is proficient at getting produce from farms to consumers, but needs work on its business model and business practices.

As the meeting ended, GOAP officials made note of an update showing farmers' market projects that had received tobacco settlement funds since 2001.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 5:30 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

December 2, 2009

The 10th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, December 2, 2009, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Carroll Gibson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Tom McKee, and Tommy Turner.

Legislative Guest: Representative Will Coursey.

Guests: Roger Thomas, Jennifer Daniels, Joel Neaveill, and Diane Fleming, Governor's Office of Agricultural Policy; Michael Plumley, Office of the Attorney General; Dr. Ron Hustedde, Kentucky Entrepreneurial Coaches Institute; Bruce Harper, Department of Agriculture; Drew Graham, University of Kentucky College of Agriculture; Ronny Pryor, Tanya Chang, and Bob Rowland.

LRC Staff: Lowell Atchley, Biff Baker, Stefan Kasacavage, Perry Nut, and Kelly Blevins.

The November 4, 2009, minutes were approved by voice vote and without objection on a motion made by Senator Givens, seconded by Representative Hoffman.

The presiding co-chair, Senator Gibson, invited Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief of Staff, and Ms. Jennifer Daniels, Compliance Specialist, Governor's Office of Agricultural Policy, to appear before the committee and report on the Agricultural Development Board's (ADB) actions from the previous month.

Following Mr. Neaveill's review of a relatively short list of local projects reviewed in the November ADB meeting, Mr. Thomas commented that the board reviewed possible policy changes when it met the previous month. The board would act on those changes in its December meeting. Mr. Thomas told the committee.

Next, the committee heard a report from Ms. Daniels, who updated the panel on the shared-use equipment program. According to her report, the intent of the program is to make pieces of farm equipment available to farmers through lease or rent. The lease or rental fees are used for maintenance and to buy additional pieces of equipment. A total of 67 counties have a program, with over \$1.8 million invested in those counties.

Ms. Daniels explained to Senator McGaha that "delinquent programs" are behind in submitting their periodic reports. Ultimately, county shared-use programs can be placed on a "watch list" if they remain non-compliant.

Representative McKee mentioned that he had used some of Harrison County's equipment and emphasized that the key to making the program work is keeping up with maintenance on the equipment. Ms. Daniels later indicated to Senator Givens that most of the participating counties' agricultural extension offices house the shared-use equipment nearby and keep up with the maintenance. Some counties have multiple pieces of equipment. She

acknowledged to Senator Givens that accounting for the program is separate from the regular county accounting system.

Following Ms. Daniels, GOAP's Legal Counsel, Ms. Diane Fleming, explained how they monitor the shared-use equipment programs in counties.

Later in the meeting, Mr. Thomas responded to Co-chair Sims, who mentioned the shared-use equipment program and abuses of that and other county programs. Mr. Thomas explained that one of their goals in replacing the old model program system with the County Agricultural Investment Program (CAIP) was to make changes that allowed more farmers to apply for the county funds.

Both Mr. Thomas and Ms. Daniels explained the bid and purchase requirements for the shared-use equipment program.

Regarding another issue, Mr. Thomas explained to Senator Givens how county councils have found ways to break ties that happen occasionally when the councils score their CAIP applications. According to Mr. Thomas, the board discussed the issue during its November policy session.

In other discussion, Mr. Thomas told Co-chair Gibson that they have encouraged counties to invest in regional projects, but with limited success. He said a drought aid program was an example of a successful statewide program. Senator Boswell mentioned the Green River produce cooperative as an example of a regional program. Mr. Neaveill pointed out that Owensboro Grain Co. had received support from 22 counties for a project in that part of the state.

Mr. Thomas indicated his agreement with Co-chair Gibson, who had mentioned the importance of funding for the Murray State University Breathitt Diagnostic Center in Hopkinsville. According to Mr. Thomas, the commitment of county funds for the center to build or upgrade would be appropriate.

Next on the agenda, Co-chair Gibson called on Mr. Michael Plumley, Assistant Attorney General, to report on Master Settlement Agreement enforcement and payment issues. In his report, Mr. Plumley reviewed actions by the Office of Attorney General in making sure cigarette companies that have not joined the Master Settlement Agreement comply with state requirements. He also covered a legal action that stems from the refusal of some major companies to make an earlier Master Settlement Agreement payment. He also revealed the estimated 2010 payment, which totals about \$116 million.

Responding to Representative

Adams, who asked about staffing levels in the wake of state agency budget cuts, Mr. Plumley indicated that staffing has shrunk, but litigation has decreased as well. He said his main focus is enforcement of the MSA. He noted that the Department of Revenue has a role in enforcement as well. Representative Adams said he did not want Mr. Plumley pulled away from his MSA duties if needed.

Mr. Plumley responded to Co-chair Gibson that there were no assurances in the original agreement that particular companies would receive a certain market share. Rather, according to Mr. Plumley, some larger companies have lost market share while others have gained in market share.

Next, Mr. Plumley answered some questions from Senators Givens, Pendleton, and McGaha regarding a proposal that Kentucky drop out of the MSA and at the same time require tobacco companies to pay the equivalent amount assessed currently on tobacco companies under the agreement. At one point in the discussion, Senator Givens asked if the net effect would be the same.

Mr. Plumley said the issue was discussed a few years ago. He said the Office of Attorney General was asked for an opinion on the matter. They opined that there would be many obstacles and negative results, should Kentucky opt out of the agreement. He said the settlement has provided Kentucky with a great deal of funding and settled lawsuits that may or may not have been settled. According to Mr. Plumley, Kentucky has cross-border sales that may be affected, should Kentucky enact taxes to replace the equivalent MSA assessment, which amounts to over \$5 per carton.

Responding to a question from Senator McGaha, Mr. Plumley indicated that the Centers for Disease Control determine smoking rates through surveys and the like. He also responded to Senator McGaha that additional MSA funds are distributed to state agencies in much the same way as regular MSA payments.

The committee witness told Representative McKee that most nonparticipating manufacturers (NPMs) are now making quarterly payments into their escrow accounts.

According to Mr. Plumley, the total escrow amounts have increased since the General Assembly changed a loophole that allowed NPMs to withdraw their escrow funds. Mr. Plumley also responded that, with the slight increase seen in smoking rates, total MSA payments could be affected, depending on what type cigarette companies are selling more cigarettes, those paying into the agreement, or those NPMs that are not.

Following that discussion, the committee received a report from Dr. Ron Hustedde, Director of the Kentucky Entrepreneurial Coaches Institute. Based at the University of Kentucky, the institute has received two rounds of funding from the ADB to coach people from various parts of the state on how to develop economic, cultural, and public service opportunities in their communities. The institute has received a total of \$2.1 million in Agricultural Development Fund moneys, with the most recent paying for programs in south-central Kentucky. In his report, Dr. Hustedde placed particular emphasis on accomplishments of institute trainees and possible economic benefits through job creation.

Dr. Hustedde responded to Representative Comer that the grant funding has paid for travel, lodging, and food for institute participants, and for speakers. The funds also paid the salary of one full-time person and paid 30 percent of another's salary. He clarified to Representative Comer that the overall funding came from the Agricultural Development Board and did not represent a budget earmark. A separate Appalachian Regional Commission grant to the institute was not included in the \$2.1 million funding amount.

In his presentation, Dr. Hustedde estimated that 218 jobs have been created because of the institute. Using the minimum wage as a multiplier, he estimated the economic impact at \$2,790,400. During discussion, Senator Pendleton said it was his hope the jobs would pay more than minimum wage. He said the success of the program will be measured in jobs created.

Responding to Representative McKee, Dr. Hustedde said they continue to track graduates through alumni functions and follow-ups.

Dr. Hustedde described their efforts to seek diversity in institute classes. He indicated they attempt to match persons with strong personalities with those who are not as strong. They consider geographic, gender, and personal background. In the current class, he said, about a third of the participants are entrepreneurs themselves. Also, half the participants must have a link to tobacco production.

During the discussion, Senator McGaha talked about using tobacco settlement dollars to assist farm families. Dr. Hustedde said that, while the institute has a strong agricultural component, their focus is not exclusively agriculture. He pointed out that, while institute participants may have certain business ventures, they may also still live on or maintain family ties to a farm.

Documents distributed during

the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11:45 a.m.

LRC Publications Informational Bulletins

232 General Assembly Action 2010 Regular Session

231 Final Committee Reports of the Interim, Joint, Special, and Statutory Committees

230 Issues Confronting the 2010 Kentucky General Assembly

229 General Assembly Action 2009 Regular Session

228 Final Reports of the Interim Joint, Special, and Statutory Committees 2008

227 Issues Confronting the 2009 General Assembly An update of Informational Bulletin No. 224 (2008)

226 General Assembly Action, Regular Session 2008

225 Final Reports of the Interim Joint, Special and Statutory Committees (2007)

224 Issues Confronting the 2008 General Assembly

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222 Final Reports of the Interim Joint, Special, and Statutory Committees (2006)

221 Issues Confronting the 2007 General Assembly

220 General Assembly Action, Regular Session 2006

219 Final Reports of the Interim Joint Special and Statutory Committees (2005)

218 Issues Confronting the 2006 General Assembly

217 General Assembly Action, Regular Session 2005

216 Final Reports of the Interim Joint, Special and Statutory Committees (2004)

215 Issues Confronting the 2005 General Assembly, An Update of Information Bulletin No. 212

214 General Assembly Action, Regular Session 2004

2010 laws, from page 2

college students to transfer credits to four-year universities.

Historic site. HB 420 designates the Hurricane Creek mine site in Leslie County, at which 38 miners lost their lives in 1970, as a state historic site.

History. HB 339 creates the Commonwealth of Kentucky War of 1812 Commission to plan activities for the War of 1812 Bicentennial – which is two years away – and commemorate the significant roles Kentuckians played in the war.

License plates. SB 71 creates a special license plate for recipients of the Silver Star Medal or the Bronze Star Medal awarded for valor. HB 96 permits the surviving spouse of a Purple Heart recipient to keep special license plate assigned to that recipient. HB 261 creates Gold Star Fathers license plates similar to the Gold Star Mothers plates that are already offered.

Literacy. SB 163 directs the Department of Education to provide assistance in teaching strategies that help teachers improve their students' reading skills. The bill also encourages development of comprehensive middle and high school reading plans.

Mental health. HB 231 creates a new level of specialty treatment centers for children with severe psychiatric disorders who must currently go to other states to receive the level of care they require.

Military family assistance trust fund. SB 30 extends the eligibility of military personnel and their families eligible for military family assistance trust grants from 90 to 180 days after the end of deployment.

Music. House Joint Resolution 154 designates Kentucky's Sam Bush as "The Father of Newgrass Music" and Bowling Green as "The Birthplace of Newgrass Music."

Nurses. SB 127 allows every public university in the state to offer advanced doctoral programs in nursing upon approval of the Council on Postsecondary Education.

Parks. HB 14 offers up to three free overnight stays at state parks lodges to totally disabled military veterans, subject to space availability and other criteria.

Parole. HB 564 increases the amount of good time and education credits available to prisoners. The legislation reduces prison time by up to 90 days – instead of the current 60 – for any prisoner who receives a GED or high school diploma, college degree, or certain other certifications of education achievements while incarcerated. Prisoners who complete drug treatment programs can receive up to 90 days credit.

Road safety. HB 415 prohibits texting while driving. Violators will be given courtesy warnings until Jan. 1, 2011, after which violators will face fines and court costs. The legislation also prohibits cell phone use by drivers under 18.

Salvia. SB 107 makes it illegal to possess, grow or traffic a form of the salvia plant that some people use as a substitute for marijuana.

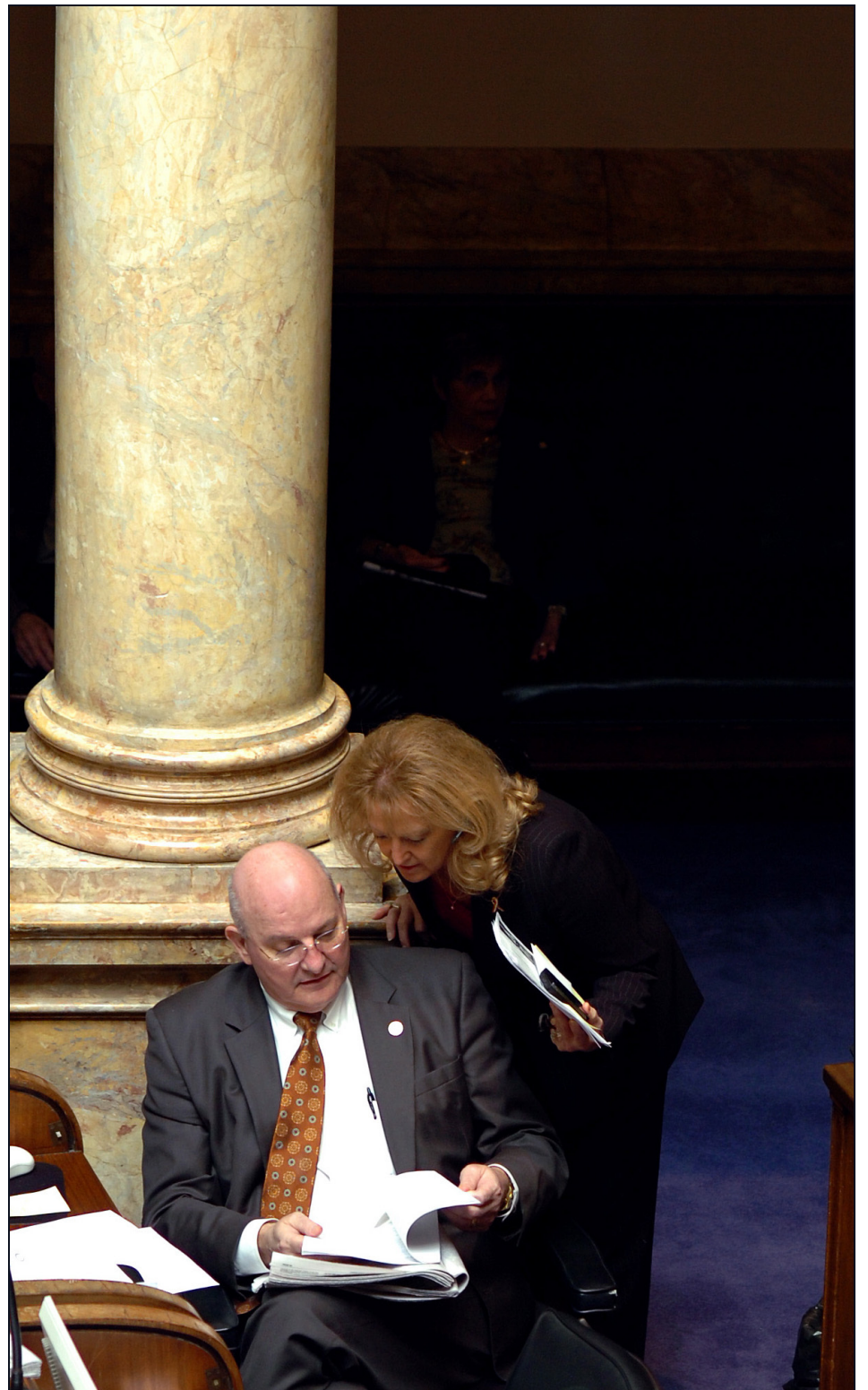
Student-athletes. HB 327 encourages high school athletic competitions to be scheduled outside the regularly scheduled school day. The legislation also allows student-athletes to be counted present at school on the dates of athletic competitions on two days each year, provided that the students make up any missed assignments.

Stroke centers. SB 1 is aimed at saving lives and improving health care by attracting stroke patients to the state's best stroke care centers. The legislation allows the state to bestow a special designation on nationally certified primary stroke centers in Kentucky.

Suicide prevention. SB 65 requires annual suicide prevention instruction for school principals, guidance counselors and teachers. HB 51 requires suicide prevention materials to be distributed to middle and high school students and requires the state Cabinet for Health and Family Services to post suicide prevention information on its website.

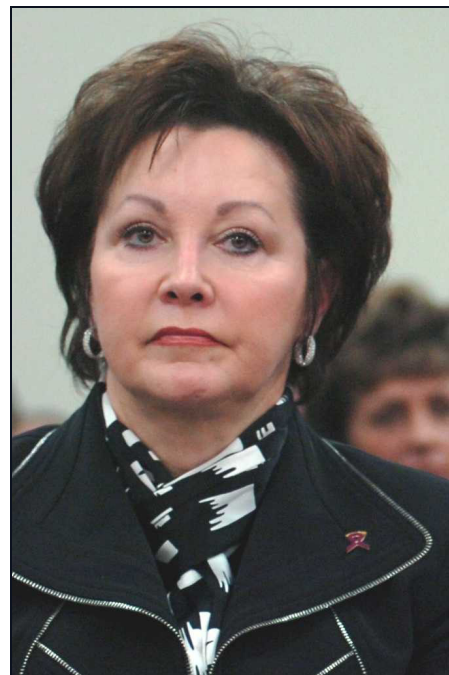
Teachers' retirement. HB 540 shores up the teachers' retirement fund by increasing payments into the fund by teachers, retired teachers under 65 and school districts. The measure is expected to save the state an estimated \$61 million over two years.

Veterans' services. HB 377 ensures that combat veterans charged with crimes are provided with contact information for services that offer help for post-traumatic stress and other combat-related disorders.



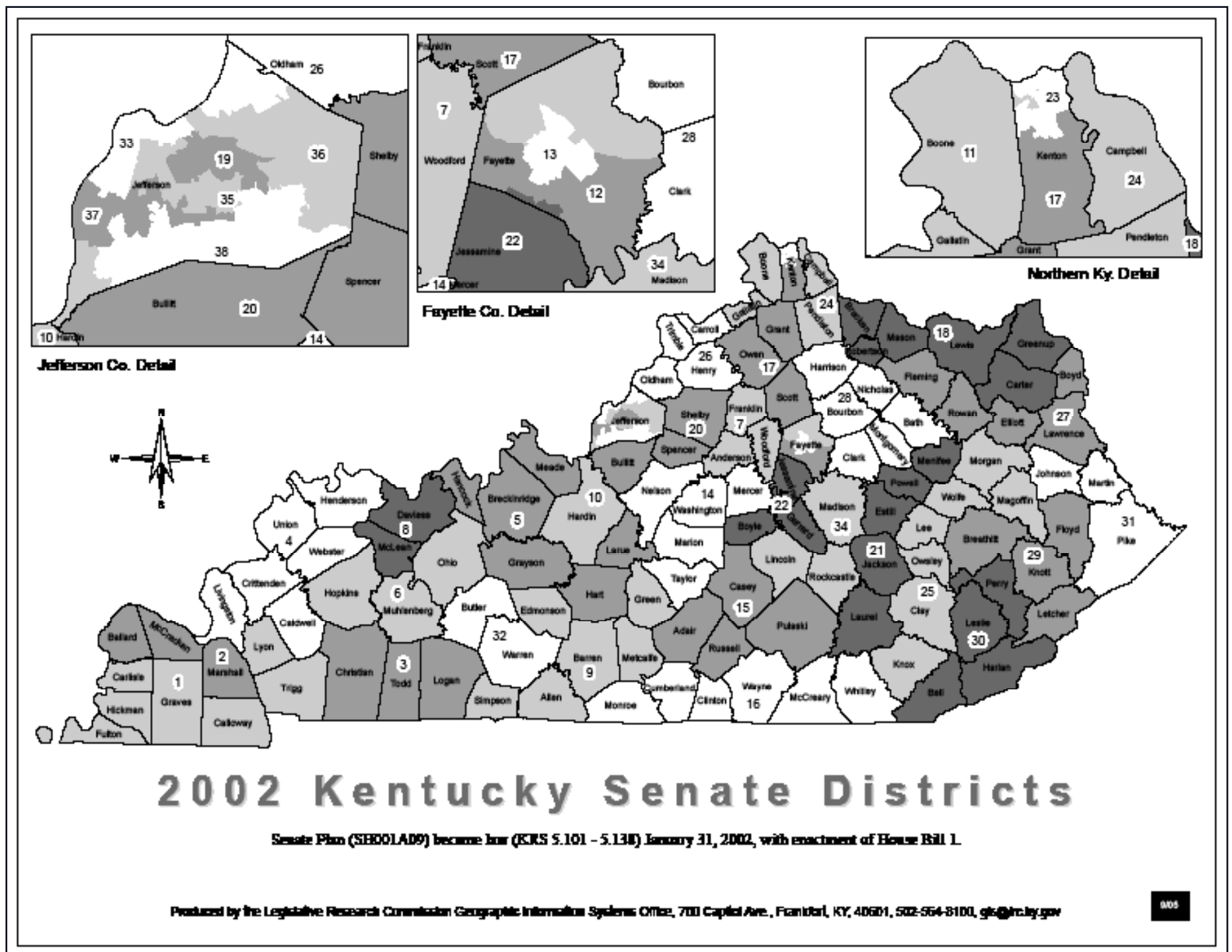
Senate Judiciary Committee Chair Tom Jensen, R-London, goes over language in a bill with Rep. Martha Jane King, D-Lewisburg, during a break on the Senate floor in the latter days of the 2010 Regular Session.

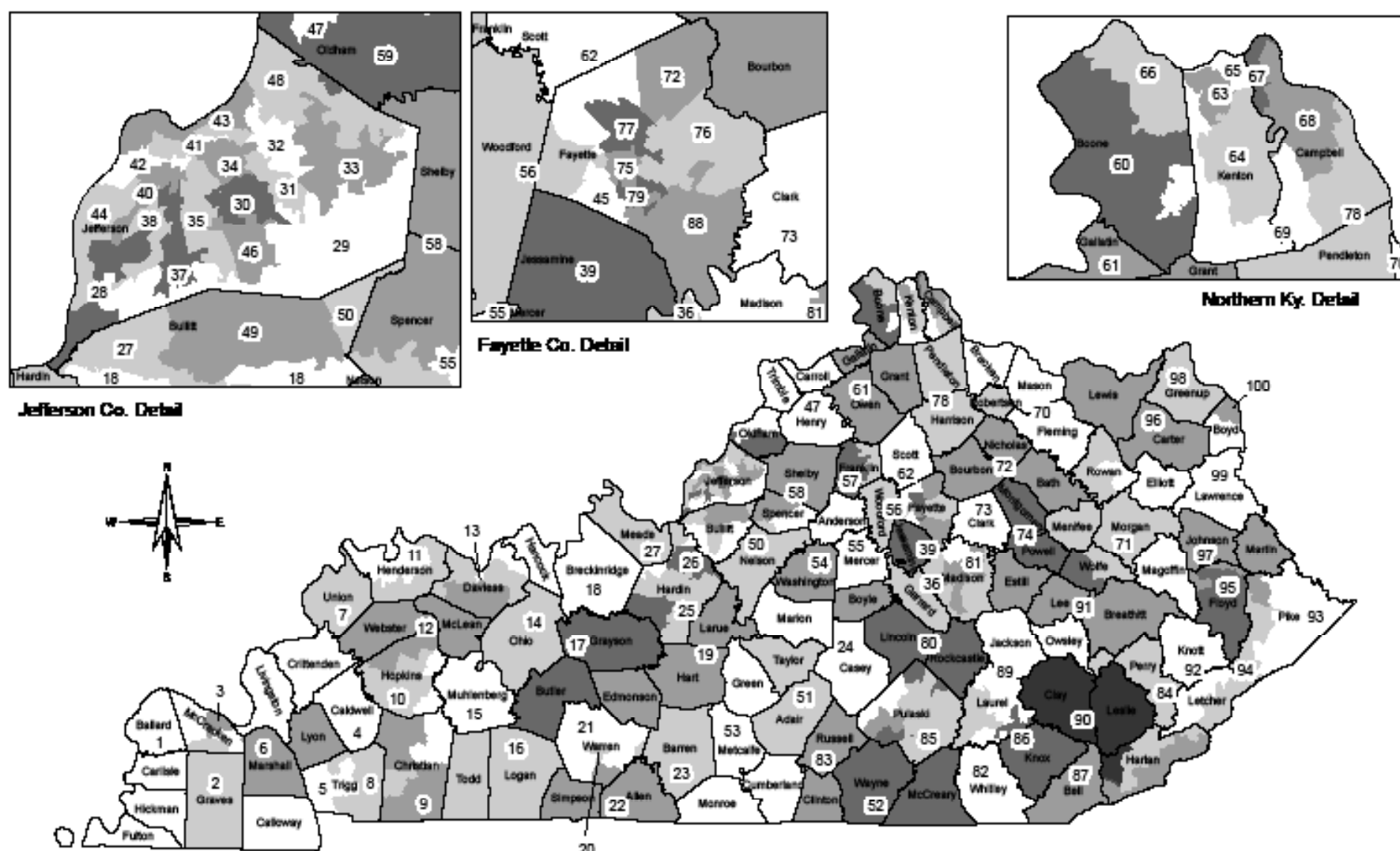
**Mike Sunseri/
LRC Public Information**



Diana Ross, mother of the late Amanda Ross whose murder inspired lawmakers to improve Kentucky's domestic violence laws during the 2010 Regular Session, testifies before a committee last session on House Bill 1. The measure was named "Amanda's Bill" in honor of Amanda Ross.

**Bud Kraft/
LRC Public Information**





2002 Kentucky House Districts

House Plan (HH001A11) became law (KRS 5.201 - 5.300) January 31, 2002, with enactment of House Bill 1.

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