

2013 Interim LEGISLATIVE

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* Read on-line at www.lrc.ky.gov/legislation.htm*

RECORD

Number of KY ENERGY STAR schools have grown from 12 to 233

by Rebecca Hanchett
LRC Public Information

Over the past six years, the number of ENERGY STAR certified schools in Kentucky has grown from 12 to 233 under the direction of the Kentucky School Energy Managers Project and others, a state legislative subcommittee was told on Nov. 15.

Kentucky School Boards Association School Energy Managers Director Ron Willhite explained to the Kentucky General Assembly's Special Subcommittee on Energy that most, if not all, of the increase has occurred since the



Sen. Katie Stine

General Assembly's passage of school energy efficiency legislation in 2008 and 2010. ENERGY STAR is a voluntary federal program that helps individuals and organizations—including schools—conserve energy and save costs.

House Majority Floor Leader Rocky Adkins, D-Sandy Hook, was glad to hear about the increase in Kentucky schools receiving the special designation.

"That's pretty amazing, to be very honest with you. That's pretty amazing," said Adkins, who sponsored the 2008 legislation. The



Rep. Rocky Adkins

2010 legislation was sponsored by Senate President Pro-Tem Katie Stine, R-Southgate.

The 2008 law requires local school boards to

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Kentucky not certain how much tobacco money it will receive in 2014

by Rebecca Hanchett
LRC Public Information

Kentucky could lose half, all, or none of its tobacco settlement payment next year due to a Sept. 11 ruling that found the state "nondiligent" in upholding a law requiring escrow payments by nonparticipating cigarette manufacturers.

The decision, handed down against Kentucky and five other states by an arbitration panel, leaves Kentucky uncertain about just how much tobacco settlement money it will receive in calendar year 2014, Governor's Office of Agricultural Policy Executive Director Roger Thomas told the Interim Joint Committee on Agriculture on Nov. 13. Kentucky had anticipated receiving approximately \$90 million, with agriculture getting half of whatever dollars are received per a formula under state law.

Kentucky has appealed the decision.

"It's pure speculation at this point..." said Thomas. "It all depends on these various state MSA courts and what their rulings are on motions to vacate." He went on to say that, "It could be \$45 million, it could be \$5 million, it just depends on the actions of the state MSA courts..."

There is even a possibility that Kentucky's payment will not be reduced, pending court actions, or, depending on how many states are ultimately ruled nondiligent, "...it could be that the entire payment to a state—whether it's Kentucky or any other state—if they were the only state to be found nondiligent, they could have their entire payment withheld," Thomas told the committee.

Since tobacco settlement payments fund Kentucky's popular Agricultural Development Fund, Thomas told the committee a reduction would "have a very dramatic effect" on state agricultural programs. Still, he emphasized that it is too early to say exactly what the Sept. decision will mean for 2014 and the rest of the next budget cycle.

"(But) it's easy to see we have our challenges before us," he said.

According to the arbitration panel, Kentucky, Missouri, Maryland, New Mexico, Pennsylvania and

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Pension issues persist, state lawmakers told

by Rebecca Hanchett
LRC Public Information

A prohibition against "pension spiking" approved by state lawmakers with the passage of Senate Bill 2 during the General Assembly's 2013 Regular Session drew questions from a state legislative committee on Nov. 20.

The prohibition was mentioned in a presentation to the Interim Joint Committee on State Government by Kentucky Retirement Systems Executive Director William Thielen, who said the policy change will take effect on Jan. 1, 2014, as will implementation of a hybrid cash balance plan for new state hires. All policies will be implemented by KRS.



Sen. Chris McDaniel, R-Latonia, makes a point during the Nov. 20 meeting in Frankfort.

The pension spiking prohibition, explained Thielen, says the actuarial cost to the retirement system created by annual salary increases greater than 10 percent during a retiree's last five years

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Tobacco,

from page 1

Indiana did not adequately enforce collections from nonparticipating manufacturers, or NPMs, who did not sign onto a 1998 multi-billion-dollar master tobacco settlement agreement between the four largest tobacco companies (at that time) and 46 states. NPMs are expected by law to make escrow payments.

The participating manufacturers—which lost market share in 2003—blamed the loss on inadequate enforcement of NPMs, according to a Nov. 7 article on the issue on the web site Law360. Participating manufacturers felt sales by nonparticipating companies had increased more than they should have because Kentucky and the other alleged “nondiligent” states did not adequately enforce collections from the NPMs.

To shield themselves financially, the participating manufacturers invoked what is called an “NPM adjustment” under law and withheld money from the settlement agreement. The adjustment, says the Law360 article, allows participating manufacturers

to reduce payments to states “if they (the PMs) lose market share to their nonparticipating colleagues because of the multistate settlement’s obligations.” States considered diligent in collecting NPM payments were shielded from reductions, while those found nondiligent will likely have their tobacco settlement payments reduced.

Although Kentucky feels “like we were diligent in our enforcement,” says Thomas, the arbitration panel judged otherwise, he said.

Appreciation for the impact the Kentucky Agricultural Development Fund has had on the state’s farms was voiced by Committee Co-Chair Sen. Paul Hornback, R-Shelbyville.

“Without that foresight by those of you who sat here and (developed) HB 611... I don’t think our agriculture in this state would be nearly as far along as it is,” he said. HB 611, passed by the 2000 Kentucky General Assembly, determined how agriculture would benefit from Kentucky’s \$3 billion share of the 1998 tobacco settlement.

Fellow Committee Co-Chair

Rep. Tom McKee, D-Cynthiana, offered some praise of his own.

“It was an honor for me to work with you and many other legislators to help develop these programs,” McKee said to Thomas, who is a former member of the Kentucky House of Representatives.

“I think if you travel the state, if you go out on the rural roads of Kentucky, you’re going to see fence that wouldn’t be there; you’re going to see cattle handling facilities that wouldn’t be there (with the ADF),” said McKee.

The committee also received testimony from Kentucky Agriculture Commissioner James Comer, as well as subcommittee reports on rural issues and horse farming from Subcommittee on Rural Issues Co-Chair Sen. Stan Humphries, R-Cadiz, and Subcommittee on Horse Farming Co-Chair Rep. Susan Westrom, D-Lexington.

Representatives from Kentucky Farm Bureau were also expected to testify, as were officials from AT&T who were scheduled to speak on telecommunications and modernization.

Energy,

from page 1

participate in the Kentucky Energy Efficiency Program, which provides information about potential energy savings; the 2010 law “highly” encourages schools to meet, or exceed, efficient school design standards, and to consider building to “net zero” standards—where a building produces as much (or more) energy as it consumes in a year.

Grant County Schools Energy Manager Jon Nipple explained that most energy use at schools is from heating and cooling (50 percent) and lighting (25 percent). Geothermal energy, carbon dioxide sensors that help control when air is heated or cooled, and LED lighting are all considered best practices for school energy savings and are used by many energy efficient schools today, Nipple told the subcommittee. Automated web-based systems that control energy use when schools are unoccupied are also helpful, considering that schools are only used by students and teachers 1/4 to 1/3 of the time, Nipple said.

“What we can’t afford to do is we can’t afford to condition buildings when nobody’s there,” he told



Rep. Leslie Combs, D-Pikeville, at left, talks with Rep. Fitz Steele, D-Hazard, at the Nov. 15 meeting.

lawmakers. “...(A building automation system) is a timer, in a way, of conditioning just when you’re in the building.”

Schools like Richardsville Elementary in Warren County that have achieved the net zero standard can reap considerable savings, according to Kentucky Department for Energy Development and Independence Director Greg Guess. Guess said Richardsville Elementary had no energy bill in 2012, instead receiving a check from its energy provider (TVA) for over

\$37,200.

The state currently has three net zero schools: Richardsville Elementary, Turkey Foot Middle School in Kenton County, and Locust Trace AgriScience Farm in Fayette County. Richardsville Elementary was the first net zero school built in the U.S., said Guess.

Other testimony received at the meeting included a report from the state’s Center for Applied Energy Research Director Rodney Andrews on carbon capture and utilizations research and development.

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Pensions, from page 1

of KRS-covered employment is the responsibility of their last KRS-participating employer. Implementing the provision, said Thielen, “has been particularly problematic for our staff.

“We’re having to design various features of our technology system to deal with that, but we will complete that as well to the extent necessary as of Jan. 1,” he said. “There are some issues related to the pension-spiking provision you may be asked to consider during the upcoming session in 2014.”

Senate Majority Floor Leader Damon Thayer, R-Georgetown, who sponsored 2013 SB 2, said he doesn’t foresee any change to the policy.

“I don’t foresee any roll-back of any of the provisions of SB 2 occurring in 2014, (or) until the bill goes into effect for a while and we see how it works,” said Thayer.

Thielen said KRS will likely recommend legislation to clear up some “ambiguities” in the legislation, but that KRS itself “has no plans to try to do anything to that provision.”

Of the approximately 80 public pension plans nationwide, Thielen said Kentucky ranks in the middle in terms of assumed rate of investment return. He said the average

assumed rate of return among the plans is around 8 percent; Kentucky’s is 7.75 percent.

KRS’s Kentucky Employee Retirement System for non-hazardous employees (the largest of the KRS systems) was only 27.3 percent funded as of June 2012. Total unfunded liability for all KRS pension funds, which exclude teachers, was \$13.8 billion last year, according to the system’s 2012 actuarial valuation.

The committee also received an in-depth report on the Kentucky Teachers’ Retirement System from KTRS Executive Secretary Gary Harbin, who said that system’s unfunded liability is growing and must be addressed—to the tune of \$386 million in fiscal year 2014 and over \$400



Above: Committee Co-Chair Sen. Joe Bowen, R-Owensboro, fields questions at the Nov. 20 meeting. Center: Committee Co-Chair Rep. Brent Yonts, D-Greenville, asks a question. Bottom: Senate Majority Floor Leader Damon Thayer, R-Georgetown, asks a question of the panel.



million in fiscal year 2015, Harbin said—to help meet KTRS’ actuarial needs.

Harbin said KTRS’ current \$12 billion unfunded liability will grow to \$23 billion “if a funding plan is not put in place.”

Water issues reviewed by state lawmakers

by Rebecca Hanchett
LRC Public Information

Over \$850 million was appropriated by the Kentucky General Assembly between 2000 and 2010 for water projects in the Commonwealth, a water association official told state lawmakers on Nov. 7.

“We would not be able to accomplish what we have and be able to serve the unserved, and underserved, people if it had not been for your input as the

General Assembly,”

Kentucky

Rural

Water

Association

Executive

director

Gary Larimore told

the Interim Joint

Committee

on Natural

Resources

and Envi-

ronment.

Kentucky is served by over 410 public water systems in the Commonwealth, according to Larimore.

Much of the funding to expand safe drinking water to rural areas has come from coal severance and tobacco settlement dollars, he said. Kentucky also receives considerable funding from the federal government—especially the USDA, which Larimore said is “primarily the funding agency for rural water utilities in Kentucky.”

Kentucky is served by over 410 public water systems in the Commonwealth, according to Larimore. Kentucky’s five largest systems, including Kentucky American Water (which serves half a million people) and Louisville Water Company (which serves around 850,000 people), serve most of the state with water from surface water sources like rivers, reservoirs, and lakes, based on data from the Southern Regional Water Program. Another 1.53 million Kentuckians use mostly groundwater as their water source, according to the state Division of Water, while around 415,950 Kentuckians use private wells or

springs as a water source.

“So many times, I think, we take some of the basic essentials that so many of us have for granted,” said Interim Joint Committee on Natural Resource and Environment Co-Chair Sen. Jared Carpenter, R-Berea. “Kentucky has always had issues with water (so) throughout the interim we think of opportunities to talk about crucial issues for Kentucky, and water is one of them, so we wanted (this update).”

Larimore was one of several who testified before the committee on water and wastewater issues facing Kentucky. Also testifying were representatives from Kentucky American Water, which mostly covers the Lexington-Fayette County area, Louisville Water Company, the Kentucky Municipal Utility Association, the Public Service Commission, Kentucky Infrastructure Authority, and the Kentucky Division of Water.

During testimony from Kentucky American Water’s Cheryl Norton, Sen. Chris Girdler, R-Somerset, asked if she is aware of water systems being part of public/private partnerships. Norton said yes—specifically in Florida, where American Water (her parent company) entered into a public/private partnership to help with a desalination project in the Tampa area.

Projects with private support received positive feedback from Rep. Stan Lee, R-Lexington.

“I think it’s worth noting that in this time of tight money and tight taxes...when private industry can step forward...we ought to be going that way,” Lee said.

Commenting on the use of coal severance dollars to pay the cost of many water projects in the state, Rep. Fitz Steele, D-Hazard, cautioned officials at the meeting that the next state budget cycle will be rough for programs that have traditionally relied on those dollars. “When it comes up \$200 million to \$300 million or more short because there’s no coal severance money there, there are going to be a lot of programs getting cut. It’s coming—within two months it’s here...” said Steele.

2014 REGULAR SESSION CALENDAR

2014 REGULAR SESSION CALENDAR
(approved by LEC 9/4/13)

JANUARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10 *112-49 Posting required for vetoes House bills	11
12	13	14 (1)	15 (2)	16 (3)	17 (4)	18
19	20 Martin Luther King, Jr. Day HOLIDAY	21 (5)	22 (6)	23 (7)	24 (8)	25 (9)
26	27	28 (10)	29 (11)	30 (12)	31 (13)	
	(14)	(15)	(16)	(17)	(18)	

*House Rule 49 states in part: "In the case of vetoes of House bills requiring the affirmative vote of a majority of the House members of the interim joint committee to which they were assigned, posting by the clerk or the committee shall cover during the first four days of the session, and those bills may be considered by the appropriate committee during the first fifteen legislative days of the session. No posting request shall be required for those vetoes bills."

FEBRUARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
	(19)	(20)	(21)	(22)	(23)	
9	10 (24)	11 (25)	12 (26)	13 (27)	14 (28)	15
16	17 Presidents' Day HOLIDAY	18 (29)	19 (30)	20 (31)	21 Last Day for Bill Requests (32)	22
23	24 (33)	25 (34)	26 (35)	27 (36)	28 (37)	

() Denotes Legislative Day

2014 REGULAR SESSION CALENDAR
(approved by LEC 9/4/13)

MARCH

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 Last Day for New Senate Bills (38)	4 (39)	5 Last Day for New Senate Bills (40)	6 (41)	7 (42)	8
9	10 (43)	11 (44)	12 (45)	13 (46)	14 (47)	15
16	17 (48)	18 (49)	19 (50)	20 (51)	21 (52)	22
23	24 (53)	25 (54)	26 (55)	27 (56)	28 Concomitance Only (57)	29
30	31 Concomitance Only (58)					

APRIL

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 VETO	2 VETO	3 VETO	4 VETO	5 VETO
6	7 VETO	8 VETO	9 VETO	10 VETO	11 VETO	12
13	14 (59)	15 SINE DIE (60)	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

() Denotes Legislative Day

2013

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Legislative Research Commission

Minutes of the 541st Meeting
November 6, 2013

Call to Order and Roll Call

The 541st meeting of the Legislative Research Commission was held on Wednesday, November 6, 2013, at 1:30 PM, in Room 125 of the Capitol Annex. Senator Robert Stivers II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Representative Greg Stumbo, Co-Chair; Senators R.J. Palmer II, Jerry P. Rhoads, Dan “Malano” Seum, Brandon Smith, Katie Stine, Damon Thayer, and Johnny Ray Turner; Representatives Rocky Adkins, John Carney, Larry Clark, Bob M. DeWeese, Sannie Overly, and Tommy Thompson.

Guests: Lyle Hanna and Linda Haft, Hanna Resources Group; Brian Weberg and Karl Kurtz, National Conference of State Legislatures.

LRC Staff: Marcia Seiler and Christy Glass.

There being a quorum present, President Robert Stivers called for a motion to approve the minutes of the October 2, 2013, meeting; accept and refer as indicated items A. through E. under Staff and Committee Reports; refer prefiled bills as indicated and approve items B. through J. under New Business; and accept and refer as indicated items 1. through 33. under Communications. A motion was made by Representative Clark and seconded by Representative Stumbo. A roll call vote was taken, and the motion passed unanimously. The following items were approved, accepted, or referred.

The minutes of the October 2, 2013, meeting were approved.

Staff and Committee Reports

Information requests for October 2013.

Committee Activity Reports for October 2013.

Report of the Administrative Regulation Review Subcommittee meeting of October 8, 2013.

Committee review of administrative regulations by the Interim Joint Committee on Local Government during its meetings of September 25 and October 23, 2013.

Committee review of administrative regulations by the Interim Joint Committee on Health and Welfare during its meeting of October 16, 2013.

New Business

Referral of prefiled bills to the following committees: **BR 43** (relating to legislative procedures for state fiscal measures), **BR 152** (relating to tax credits

for noise abatement), **BR 222** (relating to tolls), and **BR 292** (relating to tax credits for hiring legally blind or severely disabled individuals) to **Appropriations and Revenue**; **BR 174** (relating to school funding) to **Education**; **BR 129** (relating to eminent domain), **BR 198** (relating to eminent domain and declaring an emergency), **BR 230** (relating to cable television), **BR 250** (relating to the Public Service Commission) to **Energy**; **BR 45** (relating to school notification of persons authorized to contact or remove a child) to **Health and Welfare**; **BR 11** (relating to domestic violence), **BR 44** (relating to foreign law), **BR 194** (joint resolution directing the Kentucky Law Enforcement Council to study current and needed post-traumatic stress disorder training, policies, and resources for peace officers), **BR 211** (proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote) to **Judiciary**; **BR 155** (relating to electrical inspections) to **Licensing and Occupations**; **BR 46** (proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly), **BR 189** (relating to commercial vehicle enforcement officers), and **BR 219** (relating to anti-bullying), to **State Government**; **BR 217** (relating to disabled parking placards) to **Transportation**.

Referral of the administrative regulations to the following committees for secondary review pursuant to KRS 13A.290(6) and 158.6471(6): **13 KAR 1:020** (Private college licensing); **16 KAR 3:080** (Career and technical education school principals); and **16 KAR 9:080** (University-based alternative certification program) to **Education**; **201 KAR 6:020** (Other requirements for licensure); **201 KAR 6:030** (Temporary permits); **201 KAR 6:040** (Renewal, reinstatement, and reactivation of license); **201 KAR 6:050** (Licensure by endorsement); **201 KAR 6:060** (Fees); **201 KAR 6:070** (Continuing education requirements); **201 KAR 6:080** (Code of ethics); **201 KAR 6:090** (Complaint process); **900 KAR 10:010 & E** (Exchange participation requirements and certification of qualified health plans and qualified dental plans); **900 KAR 10:020 & E** (Kentucky Health Benefit Exchange Small Business Health Options Program); **900 KAR 10:050 & E** (Individual Agent or Business Entity Participation with the Kentucky Health Benefit Exchange); and **906 KAR 1:190** (Kentucky Applicant Registry and Employment Screening Program) to **Health and Welfare**; **501 KAR 6:110** (Roederer Correctional Complex) and **503 KAR 1:180** (Firearms qualification for certified peace officers) to **Judiciary**; **201**

KAR 12:020 (Examination); **201 KAR 12:040** (Apprentices; ratio to operators); **201 KAR 12:045** (Apprentice, nail technician, esthetician, and instructor’s licensing); **201 KAR 12:050** (Reciprocity for valid licensee); **201 KAR 12:060** (Inspections); **201 KAR 12:065** (New, relocated and change of owner salons); **201 KAR 12:082** (School’s course of instruction); **201 KAR 12:083** (Educational requirements); **201 KAR 12:088** (Esthetic course of instruction); **201 KAR 12:100** (Sanitation standards); **201 KAR 12:101** (Equipment sanitation); **201 KAR 12:120** (School faculty); **201 KAR 12:125** (Schools’ student administrative regulations); **201 KAR 12:150** (School records); **201 KAR 12:176** (Repeal of 201 KAR 12:175, 201 KAR 12:200, and 201 KAR 12:210); **201 KAR 12:180** (Hearing procedures); **201 KAR 12:190** (Investigations and complaints); **201 KAR 12:260** (License fees, examination fees, renewal fees, restoration fees and miscellaneous fees); **201 KAR 12:270** (Threading practice); **201 KAR 30:040** (Standards of practice); **811 KAR 1:215** (Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders’ Incentive Fund); and **811 KAR 1:220** (Harness racing at county fairs) to **Licensing and Occupations**; **301 KAR 1:132** (Sale of live bait); **301 KAR 1:152** (Asian Carp and Scaled Rough Fish Harvest Program); **301 KAR 2:049** (Small game and furbearer hunting and trapping on public areas); **301 KAR 2:225 & E** (Dove, wood duck, teal, and other migratory game bird hunting); **405 KAR 8:010** (General provisions for permits); **405 KAR 10:001 & E** (Definitions for 405 KAR Chapter 10); **405 KAR 10:015** (General bonding provisions); **405 KAR 10:070 & E** (Kentucky reclamation guaranty fund); **405 KAR 10:080 & E** (Full-cost bonding); **405 KAR 10:090 & E** (Production fees); and **405 KAR 10:201E**. (Repeal of 405 KAR 10:200) to **Natural Resources and Environment**; and **601 KAR 9:200** (Registration and titling of rebuilt or salvage motor vehicle) to **Transportation**.

From Senator Paul Hornback and Representative Tom McKee, Co-Chairs of the Interim Joint Committee on Agriculture: Memorandum requesting authorization and approval of the following subcommittee membership reassignments: Rep. James Kay, Rep. Lynn Bechler, and Rep. Derrick Graham from the Rural Issues Subcommittee to the Horse Farming Subcommittee, and Rep. Richard Heath, Rep. Jonathon Shell, and Rep. John Short from the Horse Farming Subcommittee to the Rural Issues Subcommittee.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo:

Memorandum authorizing and appointing Representative Fitz Steele to the Interim Joint Committee on Appropriations and Revenue and as Co-Chair (and member) of the Budget Review Subcommittee on Economic Development and Tourism, Natural Resources and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum removing of Senator Julie Denton as a member of the Interim Joint Committee on Economic Development and Tourism and its subcommittee and the Interim Joint Committee on Labor and Industry, and appointing Senator Carroll Gibson to the Interim Joint Committee on Economic Development and Tourism and its subcommittee and the Interim Joint Committee on Labor and Industry.

From Senator Joe Bowen and Representative Steve Riggs, Co-Chairs of the Interim Joint Committee on Local Government: Memorandum requesting approval to meet on November 20, rather than the regularly scheduled meeting date of November 28. There are no apparent conflicts

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointing membership to the Public Pension Oversight Board.

From Senator Whitney Westerfield and Representative John Tilley, Co-Chairs of the Juvenile Code Task Force: Memorandum requesting approval to meet outside the interim on December 11. There are no apparent conflicts.

From Senator Bob Leeper and Representative Rick Rand, Co-Chairs of the Interim Joint Committee on Appropriations and Revenue: Memorandum requesting approval to meet outside the interim on December 19. There are no apparent conflicts.

From Senator Julie Denton and Representative Tom Burch, Co-Chairs of the Interim Joint Committee on Health and Welfare: Memorandum requesting approval to meet outside the interim on December 18. There are no apparent conflicts.

Communications

From the Office of the Attorney General: Constitutional Challenge Report for the month August 2013.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the month of September 2013:

From the Cabinet for Economic Development, Office of Compliance and Administrative Services: Loan data sheets for each loan approved as of the quarter ending September 30, 2013.

From the Cabinet for Health and Family Services: Report of the Department for Community Based Services Tuition Waiver Program for Youth for the reporting period September 2012-August 2013.

From the Cabinet for Health and Family Services: SWIFT Adoption Teams

Report for the second quarter of 2013.

From the Kentucky Personnel Cabinet: FY 13 Annual Report.

From the Public Protection Cabinet, Department of Insurance: FY 13 Kentucky Long-Term Care Partnership Program Annual Report.

From the Department of Health and Family Services, Department for Community Based Services: FY 12 Elder Abuse Annual Report.

From the Cabinet for Health and Family Services: FY 13 Report of the Operations and Activities of the Cabinet for Health and Family Services Related to Health Data Collection for Hospital Inpatient Discharge and Outpatient Services.

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

From the Education and Workforce Development Cabinet: Unemployment Insurance Report for the third quarter of 2013.

From the Personnel Cabinet: Personnel Cabinet Quarterly Report as of September 30, 2013.

From the Personnel Cabinet: 2013 Annual Report from the Group Health Insurance Board.

From Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and State of Solvency as of June 30, 2013.

From Kentucky Employers' Mutual Insurance Authority: 2014 Annual Budget.

From the University of Kentucky: FY 13 Kentucky Interagency Groundwater Monitoring Network Annual Report.

From the Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, Quarter Ending September 30, 2013.

From Kentucky Higher Education Assistance Authority: FY 13 Annual Actuarial Valuation of the Prepaid Tuition Trust Fund for Kentucky's Affordable Prepaid Tuition.

From the Cabinet for Economic Development, Office of Commercialization and Innovation, and the Kentucky Science and Technology Corporation: FY 13 Annual Report of the Kentucky New Energy Ventures Fund.

From the Auditor of Public Accounts: FYS 12-13 Report of the Audit of the Kentucky Lottery Corporation.

From the Auditor of Public Accounts: FY 13 Report of the Audit of the Kentucky River Authority.

From the Auditor of Public Accounts: FYS 12-13 Report of the Audit of the Examination of the Lease Law Compliance.

From the Public Protection Cabinet, Department of Insurance: October 2013 Biennial Report on Impact of Mental Health Parity on Health Insurance Cost in Kentucky.

From the Department of Military Affairs, Adjutant General Edward W.

Tonini: Strategic Plan FY 2014-2018.

From the Energy and Environment Cabinet: FY 13 Annual Report from the Center for Renewable Energy Research and Environmental Stewardship.

From the Cabinet for Economic Development: FY 13 Annual Report of the Kentucky Cabinet for Economic Development, Office of Entrepreneurship.

From the Cabinet for Economic Development: FY 13 Annual Report of the Bluegrass State Skills Corporation.

From the Cabinet for Economic Development: Incentives for Energy Independence Act Annual Report, October 2013.

From the Cabinet for Economic Development: FY 13 Annual Report of the Kentucky Investment Fund Act (KIFA).

From the Cabinet for Economic Development: FY 13 Annual Report of the Kentucky Enterprise Initiative Act.

From the Cabinet for Health and Family Services: 2012 Kentucky Colon Cancer Screen Advisory Committee Annual Report.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Martin County School District.

From the University of Kentucky, College of Agriculture: Kentucky Tobacco Research and Development Center, Quarterly Report for the period July 1 through September 30, 2013.

The next order of business was discussion of a performance audit of the LRC. It was previously agreed by the President and Speaker that there would be a presentations NCSL and Hanna Resources Group. The presentations were made to allow members to hear the proposals, discuss them, and come back for a decision at the December meeting.

Senator Stivers advised the Commission that the Council on State of Governments had been contacted but opted not to submit a proposal.

Hanna Resource Group representatives made the first presentation. Lyle Hanna, president of the Hanna Resource Group (HRG), gave a background of his company. Hanna Resource Group is based in Lexington, Kentucky, and does human resource and organizational-related work around Kentucky and throughout the United States. He introduced Linda Haft.

Ms. Haft said she is Director of Human Capital Services and has been with HRG since the beginning of this year.

Mr. Hanna said he would start the study by identifying risks and then reducing them. HRG would perform an HR assessment, which takes six to eight weeks. He knew LRC had a sexual harassment challenge, compensation and classification issues, and some role clarity, particularly around the partisan and non-partisan employees. HRG knows that the policies and procedures have not been updated in many years, and that there are lots of holes.

Ms. Haft said HRG is thorough and would ask to see as many documents as possible within the organization. This would include randomly selected employee files, policies and procedures, employee handbooks, and those kinds of things. HRG would spend three to four days on site talking to selected individuals, and would prepare a summary statement. HRG would highlight priorities that need to be worked on soon, and then would focus on other items needing to be updated.

Ms. Haft directed members to a page on the handout that had a sampling of the things HRG would review and discussed several priority items.

Mr. Hanna said HRG was prepared to begin immediately, but would probably not be able to finish before session. At the end of the evaluation, LRC would be given a score card indicating things to be done, things that ought to be done, and then other things that would make LRC more efficient and effective. He said HRG could complete the study for \$15,000.

Mr. Hanna directed the Commission to page nine of the handout and discussed some things that need to be changed. He said a compensation study had not been done in many years, job descriptions needed to be updated, and basic management training was needed for EEOC and Kentucky regulations.

Mr. Hanna discussed the Fair Labor Standards Act. He also said HRG was qualified to recruit and would help find a new director.

Mr. Hanna asked the Commission how it envisioned LRC's future. He thought the members should be proud of LRC and want it to attract great people.

Senator Stivers asked if anyone had questions and recognized Representative Stumbo.

Representative Stumbo said that he assumed these types of studies are labor intensive, and he hoped HRG would schedule time with employees. He said this could be difficult during a session, which might make some staff unavailable. Representative Stumbo expressed his appreciation to Mr. Hanna.

Senator Thayer pointed out that LRC is not covered by the Fair Labor Standards Act. Mr. Hanna said he was aware there were some things that would not apply. Senator Thayer said that it would not need to be a part of a study.

Senator Stivers asked if there were any more questions. Seeing none, he thanked Mr. Hanna and Ms. Haft for their presentation, and he asked the NCSL representatives proceed.

Brian Weberg, Director of the Legislative Management Program at the National Conference of State Legislatures (NCSL), and Karl Kurtz, Director of the Trust for Representative Democracy at NCSL, testified. Mr. Weberg said this is his 41st year working in the area of strengthening and improving legislatures around the country and different parts of the world, and he said he looked forward

to an opportunity to work with LRC to improve an already strong legislative staff organization.

Mr. Weberg said he and Mr. Kurtz were at LRC a few weeks prior and spoke with many staff and legislators. Based on those conversations and their experience, they developed a menu of ideas about how NCSL might be able to assist LRC.

He said NCSL is about strong legislatures and knows that strong staff means strong legislatures. Mr. Weberg said the first part of the proposal was a performance audit or performance review of the legislative staff of LRC. The map he handed out indicated the states in which NCSL had performed similar projects. The second part would be NCSL's assistance with hiring and recruitment for a new director. The last part would involved compensation and classification. Members have indicated that that is an area where LRC probably needs some assistance to develop a more structured compensation and classification system. NCSL has done those kinds of projects in about eighteen (18) states, and has returned many times to update those states.

Mr. Weberg said NCSL would spend a week with LRC interviewing broad cross-section of staff and members to get opinions about what needs to be done and get an idea of the strengths and opportunities among staff operations. In addition to those structured interviews, NCSL would also survey all legislators to get opinions about service. NCSL would survey all staff to get their opinions on various issues.

NCSL would then look at the documentation, personnel manuals, management practices, compensation practices and measure them against benchmarks in the field. Based on that assessment, NCSL would develop recommendations. Mr. Weberg stressed that throughout this process, NCSL would consult with leadership and senior staff and constantly provide updates on progress.

Mr. Weberg said the second piece of the proposal would be to assist LRC in the recruitment and hiring process for a new Executive Director.

Mr. Kurtz directed the members to page seven of the proposal to a description of services that NCSL would provide at no cost, as part of LRC's membership in NCSL. NCSL would help write a job description for a new Executive Director or edit and review a draft that LRC might prepare, and then help market the position. NCSL staff travel to Kentucky would be the only extra cost associated with this.

Mr. Weberg said the final piece of the proposal is the compensation and classification option. This would be a very intensive study conducted at LRC to help develop a more structured pay plan. Although it is intensive, he believes it is very beneficial to any organization. Mr. Weberg said NCSL would be look for two things: to create a system that promotes internal equity among all of

LRC's employees, so that here is equal pay for equal value; and to build a system that promotes competitiveness with this particular market place. During this process, LRC would analyze job content and ask all employees complete a detailed survey describing their jobs. NCSL would follow the survey with interviews of staff in the kinds of positions that are unique and specialized. NCSL would compare data with other state legislatures about those kinds of job titles.

Mr. Weberg discussed the cost to LRC. The budget was in the handout, and it indicated that NCSL would essentially split the costs with LRC. The performance review is about an \$82,000 project, of which LRC would pay \$46,000. NCSL was asking LRC to pay half of the salaries of NCSL staff involved with the study, and all of the staff travel. The formula was the same for the other two options and is the standard way NCSL gives estimates for its studies. LRC's dues to NCSL explain why NCSL absorbs one half of the cost.

Mr. Weberg said that NCSL is right for this undertaking because it knows legislatures. NCSL can mobilize a lot of comparative data and a network of experts around the country to help work through these projects. NCSL has been doing this for decades.

Senator Stivers thanked NCSL for its presentation and asked for questions.

Representative Clark asked if NCSL could share which states NCSL had worked with that are similar to Kentucky. Mr. Weberg said Tennessee and Arkansas have very similar staff structures, and to some degree, Florida. LRC had performed a recent study in South Dakota, which is much smaller but has a very centralized, nonpartisan structure. Maine is a good example and might be the closest to LRC because of its nonpartisan staff and small caucus staff.

Representative Adkins asked about the time period was to finish the Maine study. Mr. Weberg said he thought it was about six months.

Representative Adkins asked about Tennessee. Mr. Weberg said he did not participate in that study, but he thought it was a four to five month project.

Senator Stivers asked about the cost. He said he understands that whatever the cost is, because of LRC's membership with NCSL, that would be borne equally between the two groups. He wanted to clarify that option one did not include that which is option two, and option two did not include what is option three. Mr. Weberg said that Senator Stivers was correct. The options are three distinct and separate undertakings. He said the cumulative cost to LRC of all three options is about \$90,000.

Mr. Kurtz said that part two of the director selection could actually go on simultaneously with part one, and could be absorbed into most of it. He said there might be a small additional cost, if any.

Senator Stine asked if there was an option where NCSL could simply do

an analysis that would compare the best choice of the various ways that things are handled in other states. She asked if that was included in one of these items.

Mr. Weberg said that could be done. He said NCSL has a set of benchmarks and best practices and could provide LRC with those, and then LRC could make its own judgments. Senator Stine asked about that cost, and Mr. Weberg said there might not be any cost associated with that.

Senator Stine then asked, theoretically, for NCSL to do an in-depth study and compare that to what is done elsewhere. Mr. Weberg said that, if NCSL does a performance review, it will select a group of state legislatures, which will present a fair amount of comparative data.

Representative Thompson asked Mr. Weberg and Mr. Kurtz if they personally would be involved in the study. Mr. Weberg said they would be the lead staff on the project and they would have two or three other senior staff from NCSL assist them.

Representative Thompson asked if the other members of the team only concentrate on these types of audits and perform this kind of work or whether they have other duties within NCSL. Mr. Weberg stated that they all have other duties but are all very experienced staff. Natalie O'Donnell Wood is one of the senior staff with NCSL's ethics center, and she trains throughout the country. Todd Haggerty is a member of the fiscal affairs project, and is a specialist in budget and budget staff and fiscal operations. Mr. Kurtz said this team would assist with part one or the performance review. The salary and classification project might be a different team of people, based on what is learned in part one and the availability of staff. He Mr. Weberg would be involved in that, but they might not be the lead staff in the salary and classification.

Representative Overly stated that she would like to have a little more clarification of the performance review. She understands NCSL wants to interview members and staff, and presumably tell them how LRC performs. She said she does not have a problem with that aspect of LRC, and that LRC has exceptional staff, both partisan and nonpartisan, staffing committees and suites. She said she does not want to pay up to \$100,000 for information that she feels LRC has a good handle on. She feels LRC's problem is that it has a human resources system that is antiquated and broken. She would like to make sure that state resources are spent on the real problem. She asked if she was misunderstanding.

Mr. Weberg said he did not think she was misunderstanding. The interviews are performed to make sure the study is on target and hitting the most important issues. Using that information, NCSL can focus on issues like human resources.

Senator Thayer followed up on Representative Overly's question and asked Mr. Weberg to clarify the menu in the presentation document. He asked if

LRC had to accept the entire proposal. Mr. Weberg said that was not the case. He said this was a draft and standard procedure to begin the conversation. The end result might be slightly different than the original proposal. The document was for the basis of discussion to give LRC some ideas of the scope of NCSL's skills, and where it thinks LRC needs to be headed. NCSL would listen to and be responsive to what LRC wants.

Senator Thayer stated that he has a lot of confidence in NCSL. What he likes about NCSL is its legislative experience; there will not be a learning curve in understanding how LRC operates. He said both presentations were good, and he hopes everyone will take the time to review them. He said there are problems at LRC that need to be corrected, and having an outside, nonpartisan expert that has experience dealing with legislative bodies in other states over the last several decades would benefit LRC.

Representative Stumbo asked how many audits NCSL has conducted in the past ten (10) years. Mr. Weberg said, recognizing that there was a lull during the recession, NCSL has completed ten (10) to fifteen (15) in the last decade.

Representative Stumbo said the Tennessee study was many years ago. Mr. Weberg concurred, and said the most recent was the South Dakota study. He said there were compensation studies in Connecticut, but most of them happened prior to the recession.

Senator Stivers asked if NCSL expected a problem getting data from other states. Mr. Weberg said there would not be a problem because NCSL has developed tremendous contacts in all state legislatures.

Sen. Rhoads asked if the total cost would be the combination of the three. Mr. Weberg said this was correct.

Senator Stivers thanked NCSL and called for the next order of business, which was legislative districts and the constituent services. He asked Ms. Seiler to explain the concerns and problems that have been brought to her attention concerning the districts and constituent services and the maps.

Senator Stivers welcomed Ms. Seiler to her first LRC meeting, and expressed his appreciation to her stepping up to take the position as the interim LRC Director.

Ms. Seiler stated that the maps issue is one of the issues that was being discussed before she started twenty-four (24) days ago. The issue relates to the new redistricting maps and how those maps will be utilized within the LRC for different services that LRC provides. LRC staff needs to update the website and print a booklet of legislators with district numbers, so she needs direction from the Commission on those maps and whether to use the new maps or old ones. She stressed that there are many different services within LRC that are impacted by the use of these maps.

Representative Clark said he thinks

the simplest way is to put the maps as they were 2002, and the proposed maps for 2014.

Senator Thayer said he thinks using the old maps, which have been ruled unconstitutional by courts, would be confusing to the 4.3 million people who live in Kentucky and are represented by the one hundred thirty-eight (138) members of the legislature. He said there are two special elections in December that are going to be conducted under the new lines. He said they should have begun dealing with constituent communications under the new maps after Governor Beshear signed the new law on the last day of the special session.

Senator Thayer moved that LRC conform all internal functions, including the legislative district maps, to the recently enacted redistricting legislation and provide legislators with green slips and all other constituent communications from their new legislative districts as passed during the special session in August. Senator Seum seconded the motion.

Representative Stumbo asked Senator Thayer to offer an explanation of what a constituent is under Senator Thayer's motion. He asked if that was the person who voted for him or had the chance to vote for him, or one of his opponents, or whether it was someone else. Senator Thayer stated that a constituent would be someone who lives in the districts that were passed by the General Assembly in August.

Representative Stumbo said the bill that passed used the words, "shall be effective for all elections held after the date of the enactment of this Act." He expressed concern that Senator Thayer is really asking the LRC to perhaps use state funds to reach out to potential constituents who would reside in a district in the next election cycle. He said they all know that they can communicate with the constituents who elected them.

Representative Stumbo asked Senator Thayer if is proper to reach out to people who did not elect legislators in their prior election. He said this is all confusing, and he thinks a lot of the confusion is about the so called green slips that legislators get. He said that the administrative way is to allow legislators to contact the people who voted for them, but he thinks there might be a problem with potential constituents. He said he believes that, because this is political in nature, they are prohibited from spending state money to advance a legislator's political ambitions for the next office.

Senator Stivers responded by saying he thinks legislators' districts are defined more by the district number, and as they have seen in the past, such as with the districts of Senator Mongiardo and Representative Ackerson, who were moved to districts and counties. If these elections go forward, and he believes they will in December, under Representative Stumbo's scenario, there would be parts

of Fayette County that would have two Senators and parts of Fayette County that would have no Senator. He said they should use the new maps, and thus nobody would be lacking of representation.

Senator Stivers mentioned that there was an Attorney General's Opinion to that same effect that stated, in 1982, the people would be of the new district in which he or she is placed following the effective date of the redistricting act. This was issued by then-Attorney General and now Governor Steve Beshear. Senator Stivers said he thinks that has been the law and the consideration of the courts. This interpretation would prevent problems that could occur in December of this year, when there will be people who would be basically taken away or taken out of having any representation or having dual representation.

Senator Thayer responded by saying that the Senate did not move any numbers around, so this is not as much of an issue as it is in the House. He said, for example, Representative Jonathon Shell lives in Central Kentucky, but his district number has been moved to Jefferson County. Representative Shell has told him that he is working to serve those constituents in Jefferson County, and he probably would like those green slips, but he is not going to run in that district. Senator Thayer said his guess is that Representative Shell is going to file to run in the district in which he resides, which is a different number. He said Representative Shell would not be doing anything to further his political career, but he is serving the constituents that the House map adopted by the General Assembly requires him to do. Senator Thayer said he does not see any problem spending state resources in making sure they are in contact that with the constituents that this General Assembly voted in a nearly unanimous manner back in August. He thinks it is confusing to the constituents who legislators represent to do anything different.

Representative Stumbo addressed Senator Thayer saying the case of Anggelis v. Land, Ky. 371 SW2d 857, decided by the court in 1963, is exactly on this point. He said it involved a change of the geographic boundaries to the 12th Senatorial district. The court said it clearly established that an elected official cannot be legislated out of office, even though by virtue of the change in a congressional district line, he no longer resides in the district. He said the General Assembly can put him in a number, if it chooses, but he is still elected to the term by the people who elected him. He is not against being able to administratively solve whatever the problem might be. He said they all agree that they need to be in touch with constituents, but Jonathan Shell does not represent the people in that district number, he represents the people who voted him into office. Representative Stumbo said that whoever wins the next election will represent those people in the new districts, but the old districts are the districts they

were elected to, and nobody can take that away. He said he did not want to be accused of violating an ethical standard that they are not meaning to violate. He agrees with the suggestion that Representative Clark made to administratively put up the two maps. He does not see anything wrong with that because this is what the district is now. This is the district that will be selecting its Representatives and Senators in the next election cycle.

Senator Thayer asked what would happen if, in the hypothetical case of Representative Shell, he were appointed to a state job, and the seat were vacant. There would be a special election held where his House district was moved to in Louisville. So, there would be a special election in Jefferson County for a new Representative, and those people who elected Representative Shell would then be unrepresented until January of 2015. Senator Thayer said he was sticking by his motion, but they could make it voluntary if someone wanted to continue to receive the green slips from the district they were elected. He said they can request that they get every green slip statewide if they want. He thinks for the sake of the people of Kentucky, and legislators' ability to serve them, that LRC should make available to the members the green slips in constituent communications from the districts that were voted on by this body and signed into law by the Governor in August.

Senator Smith said the 84th District was Perry and Leslie County when he was elected. In 2001, a year later, he was redistricted. He picked up Perry, Leslie, and Harlan counties, and there was no issue of any trouble at that time. All of his green slips came to him from the people of Harlan County. A lot of people do not understand it, but they know when legislators or staff do not return their phone calls. He said that any cost for green slips is minimal because of the importance of the calls. People should be able to contact their legislators. When he learned about his new district, he started receiving the green slips and began scheduling meetings in the new territory. With this new transition, he is losing Harlan County picking up new counties, but he is working with the member who has picked up that county to make sure that they know what he was working on. He is helping that member meet the key players. The only thing that matters is that the green slips get answered. Senator Smith added that the members have always worked together on these transitions, and he suspects that 95 percent of them would continue to do that.

Representative Stumbo said the court did not declare the districts unconstitutional. If it did, it would have thrown out the elections and would have ordered new ones. The court indicated that, going forward, there could not be new elections in old districts, which stopped short of saying that the whole process was unconstitutional. Representative Stumbo agreed that Senator Thayer was right in that there could be a situation with a

special district, and that is the fallacy of the court decision.

Representative Stumbo gave the scenario of Representative Collins. He said Representative Collins represents Martin County, and the calls that come in have his name on them for that district. If Representative Hall, who will take Martin County under the new plan, would like to see those green slips, Representative Stumbo does not have a problem with him that. His judgment is that Representative Hall would decide whether he should call those people back to tell them he will be running in their districts and would like to help them. The question is whether he does that under state time or personal time. He must decide, if he gets correspondence from all the teachers in Martin County, whether he responds to them. If it is something that is coming up in this session, he will have to use his own judgment.

Representative Stumbo says he has no problem with that type of thing, and he trusts that the legislators can share that information and decide whether they want to use their private cell phone or their state phone to return those calls, but he thinks they are going down a slippery slope when they say, "this is your new district even though you have not been elected to it." Keith Hall was never elected by the people in Martin County to represent them, but Representative Stumbo said he does not mind Representative Hall seeing what their concerns are. He can decide how he wants to address that. Representative Hall may want to work with Representative Collins. There may be an easy administrative fix, rather than saying "these are the new districts." He said his fear in saying that is that it sounds like an official act, and it invites a court challenge by somebody who wants to say that Representative Adkins does not live in a district that is a newly created district and that there must be a special election. This would result in a return to court and the spending of state money and wasting state resources.

Representative Clark suggested to Senator Thayer that, instead of making a decision today, there could be a motion that the President of the Senate and the Speaker of the House meet with the Interim LRC Director to address each situation and bring it back to the Commission for the December meeting for action at that time. He said he is concerned about taking any kind of vote when the issue is still in court.

Senator Rhoads agreed and said he was getting ready to make that suggestion, because they are dealing with different administrative issues--phone calls and how they interpret Attorney General Opinions and court decisions--and he would not want them to guess how this should be resolved at this time. He said there is something to be said on both sides, and he believes they are dealing with essentially an administrative issue

that can be resolved between the leaders. He said they do not need to make this hard judgment on which interpretation is right or wrong, and that they are just trying to work out some administrative issues and serve their constituents. He knows those constituents who are in their old districts are going to continue to think they are still being represented by that Senator or that House member, so it is confusing. He thinks Representative Clark's suggestion is a good one, and he hopes they proceed that way.

Senator Thayer says he is afraid they are trying to re-create the wheel. He has been informed that what was proposed in his motion was the way LRC has always done it. Every ten years, after redistricting, green slips and constituent communications are made available to the members of the General Assembly. He said what has been occurring lately is that some House members have not been allowed to receive green slips from the constituents in their new districts, and this has been occurring at the direction of House leadership. Senator Thayer said that has never been done before, and he does not understand why it is difficult to just give the green slips and communications to the members in the districts that were signed into law in August.

Representative Stumbo that House leadership never told anyone not to give the green slips to someone who wanted them. He said he assumes that if somebody wants the green slips from Martin County, that person is entitled to them. He said that his point is that, if Martin County teachers or state employees send a big petition, and it goes to Hubie Collins and Keith Hall, there may be concern about the expenditure of state funds to communicate with people who are really not constituents of Keith Hall. It may be that, if he wants to communicate with them, he must go to his campaign fund and write them a letter saying, "I've looked at your concerns. I've worked with Representative Collins, and I'm going to vote...." Representative Stumbo said that is the whole issue for them. He said he has never seen it done that way. He said he does not know the administrative procedure, but he has never seen it done where state resources are used as campaign funds. He said if that was the case, then if he wanted to run for another statewide office, he could get all of the green slips from all of the communications and then respond through LRC to all of the constituents who wrote everybody.

Senator Stivers said that, if it is a legislator's intent to run for a statewide office, or to run in something else, he thinks it is inappropriate to use state funds for that purpose. He said they have set a new tone in reaching out. However, Governor Beshear actually wrote the Attorney General opinion on this issue, and he cites the Anggelis case, which says the answer to the question is, "legislators basically represent all of the people of the state." If it is under the auspices of

an electoral process, then individuals have problems, but he does not think it is necessary to seek another Attorney General's opinion because that would require the asking for a new Attorney General's Opinion if someone does not like a previous opinion. He said the Attorney General opinion already says the new districts are the places that are of the effective date of the Redistricting Act. He thus believes Senator Thayer's motion is appropriate, that they conform to that which is contained within the Anggelis case, and the Opinion from the then-Attorney General, and that is what they have done through redistricting. He said he has not been here as long as some others, but he has experienced similar issues after redistricting, and the interpretation from Anggelis and the Attorney General opinion stops any confusion there may be.

Senator Thayer said he has been here almost 11 years, and he has received green slips from people outside of his district because they may have contacted him because he is a member of a regional caucus. Everyone in the Northern Kentucky Caucus might receive a green slip. Or, he may get a green slip because he is a member of the Licensing and Occupations Committee, so he may get green slips from Paducah and Hopkinsville. He has at times responded to theme, and nobody told him that wrong. He said he thinks members may contact anybody in Kentucky, and that it is just a matter of fairness that members of the House who have not had access to their new constituents should in fact have that access. Senator Thayer said that Senator Palmer should have access to the 40,000 people in Fayette County who are now in his district. He also thinks Senator Rhoads should have the green slips and constituent communications from people who live in Butler County. He said this is the right thing to do. He said he is not a lawyer and has not read all of the Supreme Court cases, but just as a matter of fairness, and the right thing to do, he thinks this is what their constituents would want them to do.

Representative Overly said she will not weigh in with yet another legal opinion, but in listening to the conversation back and forth, she believes there is a misunderstanding about what instructions have been given to LRC to distribute green slips. She said what she hears Senator Thayer saying is that he has heard that the House has told LRC staff not to distribute green slips in some manner, and she would say that that is not accurate from the conversation that is going on where she is. She said nobody is saying that those instructions have been given. She said, like Representative Clark, she is concerned that if they make a decision or take a vote, that it could have legal implications. She thinks the agency is involved in enough litigation without inviting more, and if this is simply a matter of an administrative clarification, that Senator Thayer has already stated that any member is entitled to any green

slip that they would want to request. Agreeing with Senator Thayer, she feels Representative Clark's suggestion is a good one, and that is that the President and the Speaker sit down with the Interim Director and work through this very simple administrative issue, and that they not take action that could be deemed to have legal implication, particularly where they have House districts that now have overlap.

Representative Overly said it is clear they are in a year of flux, and it happens every ten 10 years, and it will all be resolved by next year, but she also thinks they can work together to get through the next few months on something as simple as green slip distribution.

Senator Stine said she also thinks that makes great sense, and this vote is exactly that, a clarification to make it clear to LRC staff what they are supposed to do. She said that is their job as legislators to advise LRC staff, and she called the question.

Senator Stivers called for the matter before the Commission, the motion by Senator Thayer and second. On roll call, the motion failed.

Senator Palmer moved that they direct the LRC Director to send the appropriate green slips to the appropriate legislators and that they resolve the map issue by giving the President and the Speaker the ability to decide how they are going to move forward with it. He said he cannot believe they have spent 45 minutes talking about it.

Senator Thayer said he thinks that was the motion he made.

Senator Palmer responded that he likes to have a little exercise and walk up and down the steps, but he is going to have to have more than the time between 1:00 and 1:30 to decide the conflicts between the President and the Speaker. He said he is happy to do it, and he likes to be involved in it, but they are going to have to have more time to fix some of these problems. He said it seems like a very simple administrative fix, but he trusts his colleague, who is an attorney, who says that this may have unintended consequences. He moved that they direct Marcia Seiler to send the green slips to the appropriate legislator under the districts as passed in August and leave the website as is, until the Speaker and the President determine a solution to that issue.

Representative Clark said he thinks what Senator Palmer is saying is that the only green slips he would get would be from his new district. He said he lost 9,000 voters that he goes to church with, sees at the store, and they are going ask why he did not get back with them. He said the motion should be to allow the President and the Speaker to work with the Interim Director to solve it, and then come back to the full LRC leadership. He said Senator Palmer's motion is limiting them to what they can do.

Senator Stivers said they now have a motion from Senator Palmer and a second

by Senator Smith, but under the Speaker's interpretation, nobody should write their new constituents. He does not think that is necessarily accurate since there is an Attorney General's Opinion that says differently. He does not think another motion is necessary because they already have the authority to discuss the issue with the Interim Director.

Representative Adkins asked if he is correct that, if he wants to call the Director of LRC and ask her to send him green slips from whatever county it may be, that those green slips would come to his office. He said a lot of times people call and ask that messages go to all members. He said he has received these kinds of communications for 26 years. He further stated that if he asks for green slips from some other county, he assumes that he would received them.

Anita Muckelroy said that LRC would forward a member any green slips. She said that most of the time the green slips are intended for specific legislators.

Representative Adkins said that it seems that any problem has been solved. He said that that the easiest fix is for individual legislators to specify the counties and green slips that they want.

Anita Muckelroy said the problem that could arise is that, if a legislator wants all green slips from Lewis County, the person who represents Lewis County might not receive them or might duplicate efforts.

Representative Adkins said that if they requested that they wanted the green slips, then he would assume that they would get the green slips. He said it is important to him because, for instance, he is losing Lawrence County, but he wants to continue to get green slips so he can communicate with those constituents. He wants to do this because he was elected to represent them through next year. If the legislator that is taking Lawrence County also would like to have them, that legislator should be entitled to them.

Senator Thayer told Representative Overly that she is right. He said he has heard from numerous members of the House Minority that they have been refused access to green slips from their new districts that were passed and signed into law by the Governor in August. He said he has heard it multiple times, and that is what he is trying to do—to make sure that immediately, all 138 members of this General Assembly have access to the constituents in the districts that were passed and signed by law by the Governor in August. He said if she wants green slips from her constituents in her district that elected her in the last election, then she can ask for them. He said he thought that was the motion that he had made that was previously defeated.

Senator Stivers specifically asked Anita Muckelroy what questions and problems have been caused by the lack of official direction. Anita Muckelroy stated that she has not been given official

direction, and she was not aware of any problems from a lack of official direction.

Marcia Seiler said the problem is more about going forward and preparation for session work. She was told to use the old maps for the House and the new maps for the Senate. The issue is how this would impact various services. She said the members have devoted a lot of time talking about the green slips, but there are multiple services that the agency provides involving the maps they use, and she is concerned with all of these services.

She said issue involves the road plan, the green slips, and the website where LRC indicates a member's district and county. All of these areas fall under the issue being discussed. Other related services include the printout of the booklet with members' names, districts, and counties they represent. These are the types of things that staff must get ready for session. She said the green slips are just one of the multiple LRC services impacted by the decision of which maps to use. She understands that they can put all four maps online, the new and the old for both the House and the Senate, but the problem is which ones to use to connect to the services that LRC provides.

Ms. Seiler stated that, whether it is something the members want to discuss further or want to vote on, she needs specific direction. LRC needs to start printing booklets and updating the website.

Senator Smith said he would gladly, as a gesture of good faith, give anyone his green slips.

Senator Thayer mentioned that Deputy Director Jenkins had given him useful information, and if it is appropriate, he requested that Senator Stivers would call on Mr. Jenkins to talk about the technology involved in getting ready for the next session.

Robert Jenkins said, because Senator Thayer was asking about the other services that would potentially be affected besides green slips, the services include things such as "Who's My Legislator," which is tied into data that is pulled out of a database linked to certain counties. Mr. Jenkins said if someone calls LRC the day before the next election and asks for the name of their legislators, staff would then need to ask that person which maps the person was talking about, the 2002 or the 2013 maps. He said after the special elections in December, LRC would be overlaying maps from the new election, the 2013 maps, onto the 2002 maps. He said the data from these different sources does not really mix. People would potentially be represented by multiple legislators. LRC staff needs to be able to tell people who their legislators are.

Mr. Jenkins said that, when legislators ask for information by district on the road plans, LRC needs to know whether to use the 2002 or 2013 maps. He said he does not know of a way to plug in the data for the two special elections in December, overlay that into the 2002 maps, and then

tell people who their legislator is. He said staff needs some additional direction from leadership on how to proceed.

Senator Stivers said that the Speaker mentioned that this will all catch up next year, but Senator Stivers says that is not really accurate. He said Senator Smith will be elected—or whoever his opponent may be—to represent Magoffin County. Senator Stivers said he himself was elected last year to represent Magoffin County, and he will not seek reelection for three more years, so under that scenario, he would still be representing Magoffin County, as well as Senator Smith. He said that is part of the information problem that is created. He asked Mr. Jenkins if that is what he is talking about. Mr. Jenkins replied that he was correct. He further stated that LRC's GIS employees are able to tell people, based on whichever maps are used, the names of their legislators.

Senator Stivers asked for any further questions or discussions, and mentioned that there is a motion on the table, seconded by Senator Smith.

Representative Stumbo said that he does not know of anyone who had instructed anyone not to give green slips. He asked Ms. Seiler if she was told this. Ms. Seiler said that that was not the issue that came to her. She said the issue that came to her was which maps to use for these various services that LRC provides. The green slips are just one of those services.

Representative Stumbo said he recognizes that the House and Senate are different because the Senate's terms are staggered. He thinks it might be, given the discussion, that they could get some direction for the next meeting, rather than continue the debate.

Senator Stivers agreed that it would be appropriate, and he asked Senator Palmer to withdraw his motion. Senator Palmer withdrew the motion.

Senator Stivers said the next order of business was an update from the Interim Director, Marcia Seiler.

Marcia Seiler introduced herself and gave a brief history of her background with LRC, where she has worked 15 years. She has been the Director of OEA for ten of those years, and an investigator for OEA before that. Before coming to LRC, she was at the Department of Education.

Ms. Seiler said she was working with great staff to update her, and she has taken every opportunity to meet with all LRC staff and managers, including CSAs and others. Ms. Seiler said she has made it clear that she has open door policy, and she appreciates staff coming to talk to her about anything. She said her main goal in the next two months is to get ready for the 2014 session. She is working with staff to make sure that staffing needs are met, working on hiring and training good session staff, and making sure everyone is working together to get everything ready for session.

She said in the next two weeks she would be holding a roundtable with key

process staff who know how the agency runs during session. She will be getting up to speed on that process herself and identifying additional staffing needs or training for those people. She thanked the Commission for having faith in her that she could do the job, and she was looking forward to working with the members.

There being no further business, the meeting was adjourned.

Interim Joint Committee on Agriculture

Minutes of the 5th Meeting of the 2013 Interim

October 9, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, October 9, 2013, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Tom McKee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators David P. Givens, Sara Beth Gregory, Stan Humphries, Dennis Parrett, Dorsey Ridley, Kathy W. Stein, Damon Thayer, Robin L. Webb, and Whitney Westerfield; Representatives Jim DeCesare, Mike Denham, Myron Dossett, C.B. Embry Jr., Derrick Graham, Richard Heath, James Kay, Martha Jane King, Michael Meredith, Terry Mills, David Osborne, Tom Riner, Bart Rowland, Steven Rudy, Jonathan Shell, John Short, Wilson Stone, and Susan Westrom.

Guests: Joe Cain, Director, National Affairs and Political Education, Kentucky Farm Bureau; Dr. Robert Stout, Kentucky State Veterinarian, Carla Baumann, Board Member, Community Farm Alliance and Martin Richards, Executive Director, Community Farm Alliance.

LRC Staff: Tanya Monsanto, Lowell Atchley, Kelly Ludwig, and Susan Spoonamore, Committee Assistant.

The September 6, 2013, minutes were approved, without objection, by voice vote, upon motion made by Representative Graham and seconded by Representative Mills.

The report of the Subcommittee on Rural Issues was approved, without objection, by voice vote.

The report of the Subcommittee on Horse Farming was approved, without objection, by voice vote.

Farm Bill Update

Joe Cain, Director, National Affairs and Political Education, Kentucky Farm Bureau, said that Congress still had not reached an agreement on a new Farm Bill but an agreement could be in the works. He said serious action on the Farm Bill may not come until December, depending on the progress of a Continuing Resolution (CR). He said that not having a CR has caused the United States Department of Agriculture (USDA) to close all its offices and no services were available.

Mr. Cain said that one of the sticking

points between the House and Senate Farm Bill is the federal nutrition benefits and assistance. The Senate version proposes reducing the Supplemental Nutrition Assistance Program (SNAP) by \$4 billion over 10 years while the House proposes nearly \$40 billion in reductions over the same time period. SNAP is a program that offers nutrition assistance to millions of eligible, low-income individuals and families and provides economic benefits to communities. Mr. Cain said that other issues related to the Farm Bill concerns whether payments on acres under commodity title will be linked to base acres as proposed by the Senate or planted acres as proposed by the House. Also affected is the dairy industry. The lapse of the Farm Bill has resulted in the expiration of dairy safety net programs under the Milk Income Loss Contract (MILC).

In response to Representative McKee, Mr. Cain said that if nothing is done by Congress by January 1, 2014, the price of a gallon of milk could eventually rise to \$5 or \$6 a gallon.

Senator Hornback expressed concern over the shutdown by saying that farmers cannot get their Farm Service Agency (FSA) checks endorsed as is required by FSA.

Representative McKee noted that the European Union (EU) voted to restrict some additives to cigarettes. He said the EU will gradually ban menthol in cigarettes.

In response to Representative Graham, Mr. Cain elaborated on the Senate's proposal to reduce SNAP by \$4 billion over 10 years and the House nearly \$40 billion over the same time period.

Report and Update on the Status of the On-Farm Livestock and Poultry Care Standards

Dr. Robert Stout, Kentucky State Veterinarian, gave a brief overview and summary of the Kentucky Livestock Care Standards Commission. He stated that the mission of the Commission was to establish, maintain, or revise standards governing the care and well-being of on-farm livestock and poultry. The commission presented its report to the State Board of Agriculture (SBA) and the SBA voted to accept the report on March 26, 2013. Administrative regulations were filed with the Legislative Research Commission in August 2013, and a public hearing was held in September 2013.

In response to Representative McKee, Dr. Stout said that Ohio had similar regulations.

In response to Senator Humphries, Dr. Stout said that he agreed that the diagnostic labs in the state are important, and that the Breathitt Diagnostic Lab in Hopkinsville needed to be updated. That part of the area in Western Kentucky is heavily populated with poultry farms.

In response to Representative Short, Dr. Stout stated that there has been one positive test in the last three years related to coggins. He also said that he was aware

of problems of horses being turned away from trail rides because the owners did not bring a certificate showing that the horses had been immunized. He said he would discuss with his staff other options instead of turning away the animals.

In response to Senator Givens, Dr. Stout said that some of the issues that were presented during the public comment period were tail-docking and sow gestation stalls.

In response to Representative McKee, Dr. Stout stated that no penalties were associated with the new regulations.

Food Policy Discussion and Announcement

Ms. Carla Baumann, Board Member, and Martin Richards, Executive Director, Community Farm Alliance, spoke about CFA's initiative to address local food system needs and developing sustainable solutions. Mr. Martin told the members that CFA had received a \$25,000 grant from the National Institute for Food and Agriculture to develop a state-wide food policy framework via a Kentucky Food Policy Network.

Tamara Sandberg, Executive Director, Kentucky Association of Food Banks, gave a brief update on the income tax check off. Ms. Sandberg said that beginning January 1, 2013, any taxpayer who is entitled to an income tax refund may designate an amount to be paid to the Farms to Food Banks Trust Fund. She also said that the association is always searching for funds in order to purchase surplus foods.

In response to Representative Graham, Mr. Sandberg stated that there is limited money available to purchase surplus foods. Many times the association is unable to purchase more food from farmers.

The meeting adjourned at 2:30 p.m.

Interim Joint Committee on Agriculture

Minutes of the 6th Meeting of the 2013 Interim

November 13, 2013

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, November 13, 2013, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators Carroll Gibson, David P. Givens, Sara Beth Gregory, Stan Humphries, Dennis Parrett, Dorsey Ridley and Whitney Westerfield; Representatives Lynn Bechler, Jim DeCesare, Mike Denham, Myron Dossett, C.B. Embry Jr., Derrick Graham, Richard Heath, Richard Henderson, Kim King, Martha Jane King, Michael Meredith, Terry Mills, David Osborne, Ryan Quarles, Tom Riner, Steven Rudy, Jonathan Shell, John Short, Rita Smart, Tommy Turner, and Susan

Westrom.

Legislative Guests: Senator Jimmy Higdon, Senator John Schickel and Representative Leslie Combs.

Guests: Roger Thomas, Executive Director, Governor's Office of Agricultural Policy; Commissioner James R. Comer, Kentucky Department of Agriculture; Mark Haney, President, Kentucky Farm Bureau; Hood Harris, State President, AT&T, and Brad McLean, Director of Government Affairs, AT&T.

LRC Staff: Tanya Monsanto, Lowell Atchley, Kelly Ludwig, and Susan Spoonamore, Committee Assistant.

Upon motion made by Representative Richard Henderson and seconded by Senator Whitney Westerfield the October 9, 2013 minutes were approved, without objection, by voice vote.

Upon motion made by Representative Mike Denham and seconded by Representative Richard Henderson the report of the Subcommittee on Horse Farming, and the report on Rural Issues were approved, without objection, by voice vote.

Legislative Issues for 2014 Session

Mr. Roger Thomas, Executive Director, Governor's Office of Agricultural Policy,

Interim Joint Committee on Agriculture

Subcommittee on Horse Farming Minutes of the 2nd Meeting of the 2013 Interim

November 13, 2013

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Horse Farming of the Interim Joint Committee on Agriculture was held on Wednesday, November 13, 2013, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Susan Westrom, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Sara Beth Gregory, Co-Chair; Representative Susan Westrom, Co-Chair; Senators Paul Hornback and Dennis Parrett; Representatives Lynn Bechler, Derrick Graham, Martha Jane King, Tom McKee, Michael Meredith, David Osborne, Sannie Overly, Tom Riner, Rita Smart, and Wilson Stone.

Guests: Vince Gabbert, Keeneland Vice President and Chief Operating Officer; Corey Johnsen, Jack Smith, and Bob Heleringer, Kentucky Equine Education Project; and Rusty Ford, Office of the Kentucky State Veterinarian.

LRC Staff: Lowell Atchley, Stefan Kasacavage, and Kelly Blevins.

Minutes of the October 9 meeting were approved, without objection, by voice vote upon motion by Representative Graham and second by Representative Stone.

Keeneland Association

Mr. Vince Gabbert, Vice President and Chief Operations Officer, Keeneland Race Course, spoke about Keeneland Race Course, located in Lexington. He talked

about the North American Thoroughbred foal crop, of which Kentucky plays a prominent part. He further discussed Keeneland sales results, attendance at race meets, and Keeneland's place in the industry as a whole.

Responding to Co-Chair Gregory, Mr. Gabbert said that Keeneland has rebounded in Thoroughbred sales. Sales figures in 2013 are expected to surpass the \$500 million mark. Industry insiders are seeing more demand for Thoroughbreds. The strength of the weanling market represents the future of the industry.

Responding to Co-Chair Westrom, Mr. Gabbert indicated Keeneland decreased its purses somewhat during the recession. Purses are set prior to a meet based on what Keeneland feels should be offered in races. Purses are not at the levels of states like Florida or New York because of gaming revenues; nevertheless, Keeneland is in the top tier. The race course offers the largest daily payout of tracks in the state.

Regarding the extra race days that became available this year, Mr. Gabbert said to Co-Chair Westrom that Keeneland considered the opportunity to offer additional race days, but decided to maintain its usual race calendar. Churchill Downs took the extra days.

Responding to Senator Parrett about the future of horse racing, Mr. Gabbert indicated that "under the current landscape with no incentives or changes" perhaps a rocky road is ahead, with some smaller horse farms going out of business and the larger farms faring better. The same could be said for the tracks that have struggled. Kentucky is still the best state for breeding and raising racehorses.

In a response to Representative Overly, Mr. Gabbert said Keeneland continues to look for proactive legislation. A gaming bill will be unveiled in January that will reflect changes from earlier bills. He said the industry continues to work with the Horse Racing Commission in making changes at the regulatory level.

Kentucky Equine Education Project

Mr. Jack Smith, Kentucky Equine Education Project (KEEP) Grassroots Committee chair, Mr. Corey Johnsen, KEEP Board chair, and Mr. Bob Heleringer, the new Executive Director of the organization discussed KEEP.

Mr. Smith discussed KEEP's outreach through its Grassroots Committee. KEEP has contacts in every county and contributes funds to local equine events, such as horse shows.

Mr. Johnsen gave statistical overview of Thoroughbred racing. In 2000, only two states funded purses with casino money, but since that time, a number of states bolster their horse racing with gambling revenues.

He discussed the recent University of Kentucky equine survey that showed the industry has lost jobs, but still has a \$3 billion impact in the state. Also, about 14,600 tourism jobs in the state

can be attributed to the horse industry. Representative Smart emphasized the importance of tourism spending.

Mr. Johnsen discussed three tax equity issues that will be brought to the General Assembly: eliminating the sales tax on equine feed, supplies, and equipment; repealing the 3.5 percent retroactive tax on live-racing wagers; and lowering the tax on simulcast wagers from 3 percent to 2 percent.

Mr. Heleringer, a former member of the General Assembly, introduced himself. He discussed his background in horse racing and his experience as a member of the legislature.

Senator Parrett indicated he agreed with the sales tax exemption for horse feed, supplies, and equipment.

Responding to Senator Parrett, Mr. Johnsen cited Thoroughbred racing data that shows purses in Kentucky averaged over \$300,000 on race days in 2012; however, purse averages in some states are higher. He mentioned New York in particular.

Responding to Representative Graham, Mr. Johnsen said the elimination of the sales tax on horse farm production goods would cost the state an estimated \$6 to \$12 million, depending on what a bill would encompass.

According to Mr. Johnsen, in response to Representative Graham, the retroactive tax on live-racing wagers usually is not applied because a daily average handle threshold must be reached, which generally serves as a disincentive for the industry to improve its business.

Responding to Representative Graham, Mr. Johnsen said KEEP would not want to lower the tax on simulcast wagers to 1.5 percent, rather than 2 percent, in order to preserve funds for the Kentucky Thoroughbred Development Fund.

Representative Graham emphasized the importance of maintaining contact with KEEP and Keeneland. Mr. Johnsen in turn mentioned the success of Franklin County horsemen Fred Bradley and his son, Buff Bradley.

Commenting on the sales tax proposal, Representative Stone mentioned his experience in seeing horse farm owners having to pay the sales tax on supplies for their farms.

Discussing the vibrancy of the horse industry, Mr. Johnsen observed there should be no reason the state could return to the 10,000 foal production level. He said Kentucky is the best state in which to raise race horses.

Responding to Representative Bechler, Mr. Johnsen described how the retroactive tax on live-racing wagers works and how tracks sometimes have to deal with the live handle threshold.

According to Co-Chair Westrom, legislators outside central Kentucky may not often see the importance of the racing industry to the state. Representative Meredith said that many legislators in other parts of the state are aware of the

issues. He plans to file a bill to eliminate the sales tax on equine feed, supplies, and equipment.

Office of the State Veterinarian

Mr. Rusty Ford, Equine Director, Office of the State Veterinarian, discussed the regulatory duties and service-oriented functions of the Office of State Veterinarian (OSV). State personnel at times are involved in issues at all hours of the day.

Mr. Ford discussed the viral disease surveillance that his office undertakes. The office has tracked cases of the West Nile Virus this summer, plus outbreaks of Eastern Equine Encephalitis, which has not occurred in several years. One reason there has been an increase in the West Nile Virus is that horse owners have failed to vaccinate their stock. OSV will publicize the importance of horse owners having their mounts vaccinated.

Mr. Ford talked about the work of the Equine Health and Welfare Council. One of the goals of the council is to offer a voluntary certification of equine retirement and rescue facilities. One facility has been certified--the Kentucky Equine Humane Center in Nicholasville.

Co-Chair Westrom lauded the effort and talked about the importance of certifying those facilities.

Representative McKee, who serves on the council representing the General Assembly, discussed the activities of the council. He thanked Mr. Ford for his leadership in chairing the council.

Documents distributed during the subcommittee meeting are available with meeting materials in the LRC Library. The meeting ended at noon.

Interim Joint Committee on Agriculture
Subcommittee on Rural Issues
Minutes of the 1st Meeting
of the 2013 Interim
October 9, 2013

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Rural Issues of the Interim Joint Committee on Agriculture was held on Wednesday, October 9, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Mike Denham, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Mike Denham, Co-Chair; Senators David P. Givens, and Paul Hornback; Representatives C.B. Embry Jr., Derrick Graham, James Kay, Tom McKee, Terry Mills, and Bart Rowland.

Guests: Kristen Branscum, Kentucky Department of Agriculture; Timothy Bickel, TeleHealth Director, University of Louisville Physicians, Kentucky TeleHealth Network; Dr. Kerri Rimmel, Chair of the Neurology Department, University of Louisville; Joe Grossman, President and CEO, Appalachian Regional Healthcare; Dr. Susan Smyth, Chair of

the Cardiology Department, University of Kentucky, and Mark Birdwhistell, Executive Vice President, University of Kentucky.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, Kelly Ludwig, and Susan Spoonamore, Committee Assistant.

Impact of the Kentucky Proud Program on Rural Kentucky

Ms. Kristen Branscum, Executive Director of Marketing, Kentucky Department of Agriculture, discussed the impact of the Kentucky Proud Program on rural Kentucky. Ms. Branscum stated Kentucky Proud is the state's official marketing brand for agricultural products grown, raised, processed, or manufactured in Kentucky. The program's name has been changed to "Kentucky Proud Keeps Kentucky Growing."

Ms. Branscum stated that Kentucky Proud products are now offered through the Kentucky State Parks at the Capitol Annex Cafeteria on Wednesdays. The Homegrown by Heroes program, which was launched in January 2013, provides consumers another venue to purchase local farm products from veteran farmers. The Udderly Kentucky program is an effort to keep Kentucky dairy farmers in business. Udderly Kentucky milk is purchased from Kentucky dairy farmers and processed by Prairie Farms, a Kentucky milk processor, and can be found in Wal-Mart stores in southeastern Kentucky. A seven cent premium goes into a fund and is distributed to Kentucky dairy farmers each quarter. Approximately 105 dairy farmers participate, and has each received \$10,000 to \$20,000 in premiums so far for 2013.

In response to Representative Denham, Ms. Branscum stated that a list of Homegrown Heroes is on the Kentucky Department of Agriculture's website.

In response to Representative Mills, Ms. Branscum stated that she would provide him a list of Udderly Kentucky milk producers in his district.

In response to Senator Givens' question dealing with price differentials, Ms. Branscum said that the department remains transparent and nonexclusive. The department does not have a revenue stream to maintain the program. It uses Kentucky Proud funds obtained from the Agriculture Development Board and uses existing staff to assist with the Udderly Kentucky milk program.

TeleHealth and TeleMedicine and the Impact on Rural Kentucky

Mr. Timothy Bickel, TeleHealth Director, Kentucky TeleHealth Network, University of Louisville, and Dr. Kerri Rimmel, Chair of Neurology, University of Louisville, discussed the TeleHealth and TeleMedicine program and its impact on rural Kentucky. Mr. Bickel stated the University of Louisville and University of Kentucky were designated primary TeleHealth Centers when the TeleHealth Network was established. St. Claire Hospital in Morehead, Kentucky and Baptist Health Hospital in Madisonville,

Kentucky were designated as regional training centers. The program connects with more than 200 sites and has the ability to connect with every public school in Kentucky. The program allows rural patients the opportunity to remain in their home area and at local hospitals while receiving care from specialists in Louisville or Lexington.

The TeleHealth program's technology allows a specialist to be at a patient's bedside in a remote area within 15 minutes. TeleHealth eliminates travel time for the patient and specialist, and the patient receives care more quickly with this method of treatment. TeleHealth allows rural patients easier access to more doctors and specialists, resulting in better outcomes and healthier Kentuckians. Prior to the program, counties without a neurologist had to be transferred to another hospital. As a result of TeleHealth and TeleMedicine, only 10 percent of the cases are sent to other hospitals. This keeps patients in the local community and local hospital, thereby decreasing transportation costs and additional costs for patients' families.

In response to Representative Denham, Dr. Rimmel stated the biggest challenge to collaboration is the lack of resources. Dr. Rimmel said the focus is on sharing resources and building collaboration and relationships among healthcare officials.

In response to Senator Humphries, Mr. Bickel stated a request must be made to the TeleHealth Board to be approved as a TeleHealth member. A facility must have proper equipment to be approved. Mr. Bickel stated that there is staff to assist hospitals with determining the type of equipment needed in order to participate in TeleHealth and TeleMedicine. There are no fees required for membership. The Trover facility in Madisonville is a major educational partner, providing Madisonville doctors, patients, and students with educational seminars and trainings.

In response to Senator Givens, Mr. Bickel and Dr. Rimmel stated it is a doctor's decision whether to utilize technology to make a patient diagnosis. Currently, the technology is primarily used to follow up and monitor a patient's case.

University of Kentucky Healthcare and Appalachian Regional Healthcare, Heart Center Partnership in eastern Kentucky

Mr. Joe Grossman, President and CEO, Appalachian Regional Healthcare, Dr. Susan Smyth, Chair of the Cardiology Department and Director of the Gill Heart Institute, University of Kentucky, and Mr. Mark Birdwhistell, Executive Vice President, University of Kentucky discussed the University of Kentucky Healthcare and Appalachian Regional Healthcare, Heart Center Partnership.

Mr. Grossman stated the partnership

began as an effort to keep patients and family close to home. Appalachian Regional Healthcare needed a partner to help in expanding services and assist with doctor and staff coverage and decided to partner with the University of Kentucky. Dr. Smyth stated Kentucky has higher heart disease and heart attack rates than most other states. Some patients are denied coverage if they do not use in-state services and specialists. The partnership improves the quality of care that a patient receives. Doctors participating in the partnership are considered University of Kentucky staff. Doctors are able to interact with University of Kentucky doctors on a daily basis, utilize university seminars, participate in educational discussions about certain cases or patients, and access additional training and educational opportunities. Many rural doctors utilize TeleHealth to take advantage of the educational opportunities.

Mr. Birdwhistell also stated the expansion allows all doctors to be in one system. All patient files are in one system so that all doctors can access patient files more quickly to see what tests and examinations have been conducted by another doctor. Patients receive better care because of the partnership. Local doctors can access patient files to see what care has been done by university specialists and perform follow up care in the patient's local community.

In response to Representative Denham, Dr. Smyth said there is a need to educate Kentuckians--especially children--about the risks of heart disease and heart attack. There is a need to teach children CPR and the importance of living a healthy lifestyle. Additional funds are needed for research and education. Dr. Smyth indicated the partnership is trying to implement a standard of care across the Commonwealth.

The meeting adjourned at 12:00 p.m.

Interim Joint Committee on Appropriations and Revenue
Minutes of the 5th Meeting
of the 2013 Interim
October 24, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 24, 2013, 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 Walter Blevins Jr., Tom Buford, David P. Givens, Sara Beth Gregory, Denise Harper Angel, Ernie Harris, Stan Humphries, Ray S. Jones II, Alice Forgy Kerr, Christian McDaniel, Gerald A. Neal, and Robin L. Webb; Representatives John Carney, Leslie Combs, Jesse Crenshaw, Ron Crimm,

Robert R. Damron, Mike Denham, Bob M. DeWeese, Myron Dossett, Kelly Flood, Martha Jane King, Jimmie Lee, Reginald Meeks, Marie Rader, Jody Richards, Steven Rudy, Sal Santoro, Arnold Simpson, Rita Smart, Fitz Steele, Jim Wayne, Susan Westrom, Addia Wuchner, and Jill York.

Guests: Todd Hollenbach, Kentucky State Treasurer; Jane C. Driskell, State Budget Director; Tod Griffin, President, Kentucky Retail Federation; Robert Cleveland, President, Woodford Feed Company; Steve Caudill, Owner, Caudill/Wright Enterprises; James Neumann, Vice President, ValuMarkets, Inc.; Mayor Greg Fischer; Mayor Gale Cherry; Monty L. Boyd, President and CEO, Whayne Supply Company; Dr. Janet Kelly, executive director, Urban Studies Institute, University of Louisville; Richard Dobson, Executive Director, Office of Sales and Excise Taxes, Department of Revenue.

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

Senator McDaniel moved to approve the minutes from the previous meeting as written. The motion was seconded by Representative Lee. The minutes were approved by voice vote.

Sales and use tax vendor compensation

Mr. Tod Griffin, President of the Kentucky Retail Federation, Mr. Robert Cleveland, President of the Woodford Feed Company, Mr. Steve Caudill, Owner of Caudill/Wright Enterprises, and Mr. James Neumann, Vice President of ValuMarkets, Inc. discussed sales and use tax vendor compensation. Mr. Griffin discussed 13 RS HB 440 which amended the amount of vendor compensation that a retailer could retain for collecting and remitting the sales and use tax on a timely basis. Prior to the law change, the retailer could deduct from the amount of sales and use tax due on each return 1.75 percent of the first \$1,000 of tax due and 1 percent of the tax due in excess of \$1,000. The total compensation could not exceed \$1,500 per reporting period. After the passage of 13 RS HB 440, retailers can now deduct from the amount of sales and use tax due on each return 1.75 percent of the first \$1,000 of tax due and 1.5 percent of the tax due in excess of \$1,000. The total compensation cannot exceed \$50 per reporting period.

Mr. Cleveland, Mr. Caudill, and Mr. Neumann expressed concerns with the lowering of the cap on vendor compensation from \$1,500 to \$50 per reporting period. They felt that the information shared with some legislators regarding the impact of the change did not accurately reflect the widespread impact of the lowering of the cap to \$50. The gentlemen stated that the lowering of the cap negatively impacts small to medium size businesses not just big box retailers. A retailer that has annual taxable sales of more than \$635,000 will see a reduction in the amount of compensation. In addition, according to a study done

by PricewaterhouseCoopers LLP, the national average costs for collecting the tax is about 3 percent for all retailers.

Local option sales tax

Mayor Greg Fischer of Louisville, Mayor Gale Cherry of Princeton, and Mr. Monty Boyd, President and CEO of Whayne Supply Company discussed local option sales tax. Mayor Fischer discussed the need for new revenue streams for localities and compared Kentucky sales tax rates to those of surrounding states. He stated that there is broad based support for introducing language for a constitutional amendment allowing local option sales tax, including endorsements from the Kentucky League of Cities, the Kentucky Association of Counties, and the Kentucky Association for Economic Development, among others. He said that a February 2013 poll indicates that 72 percent of voters support the option to vote on a local sales tax constitutional amendment.

Mayor Fischer provided examples of possible annual tax revenues which could be generated if an optional local sales tax was approved. He stated that these revenues could be used for infrastructure improvements, and that in Louisville alone \$60 million is needed to bring bridges, sidewalks, signs and roads up to minimum standards. Mayor Cherry provided examples of how local option sales tax revenues could help with needed improvements in Princeton.

Mr. Boyd discussed how adopting a local option sales tax could address infrastructure needs which, in turn, would improve his company's competitiveness and have a positive effect in yearly company earnings.

Dr. Janet Kelly, executive director of the Urban Studies Institute at the University of Louisville discussed local option sales tax, providing a national overview. She said that 37 states have some voluntary tax sharing arrangements with their local governments. Thirty-two of these arrangements take the form of general retail sales tax, and 23 states have local option sales taxes structured similarly to that proposed by Mayor Fischer. The most common rate is 1 percent. In most cases, local option sales tax revenues can be used for general or specific purpose, and most require majority approval by referendum.

She provided further details on other state's local option sales taxes, stating that most jurisdictions have exemptions and caps, such as limitations on big ticket items like vehicles. Typically, the same state agency that collects the state sales tax also collects the local sales tax, which minimizes administrative costs to the local jurisdictions.

Dr. Kelly discussed the different methods used to distribute local option sales tax. There are typically three methods used: stacked, split, and point of sale. Stacked distribution adds the county and city rate to the state sales tax rate. Split is distributed by formula based typically on population, adjusted with each national

census. In point of sale distribution, revenue goes back to the jurisdiction where the transaction took place. Stacked distribution is the most common form.

Dr. Kelly discussed the potential economic impacts of local options sales taxes. She briefly discussed Kentucky's membership in the Streamlined Sales and Use Tax Agreement and its effects on the state's ability to implement and collect local option sales tax. She stated that sales taxes tend to be regressive, but when food, prescription drugs and utilities are exempted, the regressive effect is mitigated. She discussed the effect of a higher local sales tax rate on higher cost purchases, stating some may seek out lower tax rates across county or state borders.

Mr. Richard Dobson, executive director of the Office of Sales and Excise Taxes, discussed local option sales taxes as addressed by the Streamlined Sales and Use Tax Agreement (SST). He provided a brief overview of the SST project, stating that Kentucky is a full member state. Kentucky has received \$107.0 million in payments from SST vendors since entering the agreement in October 2005. Cumulative collections for all SST member states from 2005 through 2012 are \$1.3 billion. In FY13, SST filers sent more than \$20.7 million in sales tax revenue to the state.

Mr. Dobson discussed the SST agreement requirements for local sales tax. Local sales tax must be administered at the state level. Registration, filing of returns, collection and distribution of tax revenues and audits would all be handled by the state if Kentucky is to stay in compliance with the agreement. To meet the terms of the SST agreement, the local tax base must be identical to state tax base, only one local sales and use tax rate is allowed per local jurisdiction, and the local tax rate must be identical from jurisdiction to jurisdiction. He discussed various types of sourcing, including destination based and origin based sourcing.

In response to a question from Senator Webb, Dr. Kelly stated that local option sales taxes could be kept in place to pay for maintenance of projects. There is no requirement to sunset the tax after a set period of time, unless the referendum language states it specifically.

In response to a question from Senator Buford, Mayor Fischer said that it is not expected that localities within multiple jurisdictions would not be able to stack multiple sales taxes. Some sort of cap would be in place.

In response to a question from Senator Givens, Dr. Kelly said most large retailers can identify sales by geographic location allowing the Department of Revenue to allocated local sales tax to the appropriate jurisdiction. Mr. Dobson stated that the department does not currently separate sales tax receipts by county or jurisdiction. Large retailers combine all sales tax receipts into one payment to the state.

In response to a question from Representative York, Dr. Kelly said that typically an enacted 1 percent local sales tax would be dedicated for a specific set of projects, not one single project.

Real property escheat pilot project

Mr. Todd Hollenbach, Kentucky State Treasurer, discussed the real property escheat pilot project. Mr. Hollenbach stated that the project was to help jurisdictions deal with abandoned property. There have been 300 properties identified, within 99 percent certainty, where the previous owners are now deceased and no heir is known. These properties have started the process of reverting ownership back to the jurisdiction and allowing the jurisdiction to sell that property. Only a few properties have completed the process. Profits from the sale of the properties have been minimal, being eroded by fees, back taxes, and liens. Local governments receive any profits first, with residuals reverting to the commonwealth.

Ms. Jane Driskell, State Budget Director, discussed the anticipated revenue from the program which was included in the 2012 – 2014 biennial budget. Estimated revenues of \$7 million in FY 13 and \$10 million in FY 14 were budgeted. These revenues have not been realized.

Being no further business, the meeting was adjourned at 3:15 p.m.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on General Government, Finance, and Public Protection

Minutes of the 2nd Meeting of the 2013 Interim

October 24, 2013

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on General Government, Finance, and Public Protection of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 24, 2013, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Senator David P. Givens; Representatives Dwight D. Butler, Mike Denham, Adam Koenig, Tom McKee, Brad Montell, Steve Riggs, Tom Riner, and Wilson Stone.

Guests: Adam Edelen, State Auditor; Sean Riley, Chief Deputy Attorney General, Office of the Attorney General; Larry Clarke, Budget Director, Office of the Attorney General; Todd Hollenbach, State Treasurer, Office of the Treasurer; Lindsay Hughes Thurston, Assistant Secretary of State, Office of the Secretary of the State; James Comer, Agriculture Commissioner, Department of Agriculture; and Steve Kelly, Executive Director, Office of Strategic Planning

and Administration, Department of Agriculture.

LRC Staff: Frank Willey, Linda Ellis, Katherine Halloran, Jennifer Rowe, and Benjamin Thompson.

Kentucky Auditor of Public Accounts Status

Mr. Edelen discussed the Auditor of Public Accounts Office.

In response to questions from Representative Stone concerning the difference between the audits performed by his office and the audits performed by a Certified Public Accountant (CPA) firm, Mr. Edelen noted that his staff searches for public corruption whereas a CPA firm wants to just make sure that budget is balanced, which tends to allow funds to slip through the cracks.

In response to questions from Representative Riggs concerning whether his office performs any oversight on CPA firms, Mr. Edelen confirmed that the Public Auditor's Office oversees CPAs in cases where audits have been contracted out to those firms from the Public Auditor's office.

In response to questions from Representative Denham concerning auditing city governments and retaining staff, Mr. Edelen stated that his office would need between 45 and 50 more auditors to oversee Kentucky's cities along with the 600 statutorily required audits currently performed. Mr. Edelen added that he would need about \$300,000 more in the first year of the biennium to retain talented workers, because CPA firms are able to pay much more.

In response to questions from Senator Givens concerning abusers of public funds, Mr. Edelen noted that with a lack of oversight people tend to feel as if they can get away with abusing public funds and there is a responsibility to punish those who do so.

Office of the Attorney General Status

Mr. Riley discussed the Office of the Attorney General.

In response to questions from Chair McDaniel concerning restricted funds, Mr. Riley stated that the Office of the Attorney General cannot access restricted funds without appropriation from the General Assembly.

In response to questions from Representative Denham concerning funding and what was being done concerning increased heroin use in-state, Mr. Riley said that he was not prepared to give an exact number for increased funding but that the Office of the Attorney General gives a large return on investment. Mr. Riley stated that the Attorney General is working closely with law enforcement to determine how to keep heroin out of the hands of drug users.

In response to a question from Representative McKee concerning personnel, Mr. Riley said there have been no reductions in staff in the last year.

In response to a question from Senator Givens concerning the Tobacco

Master Settlement Agreement, Mr. Riley said that Kentucky is deemed nondiligent in enforcement of tobacco laws in 2003. The Office of the Attorney General is exploring legal options. Mr. Riley anticipates that if the decision is upheld, next spring's escrow payment would be reduced by an estimated \$30-40 million.

In response to a question from Representative Montell concerning restricted funds, Mr. Clarke noted that all funding for the Office of the Attorney General must be appropriated by the legislature. The Attorney General requested about \$6.5 million in restricted funds along with \$10.2 million in general funds during the last biennium.

In response to a question from Representative Stone concerning resources and Kentucky's nondiligent status, Mr. Riley said that there have been sufficient resources available during litigation.

In response to a question from Senator Givens concerning the 2003 Tobacco Master Settlement Agreement, Mr. Riley confirmed that previously it was believed that the ruling would set precedence for following years. Mr. Riley stated that the end decision was convoluted enough that no one was comfortable assuming that the judgment would be repeated for subsequent years.

Kentucky State Treasurer Status

Treasurer Hollenbach discussed the Office of the Treasurer.

In response to questions from Chair McDaniel concerning annual lease payments and office space, Treasurer Hollenbach stated that payments for the building in which the Office of the Treasurer is housed are about \$150,000 per year. Treasurer Hollenbach said that his office would be agreeable to moving its offices to the Capitol Annex.

In response to questions from Representative Stone concerning technological updates, Treasurer Hollenbach said that telephone and computer systems need updates in the near future. Treasurer Hollenbach stated that the encryption software update the Office of the Treasurer needs will be needed by many agencies in state government.

Representative Riner complemented Treasurer Hollenbach on his actions to save funds in the Office of the Treasurer.

Secretary of State Status

Ms. Thurston discussed the Office of the Secretary of State.

In response to a question from Chair McDaniel concerning the budget request, Ms. Thurston stated that the Office of the Secretary of State would be requesting about the same amount of funding as last biennium.

In response to a question from Representative Riner concerning witness protection, Ms. Thurston said that there is no legislation accounting for shielding the addresses of those in witness protection programs.

Kentucky Department of Agriculture Status

Commissioner Comer and Mr. Kelly discussed the Department of Agriculture.

In response to Representative Denham concerning county fairs, Commissioner Comer stated that last year Kentucky spent \$500,000 on county fairs. Mr. Kelly said that \$500,000 would be requested in each year of the next biennium for the capital expenditure projects for county fairs. Mr. Kelly said \$4 million would be needed to accommodate all county fair funding requests.

In response to a question from Chair McDaniel concerning county fairs, Mr. Kelly said that the Department of Agriculture uses general fund money to support county fairs.

In response to a question from Representative McKee concerning funding for Farms for Food banks, Commissioner Comer stated that serious consideration would be given to requesting additional funding for the Farms for Food banks program.

In response to questions from Representative Montell concerning ride inspectors and livestock inspectors, Commissioner Comer said that all ride inspectors are certified. The livestock inspectors had previously been underutilized but now are being used in areas that previously had not been their responsibility. Mr. Kelly stated that two entry-level inspectors have been added to the ride inspector staff since last biennium.

In response to questions from Representative Riggs concerning fees, Commissioner Comer said that Department of Agriculture fees for performing inspections are minimal, in some cases nonexistent.

In response to a question from Representative Stone concerning scale inspections, Commissioner Comer stated that there are over two million scales and scanners in the state. Over 99 percent of them have been inspected.

Senator Givens commended Commissioner Comer on the job he is doing and complimented the job inspectors do around the state.

Chair McDaniel called for a motion to approve the minutes of the last meeting, which was held on September 26, 2013. The motion was made by Representative Stone and seconded by Representative Montell.

There being no further business before the subcommittee, the meeting was adjourned at 11:49 AM.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on Postsecondary Education
Minutes of the 4th Meeting of the 2013 Interim
October 24, 2013

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue was held

on Thursday, October 24, 2013, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Kelly Flood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Senators Johnny Ray Turner, and Mike Wilson; Representatives Derrick Graham, Reginald Meeks, Jody Richards, and Rita Smart.

Guests: Dr. Stu Silberman, Member, Kentucky Education Action Team; Thomas O. Zawacki, Secretary, Education and Workforce Development Cabinet; Ali Crowley Wright, Teacher, Lafayette High School; Hiren Desai, Associate Commissioner, Kentucky Department of Education.

LRC Staff: Tom Willis, Perry Papka, and Amie Elam.

Kentucky Education Action Team

Dr. Stu Silberman testified on investing in Kentucky's schools. Ali Crowley Wright, math teacher at Lafayette High School, gave a classroom teacher's perspective on the impact of budget cuts.

In response to a question by Representative Horlander, Dr. Silberman said that Fayette County and Jefferson County have roughly the same school tax rates.

In response to a question by Representative Richards, Ms. Wright said that some teachers are able to get online resources but many students still do not have access to computers at home so it is not feasible to have all textbooks online. In math, it is much more difficult for some students to learn online. Representative Richards stated that he would like to see all fifth and sixth graders be provided a computer or tablet device.

Representative Carney expressed concern regarding textbook funding and about certain subject areas being taught through the use of online textbooks.

In response to a question by Representative Rudy, Dr. Silberman said the textbook industry is moving very quickly, and almost all information is already available online.

In response to a question by Representative Horlander, Ms. Wright stated some schools use a credit-recovery online system to help graduate students who are significantly behind. The students receive credits for basic classes online. Some high schools are also using online courses from universities.

In response to a question by Representative Graham, Mr. Desai said the Department of Education receives about \$30 million in technology funding and will need \$20.3 million per year in additional funding to fulfill education technology needs. Existing funds are being used to upgrade bandwidth, which is the number one concern for classroom teachers.

In response to a question by Senator Wilson, Dr. Silberman suggested that Kentucky needs to evaluate the SEEK

formula that is based on average daily attendance.

In response to a question by Representative Smart, Dr. Silberman stated that the approximate administrative cost is 5.2 percent. Representative Smart suggested that information regarding administrative costs be passed on to members of the legislature.

In response to a question by Representative Richards, Dr. Silberman agreed to provide the committee with information regarding how Kentucky compares to other states on per pupil expenditures.

In response to a question by Representative Miller, Dr. Silberman said KEAT is hosting an Education Summit on November 21, where gaming, tax reform, and other funding options will be discussed.

Education and Workforce Development

Secretary Thomas Zawacki testified on the Kentucky Education and Workforce Development Cabinet and initiatives and budget concerns for the next biennium.

In response to a question by Representative Meeks, Secretary Zawacki stated that staff from the Education and Workforce Development Cabinet will schedule a time in the near future to discuss employment concerns from his constituents.

Representative Miller stated that the legislature needs to take a stronger look at school safety funding.

There being no further business before the committee, the meeting was adjourned at 11:20 a.m.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on Primary and Secondary Education
Minutes of the 3rd Meeting of the 2013 Interim
October 24, 2013

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 24, 2013, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Kelly Flood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Kelly Flood, Co-Chair; Senators Johnny Ray Turner, and Mike Wilson; Representatives John Carney, Will Coursey, Jeffery Donohue, Derrick Graham, Dennis Horlander, Rick G. Nelson, and Steven Rudy.

Guests: Dr. Stu Silberman, Member, Kentucky Education Action Team; Thomas O. Zawacki, Secretary, Education and Workforce Development Cabinet; Ali Crowley Wright, Teacher, Lafayette

High School; Hiren Desai, Associate Commissioner, Kentucky Department of Education.

LRC Staff: Tom Willis, Perry Papka, and Amie Elam.

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In response to a question by Representative Meeks, Secretary Zawacki stated that staff from the Education and Workforce Development Cabinet will schedule a time in the near future to discuss employment concerns from his constituents.

Representative Miller stated that the legislature needs to take a stronger look at school safety funding.

There being no further business before the committee, the meeting was adjourned at 11:20 a.m.

Interim Joint Committee on Appropriations and Revenue

Budget Review Subcommittee on Transportation
Minutes of the 4th Meeting of the 2013 Interim
October 24, 2013

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 24, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Leslie Combs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Leslie Combs, Co-Chair; Senators Ernie Harris and Paul Hornback; Representatives Hubert Collins, Jim Gooch Jr., John Short, and Jim Stewart III.

Guests: Greg Pritchett, Chairman, Kentucky Water Transportation Advisory Board (KW TAB); Greg Curlin, Chairman, Kentucky Association of Riverports, and Director, Hickman-Fulman County Riverport Authority; Representatives Jim Wayne and Joni Jenkins; Louisville City Councilman David James; and, Secretary Mike Hancock, Transportation Cabinet.

LRC Staff: Chuck Truesdell, Jennifer Anglin, and Spring Emerson.

Representative Collins congratulated Transportation Cabinet Secretary Mike Hancock for recently being elected as president of the American Association of State Highway and Transportation Officials (AASHTO).

Kentucky Water Transportation Advisory Board (KW TAB)

Mr. Pritchett and Mr. Curlin provided an update on progress and activities of the KW TAB and public riverport investments.

In response to questions from

Representative Collins, Mr. Pritchett said some projects had been completed, and others are currently under construction. He said there is approximately \$12 million annually coming into Kentucky from foreign watercraft, with \$2 million going to the state and \$10 million going back to the counties that are adjoining Kentucky waters.

Louisville-Southern Indiana Ohio River Bridges (LSIORB)

Representative Jim Wayne provided a brief overview of pre-filed legislation relating to tolls on the bridges. Representative Jenkins stressed the importance of considering low-income citizens and the additional money that would be required for them to cross the bridges to get to work each day. The estimation of \$500 per year would be a hardship for many.

In response to questions from Representative Collins, Representative Wayne said the low-income citizens that qualify for the federal Earned Income Tax Credit would be affected by the proposed legislation. He said the \$1.9 million comes from the Transportation Cabinet budget, and only includes the LSIORB. The proposed legislation would address the needs of all Kentuckians along the Ohio River and include other bridges that may be tolled in the future.

In response to a question from Chair Combs, Representative Wayne said the \$1.9 million was calculated based on 3,800 full-time workers that qualify for the Earned Income Tax Credit, and estimating only about one-third would apply for the credit.

In response to questions from Representative Collins, Representative Wayne said that based on proposed toll rates of \$1.00 each way, calculated at 50 weeks per year for \$10 per week in toll charges, the estimate was \$500 per year. The rate would increase with inflation. It would be a credit, so if the individual does not owe any taxes, he or she would get credit for that amount, or if they only worked six months of the year, he or she would get half the amount credited.

In response to a question from Senator Hornback regarding independent contractors using their own vehicles, Representative Wayne said the credit would only apply to employees who work for a company in Indiana, but the idea should be considered if the contractors are of applicable income level.

In response to comments from Senator Harris regarding local trucking businesses in other states getting a 25 percent break on all tolls, Representative Wayne said that needs to be considered.

In response to a question from Representative Collins, Representative Wayne said the proposed legislation relates only to the Louisville-Southern Ohio River Bridges. Representative Collins said if the Mountain Parkway could be finished, people would be willing to pay tolls. Chair Combs agreed. Representative Gooch commented that the

Owensboro area had the last two toll roads in Kentucky, and the tolls were removed during the Fletcher Administration.

Secretary Hancock said that the amount provided to the Transit Authority of River City (TARC) was \$20 million, with \$10 million being provided by Kentucky and \$10 million provided by Indiana.

Senator Harris said that, on the way to Frankfort, he sat in bumper-to-bumper traffic for five miles. There was a lighted sign one mile before the road repair stating the left lane was closed one mile ahead. He suggested that a similar sign be placed about a half-mile before the previous exit, so that locals could exit off the interstate at that point. Secretary Hancock said that was a good suggestion and would be implemented.

In response to a question from Senator Hornback regarding commercial trucks getting a frequent use pass, Secretary Hancock said the tolling policy has not yet been established, but the cabinet is working with Indiana on those issues.

There being no further business before the subcommittee, the meeting was adjourned at 10:53 AM.

Interim Joint Committee on Economic Development and Tourism

Minutes of the 4th Meeting of the 2013 Interim
October 17, 2013

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, October 17, 2013, at 11:00 AM, in the North American Production Support Center at Toyota Motor Manufacturing, Kentucky, Inc., Georgetown, Kentucky. The meeting was a joint meeting with the Interim Joint Committee on Labor and Industry. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Senators Julian M. Carroll, Denise Harper Angel, Ernie Harris, Dennis Parrett, and Mike Wilson; Representatives Lynn Bechler, Leslie Combs, Mike Denham, Jeffery Donohue, Myron Dossett, Jeff Greer, Mike Harmon, Richard Heath, Richard Henderson, Dennis Horlander, Thomas Kerr, Adam Koenig, Brian Linder, Tom McKee, Terry Mills, David Osborne, Ruth Ann Palumbo, John Short, Arnold Simpson, John Will Stacy, Fitz Steele, Wilson Stone, Russell Webber, and Jill York.

Guests: Mike Price, Vice President of Administration, Toyota Motor Manufacturing, Kentucky, Inc. (TMMK); Kim Menke, Manager of External Affairs and Government Relations, Toyota Motor Engineering and Manufacturing North America, Inc. (TEMA); Dr. Augusta Julian, President/CEO, Bluegrass

Community and Technical College; Dr. Michael McCall, President/Chief Executive Officer, Kentucky Community and Technical College System; Hollie Spade, Chief of Staff, Kentucky Cabinet for Economic Development; John Cooper, Capital Link, Connections; Jeremy Gillis, Advanced Manufacturing Technician Program (AMT) Student; and Sarah Jenkins, AMT Student.

LRC Staff: John Buckner, Lou DiBiase, and Dawn Johnson.

Approval of Minutes

A motion by Senator Parrett and second by Senator Wilson to approve the minutes of the July 15 and September 30 meetings carried by voice vote. Co-Chair Kerr expressed thanks to the officials of Toyota Motor Manufacturing, Kentucky, Inc. (TMMK) and Scott County for hosting the Interim Joint Committees on Labor and Industry and the Interim Joint Committee on Economic Development and Tourism. Senator Damon Thayer extended appreciation to the corporation for its continued support and positive economic impact on Scott County and the Commonwealth.

Mike Price, Vice President of Administration, TMMK, gave an overview of the structure of Toyota's partnership with North America, the Lexus incentive project at TMMK, the workforce development needs of the Advanced Manufacturing Technician Program (AMT), and the transportation and infrastructure needs of the plant.

Toyota Overview

Kim Menke, Manager of External Affairs and Government Relations, Toyota Motor Engineering and Manufacturing North America, Inc. (TEMA), informed the committee of Toyota's national and regional operations in North America. Toyota's headquarters for manufacturing is based in Erlanger, Kentucky, at TEMA. Vehicle development, engineering design, an advanced research is conducted at facilities in Erlanger and Ann Arbor, Michigan. Regional operations include TEMA, TMMK, Toyota Motor Sales, Inc. in Blue Ash, Ohio, and North American Parts Operations in Hebron, Kentucky. Fourteen manufacturing facilities exist across North America, producing 12 models.

Mr. Menke said the total economic investment that Toyota has made in its North American operations is \$27 billion, and employing over 39,000 team members. About 1.8 million vehicles are produced, and local purchasing equals \$26 billion. In the past 24 months, more than \$2.1 billion has been invested in North American manufacturing and 4,000 jobs have been created. Approximately 600 suppliers operate in North America (100 in Kentucky). The supply base adds nearly 48,600 jobs to the automotive industry. TMMK operates as one of the largest plants in the world on 1300 acres and 7.5 million square feet. A \$6 billion investment, the production capacity reaches 500,000 vehicles annually and

employs 7,000 team members. In 2014, TMMK will reach the milestone of producing 10 million vehicles. Toyota's North American production facilities exported 125,000 locally assembled vehicles in 2012 to 21 countries.

Mr. Menke said team members at TMMK reside in 72 of Kentucky's counties, and 80 percent live within an 80 mile radius of the plant. The top five counties of residence for team members include Scott (2,202 team members), Fayette (1,404), Harrison (356), Jefferson (245), and Grant (240).

Lexus Project Announcement—Overview, Wage Assessments, Local Infrastructure Improvement, and Workforce Development

Mr. Price testified about the Lexus ES 350 Incentive Project at TMMK. The Lexus RX and ES models that are produced in North America (in Canada and Kentucky) represent nearly 60 percent of total annual sales. The project will produce 50,000 units per year for the North American market, add two production shifts at TMMK, and create 750 team member positions. The investment is \$531 million. Hollie Spade, Chief of Staff for the Secretary, Cabinet for Economic Development, said that in 2007, the Kentucky Jobs Retention Act was implemented to meet the needs of the larger automotive industry. Existing incentives from this program may be utilized for the current Lexus project at TMMK. As the project develops, modifications may be made to the investment. The Kentucky Economic Development Finance Authority awarded \$146.5 million over ten years to the project.

Ms. Spade discussed the importance of the infrastructural needs pertaining to Interstate 75 and the interchange at Cherry Blossom Way and Champion Way during the expansion of the Lexus Project at TMMK. Oversight will be brought to the attention of the legislature in the 2014 General Assembly. A skilled workforce is important to the project. To build the "talent pipeline," the cabinet has partnered with the Bluegrass Community and Technical College (BCTC) and developed the AMT program at TMMK.

KCTCS/BCTC Advanced Manufacturing Technician Program

Mr. Price commented on the growing need for highly skilled workers in specific trades skill positions, particularly within the automotive industry. A work-ready workforce is needed to fill hundreds of open positions. In partnership with KCTCS and BCTC, the AMT program seeks to address the issues facing TMMK specifically. These issues include the retirement "bubble," the negative perception of industrial jobs, and the national problem of approximately 600,000 unfilled skilled positions. Toyota's campaign to change the perception and value of jobs in manufacturing includes partnerships with the Foundation for Kentucky Industry's "Dream It! Do It!" campaign, Project

Lead the Way, and the STEM initiative for support for careers in science, technology, engineering, and mathematics. The AMT program was implemented in 2010. The program offers an associate degree in applied science and on-site training in the technical aspects of a manufacturing position, as well as floor experience and core exercises within the plant. The classroom aspect of the program utilizes a new-model classroom which looks and feels like a factory setting. The AMT program partners with the Bluegrass Manufacturing Development Collaborative made up of 16 member companies, 11 of which sponsor current students in the program.

Mr. Menke introduced two AMT students, Jeramy Gillis and Sarah Jenkins to give insight to the benefits of the program. Mr. Gillis was homeschooled in Georgetown and learned about the program through his home school group. He stated the benefit of training on-site with the opportunity to obtain a career position at the completion of the program as the reason he made the decision to apply for AMT. Ms. Jenkins is a 2012 graduate from Harrison County, who participated in Project Lead the Way classes at her high school. Ms. Jenkins said after comparing the costs of college to the cost and beneficial training of the AMT program, she chose AMT for the opportunity to be debt-free and prepared for a position upon graduation. Representative McKee, Ms. Jenkins' district representative, commended her for her scholastic efforts and recognized his constituent, Dennis Parker, also in attendance, as a key individual involved in the development and research of the AMT program. Mr. Parker has been integral in transferring the program to Toyota's other facilities. Mr. Menke invited the members and guests to tour the AMT classroom at the conclusion of the meeting.

Dr. McCall, President/Chief Executive, KCTCS, continued the discussion explaining the bigger picture of KCTCS involvement. KCTCS seeks to provide, through 16 colleges and 70 locations throughout the Commonwealth, the workforce training needs of businesses and industries, and individuals who want to enhance their employability and quality of life. A results-oriented training provider, KCTCS provides workforce solutions to more than 5,000 Kentucky companies annually, primarily in the manufacturing sector. The Kentucky Center of Excellence in Automotive Manufacturing led to a \$5.5 million National Science Foundation grant which created the Automotive Manufacturing Technical Education Collaborative (AMTEC). AMTEC has collaborated with 35 community colleges in 12 states. Through the development of national standards, a workforce of multi-skilled technicians for the automotive sector is being trained. Their partnership with Toyota began in 2003. In 2006, the Advanced Manufacturing Technician Program was appropriated \$1.5 million to

acquire property and to design a facility. Dr. McCall expressed to the committees the importance of the expansion of the facilities and the funding that will be needed in 2014. In 2011, the National Governor's Association selected AMTEC as the best practices model for the nation.

Dr. Julian, President/CEO, BCTC, described the expansion plan for the AMT program. Sixty-three students are enrolled at AMT, and 29 students have graduated. The expansion would provide for 1,200 students, 12 full-time faculty, and 20 part-time faculty on 20 acres of land that the Scott County Fiscal Court and the City of Georgetown has acquired. Dr. Julian stated 100 percent of AMT's students who took Toyota's general assessment test passed. Less than 50 percent of the general public pass Toyota's test for employment readiness.

Mr. Cooper, Capital Link, Connections, spoke to the committee about the need for infrastructure changes to support the Lexus Project expansion. Nearly 10,000 people, not including those driving trucks transporting parts, travel the facility on a daily basis. The proposed I-75 Interstate Interchange Project would connect Cherry Blossom Way and Champion Way, creating a safe and functional route for business at TMMK. Mr. Price asked that the General Assembly authorize funding for the interchange project and the expansion of the AMT program.

Co-Chair Kerr thanked the speakers for their presentation and commented on how the presented information is an example of the best model of education, economic development, and labor and industry partnering for success in the Commonwealth. Senator Carroll spoke about the value of the investment made in 1978, when Kentucky sought partnership with Japan by opening an office in Tokyo. Ms. Spade, in response to Senator Carroll, stated that there are 154 Japanese owned businesses in Kentucky with 37,000 employees.

Senator Wilson and Representatives Denham, Linder, and McKee commented on the great need for skilled employees across the nation and commended the AMT program for providing the training and education needed to meet the needs of America's workforce.

In response to questions from Representative Bechler, Mr. Menke said the AMT program is targeted towards skilled trade jobs including tool and die and skilled maintenance positions, which represent the largest need for trained workers in the industry. Dr. Julian responded machinist, tool and die, and welding training are in high demand at BCTC. Mr. Menke said the program has partnered with the Society of Manufacturing Engineers in its outreach training within high schools, specifically in robotics programming.

Co-Chair Kerr asked Mr. Gillis and Ms. Jenkins to explain their goals after finishing the program. Ms. Jenkins

said her goal is to pursue an engineering degree. However, she enjoys the variety of work in machine maintenance. Mr. Gillis agreed and commended the multi-skilled training opportunities at AMT such as hydraulics training, electrical, mechanical, welding, crane work, and injection molding. Mr. Menke added that BCTC and the University of Kentucky partner in a pathway where AMT graduates can earn a bachelors degree in engineering.

In conclusion, Co-Chair Kerr announced that the next meeting of the Interim Joint Committee on Labor and Industry will be Thursday, November 21, at 10:00 in the Capitol Annex. The next meeting of the Interim Joint Committee on Economic Development and Tourism will be Thursday, November 21, at 1:00 in the University of Kentucky Student Center Ballroom.

The committee members will tour the AMT classroom upon adjournment.

There being no further business, the meeting adjourned.

Interim Joint Committee on Education

Minutes of the 4th Meeting of the 2013 Interim

October 14, 2013

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Education was held on Monday, October 14, 2013, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Derrick Graham, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Derrick Graham, Co-Chair; Senators Walter Blevins Jr., Joe Bowen, Jared Carpenter, David P. Givens, Denise Harper Angel, Alice Forgey Kerr, Gerald A. Neal, and Katie Stine; Representatives John Carney, Hubert Collins, Leslie Combs, Jim DeCesare, Jeffery Donohue, C.B. Embry Jr., Jim Glenn, Richard Heath, Joni L. Jenkins, James Kay, Brian Linder, Donna Mayfield, Reginald Meeks, Charles Miller, Rick G. Nelson, Ruth Ann Palumbo, Jody Richards, Tom Riner, Bart Rowland, Rita Smart, Wilson Stone, Addia Wuchner, and Jill York.

Guests: Wayne Young, Kentucky Association of School Administrators, Clyde Caudill, Jefferson County public Schools, and Kentucky Association of School Administrators, Robert Rodosky, Jefferson County Public Schools, Jimmy Alan, Education Professional Standards Board, LaTonya Bell, Kentucky Department of Education, Erin Klarer, Kentucky Higher Education Assistance Authority and Kentucky Higher Education Student Loan Corporation, and Pastor Jerry Stephenson, Black Alliance for Education Options.

LRC Staff: Kenneth Warlick, Jo Carole Ellis, Ben Boggs, Janet Stevens, and Daniel Clark.

Approval of September 9, 2013,

Minutes

Upon motion by Representative Collins, seconded by Representative Richards, the minutes were approved by voice vote.

Reports from Subcommittees

Senator Kerr reported that the Subcommittee on Postsecondary Education met to learn about the findings and recommendations of the Rural Access Work Group. Representative Stone reported that the Subcommittee on Elementary and Secondary Education heard presentations from ACT about changes to college readiness benchmarks assessments. Also, The Kentucky Center for Education and Workforce Statistics provided information about data reports available from the center. A complete set of minutes for each subcommittee is located in the Legislative Research Commission (LRC) library.

School District Examinations

Adam Edelen, Auditor of Public Accounts said his office has conducted 14 special examinations of school districts in the past year. The school districts were Kenton County, Breathitt County, Mason County, Dayton Independent, Webster County, Pike County, Ashland Independent, Carroll County, Metcalfe County, Fayette County, Menifee County, Letcher County, Montgomery County, and Martin County. Also, there is an ongoing investigation of Jefferson County Public Schools. This is the first meaningful attempt to conduct a fiscal audit of Kentucky school districts. Mr. Edelen said the examinations his office has performed do not paint a picture of extensive abuses by central office staff of these school districts. Most school districts are doing a wonderful job in very difficult financial times.

The Auditor's Office is charged to perform 600 statutorily required audits a year. His office does not have the funds to conduct random investigations. Mr. Edelen said the main purpose of the audit, is to ensure limited resources are making their way to classrooms rather than to central offices.

Mr. Edelen said examinations are prompted by concerns and allegations that come from citizens, legislators, public officials, and school board members. Preliminary complaints come through a tips hotline and a website set up by the Auditor's Office. The Auditor's Office has facilitated conversations with organizations that represent school board members, teachers and administrators. The office has disseminated best practice recommendations on transparency and fiscal accountability.

Mr. Edelen said Mason County Public Schools and Dayton Independent Schools had the worse two examinations out of the 14. In the Dayton Independent School district the former superintendent enriched himself with \$224,000 during his tenure there. The Auditor's Office has referred the case to law enforcement agencies because the Auditor's Office

believes there should be a consequence for stealing from children. In Mason County there was a superintendent who engaged in \$200,000 worth of questionable expenditures and personal benefits, along with a lack of proper board oversight.

Mr. Edelen said one of the common themes his office has found during the examinations is a lack of proper balance between school boards and superintendents. Every high performance school district in Kentucky has an appropriate balance between the school board and the superintendent role. Mr. Edelen said there needs to be an increased level of financial literacy for those who serve on school boards in Kentucky.

Mr. Edelen said there is no need for any public administrator to be getting benefits that are not in their contract. The Auditor's Office have worked very closely with the Kentucky School Board Association and the organization that represents superintendents to make sure that the benefits the superintendents get are specified in the contract. School boards also need to closely monitor expense reimbursements for travel and credit cards used by superintendents and supporting documentation.

Mr. Edelen said there is a constant line of communication between his office and the Kentucky Department of Education (KDE). Mr. Edelen recommended last year that KDE begin requiring school boards to submit superintendent contracts and benefits to KDE so they can be placed on a website for the public to see and access. Currently there are more than 170 superintendent contracts that are available online for the public to see. Mr. Edelen also supports Commissioner Terry Holliday's request for additional training for school board members. This additional training is strongly supported by the superintendents and the School Board Association. Mr. Edelen also supports Commissioner Holliday's call for improved superintendent evaluation processes. After 2013 there should no longer be any oral evaluations in Kentucky. Superintendent evaluations should be written and made available to the public as required by KRS 156.557.

Mr. Edelen said Jefferson County Public Schools (JCPS) is the second largest individual government in the state with a \$1.2 billion budget. There are more than 100,000 students with 62 percent of them on free and reduced lunch and 10,000 of those students are homeless at some point during the school year.

Representative James Kay noted that the Kentucky constitution provides for a strong Auditors position in Kentucky's government to review how taxpayers' dollars are spent.

In response to Representative James Kay's questions regarding responses from school districts under examination and the cost of examinations, Mr. Edelen said in most cases the response has been extremely positive and a number of districts are trying to do the right thing.

Mr. Edelen said the examinations cost his office a lot more than the Auditor's Office charges the school districts. The cost of the 14 examinations have been anywhere from \$3,500 to \$25,000.

Representative Rita Smart stated that out-of-pocket student expenditures is one of the most frequent complaints she receives as a Representative.

In response to Representative Ruth Ann Palumbo's question regarding examples of his examination findings, Mr. Edelen said he is just getting started and would focus on the largest areas of public investment which is education and Medicaid.

In response to Senator Mike Wilson's question regarding the percentage of finances going to actual school instruction of students, Mr. Edelen said he does not have any preliminary numbers at this time.

In response to Representative Reginald Meeks' question regarding benchmarks and factors used for examining JCPS, Mr. Edelen said JCPS does have a special set of circumstances and the benchmarks used for JCPS need to be national. JCPS needs to be compared to districts around the country like Nashville, Tennessee and Charlotte, North Carolina that are similar in size.

In response to Representative Addia Wuchner's question regarding clarity on the ratio of instructional dollars to other expenses, Mr. Edelen said he is hopeful that there will be increased clarity for better decision making.

In response to Representative Jody Richards' questions regarding how districts were chosen for examinations and policy and financial recommendations, Mr. Edelen said his office received tips that come from all manner of places that can lead to district audits. His focus is on how taxpayer resources are expended.

Representative Jill York's stated she is impressed with Mr. Edelen's exploration of the out-of-pocket money teachers and administrators expend.

In response to Representative Derrick Graham's questions regarding supportive legislation needed, Mr. Edelen said there is not a failure of existing law and the problems usually occur with an inappropriate unbalance between the school board and the superintendent. Also, there is a lack of transparency and accountability in the financial operations. Mr. Edelen said in some districts there is confusion on who the board attorney works for. In Mr. Edelen's view, the board attorney does not work for the superintendent but the board.

Financial Literacy

Norman Cornelius, Housing Director, Bell-Whitley County Community Action Agency said one of his jobs as a financial counselor is to help people become financially stable. The most common problem that he saw is grant money that has been misused or credit card misuse for young people just out of high school.

Mr. Cornelius said the Bell-Whitley County Community Action Agency

is connected with KDE's Jumpstart Program and the University of Kentucky's agricultural cooperative extension office. In March of 2012 the Bell-Whitley County Community Action Agency along with Representative Nelson met with Commissioner Holiday and suggested that there be a pilot project with financial literacy in Bell County.

Mr. Cornelius said he wants the addition of mandatory financial literacy courses in Kentucky's high school curriculum for a half credit and a mandatory graduation requirement. Last year in Kentucky, 4,088 students out of 652,317 students enrolled in high school classes took a financial literacy elective course.

Mr. Cornelius spoke about the financial literacy and KEES results of the pilot program with KDE. He said the purpose of the pilot is to test the impact of the High School Financial Planning Program (HSFPP) and student's knowledge of the KEES program using a pre-test and post-test model. The evaluation was a 24 question pre-test and a 27 question post-test selected from the national Jumpstart Coalition Survey.

Mr. Cornelius said the evaluation sampled twelfth grade students from three different Bell County high schools and the names of students were anonymously coded by the classroom teachers to protect their identities. There was usable data collected from 111 participants. Mr. Cornelius stated that 63.9 percent of students had improved financial literacy scores after participating in the HSFPP with 26.1 percent having lower literacy scores and 9.9 percent staying the same. Mr. Cornelius said the difference in the schools performance may result in who taught the HSFPP curriculum. The evaluator's hypothesis is that teachers with previous personal finance experience yield greater improvements in students' financial literacy scores.

Mr. Cornelius said in Kentucky, HSFPP is supplemented with information regarding KEES. There were twelfth grade students that were asked questions regarding the specifics of the KEES program. At the beginning of the study fewer than half of the students knew "KEES" by the full title and less than a third of students knew the minimum GPA required for KEES eligibility. Also, less than a quarter of students knew the minimum ACT score required for eligibility. Mr. Cornelius said there was improvement in the KEES knowledge after HSFPP. There was a 48.6 percent improvement in the KEES score, 33 percent showed no change and 18.3 percent of students displayed a decrease in the test scores.

Representative Jim Glenn said he has been working on financial literacy since he became a state legislator. He has been teaching finance for twenty years at the community college level and stated financial literacy is an important concept and life skill.

In response to Senator Gerald Neal's questions regarding financial literacy courses being utilized in schools and adult financial literacy programs, Mr. Cornelius said the resources are available in most schools but is not being utilized. Mr. Cornelius said there are resources all over the state for adult financial literacy.

Representative Joni Jenkins' said young people going into college do not understand the importance of going to class and learning when receiving financial aid.

Senator Joe Bowen thanked Mr. Cornelius for an informative presentation and is happy to see this initiative turned over to the educational community instead of a government agency.

Jefferson County Public Schools Perspective on Charter Schools

Robert Rodosky, Director, Executive Director, JCPS, Accountability, Research, and Planning Division, said there is no conclusive evidence that charter schools will significantly impact student achievement. According to CREDO (2013) only 25 percent of charter schools are doing significantly better in reading than public schools while only 29 percent is doing significantly better in math. Dr. Rodosky said the National Assessment of Educational Progress (NAEP) provides strong comparative data about schools across the nation. In-depth analyses of NAEP show there are few differences between charter and public schools in academic performance, with a slight edge to public schools.

Dr. Rodosky said in 2010 there was a study done at the University of Minnesota that looked at the most cost effective research on reforming schools and raising student achievement. Out of the 22 approaches that were examined, the least cost effective approach was charter schools. Also, there was a study done by Columbia University in 2011 that questioned the fiscal impact of charter schools and the idea of separate operating systems from public schools.

Dr. Rodosky said Harvard University studied characteristics of highly effective charter schools and found that most shared the same characteristics. Those characteristics are, use of data to guide instruction, frequent teacher feedback, increased instructional time, high dosage tutoring, and high expectation. All of these characteristics and highly effective practices are found in JCPS's Strategic Plan Vision 2015.

Dr. Rodosky said JCPS was fortunate enough to become a district of innovation which was created by 2012 House Bill 37. Each district of innovation has four different strategies. Innovation strategy one creates equal access to highly effective innovation through professional collaboration. Innovation strategy two extends learning opportunities so students may learn anywhere they have access to instructional materials. Innovation strategy three creates schools of innovation and strategy four creates a system of support

for each student to be successful.

Dr. Rodosky said JCPS outperformed their annual improvement goal set by KDE. Over 75 JCPS schools also met their annual improvement goals set by KDE while 13 of JCPS's 18 priority schools met their targets. Also JCPS's percentage of college-and career-ready students is 51.2 percent which is more than a 19 percent increase since the 2010-11 school year.

Brent McKim, President, Jefferson County Teacher Association (JCTA), said JCTA is offering the staff of priority schools options to extend the school days and allow the staff of these schools to determine how best to use the additional time. JCTA also recommends making teaching more attractive at priority schools by enhancing paying working conditions.

Mr. McKim said Jefferson County should be cautious of charter schools. In education, Kentucky is advancing more quickly than surrounding states that have charter schools. According to Education Week, the states that have the most charter schools were also most likely to be found in the poor performing group. Also, in Wisconsin, the public schools outperformed the charter schools significantly. Mr. McKim said charter schools do not tend to select students who show poor performance and they tend to practice exiting students that show poor performance.

In response to Senator David Givens' questions regarding disparity in CREDO's charter school statistics, Dr. Rodosky said JCPS's CREDO statistics on charter schools examines the achievement of charter schools compared to the achievement of public schools in general. Senator Givens stated that we all share the common goal of what is best for the students, but disputes JCPS's statistics on charter schools. Dr. Rodosky agreed with Senator Givens on wanting what is best for students across the state. Also, he wants to make sure Jefferson County has the most effective programs in term of how tax dollars are spent. According to the statistics he has, charter schools are not a cost effective approach.

Senator David Givens stated that he welcomes the chance to work with Mr. McKim on writing a piece of charter school legislation that has cost effectiveness written in the bill and would have no filtering of students after three or four years.

Representative Derrick Graham stated that a lot of what is in the charter school initiative is also in the schools of innovation.

Representative Jim DeCesare stated that he is for both, charter schools and traditional public schools and thinks there are a lot of successes in public, private, and charter schools. Also, parents should have the option on where to send their children, and the money should follow the children wherever they go.

Representative Derrick Graham stated that as public servants one of the first priorities should be providing resources to

make sure our kids get the best possible education. By creating separate school systems there will be money taken away from public schools.

Representative Jeffery Donohue stated Kentucky has a responsibility to teach all students and give all children the same opportunity. Charter schools pick the students they want to have. We should concentrate our efforts improving the system we have in place.

Representative Ruth Ann Palumbo stated the public high school that she graduated from had not been doing well and became a school of innovation. Now the schools test scores have really improved because of House Bill 37.

Senator Mike Wilson stated he proposed a bill last year to have public charter schools. He said the Gatton Academy is a perfect example of a charter school in Bowling Green, Kentucky.

Responding to Senator Mike Wilson's question regarding the cost effectiveness of JCPS, Dr. Rodosky said one measures cost effectiveness by focusing on achievement and the money one allocates for achievement.

Representative Addia Wuchner stated she is a supporter of the public schools system and appreciates the open dialogue that was brought before the committee. She also commended Houston Barber and Fern Creek High School on their 38 percent increase in test scores.

Representative Reginald Meeks stated the numbers that Dr. Rodosky provides are always consistent and accurate and explained in a practical way for everyone to understand.

In response to representative Reginald Meeks question regarding the various strategies JCPS has used over the years, Dr. Rodosky said the use of data around benchmark and formative assessment have been strategies that worked well for JCPS over the years.

Representative Joni Jenkins thanked the presenters for their presentation and stated that legislators should support more innovative strategies to help students be successful.

With no further business before the committee, the meeting adjourned at 3:35 p.m.

Interim Joint Committee on Education

Minutes of the 5th Meeting
of the 2013 Interim
November 4, 2013

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Education was held on Monday, November 4, 2013, at 1:00 PM, in the Feix Room at the Augensteen Alumni Hall at Western Kentucky University. Senator Mike Wilson, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Derrick Graham, Co-Chair; Senators Joe Bowen, Denise

Harper Angel, Jimmy Higdon, and Stan Humphries; Representatives John Carney, Leslie Combs, Jim DeCesare, Jeffery Donohue, C.B. Embry Jr., Richard Heath, Joni L. Jenkins, James Kay, Mary Lou Marzian, Charles Miller, Jody Richards, Tom Riner, Bart Rowland, Wilson Stone, Addia Wuchner, and Jill York.

Guests: Clyde Caudill, Kentucky Association of School Administrators and Jefferson County Public Schools; Tracy Herman, Kentucky Department of Education; Karen Timmel, Office of Education Accountability; Don Butler, Council for Community Education, and Erik Jarboe, LearNet.

LRC Staff: Kenneth Warlick, Daniel Clark, and Lisa Moore.

Chairman Wilson thanked the staff and students of Moss Middle School for the informative and enlightening tour of the school.

Approval of October 14, 2013, Minutes

Representative DeCesare moved to approve the minutes, which was seconded by Senator Higdon. The minutes were approved by voice vote.

Welcome and Western Kentucky University Update

Gary Ransdell, President, Western Kentucky University (WKU), welcomed members and said raising the academic performance of the student body, providing a unique learning environment for students, and preparing students to compete for national and international scholarship and research awards are keys to achieving the academic transformation that was envisioned in 1997. He said that The Center for Gifted Studies, The Gatton Academy, and The Honors College are three programs unique to WKU that are transforming the academic reputation of the college.

President Ransdell said the WKU Center for Gifted Studies has provided educational experiences beyond the traditional classroom for gifted and talented students, support for their families, and rigorous training and professional development for educators for more than 30 years. The Center has become one of the preeminent advocates for gifted education in the United States, and Center Director Julia Roberts is highly regarded as a national and international expert on gifted education.

President Ransdell said, in 2006, the Kentucky General Assembly approved funding to establish the Gatton Academy of Mathematics and Science in Kentucky on the WKU campus. The Gatton Academy is an independent residential high school for Kentucky's exceptional high school juniors and seniors who have demonstrated interest in pursuing careers in Science, Technology, Engineering, and Math (STEM). The first class of Gatton students arrived at WKU in 2007. Gatton students take classes with WKU Honors students and participate in research, public service, and study abroad programs.

President Ransdell said that, in 2007,

the WKU Board of Regents expanded the honors program to a fully independent Honors College. The goal to increase the Honors College enrollment to 1,200 students by 2012 has been achieved. Students in the WKU Honors College experience an intimate, highly selective learning environment similar to that of a small private college, but with the resources and benefits of a state university. Honors College students gain experience through service, applied research, and study abroad and they live and learn together in housing dedicated for Honors students.

President Ransdell said that, in 2008, WKU established the Office of Scholar Development (OSD) to help students develop the vision, experience, and skills to be independent, engaged scholars. OSD encourages research and creative activities while assisting students seeking the top national and international scholarships.

President Ransdell said college students encounter a number of changes when they begin their college career. He said students may be living away from home for the first time, meeting new people from many different cultures, and looking for ways to get involved in their new surroundings. WKU focuses on enhancing the student experience by promoting a pleasant campus life, health and wellness, leadership and volunteerism, diversity, student support services, and campus safety and communication.

President Ransdell said WKU is at the cutting edge of sustainability efforts among college campuses across the nation. WKU has not increased its budget for utilities operations for five years. A key difference in WKU today is the increased level of philanthropic support among alumni, friends, faculty, staff, and corporate partners. Prior to 1997 only about \$3 million was raised annually. Today annual giving is at \$17.9 million, and the University's endowment increased from \$19.3 million in 1997 to \$111.8 million in 2012. As WKU's enrollment has increased, state funds per student have decreased. He will work with the Council on Postsecondary Education (CPE) to address the issue in the 2014 Regular Session of the General Assembly.

President Ransdell said The Division of Extended Learning & Outreach (DELO) was created in 2003 to provide customized learning opportunities to meet specific needs. DELO is the outreach arm of the University, offering both credit and non-credit classes to students of all ages. DELO also works with businesses and organizations to provide customized training, plan special events, and develop degree programs that meet specific needs. Distance learning is an exciting and rapidly growing method of connecting students to higher education. The benefits to students are numerous, including flexible locations and flexible schedules. Distance Learning encompasses online student support Independent Learning classes, faculty support services, and the

campus testing centers, and serves a large population of adult learners.

Responding to a question from Senator Wilson regarding how the SKyTeach program is impacting the College of Education at WKU, President Ransdell said it has strengthened collaboration between the College of Education and the College of Science and Engineering.

Responding to a question from Representative Miller, President Ransdell said WKU changed its requirement from a master's degree to a Doctor of Nurse Practice (DNP) degree to comply with licensure requirements of the Nursing Standards Board. The DNP is a terminal professional degree that focuses on the clinical aspects of nursing rather than the academic research and prepares registered nurses to become nurse practitioners. There are 90 students enrolled in the DNP program.

Representative Graham commended Representative Richards for the vision behind the Gatton Academy. He said the Gatton Academy's awards and recognitions include: being ranked the top high school in America by *Newsweek in 2012*; being named to the *Washington Post's* "Public Elite" high schools list in 2009, 2010, 2011, and 2012; and being named an Intel School of Distinction Finalist in 2012 for excellence in science.

Representative Richards asked the committee for support to expand the Gatton Academy enrollment. President Ransdell said \$2.8 was appropriated in the base budget that funds the operating costs of the program for 120 students who are admitted through a highly competitive enrollment process. There is a plan to expand the program to 200 students, but this will require additional beds. He is working with Kentucky Department of Education (KDE) Commissioner Terry Holliday and Governor Steve Beshear to obtain funding through KDE.

Responding to Representative Combs, President Ransdell said Northern Kentucky University (NKU) is the other university that is losing funding per student as it increases in size.

Gatton Academy Update

Chairman Wilson thanked Julia Roberts, Executive Director, Gatton Academy, for hosting the committee members to lunch with the Gatton Academy students.

Dr. Tim Gott, Director, said students from 107 of Kentucky's 120 counties have attended the Academy in its first five years, and 267 students have graduated from the Academy. The average ACT score of incoming high school juniors selected for the Academy's Class of 2014 was 30.02 compared to the statewide average of 19.6. In 2012, graduating seniors of the Gatton Academy outperformed their high school peers for the fifth consecutive year on the ACT, posting an average score of 32 out of 36.

Dr. Gott said over 90 percent of the students complete an applied research

project, although it is not a requirement. For the 2011 and 2012 classes, 75 percent of the students participated in travel experiences to various parts of the globe during their two years at the Gatton Academy. Students typically pay for two-thirds of the study abroad trip.

Dr. Roberts noted that 100 percent of Gatton Academy students matriculate to a four-year college or university. She said 62 percent of graduates enter into a STEM field of study and over 10 students are in medical school at the University of Kentucky or the University of Louisville. About 31 percent of graduates enroll into postsecondary education at WKU. Gatton students account for enrollment in over 70 universities across the United States.

Responding to Senator Wilson’s question regarding admission to the Gatton Academy, Dr. Roberts said the process is very similar to applying to a college. Gatton Academy applicants are high school sophomores who will have completed Geometry, Algebra I, and Algebra II by the end of their sophomore year. Students are selected based on: SAT or ACT scores; academic grades from ninth and tenth grades; interest in advanced careers in STEM; student responses to application essay questions; interviews by Academy staff members; and recommendations from teachers and other individuals who can attest to a student’s need and preparedness for the program. The application process is competitive, with about 20 percent of applicants being accepted.

Responding to a question from Senator Bowen regarding how many students complete the program, Dr. Roberts said most finish, but not all. Dr. Gott said the Gatton Academy has experienced a 20 percent student dropout rate over the last several years. The program loses three to four students each semester largely due to academic stress and lack of work ethic. The school does not lose students for financial reasons. The General Assembly makes it possible to provide room, board, and tuition for the students.

Responding to Senator Bowen regarding transportation issues, Dr. Gott said many students who live in the same area of the state carpool for home visits. Donors help families who cannot afford textbooks. Money has never been an issue that kept a student from attending the program if selected.

Responding to questions from Representative Graham regarding why some counties have not contributed students to the Gatton Academy and covering the cost of students traveling abroad, Dr. Gott said a few counties, such as Casey, are not strong enough academically to have a student accepted into the program. He also said that staff traveled to Morgan County, Floyd County, and Wolfe County high schools to speak with students to raise awareness about the program in those areas.

Dr. Gott said \$1,350 of the \$2,100 in expenses for the Costa Rica trip abroad are

covered, and students pay the remainder. The trip planned for Italy will be \$3,750, which that leaves a \$2,400 balance. If financially unable to pay, students apply for scholarships.

Responding to a question from Representative Stone regarding the number of Gatton Academy students receiving free and reduced lunch, Dr. Gott said about fifteen percent would qualify.

Responding to Representative Stone regarding the number of college credit hours earned per student, Dr. Roberts said the minimum is 60 college credit hours, but many students typically get two-thirds of a college degree while attending the Gatton Academy.

The Leader In Me Program

Joe Tinius, Superintendent, Bowling Green Independent Schools, said The Leader In Me initiative is applying the concepts of the book *The 7 Habits of Effective People* by Stephen R. Covey, to students. Children learn best at early ages and the program teaches children a strong work ethic as early as five or six years of age. All children can choose to be a leader or a follower, and this program teaches children to be responsible and lead themselves. The skills children learn in the Leader In Me Program will benefit them for the rest of their lives.

Rob Clayton, Superintendent, Warren County Schools, said his school district is in the third year of implementation of The Leader In Me program. He would like to see the program replicated in all schools. The program contains values that the community wants to see taught to students. Bowling Green business and industry have supported the program by donating \$1.3 million to the school districts to help cover costs.

Tonya Matthews, Vice President Partnership Services, Bowling Green Area Chamber of Commerce, shared a story with the committee about how The Leader In Me program changed the life of a student. Over 11,000 businesses have indicated they need people who will work in a team, show up on time, and have the necessary skills to be productive workers.

Ms. Matthews said by 2017, Bowling Green, Kentucky, may be the first city in the nation to have the K-12 Leader In Me program in place. She said \$1.6 million will build “light house” teams within each school to sustain the program. The city is \$370,000 short of meeting that amount. She asked legislators for help in spreading the story of what is happening in Bowling Green. She has received calls from Pennsylvania and New York wanting to know about the program.

Responding to a question from Senator Wilson, Mr. Tinius said there are fewer disciplinary actions and referrals of discipline actions since the implementation of The Leader In Me program. Mr. Clayton agreed.

Responding to Senator Wilson, Ms. Matthews said the program can be easily replicated in other communities. FranklinCovey will feature Bowling

Green in a case study on its website. The chamber of commerce is working on a manual on how to replicate the program. She noted \$618,000 has been invested in The Leader In Me program to date.

Responding to Representative DeCesare regarding long-term plans of implementing the program in high schools, Mr. Nolan Marx, Senior Client Partner, FranklinCovey, said FranklinCovey is developing the content for high school teachers to incorporate in their instruction. Mr. Tinius said buy-in from the staff and students is critical for the program to be successful, and if teenagers have been exposed to the program at earlier ages, it is easier for them to grasp the concepts. One high school in Bowling Green Independent has completed the vision portion of the training.

Representative Wuchner said she is impressed with the program and would like to see it implemented in Boone County.

Mr. Tinius gave an update on the Bowling Green Independent school district. The district is comprised of approximately 4,000 students. He said 56 percent of the students qualify for free and reduced lunch, 40 percent are minorities, and 14 percent speak English as a Second Language. Among these students, 26 different languages are spoken. Schools with the highest percentages of students in poverty also have the highest percentages of children speaking English as a Second Language. The school district places a huge emphasis on the arts, as well as academic success.

Mr. Tinius said The School Report Card and the District Report Card indicate that the schools and the district performed very well on achievement growth scores. The growth score is determined by the number of students who show typical or higher rates of growth in relation to peers. This means that interventions are having a positive impact on student achievement. The district will continue to assess students quarterly with assessments aligned to standards and to provide immediate small group intense intervention for those students who are not performing at benchmark.

Bowling Green Junior High and Bowling Green High School students performed above the state average on College and Career Readiness on the Education Performance Analysis System (EPAS) assessment system. More students are taking Advanced Placement classes. This means that efforts to engage students and to provide students with more rigorous learning tasks are significantly impacting student achievement.

Mr. Tinius said new buildings constructed in the district are energy efficient. The elementary school constructed in 2009 was the first to have solar tubes, which brings in direct sunlight and reduces the amount of electricity used in the building.

Mr. Tinius said that the Bowling Green Independent school district places

priority on building strong relationships with students, preparing students for the 21st century, helping students take more responsibility with their learning, and helping staff to continue growing as professionals each year.

Mr. Clayton said Warren County Schools focuses on what is best for the students by ensuring learning for all students and providing multiple opportunities for students. Warren County focuses on the instructional capacity of its teachers and the leadership capacity of the leadership group.

Mr. Clayton said Warren County is the most diverse school district in Kentucky serving over 14,000 children from pre-school to 12th grade and providing services to children who speak more than 40 languages from across the world. The school district serves nearly 1.5 million lunches each year, and has 182 buses that travel 13,210 miles per day.

Warren County serves 20 percent of Kentucky’s refugee students and serves a 47.9 percent student population whom qualify for free and reduced lunch. The district provides state-of-the-art technology available to all students, including ActiveBoard technology in every classroom.

Warren County is home to the nation’s first Net Zero School, Richardson Elementary, which is capable of operating virtually without cost producing more clean energy with solar panels than it consumes in purchased energy. The district has managed to offset nearly \$6 million in energy costs through its energy conservation policy since 2003, which is equal to saving more than 123 teaching positions.

Mr. Clayton said the General Assembly should be creative in providing the funding that school districts need. Cuts to elementary education hurt the students, and districts are being asked to do more with less.

Representative Richards commended both school districts and the Gatton Academy.

With no further business before the committee, the meeting adjourned at 3:15 PM CT.

Interim Joint Committee on Education

**Subcommittee on Elementary and Secondary Education
Minutes of the 2nd Meeting
of the 2013 Interim
October 14, 2013**

Call to Order and Roll Call

The second meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, October 14, 2013, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Wilson

Stone, Co-Chair; Senators David P. Givens and Denise Harper Angel; Representatives John Carney, Hubert Collins, Jeffery Donohue, James Kay, and Jill York.

Guests: Ms. Sue Cain, Council on Postsecondary Education; Clyde Caudill, Jefferson County Public Schools and Kentucky Association of School Administrators; Marty White, Kentucky Association of School Superintendents; Wayne Young, Kentucky Association of School Administrators; and Erik Jarboe, LEARNet.

LRC Staff: Jo Carole Ellis, Janet Stevens, and Lisa Moore.

Approval of the September 9, 2013, minutes

With no quorum present, the minutes were not approved.

Measuring College and Career Readiness: ACT Benchmark Changes, Impact on Kentucky Student Data, and Upcoming Program Changes

Mary Hendrix, Senior Account Manager, Client Relations, ACT, Inc., said ACT is a private, not-for-profit organization established to assist people achieve education and workplace success. ACT serves people in elementary and secondary schools, colleges, professional associations, businesses, and government agencies, both nationally and internationally.

Responding to Representative Stone regarding what other states use in lieu of ACT, Ms. Hendrix said states not using the ACT are probably using state-developed programs. She does not know of any other states that have adopted a competitor's test as a statewide assessment.

Ms. Hendrix said ACT's College and Career Readiness System is a suite of integrated, curriculum-based assessments designed to measure student progress over time, and aligned with standards and benchmarks. The system encourages student academic and education planning through early identification of education and career goals. The ACT®, ACT Plan®, and ACT Explore® are the major components of the system.

Ms. Hendrix said college readiness is the acquisition of the knowledge and skills a student needs to enroll in and succeed in credit-bearing, first-year courses at a postsecondary institution without the need for remediation. This ACT empirical definition of college and career readiness was adopted by the Common Core State Standards Initiative and continues to be cited in discussions surrounding the Common Core.

Ms. Hendrix said college readiness benchmarks are derived scores on each ACT subject area test that indicate the level of achievement required for students to have a 50 percent chance of obtaining a B or higher and a 75 percent chance of obtaining a C or higher in corresponding credit-bearing, first-year college courses. She said ACT continually updates its research through students' actual college performances to confirm or adjust the benchmarks.

Ms. Hendrix said the college readiness standards are descriptions of the essential skills and knowledge students need to become ready for college and career. They are derived and validated by ACT's exclusive "National Curriculum Survey." These standards: 1) help interpret what the scores earned on ACT Explore®, ACT Plan®, and the ACT® mean; 2) identify the knowledge and skills students are likely to demonstrate at various score levels on each academic test; 3) are a direct link between what students have learned and what they are ready to learn next; and 4) are aligned with the Common Core State Standards.

Ms. Hendrix discussed recent and upcoming changes in the ACT program. Beginning with 2013 graduates, ACT updated college readiness benchmarks and revised its aggregate reporting. College readiness standards will be reformatted and new ACT Aspire assessments will be launched in the spring of 2014. An online ACT assessment will be added in the spring of 2015. Detailed graphs and fast facts for the Kentucky ACT graduating class of 2013 is included in the meeting folder located in the Legislative Research Commission (LRC) library.

Responding to Representative Carney's question, Ms. Hendrix said she did not foresee an increase in the number of students receiving ACT-approved extended-time accommodations because the way a student qualifies for an accommodation is unchanged. Representative Carney said an increased number of students are qualifying for programs that allow them the use accommodations and this should be monitored in the future.

Jim Morris, Regional Sales Director-Midwest, ACT Aspire, LLC, said seven percent of Kentucky students receive the extended-time accommodation. He said the percentage of students receiving the accommodation is unlikely to change because ACT has a strict process in place for a student to qualify for extended-time.

Mr. Morris said the result of ACT's discussions with states and assessment system expertise is ACT Aspire, which will replace the PLAN and EXPLORE tests. ACT Aspire is a new, computer-based longitudinal assessment system that connects student growth and progress from elementary grades through high school in the context of college and career readiness. It continues ACT's mission of helping students stay on target to reach their full potential throughout their educational journeys.

Mr. Morris said ACT Aspire will go beyond the Common Core State Standards in English, language arts, and math, and measure readiness in other areas such as science and career. He noted enhanced scoring and on-line reporting capabilities will allow for faster turnaround time and reporting to support classroom instruction.

Mr. Morris said the college readiness benchmarks on the ACT®, ACT Plan®, and ACT Explore®, were not determined

by ACT, but defined by postsecondary success. He noted postsecondary education data guided ACT to change the benchmarks to ensure student success of obtaining a passing grade or higher in a credit-bearing college course.

Mr. Morris said ACT Aspire provides a forecast trajectory of future preparedness to guide instruction or corrective interventions at the classroom level. ACT Aspire and the college readiness assessment, the ACT®, are aligned by a vertical readiness scale, which provides a uniquely informed advanced view of student preparedness from third grade through college application.

Responding to Representative Carney's question regarding the cost of the assessments, Mr. Morris said it is very difficult to negotiate prices on a national level. He said an advantage of ACT programs and services is that the data is transferable across states. He noted there would be a set cost for all states for ACT Aspire unless a state requests customized reporting. The price for ACT Aspire is \$11.70 for computer-based testing and a \$7.00 paper and pencil surcharge. These prices are for commitments through December 31, 2013, and will double as of January 1, 2014.

Responding to a question from Representative York regarding the criteria for a student to receive an extended-time accommodation while taking the ACT, Ms. Hendrix said the student must have a diagnosed disability that typically includes a physician's statement. It is customary for the student to have an Individualized Education Plan (IEP) that has qualified the student for extended-time on other assessments as well. She emphasized that ACT wants to give students the time needed to show their abilities, but in an appropriate manner.

Responding to Representative York regarding benchmarks for success for students completing their first college degree, Ms. Hendrix said she will provide the committee members numerous research data indicating the benchmarks recommended for student success and retention in postsecondary education.

Responding to Representative Stone's question regarding linking ACT scores with student postsecondary education success, Ms. Hendrix said ACT tracks data annually through a national clearinghouse. ACT also provides training on ACT scores and student performance, but she does not know which schools use the scores to identify students that may need remediation.

Responding to Representative Kay's question regarding ACT score trends for minority, low-income, and students whose parents have lower levels of educational attainment, Ms. Hendrix said ACT breaks out the reports by race and ethnicity, but does not break them out by income. However, ACT collects the self-reported income and uses the data and analysis in its research.

Kentucky Center for Education

& Workforce Statistics: An Education Data Resource for Legislators

Dr. Kate Shirley Akers, Deputy Executive Director, Kentucky Center for Education & Workforce Statistics, said the Center is attached to the Education and Workforce Development Cabinet and funded through federal grants and a recurring state budget appropriation. It was created in December 2012 by Executive Order and ratified into law in the 2013 legislative session.

Dr. Akers said the Center builds upon the work of the P-20 Data Collaborative and its executive director is Dr. Charles McGrew. The Center is governed by a board that includes the Kentucky Department of Education (KDE) Commissioner Terry Holliday, the Council on Postsecondary Education (CPE) President Robert King, the Educational Professional Standards Board (EPSB) Executive Director Robert Brown, the Executive Director of the Kentucky Higher Education Assistance Authority (KHEAA) Carl Rollins, and Education and Workforce Development Cabinet Secretary Thomas Zawacki, Chairman of the Board.

Dr. Akers said the Center has the authority to collect education and workforce data from KDE, CPE, EPSB, and the Education and Workforce Development Cabinet. This data is entered into the Kentucky Longitudinal Data System (KLDS) in order to generate timely reports about student performance through employment, and help guide decision makers in improving the Kentucky's education systems and training programs per KRS 151B.132.

Dr. Akers said the system will link high school and college data together to understand how high school experiences affect college going and success. It will allow Kentucky to provide better data about college preparation to high schools as well as to colleges in order to improve alignment.

Dr. Akers said the *Early Childhood Profile* report will be provided every spring and provides kindergarten screening data for participating counties and the state. It also includes aggregate data such as participation in publicly funded preschool, head start, and childcare. She noted the demographic data links preschools and early childhood information to kindergarten and elementary school performance to ensure that all of Kentucky's children enter schools with the skills they need to be successful.

Dr. Akers discussed graphs the Center has produced that link ACT scores with free and reduced lunch eligibility and ACT and Grade Point Average (GPA) for all high school graduates. Representative Stone noted the correlation between the GPAs and the ACT scores on the graph in the meeting handout. He noted that legislation may be needed to address counties that have a 14.7 percent college going rate, compared to the statewide average of 60.2 percent as shown in another graph. Copies of the graphs are

located in the meeting folder in the LRC library.

Representative Carney noted that GPA inflation is occurring in Kentucky and the issue should be addressed. He suggested examining possible changes in the Kentucky Educational Excellence Scholarship (KEES) program to address inflation of student GPAs.

Dr. Akers said teacher preparation programs can benefit from the data by understanding how well their graduates are impacting student learning in the classroom and adapting their programs accordingly. She also said linking education and employment records in the future will allow Kentucky to know if its graduates are entering the workforce and earning a reasonable wage, how well colleges are meeting the needs of Kentucky’s industries, and what the return on investment is for Kentucky’s education and training programs.

Representative Collins noted that the number of students receiving free and reduced lunch will increase significantly as high unemployment and industry closings continue to affect certain counties. He said vocational programs need to be implemented in these areas of the state.

With no further business before the committee, the meeting adjourned at 11:25 AM.

Interim Joint Committee on Education
Subcommittee on Postsecondary Education
Minutes of the 2nd Meeting of the 2013 Interim
October 14, 2013

Call to Order and Roll Call

The second meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, October 14, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Alice Forgy Kerr, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Senator Katie Stine; Representatives Leslie Combs, C.B. Embry Jr., Jim Glenn, Richard Heath, Jody Richards, Rita Smart, and Addia Wuchner.

Legislative Guest: Senator David Givens.

Guests: Erin Klarer, Kentucky Higher Education Assistance Authority and Kentucky Higher Education Student Loan Corporation and Erik Jarboe, LearNet.

LRC Staff: Ben Boggs, Kenneth Warlick, and Daniel Clark.

The Findings and Recommendations of the Rural Access Work Group

Robert King, President, Kentucky Council on Postsecondary Education (CPE), said the Rural Access Work Group was created during the General Assembly’s last budget cycle to see

whether Kentucky should consider the establishment of a new public university in eastern Kentucky.

Pam Miller, Chair, Kentucky Council on Postsecondary Education and also chair of the Rural Access Work Group, said life can be tough in the rural areas of Kentucky. The educational achievement levels need to be raised in order for those areas to have and create jobs. A lot of the rural areas lack access to universities and the internet, which can make it hard for people to reach certain levels of educational achievement to help them succeed. Ms. Miller said the Rural Access Work Group consisted of 30 participants from all over the state. The work group met for six months and heard from a variety of groups. When considering the direction of future action, the Rural Access Work Group emphasized building on what already exists. The group formed over 30 draft recommendations that were eventually narrowed to 19.

Lee Nimocks, Chief of Staff, Kentucky Council on Postsecondary Education, said low education levels in regions and communities affects poverty levels, health, employment, life expectancy and out-migration. Ms. Nimocks said that after many conversations the Rural Access Work Group focused on six policy areas; college affordability, readiness and outreach, workforce alignment, partnerships between Kentucky’s two and four year institutions, addressing the needs of adult learners, and high speed internet access.

Ms. Nimocks said college affordability was the top concern for the Work Group. The recommendations to address college affordability were more financial aid, rural scholarships for coal counties, employer-funded tuition reimbursement, and state tax incentives and credits. The second area of concern is college readiness and outreach. The work group’s recommendations for this area include more AP classes through distance education, dual credit arrangements between high school vocational education and Kentucky Community and Technical College System (KCTCS), public awareness campaign, and a College Coaches Program. The Kentucky College Coaches Program allows recent college graduates to go into rural high schools to work with students and their families. The third area of concern is education and workforce alignment. The work group’s recommendations for this area are regional attainment targets, incentives for “work ready” communities, and entrepreneurial certificates and small business support. The fourth area of concern is KCTCS and regional university campus partnerships. The work group recommends more joint enrollment, advising, and more complete programs, expanded offerings at regional campuses, and local coaching and support for online students.

In response to Representative Jim Glenn’s question regarding location of satellite campuses, Ms. Nimocks said

there is satellite or extended campuses throughout the eastern part of the state and through most of the rural regions.

Ms. Nimocks said the Rural Access Work Group’s fifth area of concern was adult-friendly degree programs. The work group’s recommendations are to create a new online delivery system for adults, provide online advising and support, and study pricing of online courses. The sixth and final area of concern is high-speed internet access. The work group’s recommendations are to promote the development of E-Learning Centers, and expand affordable broadband access.

Mr. King said the Kentucky General Assembly has directed CPE to begin the process of developing a program targeted at working adults meeting all of the criteria of the recommendations for the Rural Access Groups fifth area of concern.

In response to Representative Jim Glenn’s question regarding broadband in public libraries across the state, Ms. Nimocks said most public libraries have access to broadband but the issue is if the facility can stay open after hours for people to use computers.

In response to Senator Alice Forgy Kerr’s question regarding legislation that deals with the Rural Access Work Groups findings, Ms. Miller said some of the recommendations require legislation but many of the recommendations will be carried out by the CPE. Mr. King said creating the scholarship sources through the coal severance money would provide significant help for the rural areas.

Senator Alice Forgy Kerr noted from a chart in the presentation that Logan County is underachieving in regards to the citizens from the age 25 to 44 having an associate degree. Representative Jody Richards added he was surprised by those statistics.

Senator Alice Forgy Kerr said Midway College has an application for smart phones that allow students to take online courses through internet access and Midway College’s phone application.

In response to Representative Jody Richards’ questions regarding persistent poverty in the Appalachia region, Ms. Nimocks said when it comes to college affordability, there are challenges in Kentucky due to the economic standing of the citizens in rural Kentucky. Mr. King said CPE is focusing some of its efforts on the notion of entrepreneurialship and encouraging people to create their own jobs and employ other people.

Representative Jody Richards stated that area six of the Rural Access Work Group which is high speed internet access, should be moved to area one. He stated that internet access should be a top priority.

Aaron Thompson, Vice President, Academic Affairs, Council on Postsecondary Education, said according to the statistics provided in the presentation, the urban areas of the Appalachia region is where most of the success in college readiness occurs.

In response to Representative C.B. Embry’s questions regarding needs-based scholarships and changing the culture of low-income families to value education, Mr. King said it would not be easy an challenge. He said building local partnerships with local elected officials, business leaders, churches, and other community organizations would help focus the culture on the importance of education.

Senator Alice Forgy Kerr stated that peers have more influence on young children in rural areas and could help change the culture more so than college coaches.

Representative Rita Smart stated she is concerned about the focus on jobs in rural counties and keeping people at those jobs.

Mr. King said there needs to be a change in the way young people think about their future. Give young people the tools and motivation to understand that they do not have to work for someone else and they can create their own business and hire people to work for them. Mr. King stated that CPE held a Trustee Conference that discussed good ideas about entrepreneurialship and how campuses can incorporate entrepreneurialship into any major.

Representative Jody Richards said roads and transportation can be a factor in education attainment levels and jobs. Where you find good roads, you usually find good jobs and schools.

Senator David Givens said a lot of rural areas are sending students to college, but those graduates are not going back home and that this issue can create some of the problems we are seeing with the rural areas not having citizens with associate degrees or higher. He said broadband access and utilization of broadband is vital in rural Kentucky. He stated there is broadband access in certain areas that is not being utilized. The private sector can do great things with broadband, especially when there is profit involved. Senator Givens also stated that teachers can have the most influence on children and can help change the culture of education in the rural areas.

Representative Leslie Combs said she enjoyed being on the Rural Access Work Group and thought a lot good information was reviewed. She said the education process is not teaching children how to think and how to create their own destinies and these should be emphasized in schools. A lot of children in her area are going to college and graduating but not coming back nor receiving a degree. This is happening all across the state, especially rural areas. She wants to find a financial way to educate closer to home those who are leaving to pursue a college education.

Senator Katie Stine said she supports using the coal severance tax money for scholarships but worries about how much longer the coal industry’s source of revenue may be relied upon for those funds.

In response to Senator Katie Stine's question regarding scholarships for health care provider education, Ms. Nimocks said there is a very successful Osteopathic Scholarship Program that uses the University of Pikeville as a strong partner for developing doctors in Kentucky.

Carl Rollins, CEO, Kentucky Higher Education Student Loan Corporation (KHESLC) said KHESLC has the Osteopathic Medicine Scholarship that is funded by coal severance money and the amount of the scholarship is the difference between the cost of the University of Pikeville and the average cost of the University of Kentucky (UK) and the University of Louisville. Also, there is a partnership between the University of Morehead and UK's college of medicine to train doctors in the eastern part of the state.

In response to Senator Katie Stine's question regarding more physicians in urban areas than rural areas, Mr. King said the University of Pikeville's Osteopathic College recruits from Appalachia. Pikeville encourages the recruits and graduates to stay and serve in that region. Another thing to consider in rural areas is finding financial incentives to help students minimize their debt.

Representative Addia Wuchner said the further the children are disconnected from their home communities by going to college, the more unlikely it is for the children to return home.

Representative Leslie Combs said the premise behind starting to Osteopathic School in the rural area and at Pikeville University was to train the students there and keep them there in the community.

With no further business before the committee, the meeting adjourned at 11:47 a.m.

Special Subcommittee on Energy

Minutes of the 4th Meeting of the 2013 Interim

October 18, 2013

Call to Order and Roll Call

The 4th meeting of the Special Subcommittee on Energy was held on Friday, October 18, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Richard Henderson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Richard Henderson, Co-Chair; Senators Ernie Harris, Bob Leeper, Dorsey Ridley, Brandon Smith, and Robin L. Webb; Representatives Dwight D. Butler, Will Coursey, Jim Gooch Jr., Keith Hall, Sannie Overly, Tom Riner, John Short, Kevin Sinnette, Fitz Steele, and Brent Yonts.

Guests: Michael Montross Ph.D. P.E., Food and Bioprocess Engineering, University of Kentucky; Danny Townsend, Townsend Sorghum Mill; Scott Drake, Manager of Corporate Technical Services, East Kentucky Power Cooperative; Stacy Epperson, President/CEO, Next Step

Network; Greg Guess, Director, Division of Efficiency and Conservation, Energy and Environment Cabinet and Lisa Haislip, Program Manager, Residential Energy Efficiency, Tennessee Valley Authority.

LRC Staff: D. Todd Littlefield, Stefan Kasacavage, and Susan Spoonamore, Committee Assistant.

Sorghum as an Energy Crop

Michael Montross, Ph.D. P.E., Food and Biosystems and Agricultural Engineering, University of Kentucky explained that growing sweet sorghum requires less water and less nitrogen compared to corn. Sweet sorghum produces sugar that is directly convertible to ethanol. Mr. Montross said that sweet sorghum has several positive attributes as a feedstock for ethanol production, but the main hurdles are transportation, limited storage and a short processing season.

In response to questions from Senator Harris, Mr. Townsend said that there are approximately 3,000 acres of sweet sorghum being grown in Kentucky. Sweet sorghum primarily produces sugar for syrup. The stalks are being used by Mohawk manufacturing to make carpet.

Mr. Townsend, Townsend Sorghum Mill, stated that sweet sorghum is not native to the United States. It was brought in by the U.S. government for use as a sweetener.

In response to Representative Coursey, Mr. Townsend said that Coca-Cola uses sugar as a component in making its water bottle. It may not be using sorghum sugar, but sugar is sugar.

In response to Representative Riner, Mr. Townsend stated that black strap molasses is different in that it is a byproduct left over after granulated sugar is made from sugar cane.

Mr. Greg Guess, Director, Division of Efficiency and Conservation, Energy and Environment Cabinet, stated that the Department for Energy Development and Independence (DEDI) entered into a federally funded cooperative agreement with the U.S. Department of Energy (DOE) to develop policy and program recommendations to increase energy efficiency in Kentucky's electricity sector by one percent annually. The initiative is a part of the Governor's goal for energy efficiency by 2025. The project is entitled Stimulating Energy Efficiency in Kentucky (SEE KY).

Mr. Guess said the recommendations were used to develop Kentucky's Action Plan for energy efficiency. The Plan includes six actions that pertain to all sectors, another four that apply specifically to the federal government, and another 16 that benefit the residential, commercial, or industrial sector.

Mr. Guess said that one of the recurring residential needs identified by industry advocates, low-income housing agencies, and utilities is the need to address energy costs in inefficient manufactured housing units, particularly in eastern Kentucky. Manufactured homes

account for 13.6 percent of the state's overall residential stock. The homes tend to be highly energy inefficient resulting in high energy costs, nearly twice as much per square foot as site-built homes. Manufactured homes built prior to 1976 are so energy inefficient that most cannot be economically retrofitted with energy saving upgrades.

Mr. Scott Drake, Manager of Corporate Technical Services, East Kentucky Power Cooperative (EKPC) stated that there are 16 owner-member cooperatives that provide electric service to nearly 400,000 residential homes in Kentucky. Of those homes, approximately 75,000 are manufactured homes. He explained that the cooperatives employ expert energy advisors to provide in-home efficiency audits free to members. He also noted that 81 percent of the manufactured homes in the cooperatives have electric resistance heating compared to more energy-efficient heat pumps.

Mr. Drake said that there are rebate programs, approved by the Public Service Commission, such as heat pump retrofits. The cooperative pays a rebate from \$500 to \$1,000 based on the energy efficiency of the new heat pump. He noted that the rebate for Touchstone Energy Manufactured Homes, available since 2005, ended in 2013 due to low participation rates. The EKPC cooperatives are looking at all possible options to help with high energy costs. The EKPC is exploring the idea of applying insulating foam underneath the manufactured homes with a follow-up due in a year.

Ms. Lisa Haislip, Program Manager, Residential Energy Efficiency, Tennessee Valley Authority (TVA), stated that TVA has a Heat Pump Program for qualified manufactured homes no more than 10 years old and that are located in the TVA service area. A \$500 incentive is paid directly to the participating heating ventilation and air condition (HVAC) wholesalers who pass that on to the customer.

She also explained the ENERGY STAR pilot program for manufactured homes. The program encourages the production of ENERGY STAR manufactured homes for TVA residents. The program is administered by Systems Building Research Alliance (SBRA) and incentives are paid to the manufactured home producers. She said that \$1,500 is paid to SBRA and \$1,450 is passed onto the manufactured homes producer.

Ms. Haislip stated that the two programs have seen a growth of 87 percent from last year.

Ms. Stacy Epperson, President/CEO, Next Step Network, explained that Next Step is a national network of nonprofit housing organizations helping low-income families find quality affordable homes. The mission is to put sustainable homeownership within reach for everyone, while transforming the manufactured house industry. She said there are more than 2 million families, nationwide, living in old, energy inefficient mobile

homes. Most are found in rural areas where families are near or below the poverty level. Some of the households fall through the cracks of federal programs and are trapped in a cycle of very high energy bills. She said that manufactured housing accounted for 12.9 percent of Kentucky's housing with an estimated 85,000 built before 1976 when the HUD code was enacted. Kentucky families can pay between \$200 and \$400 for summer bills and \$400 to \$600 for winter bills. She also stated it was not uncommon to see homeowners spending half their monthly income on utilities.

In closing, Ms. Epperson said that the Kentucky Housing Corporation (KHC) administers a mobile home replacement program. Only 7 other states have such a program. KHC created a pilot program for a rebate to incentivize and subsidize twenty new ENERGY STAR certified manufactured homes. She said that replacing pre-HUD code mobile homes with ENERGY STAR homes in Kentucky would save households an average of \$1,800 per year in energy costs, reduce greenhouse gas emissions, and improve home affordability, easing the financial burden for families struggling to meet their needs.

In response to Chairman Henderson's questions, Mr. Drake said that a magazine is sent out to members of the cooperative with information about energy audits. He said that there have been 2,000 in-home audits and approximately 1,000 phone audits.

In response to Senator Webb, Ms. Epperson said that federal funding is limited for building ENERGY STAR manufactured homes. A state policy focusing on energy upgrades would be helpful.

In response to questions from Chairman Henderson and Senator Webb, Ms. Epperson said that LIHEAP is not a solution. It does not make sense to use its weatherization program to weatherize pre-1976 manufactured homes.

Senator Webb said she was concerned about spending dollars year after year on homes that cannot be made energy efficient.

In response to Representative Yonts, Ms. Epperson said Next Step, which derives its money from nonprofit housing organizations, will help between 80 and 100 low-income families find quality affordable homes, transform manufactured homes to energy efficient or help with utility bills.

The meeting was adjourned at 11:45 p.m.

Interim Joint Committee on Health and Welfare

Minutes of the Fifth Meeting of the 2013 Interim

October 16, 2013

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Health and Welfare was

held on Wednesday, October 16, 2013, at 1:00 p.m., in Room 129 of the Capitol Annex. Representative Tom Burch, Co-Chair, called the meeting to order at 1:05 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Joe Bowen, Tom Buford, Julian M. Carroll, Perry B. Clark, David P. Givens, Denise Harper Angel, Alice Forgy Kerr, and Katie Stine; Representatives Julie Raque Adams, Robert Benvenuti III, Bob M. DeWeese, Joni L. Jenkins, Mary Lou Marzian, Tim Moore, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, Susan Westrom, and Addia Wuchner.

Guests: Polly Mullins-Bentley, RN, RHIT, State Health I.T. Coordinator, Acting Executive Director, Governor's Office of Electronic Health Information, Cabinet for Health and Family Services; Dr. John Langefeld, Chief Medical Officer, Department for Medicaid Services, Cabinet for Health and Family Services; Dr. Stephanie Mayfield, Commissioner, Department for Public Health, Cabinet for Health and Family Services; Dr. Allen Brenzel, Clinical Director, Deputy Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Karen Chrisman, staff attorney for the Governor's Office of Health Information Exchange; Elizabeth Whitehouse, Deputy Executive Director, Governor's Office of Early Childhood; Brigitte Blom Ramsey, Kentucky Early Childhood Advisory Council and United Way of Greater Cincinnati/Northern Kentucky; Larry Coffee, DDS, Founder and CEO, Dental Lifeline Network; Stewart Perry, State Advocacy Volunteer Chair, American Diabetes Association; Pam Hagan, APRN/Practice & Education Consultant, Paula Schenk, Executive Director, and Nathan Goldman, General Counsel, Kentucky Board of Nursing; Tamara Sandberg, Executive Director, Kentucky Association of Food Banks; Paula Goff, Julie Brooks, and Fran Hawkins, Department for Public Health, Cabinet for Health and Family Services; Gary Miles, Feeding America, Kentucky Heartland; Marty White, Capital Link Consultants; Bob Babbage representing the American Diabetes Association; Lori Bradley, mother; Michael Rodman, Kentucky Board of Medical Licensure; Joel Griffith, Prevent Child Abuse Kentucky; Priscilla Black, Legislative Research Commissioner; Sarah S. Nicholson, Kentucky Hospital Association; and David Adams, KCJ.

LRC Staff: DeeAnn Wenk, Ben Payne, Jonathan Scott, Sarah Kidder, Gina Rigsby, and Wesley Whistle.

Minutes

A motion to approve the minutes of the September 18, 2013 meeting was made by Representative Marzian, seconded by Representative Watkins, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulations were available for consideration: **201 KAR 9:016** – establishes the requirements governing the use of amphetamine and amphetamine-like anorectic controlled substances; **201 KAR 17:012** – establishes criteria for licensure for speech-language pathologists; **201 KAR 17:030** – establishes the required fees and the requirements for inactive status for a speech-language pathologist, speech-language pathology assistant, or audiologist; **201 KAR 17:034** – establishes criteria for licensure for speech-language pathology assistants; **201 KAR 17:036** – establishes requirements for licensure for an audiologist; **902 KAR 18:011** – establishes definitions for the definitions for the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) found in 902 KAR Chapter 18; **902 KAR 18:021** – establishes the application and participation process for participants of the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 18:031** – establishes the sanction schedule for participant abuse of the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 18:040** – establishes the fair hearing procedures for participants for the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 18:050** – establishes the vendor authorization criteria for the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 18:061** – establishes the vendor violations and sanctions for the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 18:071** – establishes procedures for Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) vendor disqualification including the participant access determination and civil money penalty; **902 KAR 18:081** – establishes the local agency's and vendor's rights to a hearing in regards to the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 18:090** – establishes the high risk criteria for contracted retailers with the Kentucky Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); **902 KAR 30:001** – establishes the definitions for 902 KAR Chapter 30 pertaining to First Steps, Kentucky's Early Intervention Program; **902 KAR 30:110** – establishes the point of entry and service coordination provisions pertaining to First Steps, Kentucky's Early Intervention Program; **902 KAR 30:120** – establishes the evaluation, eligibility, and redetermination of eligibility requirements for First Steps, Kentucky's Early Intervention Program; **902 KAR 30:130** – establishes the requirements for assessment, the Individualized

Family Services Plans used in First Steps, and assistive technology; **902 KAR 30:150** – establishes the provider qualifications for participation in First Steps, Kentucky's Early Intervention Program; **902 KAR 30:160** – establishes the provisions of covered services under First Steps, Kentucky's Early Intervention Program; **902 KAR 30:180** – establishes the procedural safeguards for facilities participating in First Steps, Kentucky's Early Intervention Program; **902 KAR 30:200** – establishes the provisions relating to early intervention services for which payment shall be made on behalf of eligible recipients; **921 KAR 2:040** – establishes the procedures used to determine initial and continuing eligibility for assistance under the Kentucky Transitional Assistance Program (K-TAP) and the State Supplementation Program (SSP); **921 KAR 2:046** – establishes the conditions under which an application is denied or assistance is decreased or discontinued and advance notice requirements; **921 KAR 2:050** – establishes the time and manner of State Supplementation Program (SSP) payments and Mental Illness or Mental Retardation (MIMR) Supplement Program payments; and **922 KAR 1:450** – establishes a procedure for administrative hearings and criteria pertaining to the release of foster or adoption status information. A motion to accept the referred administrative regulations was made by Representative Owens, seconded by Representative Marzian, and accepted by voice vote.

Update on the Kentucky Health Information Exchange

Polly Mullins-Bentley, RN, RHIT, State Health I.T. Coordinator, Acting Executive Director, Governor's Office of Electronic Health Information, Cabinet for Health and Family Services, stated that in 2005, Senate Bill 2 created a secure interoperable statewide electronic health network, established the Kentucky eHealth Network Board (KeHN), and appointed the Health Information Exchange committee. In 2007, the cabinet received a \$4.9 million Medicaid Transformation Grant that provided funds to build the technical infrastructure for the KHIE. In 2009, the Cabinet for Health and Family Services received \$9.75 million in ARRA/HITECH funding that provided Kentucky the advantage in progressing towards statewide health information exchange. Fifty-six states and territories were awarded \$548 million in federal funds for a state health information exchange (HIE) cooperative agreement. The purpose of the agreement was to rapidly build capacity for exchange of health information across the health care system both within and across states. In August 2009, Governor Beshear issued an executive order establishing the Governor's Office of Electronic Health Information within the Cabinet for Health and Family Services to oversee the advancement of health information exchange in Kentucky.

Dr. Stephanie Mayfield,

Commissioner, Department for Public Health, Cabinet for Health and Family Services, stated that there are 507 KHIE live connections in hospitals, physician offices, and laboratories. KHIE provides a common, secure electronic information infrastructure that meets national standards to ensure interoperability across various health systems. KHIE affords healthcare providers the functionality to support preventive health and disease management through alters, messaging, and other tools. The Veterans Administration was one of the first to use electronic health records.

Dr. John Langefeld, Chief Medical Officer, Department for Medicaid Services, Cabinet for Health and Family Services, stated that health information technology can improve a patient's experience of care, increase the overall health of populations, address behavioral risk factors, focus on preventive care, and lower the total cost of care while improving quality resulting in reduced monthly expenditures for Medicare, Medicaid, and CHIP beneficiaries.

Dr. Allen Brenzel, Clinical Director, Deputy Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services, stated that people with mental illness die earlier than the general population and have more co-occurring health conditions. Sixty-eight percent of adults with a mental illness have one or more chronic physical conditions. Approximately one in five adults with mental illness has a co-occurring substance use disorder. The current system leads to lack of coordination of physical and behavioral health care. Behavioral health providers were left out of federal incentives to build electronic health records. Confidentiality requirements represent challenges especially around substance abuse treatment. The solution lies in integrated care, coordination of mental health, substance abuse, and primary care services. Integrated care produces the best outcomes and is the most effective approach to caring for people with complex healthcare needs. Patient-centered medical homes require data systems integration.

In response to questions by Representative Moore, Dr. Langefeld stated that data that flows through the KHIE comes from Medicaid recipients, electronic health records from participating providers, and laboratory data. The data is kept within the Cabinet for Health and Family Services. Ms. Bentley stated that the KHIE is a query-based federated model and there is no data repository. KHIE has a participation agreement with every participating provider. Provider data is HIPAA compliant. The participation agreement states the information is for treatment, payment, and operation under HIPAA. Karen Chrisman, staff attorney for the Governor's Office of Health Information Exchange, stated the only people who are provisioned into the HIE are healthcare providers or state

employees provisioned for a specific use.

In response to questions by Senator Carroll, Dr. Brenzel stated that there is a lot of duplication of tests and medications because doctors do not have access to all of a patient's records since not all providers participate in KHIE. It could be detrimental if behavioral health information is not included in the KHIE. Dr. Mayfield stated that it costs her laboratory approximately \$6,000 per year in maintenance costs to participate in KHIE. If a average size, single practice provider who does not have electronic health records, it could costs between \$3,000 to \$5,000 to install the electronic records, and the monthly maintenance fee for a basic system could cost between \$1,000 to \$3,000. Senator Carroll suggested that all doctors should be mandated to participate in the KHIE in order to be able to have access to all of a patient's medical information at all times.

In response to questions by Representative Wuchner, Ms. Bentley stated that when a provider receives federal incentive dollars, it has adopted an electronic medical record and is pursuing meaningful use of electronic technology to improve patient care. To date in Kentucky Medicaid and Medicare receive approximately \$3 million incentive dollars. Medicare incentives come straight from the Centers for Medicare and Medicaid Services (CMS) and go directly to providers. Medicaid receives approximately \$140 million pass-through incentive dollars from CMS that goes to providers. KHIE is interfaced with EPIC, Meditech, and CPSI and work with over 80 electronic medical record vendors. Warnings are included in KHIE that deters a provider from accessing medical information on someone who is not the provider's patient. Dr. Mayfield stated that providers will have to submit the patient quality reporting systems and meaningful use data electronically in order to get advanced reimbursement. Dr. Brenzel stated that the goal is to have patient portals to allow patients access to their own medical records to correct any wrong data or update personal information if necessary.

In response to questions by Representative Benvenuti, Ms. Bentley stated that KHIE has the ability to audit providers. A patient is able to ask who has accessed his or her medical records from KHIE, but is encouraged to ask the provider first. The cabinet is a government entity and maintains all government-required levels for security. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) has exceptions for law enforcement to access a person's medical records, but in Kentucky, the information would have to come directly from the provider not KHIE. KHIE has never received a subpoena for someone's medical information.

In response to a question by Representative Marzian, Dr. Brenzel stated that there are many unnecessary duplicative tests performed on the same

patient.

In response to a question by Representative Adams, Ms. Bentley stated that Kentucky's health information exchange is in the top five percent of states with an exchange. KHIE is a comprehensive system that has the capability to track health trends. KHIE has begun work with West Virginia, Indiana, and Missouri on interstate interoperability, and hope to begin work with Tennessee and Virginia soon.

In response to questions by Representative DeWeese, Ms. Bentley stated that all acute care hospitals have signed participation agreements and 65 percent are on line and technical teams are working to get the remainder on line. Ninety percent of qualified health care clinics have signed participation agreements and approximately 70 percent are on line. Eighty percent of rural health clinics are on line. Providers can connect to KHIE to get information from other providers instead of having to connect to all providers for the information. Dr. Brenzel stated that only two of the fourteen regional mental health center boards contribute information to KHIE. Behavioral health providers were not incentivized initially to use electronic health records.

In response to questions by Senator Givens, Ms. Bentley stated that patients own their own health data. Ms. Chrisman stated that according to HIPAA, patients' medical records are providers' business records of patients' visits, and patients have the right to access their medical record. The medical record is not for a patient's use but a record for the provider to help provide medical treatment. Under HIPAA, a provider is allowed to use the medical information for treatment, operations, and payment. The Notice of Privacy a patient receives in a provider's office tells what will be done with a patient's medical information. Under HIPAA, a patient has the right to request that information be restricted from disclosure, but a provider does not have to honor the restriction. It is a HIPAA violation for a provider to query information from KHIE for someone who is not a patient, and a provider can lose his license. An administrative regulation accepts the participation agreement as the only way a provider can become part of the KHIE. In the participation agreement, Medicaid providers are specifically limited even farther than treatment, payment, and operations in the way they can use the KHIE. KHIE can only be used for care coordination to provide care for a Medicaid patient.

In response to a question by Representative Burch, Ms. Bentley stated that dentists are included in the incentives and will be a part of KHIE.

Early Childhood Advisory Council
Elizabeth Whitehouse, Deputy Executive Director, Governor's Office of Early Childhood; Brigitte Blom Ramsey, Kentucky Early Childhood Advisory Council and United Way of Greater

Cincinnati/Northern Kentucky, stated that a \$45 million grant application, Race to the Top Early Learning Challenge was submitted and accepted. Early childhood investments pay dividends for the life of the child. Each dollar invested returns \$60 to \$300 over a child's lifetime. The Perry Preschool Project, and Abecedarian Project reports that children that were enrolled in a quality early childhood education program earn \$2,000 more per month than peers, more likely to graduate high school, more likely to own a home, less likely to repeat grades, less likely to need special education, and less likely to be incarcerated. C.A. Nelson from Neurons to Neighborhoods, 2000 reports that 85 percent of brain development occurs before age five. Kentucky Invests in Developing Success (KEIS) created the Early Childhood Development Authority.

In 2000, twenty-five percent of tobacco settlement funds were committed to early childhood through the KIDS NOW programs. The tobacco settlement funds have decreased from \$28.8 million in 2000 to \$21.1 million in 2013 which means a 27 percent decrease in program funding. KIDS NOW programs include vision screening, reach out and read, universal children's immunizations, KEIS/First Steps, folic acid program, Healthy Start Program, hearing screening, early childhood oral health, substance abuse treatment program, early childhood scholarship program, early childhood mental health, child care program, Healthy Access Nurturing Development Services (HANDS) Program, and child advocacy centers. In 2011, The Early Childhood Advisory Council was created to promote program accountability and provide guidance that affects Kentucky children and families. The school readiness definition that was created by the Governor's Task Force on Early Childhood Development and Education means that each child enters school ready to engage in and benefit from early learning experiences that best promote the child's success and ability to be ready to grown, learn, and succeed. Kentucky screens kindergarteners to make informed decisions about early childhood systems, identify statewide and local challenges, mobilize communities, communicate results, demonstrate return on investment, and encourage continuous improvement. The five domains of school readiness are general knowledge and mathematics, health and physical well-being, approaches to learning, language and communication development, and social and emotional development. Quality is very important in day care centers. A goal is to increase participation in the STARS program.

Representative Benvenuti and Representative Palumbo stated that Kentucky's focus should be on kids instead of entitlement programs.

In response to a question by Senator Bowen, Ms. Ramsey stated that information is distributed at grocery stores, libraries, pediatrician offices, health

department, and neighborhood programs. In early spring 2012, the Governor's Office of Early Childhood requested that all community early childhood councils to conduct a needs assessment to find out what children were and were not accessing programs within each county. There is a community early childhood council in 109 of the 120 counties.

Representative Wuchner stated that Boone County received the first early childhood learning grant for \$3.25 million.

In response to questions by Senator Givens, Ms. Whitehouse stated that screening is a communication tool but does not say that one center is preparing children better than another center. Ms. Ramsey stated she wants to ensure that the quality of programs is as high as possible and that public dollars are used on quality services to take children where they need to go for success. Private childcare providers can receive state subsidies for children who qualify for services. The quality rating system is voluntary.

In response to a question by Representative Jenkins, Ms. Ramsey stated that the goal is for early childhood councils to find partners to help ensure access and support to families.

Donated Dental Services

Larry Coffee, DDS, Founder and CEO, Dental Lifeline Network, stated that Donated Dental Services (DDS) is an efficient, cost effective, and accountable community-based and person-centered approach to advancing the health and well-being of needy disabled, elderly, and medically-compromised individuals by providing comprehensive pro bono dental care through a network of volunteer dentists and laboratories. An investment of \$70,000 by the Commonwealth to mobilize approximately 275 volunteer dentists and 25 laboratories will return up to \$550,000 in comprehensive pro bono therapies for approximately 250 individuals annually. The investment will yield additional healthcare savings since priority is given to people whose dental condition, in combination with other diseases, create risk of costly complications. The people DDS serve have health problems, developmental disabilities, serious and persistent mental illnesses, functional limitations related to advanced age, physical and or sensory impairments, and some veterans unable to obtain dental care through the Veterans Administration.

Volunteer dentists fully donate their services, including the use of their offices and supplies. General practitioners, specialists, and laboratories participate so patients receive comprehensive and sustainable care rather than limited treatment. Many patients will be treated by specialists in addition to a general dentist. Implants, gold casting alloys, and other specialized materials are donated by manufacturers as needed. The social work coordinator is responsible for distributing materials about DDS to individuals requesting assistance, determining general

eligibility of applicants, arranging referrals to volunteers, involve laboratories as needed, and assuring that the needs of patients and volunteers are resolved throughout the course of treatment. Approximately 120,000 individuals throughout the country have received over \$250 million of comprehensive treatment from 15,200 dentists and 3,300 laboratories. Dental Lifeline Network, a charitable affiliate of the American Dental Association, began DDS as a small pilot in the late 1980s. Most activity is concentrated in 41 state-specific programs with some of them be supported by state governments.

Discussion of 201 KAR 20:400

Paula Schenk, Executive Director, Kentucky Board of Nursing, stated that on July 13, 201 KAR 20:400 was amended at the Administrative Regulations Review Subcommittee (ARRS). At the August 21, 2013 Kentucky Board of Nursing (KBN) regular meeting, the amendments to administrative regulation were reviewed and the board directed that it be withdrawn for consideration at the August 21, 2013 Interim Joint Committee on Health and Welfare meeting. One reason for withdrawal by the board was that a school personnel training course should be developed and integrated into the administrative regulation before it goes into effect. The initial filing of 902 KAR 20:400 only referenced the development of a course which would have to be completed later. The board directed that the nursing delegation of administration of insulin in a school setting be placed in a separate regulation and that a panel of experts be convened to identify content and development modules of the training curriculum for the administration of insulin and glucagon to students in a school setting. The group of experts have met and are in the process of writing the instructional modules to be included in the training program. In addition, the board directed that a workgroup of stakeholders and interested parties be convened to review the draft curriculum. The workgroup will serve in an advisory capacity and provide the working recommendations to the KBN Practice Committee. On November 14, 2013 the KBN Practice Committee will convene to review the draft recommendation. The goal is to have this work completed and presented to the board for approval at its December 13, 2013 regular meeting. If approved by the Governor, the KBN will file the emergency and ordinary administrative regulations with the Legislative Research Commission. This would allow the schools the spring and summer of 2014 to implement and conduct the training in preparation for the new school year. The board's mission is to protect the public and hope the regulation will provide the needed protection and assistance for the children of Kentucky who live with diabetes.

In response to questions by Representative Lee, Ms. Schenk stated

that the emergency administrative regulation will have only language that applies to a school setting. The plan is to promulgate a separate administrative regulation addressing only the delegation of administration of insulin and glucagon in a school setting and the modules and training for the school personnel. The emergency administrative regulation will be identical to the ordinary administrative regulation.

Bob Babbage representing the American Diabetes Association stated that the KBN has a responsibility not only to nurses but legislators. The KBN has known for three years that the insulin administrative regulations needed to be reviewed. If the board develops a curriculum that exceeds the one used in 22 states that use the American Diabetes Association training and preparation module, it becomes very difficult to volunteer, qualify, and participate.

Lori Bradley, parent, stated that her son Brandon has been diagnosed with Type 1 diabetes, and if his blood sugar levels drop he needs an insulin injection immediately. High or low blood sugar levels are unpredictable, and there needs to be someone available all day at the schools to help give injections when necessary to control the levels. She questioned what would happen to kids who do not or will not give themselves a shot when needed and there is no one available to help. Children living with Type 1 diabetes often times feel different enough without having to force them to stand out even more than necessary. Parents risk their jobs when they have to leave work to go to the school to help their child manage diabetes or give a shot that could have been handled by any other individual that was trained and willing. The safety of the children is a priority. Volunteers must be trained to assist kids with Type 1 diabetes management during the day.

In response to a question by Representative Adams, Stewart Perry, State Advocacy Volunteer Chair, American Diabetes Association, stated that there is no liability for school districts, because the statutes already cover liability. Mr. Babbage stated that there were no objections to the amended administrative regulation at the July ARRS meeting.

Representative Benvenuti stated that private schools do not always have budgets for a school nurse, and proper training is needed for volunteers as soon as possible.

In response to a question by Representative Wuchner, Mr. Perry stated that if a public school receives federal dollars, Section 504 of the American Disabilities Act applies to a child in school. Most children with diabetes file a 504 plan with the school that is developed with the doctor, nurses, and educators that the child sees and helps identify who and when a child can be helped. Currently Kentucky has a rule on the books that only a medical professional can administer insulin in a school setting.

In response to questions by Representative Owens, Ms. Schenk stated that the KBN is in the process of developing a training curriculum for school personnel who volunteer to administer injectable insulin and glucagon to students in a school setting. The American Diabetes Association training module is being considered by the KBN in the development of the training curriculum modules. There some specific things that the content experts may want to include that would enhance the information in the training curriculum. The KBN Practice Committee would want assurance that the unlicensed person performing the act is safe and competent at calculating carbohydrates and to administer medication. Mr. Perry stated the training modules that exist were done by the American Diabetes Association in conjunction with the national diabetes education project.

In response to a question by Senator Denton, Mr. Perry stated that he did not know of any other states that do not use the American Diabetes Association training module curriculum, but he would check and let her know. Ms. Schenk stated that the KBN takes its responsibility to ensure that the delegation of the administration of insulin to children by school personnel who do not have the nursing knowledge and judgment. The board does not intend to create unnecessary impediments or barriers.

In response to questions by Representative Westrom, Mr. Perry stated that in 2013, the KBN and the American Diabetes Association negotiated an administrative regulation instead of trying to get a law passed regarding a training module curriculum. No information was provided by the KBN as to why the administrative regulation was pulled at the August 21, 2013 meeting of the Interim Joint Committee on Health and Welfare. Ms. Schenk stated that. On August 21, 2013, the KBN meeting occurred at the same time as the interim joint committee; therefore, did not have time to contact anyone about its decision to withdraw the administrative regulation. The board approved 201 KAR 20:40 at its June meeting and it went through the public comment period and was scheduled to be heard at the July 13, 2013 ARRS meeting where it was amended. Since the board did not meet again until August 21, 2013, there was no time for the board to consider the amendment. The board expressed its belief that the training program for school personnel should be developed and incorporated into the administrative regulation as opposed to its original filing where it was only mentioned that the board would develop a course. The board felt that it would be better in terms of quality to have the components of the training curriculum outlined and in the administrative regulation rather than waiting for it to be developed after the administrative regulation went into effect. The board wants to be thorough in its

evaluation of all resources and to prepare a program that will sufficiently train and verify the competence of the unlicensed person to perform the injections in a school setting so the child is safe.

In response to questions by Representative Watkins, Ms. Schenk stated that Representative Jimmie Lee offered the amendment at the ARRS meeting, and the staff and board vice president agreed to the amendment, but it was not reviewed by the entire board until the August board meeting. The board did not object to the amendment. Representative Lee stated that the KBN has to approve any amendment to an administrative regulation, and the amendment did not include the curriculum training. The training curriculum could have been included in the administrative regulation by reference, but the board did not elect to put the training curriculum in by reference.

In response to questions by Representative Wuchner, Ms. Schenk stated that the draft would be sent to all interested people before the December meeting for review to make comments and suggestions.

Kentucky's Food Banks

Tamara Sandberg, Executive Director, Kentucky Association of Food Banks, stated that there is more than enough food in America to feed every man, woman, and child, yet in Kentucky approximately 750,000 people face hunger. Hunger, which was once considered a problem for very low-wage earners, is now a problem for people from all walks of life. Many people live one paycheck away from financial disaster. An unexpected illness, injury, car repair, or life change can put a self-sufficient person at risk of hunger. Children who experience hunger face significant stress and challenges that can have a lasting effect on their physical, cognitive, and behavioral development. Child who experience hunger come to school ill-prepared to learn, are more likely to have trouble focusing in class, and may struggle with complex social interactions and adapt less effectively to environmental stress. The elderly face a number of medical and mobility challenges that put them at greater risk of hunger. The senior population may require different interventions that take into account health status, medication needs, transportation, physical limitations, and dietary restrictions. Seniors living on fixed incomes often have to choose between covering the cost of life-saving medications and buying the food they need to stay healthy. It will cost the Commonwealth more in the long-term to continue to allow so many of its citizens go to bed hungry each night.

The Kentucky Association of Food Banks is comprised of seven Feeding America food bans that serve all 120 counties in Kentucky in partnership with over 1,000 local charitable feeding organizations. The association and its partners secure and provide food for families struggling with hunger, educate

the public about the problem of hunger, and advocate for legislation that protects people from going hungry. A food bank is a distribution center and a food pantry is a local agency. Partners across manufacturing, retail, growing, and shipping industries donate food such as fresh produce, meat, grains, and dairy as well as frozen and canned foods, grocery items for people struggling to put food on the table. We all have a role to play in making sure every family has enough to eat. Approximately 52.9 million pounds of food and grocery products are distributed through agencies, mobile pantries, the Backpack Program, Kids Café programs, the Summer Food Program, and the School Based Pantry Program. Less than one percent of donated produce came from Kentucky farms.

According to the Feeding America's Hunger's New Staple data, food pantries have gone from being a temporary source for emergency food assistance to a regular source of food for hungry families. The Beef Counts KY program was established and endorsed by the Kentucky Beef Council to provide a consistent supply of nutrient-rich beef for people facing hunger in Kentucky. Participating farmers donate proceeds from the sale of beef animal to the Beef Counts KY program. Proceeds from the sale of one animal should provide 1,600 servings of high-quality nutrient-rich beef protein. Every year the United States wastes more than six billion pounds of fresh, healthy fruits and vegetables. Families with limited resources are often forced to purchase low-cost foods that are loaded with calories, but have little to no nutritional value in order to stretch the grocery budgets further. For low-income families in impoverished communities, there are few options for health food purchases. Studies have shown that when food is scarce, a person's body adapts by retaining more weight. Parents and caregivers with small children are often victims of this type of weight gain in order for their children to have enough to eat.

In 2009, legislation was enacted to create a Farms to Food Banks grant program within the Kentucky Department of Agriculture. Currently, there has been no funding for the grant program, but the Kentucky Association of Food Banks has implemented the program using other funds. Starting in 2014, individuals can donate a portion of their tax refund to the Farms to Food Banks Trust Fund administered by the Kentucky Department of Agriculture. Thirty-eight other states provide support for food banks from the General Fund. A well-fed population will save the Commonwealth more in the long run through reduced healthcare costs, increased educational performance, and enhanced worker productivity.

In response to questions by Representative Burch, Ms. Sandberg stated that starting in 2014 individuals can donate a portion of their tax refund to the Farms to Food Banks Trust Fund administered by the Kentucky Department of Agriculture.

The trust fund was established to award grants to nonprofit organizations for the purpose of purchasing surplus agricultural commodities or culls at production cost and distributing it to hungry Kentuckians through feeding programs. Forty-one percent of Kentuckians earn too much money to qualify for food assistance.

In response to a question by Senator Clark, Ms. Sandberg stated that the food banks need \$500,000 yearly to operate.

Adjournment

There being no further business, the meeting was adjourned at 4:13 p.m.

Interim Joint Committee on Judiciary

Minutes of the 4th Meeting of the 2013 Interim

November 1, 2013

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Judiciary was held on Friday, November 1, 2013, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative John Tilley, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Sara Beth Gregory, Ray S. Jones II, Dan "Malano" Seum, Katie Stine, and Robin L. Webb; Representatives Johnny Bell, Robert Benvenuti III, Jesse Crenshaw, Joseph M. Fischer, Kelly Flood, Mary Lou Marzian, Darryl T. Owens, Ryan Quarles, Tom Riner, Ken Upchurch, and Brent Yonts.

Guests: Marty White, KASS; Sandra Williams

LRC Staff: Jon Grate, Matt Trebelhorn, Alice Lyon, Chandani Jones, Natalie Burikhanov, Dallas Hurley, and Nicole Straus.

The minutes of the June 7, September 6, and October 4, 2013 meetings were approved without objection.

Prosecutorial Bar Issues

Speaking for the prosecutorial bar, Christian County Attorney Mike Foster, Chris Cohron of the Kentucky Commonwealth Attorneys Association, Mitchel Denham of the Office of the Attorney General, and Boone County Attorney Robert Neace testified about concerns of Kentucky's prosecutors.

Mike Foster discussed six prosecutorial issues concerning juvenile court and law.

A defendant's capacity. If a juvenile lacks capacity, the case is dismissed and no further action is taken. Mr. Foster argued that the state has an obligation to act in the best interest of the child, which would include helping the child transition towards obtaining competency.

Risk assessments. By including earlier assessments after adjudication, the state would be able to more immediately provide effective services or adjust a juvenile's risk level.

Parent involvement in treatment. The

prosecutorial bar hears most frequently that judges should be able to order parents to participate in counseling. Mr. Foster stated that treatment is more effective if schools and families are involved with children.

Juvenile court jurisdiction. The state should examine whether status offenses and mandatory treatment orders should be heard in juvenile court.

Complicated internal structure. The juvenile support system needs to be restricted to save money, which is the biggest issue priority. Mr. Foster suggested combining agencies like the Department of Juvenile Justice (DJJ) and Department for Community Based Services (DCBS) as a way to cut costs and increase efficiency.

DUI. The prosecutorial bar feels that the current driving under the influence system is flawed due to the refusal law for breathalyzer testing. According to Mr. Foster, there should be greater penalties for refusals in order to make prosecution more successful.

Representative Yonts inquired of Mr. Foster's opinion as to the legality of status offenses, to which Mr. Foster replied that he felt they were unconstitutional. Representative Yonts asked about changing the blood alcohol content threshold to .05, and Mr. Foster said that the county attorneys believe the current laws are sufficient for prosecuting impaired drivers, but that they would support appropriate judicial adjustments to prevent impaired drivers being on the road.

Chris Cohron presented the Commonwealth Attorneys' most pressing prosecutorial issues.

DNA sampling. In regards to DNA sampling upon arrest, the association believes that it has the possibility of solving and preventing crimes, and making prosecution more effective. Safeguards can be put in place to protect from any negative consequences of DNA sampling, and it has been ruled constitutional by the United States Supreme Court in *Maryland v. King*.

Synthetic drugs and heroin. Even though the recent synthetic drug bill reduced overall use, synthetic drugs are still being targeted toward juveniles and ex-offenders. It is often called "probation weed" because users believe it will not be caught or punished in drug court. Heroin use is also increasing, as prescription opioids become less available.

"One-size-fits-none" system. The penalty structure allows equal penalties for unequal offenses, which ultimately affects high recidivism rates in the state.

Budget. Because the procedural process is evolving in court, it requires financial investment to maintain prosecutorial effectiveness.

DUI. Mr. Cohron stated that the five-year DUI look-back period should be longer to address the issue of dangerous repeat offenders.

Competency. Mr. Cohron stated that incompetency is a recurring issue.

If a person is ruled incompetent to stand trial but not incompetent enough to be committed, the person re-enters the communities and is likely to reoffend.

Mitchel Denham presented the Office of the Attorney General's (AG) main prosecutorial issue: opioid abuse and diversion. Previous legislation reduced prescription pill deaths and abuse, but this decrease was being countered by growing heroin use. Mr. Denham mentioned three ways in which opioid abuse can be better addressed. The first is a deterrent-effect, achieved by prosecuting a drug trafficker for a heroin user's death. The second tool is public awareness, facilitated through legislation, existing agencies, public service announcements, and reward systems like scholarships. Finally, the AG believes in the need for increased treatment availability. This includes proactive treatment services, such as encouraging Medicaid to cover substance abuse treatment. These services also save money, as exemplified by Recovery Kentucky centers, which return \$3.50 for every dollar invested. Treatment availability also includes a focus on prevention, which would reduce fiscal and societal costs.

As the AG is working with Senator Stine on heroin use legislation, Senator Stine emphasized a need for a three-pronged approach to abuse, including treatment, education, and intervention. Chairman Tilley observed that heroin abuse is market-driven, with price being a key factor in its availability and use. He commented that recent legislative efforts have begun to have positive impacts on the state's recidivism rate.

Defense Bar Issues

Speaking for the defense bar, Ernie Lewis of the Kentucky Association of Criminal Defense Lawyers (KACDL) and Ed Monahan of the Department of Public Advocacy (DPA) discussed issues faced by defense lawyers in Kentucky's courts.

Ernie Lewis emphasized the need for the state to spend more wisely on the justice system. Kentucky has 20,000 people incarcerated at a cost of nearly \$500 million per year. With these numbers increasing, it is an unsustainable model. Despite the high incarceration rate, the crime rate has remained stagnant since the 1970s. Mr. Lewis spoke about two specific recommendations from KACDL to help alleviate this financial and societal burden. The first was to reclassify nonviolent crimes to misdemeanors and to reclassify misdemeanors to violations. Not only would this change save significant resources, but it would also address inmate overcrowding. Secondly, KACDL advocates for felony expungement and the restoration of voting rights for convicted felons. Because Kentucky has such a high rate of incarceration, the state has a high number of disenfranchised voters. KACDL believes that this denies convicted felons their dignity and that it can have detrimental effects on communities. Mr. Lewis said that the state should pass a felony expungement law for

nonviolent offenders who committed their crimes in the distant past and that the state should restore voting rights to nonviolent convicted felons through a constitutional amendment.

Mr. Lewis also discussed the KACDL position on heroin use legislation. While the organization recognizes that heroin abuse is a pressing problem in Kentucky, KACDL is against charging murder for selling heroin without proof of knowledge of possible death or contact with decedent. According to Mr. Lewis, the death would have to be assumed to be a “foreseeable event” caused by trafficking. Additionally, KACDL was wary of 2013 SB 6, which would have made trafficking cocaine, heroin, and methamphetamine above certain quantities, which they deemed too low, a Class B felony.

Ed Monahan presented nine ways to maintain public safety and reduce costs for counties and states for 2014. These solutions, addressing the defense bar issues, were split into three categories: saving counties money, saving state money, and saving money for both the state and counties.

Mr. Monahan presented two possible ways to save counties money.

Create a “clear and convincing” standard for pretrial release decisions for those that seem unlikely to repeat. Mr. Monahan suggested that the state write the goals of HB 462 related to pretrial release into law. As it stands, HB 463 has saved counties \$40 million in jail costs, but the pretrial release rates are declining to below the pre-HB 463 level, as already evidenced by three-month data from this fiscal year.

Reclassify minor misdemeanors to violations. Mr. Monahan stated that this solution has been supported across party lines and by various agencies. This can be achieved by passing 2013 HB 395, which would reduce jail costs, reduce court times, and increase the General Fund revenue from fines.

Mr. Monahan also presented three ways to save the state money.

Create a “gross misdemeanor” classification for low-level felons. Under this classification, gross misdemeanors would include a penalty range from six months to two years, circuit court prosecution, the possibility to house state prisoners in county jail, a conviction that would not lead to felony penalties, automatic or presumptive probation for a two year period, and the possibility for expungement. Benefits of creating this classification would include reduction in prison population and assistance with reentry and reformation.

Presumed parole for all eligible low-risk offenders. Mr. Monahan stated that 2013 SB 82 supports a more expansive parole policy. Only 72.56 percent of low-risk inmates received parole from Fiscal Year 12-13, and as of September 2013, only 59.47 percent of low-risk inmates had received parole.

Amend violent offender and PFO

statutes to ensure Kentucky’s most costly punishments are used to protect public safety. The broad applicability of these statutes catches too many people in an expensive net of prolonged incarceration.

Mr. Monahan suggested four ways that counties and the state can save money from new or amended legislation.

Create Class D felony expungement restoration of voting rights for ex-felons. Mr. Monahan commented that 2013 HB 47 and HB 70 would have allowed class D felony expungements and would make 94,645 Kentuckians eligible for expungement. Furthermore, because expungement would promote employment and reduce recidivism, it could provide additional funding to the General Fund and allow people to reenter the workforce. Mr. Monahan stated that with the possibility for employment, the probability of new arrests for offenders would decline and eventually become as low as that of the general population (4-8 years).

Limit capital prosecutions. Mr. Monahan claimed that there is a 60 percent error rate in capital prosecutions in Kentucky. However, by limiting capital prosecutions, the margin of error would decrease. He suggested reducing capital punishment sentencing options, statutorily authorizing a judge to eliminate death as a possible punishment when appropriate, and requiring timely, complete open file discovery.

Reform juvenile justice. Mr. Monahan suggested seven ways in which the juvenile justice system could be improved: replace status offenders with Child in Need Services model, no longer allow prosecution of a child ten years old or younger, using detention of a child as a last resort, increase opportunities for diversion, expand judicial discretion to allow case-specific and child-specific outcomes, define the role of school resource officers, and enhance protections for children and parents of children who are questioned.

Expand DPA alternative sentencing social worker program. Mr. Monahan stated that this was the DPA’s highest recommendation because it was less costly and a more beneficial response to recidivism rates. A University of Kentucky study found that for every dollar spent on the DPA alternative sentencing, the state saved \$4.47 to \$6.80.

Responding to a question from Senator Seum, Mr. Monahan stated that the figures measuring crime rate were compiled by the FBI and Kentucky State Police through a uniform method.

Indiana’s Expungement Experience

Indiana Representative Jud McMillin of House District 68 presented testimony of Indiana’s new comprehensive expungement law. Until last session, Indiana only had limited expungement statutes; now, it has some of the most expansive. Representative McMillin provided a brief overview of the law, which he supplemented with responses

to questions from the committee. The law states that any arrest where there was not a conviction or incarceration can be expunged after a year. However, certain felonies are not eligible for expungement, such as sex offenses. There are two ways in which a felony can be expunged: lower-level felonies can be taken off the public record, while higher-level felonies remain but are marked as expunged.

Responding to a question from Chairman Westerfield, Representative McMillin acknowledged that expungement cannot protect from a felony record remaining as an electronic footprint, but the law does state that this information cannot be used to discriminate against the former felon in employment situations. In response to Chairman Westerfield, Representative McMillin explained that there were many groups who supported the bill, including the Indianapolis Chamber of Commerce, who felt that this bill helped combat unemployment. Following a question from Representative Benvenuti, Representative McMillin stated that the bill grants immunity from liability for businesses and organizations who hire an expunged felon. Responding to a question from Senator Seum, Representative McMillin explained that prosecutors have access to expunged felonies in the case of repeat offenders. Furthermore, if convicted again, the felon returns to their pre-expungement status.

Responding to a question from Senator Seum, Representative McMillin explained that applications for opportunities such as universities and jobs can only inquire about felony convictions that have not been expunged. Representative McMillin stated that it is important to allow felons to return to their pre-offense status, agreeing with Senator Webb that expungements are important for parental rights by allowing expunged felons to participate in their children’s lives in a more involved capacity while also encouraging rehabilitation and integration into communities. Representative McMillin, responding to questions from Representative Yonts, stated that expungement requires a statutory amendment and that it works like a gubernatorial pardon but does not replace it.

An audience member, Sandra Williams, spoke about felony expungements. Ms. Williams shared a personal story about how her niece’s felony conviction negatively impacted her life. Because felony convictions are part of someone’s permanent record, it decreases life opportunities that, in turn, can lead to repeat offenses.

Update on the Activities of the Unified Juvenile Code Task Force

Because of limited time, Chairman Westerfield moved the task force report to the next meeting of the Committee.

The meeting adjourned at 12:13 PM.

Interim Joint Committee on Labor and Industry and

Interim Joint Committee on Economic Development and Tourism

Minutes of the 4th Meeting of the 2013 Interim
October 17, 2013

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, October 17, 2013, at 1:00 PM, in the North American Production Support Center at Toyota Motor Manufacturing, Kentucky, Inc. This was a joint meeting with the Interim Joint Committee on Economic Development and Tourism. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Rick G. Nelson, Co-Chair; Senators Julian M. Carroll, Denise Harper Angel, Ernie Harris, Dennis Parrett, and Mike Wilson; Representatives Lynn Bechler, Will Coursey, Jeffery Donohue, C.B. Embry Jr., Richard Henderson, Dennis Horlander, Joni L. Jenkins, Thomas Kerr, Adam Koenig, Mary Lou Marzian, Charles Miller, Terry Mills, Tanya Pullin, Tom Riner, Jim Stewart III, and Brent Yonts.

Guests: Mike Price, Vice President of Administration, Toyota Motor Manufacturing, Kentucky, Inc. (TMMK); Kim Menke, Manager of External Affairs and Government Relations, Toyota Motor Engineering and Manufacturing North America, Inc. (TEMA); Dr. Augusta Julian, President/CEO, Bluegrass Community and Technical College; Dr. Michael McCall, President/Chief Executive Officer, Kentucky Community and Technical College System; Hollie Spade, Chief of Staff, Kentucky Cabinet for Economic Development; John Cooper, Capital Link, Connections; Jeremy Gillis, Advanced Manufacturing Technician Program (AMT) Student; and Sarah Jenkins, AMT Student.

LRC Staff: Carla Montgomery, Matt Ross, Adanna Hydes, and Betsy Nickens.

The first order of business was the approval of meeting minutes from September 10, 2013. The minutes were approved by voice vote. Co-Chair Kerr expressed appreciation to the officials of Toyota Motor Manufacturing, Kentucky, Inc. (TMMK) and Scott County for hosting the Interim Joint Committees on Labor and Industry and the Interim Joint Committee on Economic Development and Tourism. Senator Thayer extended appreciation to the corporation for its continued support and positive economic impact on Scott County and the Commonwealth.

Mike Price, Vice President of Administration, TMMK, gave an overview of the structure of Toyota’s partnership with North America, the Lexus incentive project at TMMK, the workforce development needs of the Advanced Manufacturing Technician Program (AMT), and the transportation and infrastructure needs of the plant.

Toyota Overview

Kim Menke, Manager of External Affairs and Government Relations, Toyota Motor Engineering and Manufacturing North America, Inc. (TEMA), informed the committee of Toyota's national and regional operations in North America. Toyota's headquarters for manufacturing is based in Erlanger, Kentucky, at TEMA. Vehicle development, engineering design, an advanced research is conducted at facilities in Erlanger and Ann Arbor, Michigan. Regional operations include TEMA, TMMK, Toyota Motor Sales, Inc. in Blue Ash, Ohio, and North American Parts Operations in Hebron, Kentucky. Fourteen manufacturing facilities exist across North America, producing 12 models.

Mr. Menke said the total economic investment that Toyota has made in its North American operations is \$27 billion, and employing over 39,000 team members. About 1.8 million vehicles are produced, and local purchasing equals \$26 billion. In the past 24 months, more than \$2.1 billion has been invested in North American manufacturing and 4,000 jobs have been created. Approximately 600 suppliers operate in North America (100 in Kentucky). The supply base adds nearly 48,600 jobs to the automotive industry. TMMK operates as one of the largest plants in the world on 1300 acres and 7.5 million square feet. A \$6 billion investment, the production capacity reaches 500,000 vehicles annually and employs 7,000 team members. In 2014, TMMK will reach the milestone of producing 10 million vehicles. Toyota's North American production facilities exported 125,000 locally assembled vehicles in 2012 to 21 countries.

Mr. Menke said team members at TMMK reside in 72 of Kentucky's counties, and 80 percent live within an 80 mile radius of the plant. The top five counties of residence for team members include Scott (2,202 team members), Fayette (1,404), Harrison (356), Jefferson (245), and Grant (240).

Lexus Project Announcement—Overview, Wage Assessments, Local Infrastructure Improvement, and Workforce Development

Mr. Price testified about the Lexus ES 350 Incentive Project at TMMK. The Lexus RX and ES models that are produced in North America (in Canada and Kentucky) represent nearly 60 percent of total annual sales. The project will produce 50,000 units per year for the North American market, add two production shifts at TMMK, and create 750 team member positions. The investment is \$531 million. Hollie Spade, Chief of Staff for the Secretary, Cabinet for Economic Development, said that in 2007, the Kentucky Jobs Retention Act was implemented to meet the needs of the larger automotive industry. Existing incentives from this program may be utilized for the current Lexus project at TMMK. As the project

develops, modifications may be made to the investment. The Kentucky Economic Development Finance Authority awarded \$146.5 million over ten years to the project.

Ms. Spade discussed the importance of the infrastructural needs pertaining to Interstate 75 and the interchange at Cherry Blossom Way and Champion Way during the expansion of the Lexus Project at TMMK. Oversight will be brought to the attention of the legislature in the 2014 General Assembly. A skilled workforce is important to the project. To build the "talent pipeline," the cabinet has partnered with the Bluegrass Community and Technical College (BCTC) and developed the AMT program at TMMK.

KCTCS/BCTC Advanced Manufacturing Technician Program

Mr. Price commented on the growing need for highly skilled workers in specific trades skill positions, particularly within the automotive industry. A work-ready workforce is needed to fill hundreds of open positions. In partnership with KCTCS and BCTC, the AMT program seeks to address the issues facing TMMK specifically. These issues include the retirement "bubble," the negative perception of industrial jobs, and the national problem of approximately 600,000 unfilled skilled positions. Toyota's campaign to change the perception and value of jobs in manufacturing includes partnerships with the Foundation for Kentucky Industry's "Dream It! Do It!" campaign, Project Lead the Way, and the STEM initiative for support for careers in science, technology, engineering, and mathematics. The AMT program was implemented in 2010. The program offers an associate degree in applied science and on-site training in the technical aspects of a manufacturing position, as well as floor experience and core exercises within the plant. The classroom aspect of the program utilizes a new-model classroom which looks and feels like a factory setting. The AMT program partners with the Bluegrass Manufacturing Development Collaborative made up of 16 member companies, 11 of which sponsor current students in the program.

Mr. Menke introduced two AMT students, Jeramy Gillis and Sarah Jenkins to give insight to the benefits of the program. Mr. Gillis was homeschooled in Georgetown and learned about the program through his home school group. He stated the benefit of training on-site with the opportunity to obtain a career position at the completion of the program as the reason he made the decision to apply for AMT. Ms. Jenkins is a 2012 graduate from Harrison County, who participated in Project Lead the Way classes at her high school. Ms. Jenkins said after comparing the costs of college to the cost and beneficial training of the AMT program, she chose AMT for the opportunity to be debt-free and prepared for a position upon graduation. Representative McKee, Ms. Jenkins' district representative,

commended her for her scholastic efforts and recognized his constituent, Dennis Parker, also in attendance, as a key individual involved in the development and research of the AMT program. Mr. Parker has been integral in transferring the program to Toyota's other facilities. Mr. Menke invited the members and guests to tour the AMT classroom at the conclusion of the meeting.

Dr. McCall, President/Chief Executive, KCTCS, continued the discussion explaining the bigger picture of KCTCS involvement. KCTCS seeks to provide, through 16 colleges and 70 locations throughout the Commonwealth, the workforce training needs of businesses and industries, and individuals who want to enhance their employability and quality of life. A results-oriented training provider, KCTCS provides workforce solutions to more than 5,000 Kentucky companies annually, primarily in the manufacturing sector. The Kentucky Center of Excellence in Automotive Manufacturing led to a \$5.5 million National Science Foundation grant which created the Automotive Manufacturing Technical Education Collaborative (AMTEC). AMTEC has collaborated with 35 community colleges in 12 states. Through the development of national standards, a workforce of multi-skilled technicians for the automotive sector is being trained. Their partnership with Toyota began in 2003. In 2006, the Advanced Manufacturing Technician Program was appropriated \$1.5 million to acquire property and to design a facility. Dr. McCall expressed to the committees the importance of the expansion of the facilities and the funding that will be needed in 2014. In 2011, the National Governor's Association selected AMTEC as the best practices model for the nation.

Dr. Julian, President/CEO, BCTC, described the expansion plan for the AMT program. Sixty-three students are enrolled at AMT, and 29 students have graduated. The expansion would provide for 1,200 students, 12 full-time faculty, and 20 part-time faculty on 20 acres of land that the Scott County Fiscal Court and the City of Georgetown has acquired. Dr. Julian stated 100 percent of AMT's students who took Toyota's general assessment test passed. Less than 50 percent of the general public pass Toyota's test for employment readiness.

Mr. Cooper, Capital Link, Connections, spoke to the committee about the need for infrastructure changes to support the Lexus Project expansion. Nearly 10,000 people, not including those driving trucks transporting parts, travel the facility on a daily basis. The proposed I-75 Interstate Interchange Project would connect Cherry Blossom Way and Champion Way, creating a safe and functional route for business at TMMK. Mr. Price asked that the General Assembly authorize funding for the interchange project and the expansion of the AMT program.

Co-Chair Kerr thanked the speakers

for their presentation and commented on how the presented information is an example of the best model of education, economic development, and labor and industry partnering for success in the Commonwealth. Senator Carroll spoke about the value of the investment made in 1978, when Kentucky sought partnership with Japan by opening an office in Tokyo. Ms. Spade, in response to Senator Carroll, stated that there are 154 Japanese owned businesses in Kentucky with 37,000 employees.

Senator Wilson and Representatives Denham, Linder, and McKee commented on the great need for skilled employees across the nation and commended the AMT program for providing the training and education needed to meet the needs of America's workforce.

In response to questions from Representative Bechler, Mr. Menke said the AMT program is targeted towards skilled trade jobs including tool and die and skilled maintenance positions, which represent the largest need for trained workers in the industry. Dr. Julian responded machinist, tool and die, and welding training are in high demand at BCTC. Mr. Menke said the program has partnered with the Society of Manufacturing Engineers in its outreach training within high schools, specifically in robotics programming.

Co-Chair Kerr asked Mr. Gillis and Ms. Jenkins to explain their goals after finishing the program. Ms. Jenkins said her goal is to pursue an engineering degree. However, she enjoys the variety of work in machine maintenance. Mr. Gillis agreed and commended the multi-skilled training opportunities at AMT such as hydraulics training, electrical, mechanical, welding, crane work, and injection molding. Mr. Menke added that BCTC and the University of Kentucky partner in a pathway where AMT graduates can earn a bachelors degree in engineering.

In conclusion, Co-Chair Kerr announced that the next meeting of the Interim Joint Committee on Labor and Industry will be Thursday, November 21, at 10:00 in the Capitol Annex. The next meeting of the Interim Joint Committee on Economic Development and Tourism will be Thursday, November 21, at 1:00 in the University of Kentucky Student Center Ballroom.

The committee members will tour the AMT classroom upon adjournment.

There being no further business, the meeting adjourned.

Interim Joint Committee on Licensing and Occupations Minutes of the 5th Meeting of the 2013 Interim November 8, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, November 8, 2013, at 10:00 AM, at the Anheuser-Busch Distributor Warehouse, 4400 Produce

Road, Louisville KY. Representative Dennis Keene, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Tom Buford, Julie Denton, Jimmy Higdon, Christian McDaniel, Morgan McGarvey, Dan “Malano” Seum, and Damon Thayer; Representatives Tom Burch, Denver Butler, Larry Clark, Jeffery Donohue, Dennis Horlander, Joni L. Jenkins, Charles Miller, Brad Montell, David Osborne, Darryl T. Owens, Sal Santoro, Arnold Simpson, Diane St. Onge, Ken Upchurch, and Susan Westrom.

Guests: Mike Peters, Anheuser-Busch Branch Manager; Jennifer Doering, General Manager, Charles Seligman Distributing Company, Daniel Harrison, Country Boy Brewing; Martha Graziano, C.A., Bob Rowland, Impact Government Relations; Nancy Swikert, M.D., Kentucky Academy of Family Physicians and Kentucky Medical Association, Sheila Schuster, Ph.D., Kentucky Coalition of Nurse Practitioners and Nurse Midwives.

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

Approval of minutes

A motion to approve the minutes from the October 11, 2013 meeting was made by Senator Schickel and seconded by Senator Buford. The motion carried by voice vote.

Welcome from Anheuser-Busch

Mike Peters, Director of Sales and Marketing, welcomed the committee to the distributor warehouse. Anheuser-Busch came to Louisville in 1978 with four percent of the market share, eight route trucks, and thirty-five employees. Today Anheuser-Busch has 59 percent of the market share, selling 5.3 million cases per year with 40 route trucks, 168 employees, and 1,896 retail accounts. Anheuser-Busch is proud to support the community, and alcohol responsibility is its biggest effort. Its employees pledge every year not to drink and drive. The company has a designated driver program, which is an alert cab program for employees who feel they have become impaired so that they will have a safe ride home. There is also an environmental program with a goal to reduce energy use by two percent a year. Community event sponsorship and charities are supported. Mr. Peters said there will be a tour of the facility after the meeting.

In response to a question from Representative Horlander, Mr. Peters said the industry in the state of Kentucky is down this year. He said sales fluctuate for a number of reasons.

Cider

Jennifer Doering, General Manager of Charles Seligman Distributing Company said that cider is a fermented alcoholic beverage made from fruit juice. Typically, apples are used, but pears can be used. Cider ranges in alcohol content from 1.2 to 8.5 percent by volume. The

growth rate in the United States for cider has reached 69 percent. Sales of cider track nationally with beer. It is packaged and sold with the same appearance as beer--in six pack bottles. Cider is also sold in bars on tap like Sam Adams or Bud Light.

Consumers view cider as a parallel to beer. National brewers have also begun producing ciders, not only because cider is a growing category, but because it shares the same attributes as beer. The Federal Alcohol Act views cider over seven percent as a wine. The FAA defines wine as containing not less than seven and not more than 24 percent alcohol. The federal permit for wholesalers is not required for ciders under seven percent, but in Kentucky there must be a wholesale license to cover hard liquor and wine to sell cider. The industry is asking that cider under seven percent, or weak cider, be treated like malt beverages. Wholesalers and retailers with malt beverage licenses should be able to sell weak cider just like beer. Changing this language to allow cider sales by beer licensees will generate more revenue for the general fund.

Daniel Harrison, co-founder of Country Boy Brewing in Lexington, Kentucky, said the company started on February 10, 2012. It has grown 300 percent since that date, and in the next four months expects to double in size again. The production of cider is identical in production to beer. Therefore, there would be no new or extra equipment for Country Boy Brewing to purchase or install to produce cider. Small Kentucky brewers would like to have the opportunity to make a 100 percent Kentucky grown produce. Kentucky cider could have locally sourced, locally produced 100 percent apple cider.

In response to a question from Senator Buford, Ms. Doering said weak cider is sold only at retail licensees that have a wholesale license that covers hard liquor and wine. The legislation the industry is asking for would broaden distribution to people who have a malt beverage license.

In response to a question from Representative Clark, Ms. Doering said the industry supports the change and that the tax revenue would be the same as beer.

Senator Higdon commented that during the last meeting he had discussed a “catch all” bill that included cider language.

In response to a question from Senator Seum, Ms. Doering said there is no alcohol content limit in malt beverages. Most ciders are in the five percent range.

In response to a question from Representative Montell, Mr. Harrison said his brewery in Lexington produces anything from three percent alcohol up to 12 percent. However, most packaged malt beverages are going to fall in the range of five to seven percent. Cider would be capped at 6.9 percent.

Senator Buford commented that, depending on the Appeals Court ruling, this legislation may not be necessary.

Acupuncture

Bob Rowland, representing the Kentucky State Acupuncture Association, said that 44 states have a practice act for acupuncturists. Kentucky is the only one of these states that regulates acupuncture as a certified profession. A change in Kentucky statutes, from certified to licensed, would bring Kentucky acupuncturists into conformity with the other 43 states. Most Kentucky acupuncturists practice in urban areas that border Indiana, Illinois, and Ohio. In these states, acupuncturists advertise as licensed, putting Kentucky practitioners at a competitive disadvantage. There will not be a change in the fee structure or any of the regulations or qualifications to become an acupuncturist. There is no difference in reimbursement from insurance companies for a licensed practitioner or a certified acupuncturist. Acupuncture is not covered by Medicare or Medicaid.

Martha Graziano, C.A., President of the Kentucky State Acupuncture Association, said acupuncture is a highly effective form of medical treatment. There are different styles of treatment with a high success rate. Acupuncture is a non-invasive method to deal with pain. Additionally, it has been used for drug detoxification, smoking cessation, and other addictive substances. Research also supports acupuncture's effectiveness in migraine relief. The World Health Organization has recognized acupuncture as an effective modality for 44 conditions. Gen Care in Louisville has on-staff acupuncturists working with physicians.

Training for acupuncturists is a four year program. Continuing education is required for clean needle technique and HIV training. On January 16, 2014, the association will be in the Capitol to offer free demonstrations of acupuncture therapy for anyone who would like to learn more about the treatment.

In response to a question from Representative Clark, Mr. Rowland said that Kentucky's education requirements meet or exceed national standards. At the time that the bill was originally filed, the grandfather clause was necessary; however, that provision has now sunset, and there are no practitioners who will be unable to practice if the provision is removed from the current legislation.

In response to a question from Senator McDaniel, Ms. Graziano said acupuncturists were given one year to pass a written test and become certified. By 2007, everyone will have met the 1,800 hours of training and will be certified.

Senator Buford said the cutoff date for the grandfather clause has sunset.

In response to a question from Senator Denton, Ms. Graziano said the location of a practitioner's office is not addressed.

In response to a question from Representative St. Onge, Ms. Graziano said there would be no difference in education requirements by changing from

certified to licensed. For acupuncturists from out of state to have reciprocity, they would have to meet the requirements for Kentucky certification or licensure.

Advanced Practice Registered Nurses

Nancy Swikert, representing the Kentucky Medical Association (KMA), said that after months of meetings the KMA and the coalition of nurse practitioners (APRNs) have reached an agreement. This agreement improves access to health care in Kentucky while maintaining the Collaborative Agreement for the Advanced Practice Registered Nurse's Prescriptive Authority for Nonscheduled Legend Drugs, also known at the CAPA-NS. There will be a joint committee from both boards, three APRNs appointed by the board of nursing and three physicians appointed by the KMA to make recommendations to their boards regarding the CAPA-NS. APRNs, after meeting specified requirements, may opt to practice without the CAPA-NS.

Sheila Schuster, Kentucky Coalition of Nurse Practitioners and Nurse Midwives, said the coalition reached an agreement with the Kentucky Medical Association (KMA). The compromise preserves legislative intent. If an APRN is suddenly without a physician to sign the collaborative agreement, there will be a joint committee to refer to a physician. In this situation, the APRN can still prescribe without a CAPA-NS for 30 days; after a physician has been recommended, the APRN has 30 days to work out the new CAPA-NS. Additionally, language in the 2006 legislation regarding the CAPA-CS (controlled substances) was added to current language to strengthen the CAPA-NS. This adds more reporting with the new legislation. With this compromise, the people of Kentucky will have access to safe, quality health care closer to home.

Representative Keene commended all parties for coming together on the issue.

In response to a question from Senator McDaniel, Ms. Schuster said all APRNs will have a CAPA-NS for four years. At the end of four years, if the APRN chooses to practice without the CAPA-NS, the APRN must notify the Board of Nursing about prescribing without the CAPA-NS. The Kentucky Board of Nursing and the Kentucky Board of Medical Licensure will form a joint committee to supply physician names to APRNs who are unable to find a physician.

There being no further business to come before the committee the meeting was adjourned at 12:05 PM.

Interim Joint Committee on Local Government

Minutes of the 3rd Meeting of the 2013 Interim

October 23, 2013

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Local Government was held on Wednesday, October 23,

2013, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Steve Riggs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Walter Blevins Jr., Ernie Harris, Christian McDaniel, Morgan McGarvey, Gerald A. Neal, R.J. Palmer II, Albert Robinson, and Damon Thayer; Representatives Julie Raque Adams, Ron Crimm, Mike Denham, Richard Henderson, Adam Koenig, Stan Lee, Brian Linder, Tom McKee, Michael Meredith, Jody Richards, Arnold Simpson, Rita Smart, and Jim Wayne.

Guests: Michael Davis, Department of Housing, Buildings and Construction; Adam Edelen, Libby Carlin, and Tom Bennett, State Auditor of Public Accounts; Russell Salsman, Darren Sammons, Robert Brown, and Glenn Oldham, Department for Local Government; Mayor Tom Bozarth, City of Midway; Jonathan Steiner, J.D. Chaney, Bert May, and Bryanna Carroll, Kentucky League of Cities; Erik Jarboe, LearNet; Ron Wolf, Associated General Contractors of Kentucky; Shelley Hampton, Kentucky Association of Counties; Bryan Alvey, Kentucky Farm Bureau; Mayor Susan Barto, City of Lyndon; and Sara McGown, Louisville Metro Government

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, John Ryan, Jessica Causey, Mike Clark, Brian Traugott, Vaughn Murphy, Scott Kimmich, and Cheryl Walters.

Approval of Minutes

Upon the motion of Representative Crimm, seconded by Senator Thayer, the minutes of the September 25, 2013 meeting were approved.

Consideration of Referred Administrative Regulations

The committee considered referred Administrative Regulations 815 KAR 4:030 & E, which establishes the licensure requirements for elevator contractors, and 815 KAR 4:040 & E, which establishes the licensure requirements for elevator mechanics and procedures for license renewal. Representative Riggs stated that a written report of the review will be submitted to the LRC.

State Level monitoring of City and County Financial Conditions

Representative Riggs said that, in consideration of several local governments across the country being in fiscal distress and in some instances declaring bankruptcy, the committee should evaluate whether the statutes are comprehensive enough in their requirements for monitoring local government financial conditions.

Auditor of Public Accounts Adam Edelen said that his office conducts county audits or allows counties to hire out their audits. The Auditor audits the majority of sheriffs and clerks. His office does not have the statutory authority to require audits of cities. However, if there is a complaint made, then cities can be

audited.

The Auditor's Office has seen an increase in complaints to audit cities. There are increased financial strains on cities due to declining revenue and pension costs, as well as a significant loss of coal severance funds. There is also a lack of control and oversight by city councils. A lack of training can contribute to this. The Auditor conducts many different types of audits.

In response to a question from Representative, Auditor Edelen said that his office does not have an instrument to track the financial condition of cities.

Representative Simpson said he is surprised that no one scrutinizes the local smaller pension plans for outstanding obligations and proper funding. He suggested that the committee look into that.

In response to a question from Senator Bowen, Auditor Edelen stated that his office is at capacity and would need more resources if it were to take on more audit responsibilities.

In response to a question from Representative Riggs, Auditor Edelen said counties should be audited every year. His office should not retreat from that level of scrutiny.

Representative Smart cited concerns for her city in her experience and commented that financial oversight is needed for cities.

Representative Wayne commented that it might be helpful for the committee to work with the Auditor's Office in crafting legislation for this session to address the small pension plans in cities and quasi-governmental agencies. Auditor Edelen said he welcomes that opportunity and welcomes reviewing improvements in the auditing process for cities.

In response to a question from Senator Robinson, Auditor Edelen said that his office does not find any problems with the majority of counties. Senator Robinson commented that perhaps the counties that comply do not need to be audited every year. The auditor expressed concerns that having the option to choose who to audit could itself be subject to abuse if that process itself were not checked.

Representative Crimm suggested the possibility of the auditor reviewing completed city audits for red flags.

Senator Thayer commented that special districts and cities undergo audits and report to the Department for Local Government. If a there is a red flag, it is assumed that it is sent to the Auditor's Office for review.

In response to a question from Representative Lee, the Auditor stated that if it is determined that the Auditor's Office must audit each city every year, then an increase in resources would be required. A better system of insuring that the required audits for local governments are being conducted is warranted. Without a system of oversight, as was the case for special districts, laws do not get enforced. If the

General Assembly decides to put a better system of oversight in place, and assigns that oversight to the auditor's office, then there should be sufficient funds to execute that duty.

Representative Linder said that he did not think the Auditor came necessarily to request more funds, but that the idea came from the course of the conversation. He urged caution that any additional oversight be carefully crafted so that it is not used in the future for political purposes.

Senator Thayer stated that citizens of cities have recourse, in that if they are not pleased with how their government is being run, they can vote new leaders in.

Representative Riggs commented that while local officials can be voted out of office, they still should be penalized when warranted.

Regarding the problems with city malfeasance and things of that nature, Representative Meredith commented that cities' audits must be submitted to the Department for Local Government (DLG). If DLG is doing its job, then those problems will be found any way. There needs to be a push to get that to happen more.

Senator McGarvey commented that it is important to recognize the Auditor's role is only activated when there is wrongdoing. The Auditor also has an enforcement mechanism that can uncover complex scenarios.

Auditor Edelen said the statutes relating to auditing and oversight should be tight.

Senator Palmer stated that it is important to remember that there is a different way of monitoring city and county governments. The Auditor has the responsibility for auditing county governments every year. He does not have that responsibility for city government. DLG is not the Auditor's Office. It is a place where that information is housed, but DLG does not actually conduct the audit. DLG's responsibility is to make sure that cities and counties are operating correctly, but not to get into the numbers as the Auditor would do. It is the legislature's decision and responsibility to decide if city governments should have the same oversight as counties, which is currently not the case.

Mr. Russell Salsman, Chief of Staff for DLG, said DLG's responsibilities over cities and counties are different. A county is a constitutionally established political subdivision of the state. The role of state government with respect to counties is much stronger than it is with cities.

Mr. Robert Brown, DLG's State Local Finance Officer and Branch Manager of Counties, stated that DLG has the power to approve or disapprove all county budgets, with the exception of Lexington-Fayette Urban County Government and Louisville Metro Government. His staff has to approve a balanced budget of each county. Each county is required to submit four quarterly reports. If a county seems

to come into financial distress, DLG can perform a financial analysis for that county. The State Local Debt Officer, which is currently the commissioner of the Department, approves debt of \$500,000 or more. There is a hearing and an approval or disapproval process.

Mr. Glenn Oldham, DLG's Branch Manager for Cities and Special Districts, said that DLG receives city audits and uniform financial information reports and compiles them into a useful database to share with the Legislative Research Commission, the U.S. Census Bureau, and the Kentucky League of Cities. DLG does not have the authority to review the audits, but simply houses them and passes them on to interstate parties. Also, DLG does not receive city budgets.

In response to a question from Representative Riggs, Mr. Oldham said that cities only notify DLG of debt they take on. DLG is just the repository for special district audits.

In response to a question from Senator Robinson, Mr. Oldham noted that Section 158 limits a county's debt capacity to two percent of the value of the taxable property within the county. The department notes the figures and takes that into account when approving debt.

In response to a question from Representative McKee, Mr. Oldham indicated that it is possible for counties to turn in projects in pieces to avoid having hearings for debt issuances that amount to \$500,000 or more. The hearing process is for the benefit of the county.

Representative Smart commented that perhaps DLG should be required to receive city budgets. Also, more training is needed for local officials regarding finances.

In response to a question from Representative Simpson, Mr. Brown answered that DLG is not the repository for independent pension plans. Representative Simpson commented that someone should look at where the pension plans go for review. Representative Riggs asked staff to check into Representative Simpson's concerns.

In response to a question from Representative Meredith, Mr. Oldham said DLG is statutorily required to house the city audits even if it cannot review them. Staff time would be required if DLG were tasked with reviewing, notifying, and passing on problematic city audits to the Auditor.

In response to a question from Representative Lee, Mr. Oldham clarified the city auditing process and the uniform financial information process, and noted that around 300 cities would file an annual audit with the department. Representative Lee indicated that the officials of cities would have copies of the audits conducted for their cities and should act on the recommendations therein.

City Reclassification

Representative Riggs said he is sponsoring a bill during the 2014 Session that would change the way cities are

reclassified. Cities are currently classified by population, and the General Assembly must reclassify them by passing a bill. The proposed system would use the city's governance model to be the classification system: Alderman Form (Louisville Metro still uses the powers assigned to this class); City Manager form (20 cities); and Mayor-Council and Commission form (398 cities). Class changes would be a change in the government form. To change the government form, the city must have a public vote. The General Assembly would no longer have to vote on reclassifications. The proposal does not seek to make substantive changes to hot-button issues, but some blending or unifying of city powers may make the system more efficient.

Kentucky League of Cities' Legislative Platform for the Upcoming 2014 Session of the General Assembly

Mr. J.D. Chaney, KLC's Chief Governmental Affairs Officer, said that cities are formed by the citizens of the city. Their auditing and budgeting procedures are public. Audits are performed every year except for cities of the sixth class. Cities have to publish components of those audits in the newspaper for the citizens to be able to look and analyze the audits, and the Auditor's opinion letter is part of that publication. It comes at a significant expense and it is transparency that cities have traditionally supported and embraced, with the budget process as well. As cities adopt a budget, the budget has to be published in the form of an ordinance. The distinctions, as to any inadequacies in the city auditing or the budgeting process, probably have a good historical basis that traces the differences between cities and counties. City leadership is responsible to the people.

In response to a question from Representative Simpson, Mr. Chaney said he did not know how many pension plans are out there, but that actuarial analyses are required. There is no central repository for those plan reports.

Senator McDaniel said he will introduce a bill in the 2014 session that will involve pension repeal for those convicted or resigning due to breaches of public trust. The bill will also add increased ability for judges, when those crimes are committed, to actually call back pension employee pension contributions from employees who have committed financial crimes. He hoped that KLC would support that legislation.

Representative Linder commented that the legislature has to be careful as it proceeds down the road of centralizing some power on investigations because, in his opinion, it could be welded as a political hammer, and he could see future opponents running on investigations. Even though nothing is found, the word "investigation" puts a cloud over someone.

Representative Riggs stated that when malfeasance is discovered, people are walking away with no penalty or lawsuit. They should be penalized.

Mayor Tom Bozarth, President of the Kentucky League of Cities (KLC), told the committee that KLC's 2014 legislative agenda is as follows: **(1) city revenue diversification.** KLC will seek to expand the authority to impose a restaurant tax to all cities, with adjustments to net profits and gross receipts taxes on restaurants in return. The League will support an amendment to the Kentucky Constitution to permit cities to ask voters to decide on a temporary local sales tax; **(2) 911 funding.** KLC will seek to increase the current commercial mobile radio services (CMRS) fees, require prepaid providers to remit the CMRS fee that postpaid mobile subscribers are required to pay each month, support the repeal of the cost recovery statutes that require taxpayers to pay for the costs of wireless providers for carrying 911 calls, continue to oppose any measure that removes the ability of local governments to impose local fees for the operation of 911 services, and oppose any proposal that would reduce the total amount of state-generated revenue from the wireless fees; and **(3) city classification reform.** The League will seek to create a new classification system based upon the form of government. The proposal would result in a reduction in the number of city classes and would largely eliminate arbitrary and illogical distinctions between classes.

Mr. Jonathan Steiner, Executive Director and CEO of KLC, continued with the League's legislative agenda: **(4) road aid formula modernization.** KLC supports restructuring of road funding formulas for a fair allocation to local governments with higher traffic areas, and thus more frequent needs for repair and maintenance; **(5) police officer personnel issues.** KLC will continue to strongly oppose any legislation that expands the Police Officer Bill of Rights to make its provisions applicable to all internal matters. Depending upon whether the Supreme Court renders a decision in the pending litigation, KLC may seek legislation that clarifies the language and eliminates contradictions in a number of police personnel statutes; **(6) retirement anti-spiking legislation.** KLC will seek to clarify the meaning and application of the anti-spiking provisions to ensure it does not apply cumulatively and also provide for additional needed exemptions for increases that occur for other legitimate reasons rather than abuse; **(7) prevailing wage.** KLC will seek to either repeal the existing state prevailing wage law or make significant amendments to the statutes to raise the threshold or manner of calculating the rates; **(8) newspaper publication reforms.** Cities will work with the Kentucky Press Association to modernize the laws related to newspaper publications by incorporating online resources and other mediums to provide citizens more access to information about the operation of their city government in a more cost-efficient manner; **(9) drug abuse.** The League will continue

to support legislation that addresses the destructive impact that addiction has on the quality of life in the communities through the examination of criminal penalties and opportunities for treatment and rehabilitation for those that become addicted; and **(10) protect home rule and city budgets.** City leaders will vigorously oppose any legislation that attempts to preempt local home rule authority or impose unfunded costs on city taxpayers.

Senator Thayer commented that he was glad that KLC was making prevailing wage one of its legislative priorities. He supports a complete repeal of the law. Local option sales tax projects would be subject to the prevailing wage law.

In response to a question from Senator Thayer, Mayor Bozarth said KLC has not addressed the "right to work law" because it has not seen legislation relating to it. Senator Thayer said he would like to see KLC take a position on the "right to work law."

Representative Wayne said that the local option sales tax is a regressive tax that burdens lower income people. Local governments have not taken advantage of property taxes, which are progressive taxes. Sales tax revenues are eroding. Regarding prevailing wages, any removal of these laws will affect the pay for the working people. Right to work laws can also affect the ability of these people to organize and consolidate their social power.

Senator Thayer said that he wanted to create well-paying jobs for the people Representative Wayne mentioned. Kentucky should have an environment that is inviting for employers to locate in. States with right to work laws are recovering financially faster than those without.

There being no further business, the meeting was adjourned at 12:25 p.m.

Interim Joint Committee on Natural Resources and Environment

Minutes of the 5th Meeting of the 2013 Interim

November 7, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, November 7, 2013, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Jared Carpenter, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Joe Bowen, Chris Girdler, John Schickel, Brandon Smith, Johnny Ray Turner, Robin L. Webb, and Whitney Westerfield; Representatives Tim Couch, Keith Hall, Stan Lee, Reginald Meeks, Marie Rader, John Short, John Will Stacy, Fitz Steele, and Jim Stewart III.

Guests: Ms. Cheryl Norton and Ms. Susan Lancho, Kentucky American

Water; Mr. Jim Brammell, Louisville Water Company; Mr. Gary Larimore, Rural Water Association; Ms. Annette DuPont-Ewing, Kentucky Municipal Utility Association; Mr. Jeff Derouen, Mr. Gerry Wuetcher, and Stephanie Bell, Public Service Commission; Mr. Peter Goodman and Ms. Julie Roney, Energy and Environment Cabinet; Mr. John Covington, Kentucky Infrastructure Authority; Mr. Sean Byrne and Mr. Jason Young, Century Aluminum.

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

A quorum was present. After a motion and a second, the minutes from the October 3, 2013 meeting were approved.

Status of Water Issues in the Commonwealth: Water Utilities

Gary Larimore, executive director of the Kentucky Rural Water Association, gave an overview of the water and wastewater industry in Kentucky and the progress in delivering those services across the Commonwealth. Mr. Larimore listed several reasons why Kentucky has been successful in improving its delivery of water service, including favorable climate and geography, significant federal laws such as the Safe Drinking Water Act and the Clean Water Act, reasonable state regulation, federal funding via the United States Department of Agriculture (USDA), state funding and planning, and consolidation of water associations.

Annette DuPont-Ewing, executive director for the Kentucky Municipal Utility Association, described municipal utilities in the Commonwealth and the role those utilities play in delivering services to the public and generating economic development opportunities for local government. Kentucky's municipal utilities provide water, waste water, natural gas, and telecommunications to areas that would otherwise be unserved because of smaller populations. Municipal utilities are governed by utility boards or legislative bodies which require reinvestment by the utility to continually upgrade aging infrastructure. Ms. DuPont-Ewing stressed the significance of municipal utilities in being engines for economic growth in the state. Rates, capacity, and service are what industries look for when determining where to locate or to expand.

After a question regarding why there is little service offered in certain areas of the state, particularly in Eastern Kentucky and the problems in finding money for Black Mountain after reductions in coal severance, Ms. DuPont-Ewing said she could provide a hard copy of a map that shows service across the state. Both water and wastewater utilities are hampered by geography in terms of rolling out service, which is the case in Eastern Kentucky. Also, there is still significant investment needed in these areas. Mr. Larimore responded that money for water line expansions and service has traditionally come from tobacco settlement dollars and

coal severance.

In response to a question about the water quality of Kentucky's lakes due to algae overgrowth, Mr. Larimore responded that Kentucky's public water supplies draw from Kentucky lakes and rivers. Ms. DuPont-Ewing added that municipal water utilities are held to strict standards and the Kentucky Division of Water has been concerned about algae blooms. The division can add to the discussion about the health of the lakes.

Cheryl Norton, President of Kentucky American Water Company, described the company as the largest privately-owned water utility in the state. It has grown from a Lexington area provider to a regional water provider that services 124,000 customers and 10 counties. The rates and service of Kentucky American Water Company is governed by the regulation of the Kentucky Public Service Commission. The biggest challenge for water utilities and Kentucky American in particular, is infrastructure investment. Other challenges include affordable rates and finding new entrants to the workforce after older employees retire. Utilities need to provide quality water service that is reliable and affordable. It is important for public health, economic development and overall quality of life. Kentucky American Utility encourages public-private partnerships to solve some of these issues.

In response to a question on how to sustain quality, reliable service in Kentucky, Ms. Norton said investment and flexibility in looking at retirements are important. Affordability is also a big issue in the United States. Communities are having trouble affording to run systems because public funding and grants may not be available in the future.

In response to a question about whether public-private partnerships work, unbundled services, and whether there will be more partnerships in the future, Ms. Norton said yes. There are numerous examples across the nation and between Kentucky American Water Company and smaller public utilities. Kentucky has been expanding service by rolling out lines but that infrastructure is difficult to continue without investment. Ms. Norton continued that service can be unbundled so that one aspect is provided through a public private partnership such as billing or sewage treatment plant operation.

In response to a question about whether meters are read electronically, Ms. Norton said yes. Almost all meters are radio reads. Another legislator asked for an update on the Owen County pipeline project. Ms. Norton responded by explaining that Kentucky-American Water Company built a plant on the Owen-Franklin County line and then ran 30 miles of pipeline to Lexington. This project has allowed Kentucky American to draw from various pools during low water events and provide water to central Kentucky.

Mr. James Brammell, President and CEO of Louisville Water Company, and Amber Halloran, CFO Louisville Water

Company, described the water company from a historical perspective as the oldest in Kentucky. Established by charter in 1854, Louisville Water Company serves 850,000 people in the Louisville Metro area and in surrounding counties. Water is sourced from the Ohio River, and the average daily load is 121 million gallon of water per day. The company also provides public fire protection. The annual operations and maintenance budget for Louisville Water Company is \$68 million dollars and another \$75 million is in the capital budget. Capital budget is used for reinvestment in infrastructure. Louisville Water Company's average annual investment in mains and large transmission lines is \$7 million. Louisville Water Company has direct customers as well as wholesale water service. Water quality and regionalization are two very important topics for Louisville Water Company.

In response to a question about Lake Dreamland and the problem of straight pipes moving untreated sewage into the lake and about infrastructure collapse in older parts of Louisville, Mr. Brammell stated that Louisville Water Company's pipes are a closed system. Questions about sewage would go to Louisville Metropolitan Sewer District. Infrastructure is prioritized by the company and \$7 million is dedicated to pipe evaluation and replacement. No area is ignored, but higher priority areas which have a history of being the worst performers in terms of breaks will be addressed first. Older areas of Louisville, particularly the central business district, do have some planned infrastructure improvements.

In response to a question about the health of the aquifer under the city of Louisville, Mr. Brammell said that it has been studied, and pump tests show that the aquifer is recharged at a sufficient level to serve the Prospect plant's needs.

Status of Water Issues in the Commonwealth: Water Regulation

Jeff Derouen, executive director of the Kentucky Public Service Commission, discussed state regulation of water service provides. The PSC regulates investor-owned, water associations and water districts, and municipalities with respect to wholesale service contract furnished to a regulated utility. In 1936 municipalities were removed from the PSC jurisdiction. The PSC authority derives from statutes, regulations and court decisions. He described the functions of the PSC with respect to general rate making, alternative rate filing, and rate adjustments tied to construction projects and the wholesale rates and purchase water adjustments. The PSC regulates supply, reliability, adequacy and customer service, Certificate of public convenience and necessity for construction projects and removal of water districts. Most small utilities use the alternative rate filing while larger ones use the general rate making.

In response to a question about whether it is law or regulation to add water

line for a customer that can be moved by the water company, Mr. Derouen said that he did not understand the question. The PSC addresses how far a line can be extended with no cost. Directing a utility to make an extension is not dependent on a particular footage. The PSC looks at the cost of the line and makes a determination on whether a certificate of public convenience and necessity is required. There also is a regulation that certain sized lines cannot be more than 250 ft in length. There is no PSC statute or policy that prohibits a water utility from making an extension. The only time there is a need to get PSC approval is when the construction will materially affect the finances of the water utility. Normally that financial benchmark is \$500,000.

Peter Goodman, Acting director of the Kentucky Division of Water, and Julie Roney oversees the Safe Drinking Water program, discussed the regulation of water in terms of its drinking water quality. They discussed the number and location of public drinking water systems and differentiated them by those that produce and those that treat water. The Division of Water also regulates the quality of bottle water systems. The majority of the state is supplied by surface water rather than ground water. Only 23 percent of the systems serve populations greater than 10 thousand; therefore, Kentucky is a small system state. Kentucky is relatively well-served because 95 percent of the state has safe public drinking water. Infrastructure continues to be a serious need in the state. Based on a drinking water survey required by the United States Environmental Protection Agency, Kentucky's needs \$6.2 billion dollars for infrastructure over the next 20 years.

In response to a question about how a beauty shop qualifies as a public drinking water system and the problems with Lake Dreamland, Ms. Roney said that a beauty salon becomes a drinking water system if the shop has a well. Mr. Goodman said that there have been concerns about dumping at Lake Dreamland. The lake has reached its lifespan.

In response to a question about the decline in public water systems, Mr. Goodman said that the drinking water system must meet specific rules about quality and these systems will seek to reduce costs by tapping onto the public system. Regionalization becomes a sensible financial decision.

In response to a question about a new rule that will impact gasoline retailers Bruce Scott, Commissioner for the Department of Environmental Protection, Energy and Environment Cabinet said that a regulation requires tanks to have protection and controls. At least 300 tanks at 15 facilities have to switch the tank control, but some have not replaced the control and those facilities are out of compliance. The regulation is federal, and it is not known whether Kentucky's interpretation is more onerous than the interpretation in other states.

John Covington, Kentucky Infrastructure Authority, discussed the methods for planning and development of drinking and wastewater infrastructure. Mr. Covington described the loan facilities in KIA that are used to fund infrastructure development and tools on the website that assist in proper planning of infrastructure needs.

Jason Young, plant manager of Sebree Plant, and Sean Byrne, plant manager of the Hawesville facility, discussed the economic impact of the primary aluminum industry and research performed by Dr. Paul Coomes. He gave statistics showing how important the aluminum is to the United States and the Kentucky economy, and discussed the agreement for purchase power at the Hawesville plant and the hope to extend the same treatment to the Sebree smelter.

In response to a comment by a legislator that Kentucky is a leading producer of aluminum in the country and a question about the agreement between Big Rivers and Century, Mr. Young responded that at Hawesville in September that the plant did not lose money. October was different due to the transmission and severe spikes in purchase power prices. A consultant hired by Century stated that lines were taken down by Big Rivers to do maintenance and then after an unplanned outage those lines were left down and this caused a dramatic increase the purchase power costs. In October, Century had a massive loss. There is live line maintenance not being performed per se on major lines that caused the transmission issue and the Midwest Independent System Operators (MISO) to curtail by 30 megawatts and drove a price spike in the system.

Mr. Young then stated there are instances where Big Rivers identified live line maintenance on 36 lines wholly-owned by Big Rivers over 116 events. Mr. Young further described events surrounding the outage at the Coleman plant and requests to not take a line down which went unreported to MISO causing an unprecedented spike in prices of several hundred thousand dollars. Mr. Young asked the committee to request that the PSC review this data and whether actions by Big Rivers were punitive toward Century Aluminum. Mr. Young indicated he would make the data available to the committee.

One legislator responded that the committee needs to hear from Big Rivers and asked that the PSC review whether the PSC approved the agreement or just the rates. Another legislator remarked upon the importance of coal to the aluminum industry, asked that all the members receive a copy of the documents regarding the live line maintenance, and said the members need to discuss this with the Kentucky Public Service Commission.

After a motion and a second the committee adjourned at 3:20 PM (EST).

Interim Joint Committee on State Government

**Minutes of the 4th Meeting
of the 2013 Interim
October 23, 2013**

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on State Government was held on Wednesday, October 23, 2013, at 12:00 Noon (CDT) in the picnic pavilion at Lake Malone State Park, Belton, KY. Representative Brent Yonts, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Brent Yonts, Co-Chair; Senator Stan Humphries; Representatives Dwight Butler, Will Coursey, Derrick Graham, Mike Harmon, Kenny Imes, James Kay, Martha Jane King, Mary Lou Marzian, David Meade, Brad Montell, Tom Riner, Bart Rowland, Steven Rudy, and Ken Upchurch.

Guests: Elaine Walker, Kentucky Department of Parks; Molly Caldwell, Kentucky State Parks Foundation; Joseph House; Bobby Allen; Melody Vaught; and Donald Phelps.

LRC Staff: Judy Fritz, Brad Gross, Greg Woosley, and Peggy Sciantarelli.

Approval of Minutes

Due to lack of a quorum, approval of the minutes of the September 25 meeting was deferred until the November meeting.

Subcommittee Report

The subcommittee report of the Task Force on Elections, Constitutional Amendments and Intergovernmental Affairs was deferred until the November meeting.

The Kentucky State Parks System

Representative Yonts said the meeting is being held at Lake Malone to draw attention to the plight of the state parks—particularly the small parks—to hear concerns of local citizens, and provide an opportunity for committee members to experience the beauty of Lake Malone. In response to a letter he received from Jo Ann Griffin relating to conditions at Lake Malone, he said that he, Representative King, and other legislators have begun to focus on the funding needs of the parks system. Lake Malone formerly had 27 employees but now has only a part-time manager and two part-time contract laborers, who have done a tremendous job.

The first guest speaker was Department of Parks Commissioner Elaine Walker. (Subsequent to the meeting, she provided paper copies of her presentation for distribution to the entire committee.)

Commissioner Walker said the parks are an economic driver in the state, particularly in distressed areas. The goal of the parks continues to be to provide all citizens access to some of the most beautiful land in the Commonwealth. The Department of Parks has been and continues to be in serious financial trouble. Escalating personnel and business costs and an eroding customer base have brought the situation to the critical stage. There have been numerous attempts to reverse this course, but until revenue

issues are addressed, the customer base will continue to erode, thus affecting the future of the parks. The department has developed a strategy for the future that will help manage some of the challenges.

General Fund receipts from FY 2004 through FY 2013 have remained relatively flat—in the \$28-\$30 million range. Two supplemental \$5 million appropriations in 2008 and 2010 were quickly absorbed. In addition, receipts have diminished from a high of over \$55 million in 2007 to a low of \$48 million in 2012. Contributing factors were a downturn in the economy, a change in visitor vacation patterns, declining guest services, and a reduction in government sector conference and meeting business. Personnel costs have escalated despite a significant reduction in full-time staff and cuts in the number of hours worked by field staff. Retirement and health insurance costs peaked in FY 2011, though personnel had decreased. Today, those costs alone are almost \$12 million. In addition, from 2000 to 2007, at the same time that revenue and receipts were shrinking, the department was dealing with a dramatic increase in new construction: six 18-hole golf courses; one 9-hole golf course; expansion of one 9-hole course to 18 holes; four pro shops; three conference centers; two meeting facilities; two campground grocery stores; and one visitor center. No added funding was received for maintenance. Costs associated with one 18-hole golf course, under a five to seven year replacement schedule, average \$2.5-\$3 million. Operating and maintenance funds for these new structures have been reduced from \$11 million in FY 2000 to approximately \$5 million in the current biennium.

The department has been unable to meet the standard life cycle for replacement of most infrastructure. Repair dollars have been stretched to a level that can lead to complete breakdown of boilers, chillers, and wastewater treatment plants. The department cannot meet the industry standard that typically requires replacement of in-room amenities, furnishings and linens every five to seven years.

Technology challenges are dramatically impacting services. Critical software, particularly in the resort parks, is so outdated that the department is facing a cost of about \$150,000 simply to upgrade basic hardware until a new system can be created. It requires 11-13 clicks to make a reservation on the department's web site; the industry standard is three to five clicks. Park reservations cannot be booked through programs like Travelocity and Expedia. To address these problems requires a new, multi-faceted property management system, upgrading of 13 parks telephone systems, installation of wireless in many facilities, and upgrades in the point-of-sales systems at a projected cost of about \$4 million.

Commissioner Walker commended both central office and park staff as being among the finest in state government. She

said increased efficiency of operation and a change in culture have been achieved since development of the 2010 Kentucky State Park Operations Strategic Plan, but outside forces continue to affect the ability to maintain and grow. To decrease expenditures over the last several years, the department transferred three parks to the Constitution Square, Ben Hawes, and Benham-Lynch local governments, repurposed four golf courses, and reduced full-time staff by 23 percent from 1,071 in 2007 to 814 in 2013.

A number of years ago, week hours for parks field staff were reduced from 40 hours to 37.5 hours. Because of the seasonal nature of park operations, the department has been given authority to reduce field staff during the off season based on business needs. Weekly hours for workers have been cut by as much as 20 percent during the winter months, going from 37.5 to 30 hours. This has hurt morale and diminished the level of services. The department has advised staff that they will remain at 37.5 hours during the winter season, with the goal of maintaining that as the new normal. The impact of this measure has dramatically improved morale of field staff.

The department is endeavoring to develop more public-private partnerships. There is an agreement with Golf Now to provide tee time reservations at the golf courses, along with promoting and marketing the courses. The Kentucky State Parks Foundation is a key partner. The department is also working closely with Friends groups, which are concerned citizens who work together to support their local parks.

During strong economic times Lake Malone State Park had as many as nine full-time employees. Staffing this year is equivalent to 4.5 full-time staff, prior to Labor Day, including two maintenance people, a part-time boat ramp attendant, one campground attendant, and an interim park manager. Volunteers have also been utilized to care for the campground area at Lake Malone and other park campgrounds. Four areas at Lake Malone have been designated wildlife management areas. This reduces mowing and enhances wildlife habitat and growth of native grasses and wildflowers. At Lake Malone 2012 was a difficult transitional year, but many improvements have been made in 2013.

Commissioner Walker recognized in the audience Teresa Wells, the interim Park Manager, and thanked her and other park staff for doing a great job. She said gas tanks at the boat ramp have opened for the first time in three years. The campground was 100 percent booked on its improved camp sites at least three-quarters of the season. This occupancy was aided greatly by the Friends Group. Lake Malone, like other recreation parks, is generally open April 1 through October 31 with limited seasonal operations.

Commissioner Walker said the parks need an increased revenue stream.

The need to focus on maintenance and related health and safety issues has limited the ability to address other areas. The department needs assistance in pursuing public-private partnerships and continuing efforts to streamline operations. The ability to partner with the private sector can be cumbersome. For example, when someone offered to donate free mowing at one of the smaller parks in return for harvesting some of the hay, it took two months to complete the required Request for Proposals (RFP) process. Kentucky has a wonderful park system with valuable and faithful employees and customers. It is important to preserve the natural and historic sites so that they will be available to all Kentuckians and attract visitors from around the nation. The state park system plays a significant role in the economy for rural communities. Investing in the parks is good business sense. The economic impact from state parks was more than \$840 million in 2011.

Representative Yonts thanked Ms. Wells and other employees who were present for their service. He pointed out that underfunding of the parks have led to the closing of area businesses. He also emphasized the valuable role of partnerships.

Representative Montell asked about potential opportunities for future public-private partnerships to maintain and operate the lodges and golf courses. Commissioner Walker said the cost to operate one of the golf courses is \$330,000 each year. Two of the 16 courses are close to breaking even. The 9-hole course at Rough River recently closed because it was not profitable. The private sector is not interested in park operations that are not profitable. An optimal way to structure private sector involvement would be to provide land at no cost for the private sector to build, operate, and maintain a facility, with a percent of profits returned to the parks system. In other words, the focus should be to stop looking to the private sector to take over existing facilities and to instead ask what the private sector would like to create. The RFP for a canopy/zip line tour left open the choice of park in which to locate it. One response was received to the RFP, and the department believes the canopy tour will generate a revenue stream.

Representative Riner asked about innovative strategies employed by other states. Commissioner Walker said she is a member of the National Association of State Park Directors. There is a constant flow of information, and the members work with their partners to learn best business practices. Kentucky is unique in that few other state park systems have as many resort parks and golf courses. Representative Riner said Kentucky might be able to offer things that other states do not. He suggested that a shooting range centered around the traditional Kentucky long rifle might attract visitors. Commissioner Walker said the parks are expanding their archery and shooting

ranges wherever possible. She will soon be conducting a planning session with staff and park managers to hear their ideas.

Responding to questions from Representative Graham, Commissioner Walker said she does not have total knowledge of the new constructions mentioned earlier because they were initiated prior to her tenure, but most were projects requested by the legislature. The department did not necessarily receive additional funds for their operation and maintenance. The 23 percent cut in full-time staff included both field and central office staff. The Frankfort office has several vacancies, but existing staff have worked hard to cover those additional responsibilities. The department has a little over 800 full-time staff. A few resort parks continue 7-day operations and may supplement with temporary staffing. The goal is to maintain a staffing level for parks to continue operating during reduced winter hours, supplemented as necessary during the off season. Volunteer support from communities is key to the success of the parks system. Representative Graham said the state parks are a treasure of the Commonwealth, and he commended Commissioner Walker and all parks staff.

Responding to questions from Representative Rudy regarding the golf courses, Commissioner Walker said none are operating in the black, although one could be considered profitable if calculated on a seasonal basis. This is not unusual, however; none of Bowling Green's three golf courses operated in the black during her tenure as mayor. The two courses that are close to being profitable are at Dale Hollow and My Old Kentucky Home State Parks. Where allowed by local ordinance, the sale of alcoholic beverages is proving beneficial, particularly at Jenny Wiley. Currently three resort parks and two recreation parks are allowed to sell alcohol; two additional parks are under consideration.

When Representative Upchurch asked about the financial status of the parks and golf courses and the future outlook, Commissioner Walker said the department's budget appropriation was about \$28 million, with revenue estimated at approximately \$48 million. Though striving to stay within budget, the department currently is somewhat over budget. The golf courses cost a little more than \$2 million to operate; specific data is available for each course. One 18-hole course runs a deficit of \$200,000-\$300,000. The department is still in the process of financing some of the golf courses and cannot close them. Nine-hole courses were closed at Kenlake and Rough River. The department is looking at repurposing the Rough River location, which has promising potential. Possibly a partnership with the private sector can be developed to generate revenue at the golf courses.

Senator Humphries said, in his opinion, the parks that sell alcohol should retain revenue from those sales.

Commissioner Walker said, technically, those receipts go into the total parks budget, but they are used to support the operation of those specific parks.

Senator Humphries said he has heard park visitors comment that they expected a more manicured appearance. He also asked about the need to address health and safety issues at the parks. Commissioner Walker said the necessity to use maintenance pool dollars for upkeep of boilers, chillers and wastewater treatment limits the ability to meet the industry standard for upgrading furnishings. Maintenance needs though have benefited from the assistance of community volunteers.

Representative Meade asked about technology needs and the inability to coordinate with online travel booking agencies. Commissioner Walker said the department plans to issue an RFP next week for a property management system. The goal is to work with companies who would provide hardware and software to enable the parks to improve booking and electronic communication, in return for a set fee or percentage of transaction. If this is not successful, the department will be requesting additional funds to upgrade its 20-year-old technology system.

Representative Yonts asked about status of the parks relative to the 2008 budget. Commissioner Walker said the department was much better off in 2008 and would clearly benefit from additional revenue. Representative Yonts expressed appreciation for the presentation and for the good work the department is doing in spite of a limited revenue stream.

The next guest speaker was Molly Caldwell, President, Kentucky State Parks Foundation. She said she was hired in June 2013 and has so far met with park managers, visitors and Friends groups at 30 parks. A bequest from a northern Kentucky fan of Kentucky state parks helped create the Foundation in 2006. Since that time there has not been any large fundraising effort. The mission is to protect, promote, enhance and advocate for the natural, historical and cultural resources of Kentucky's state parks and historic sites. She is working to promote partnerships with corporate and individual investors. Her task would not be possible without help from local supporters. The Foundation is promoting awareness and is sponsoring an October 24 event at Keeneland. The Foundation works with the Friends groups and accepts grants on a quarterly basis. At this time \$350,000 in applications has been received, and nearly \$200,000 of that money has been funded. The Foundation also has a goal to help Friends groups attain 501(c)(3) status. This status is currently being sought by the Friends of Lake Malone, and they are working closely with the Lake Barkley Friends group. Responding to a question from Representative Yonts, Ms. Caldwell said that a group of committed volunteers may apply for grant funding from the Foundation without having 501(c)(3) status.

The third invited speaker was Joseph House, a resident of Greenville, Kentucky, who owns a construction company and is employed as a registered nurse at the hospital in Madisonville, Kentucky. Mr. House said he is a regular visitor of Kentucky state parks. He complimented the beauty of Kentucky Dam Village State Park and food at the lodge restaurant but said there was a shortage of dining room personnel, who he learned were day laborers not employed by the state. During his visit to Rough River State Park, the dining room was well staffed. Citing his experience as a businessman, he suggested that the department outsource unprofitable operations to the private sector. Lifts should be installed at the Lake Malone and other park marinas so that disabled visitors are able to enter and exit the boats. The cabins at Kentucky Dam Village would benefit from refurbishing; however, he was pleased that he was able to negotiate his room rate there. Muhlenberg County has a federally funded Job Corps program that might be an option to assist with maintenance at Lake Malone and save money for the Commonwealth. The legislature and citizens of Kentucky must work together to promote ways to preserve the parks and make them profitable. Representative Yonts recalled a past RFP for building cabins at Lake Malone that received no response. He emphasized the importance of structuring an RFP so that it will attract private sector bidders.

Representative King, who has lived at Lake Malone since 1962, said it has a unique history. The residents understand that the relationship with the state has changed over the years. A pivotal time was during a previous administration when funding was cut, the marina was closed, and the Department of Fish and Wildlife Resources began assessing fees at the park. She understands the funding problem and said that she and the other local residents are ready and willing to work with the department for the benefit of Lake Malone.

Citizen Testimony

Representative Yonts read a prepared statement from Kenny Higgins, a resident of Greenville who was invited to testify but could not be present. In his statement, Mr. Higgins said he was an employee of Lake Malone State Park for 35 years and served as superintendent from 1977 until retiring in 2006. At its highest level of employment during his tenure the park had as many as 27 employees, including lifeguards and boat dock employees. Since 2004 the park has lost approximately 20 employees and now has only a part-time assistant manager and two temporary contract laborers. For the first time in history there is no full-time park manager or full-time water/sewer operator. Because there is no ranger there are fewer visitors to the campgrounds. A wildflower trail created by the donation and work of retired school teachers and community leaders is now overgrown and has been designated a wildlife area, effectively being

abandoned. An area that was formerly well kept and used for picnics was turned into a wildlife area, security lights were removed, and it was closed at night time, bringing many complaints from citizens. A former club house that had a grocery store, a park office, and living quarters for the superintendent developed structural problems and was torn down but was not rebuilt as promised. The beach area no longer has lifeguards, a nurse's station, or first aid station. Trash frequently builds up. The lake once had two pontoon boats, eight paddleboats and 10 fishing boats. One pontoon was damaged by a falling tree, and the other boats were transferred to other parks. The boat dock can sell gas and fishing supplies; however, it has a sign on the door with a number to call if gas is needed, and the office is often left unattended. The campground facility is frequently not occupied, and there is often no cell phone service. In the 1970s the state condemned 25 acres above the boat and beach house area and paid \$104,000 for the property. The land was never developed and has been essentially abandoned. Another 50 acre tract that was formerly leased to farmers and brought in annual revenue of about \$2,000 has become unusable. Without success, various groups have asked that this tract be used for horse or RV trails.

The land for Lake Malone State Park was donated, but the park is being allowed to fade away. Because the Parks Department has failed in its mission, a nearby golf course, housing project, country store, and RV park have failed. The park has been dying, and that has affected profits not only for the park but also for the surrounding community that has devoted many years to keeping it alive. Mr. Higgins closed by saying he believes that, with help, the park can become the thriving park it once was.

Three other local citizens spoke and urged support of Lake Malone State Park: Bobby Allen, pastor at Belton Beechmont General Baptist Church, Beechmont, Kentucky; Melody Vaught, Belton, Kentucky; and Donald Phelps, a Friends of the Park member.

Mr. Phelps said the group has attempted to get the Department of Parks to have tornado-damaged timber harvested; the only response has been, "We are working on it." Representative Yonts asked Commissioner Walker whether an RFP can be issued for this purpose. She apologized for the delay and said the department is now in the process of resolving that issue.

Adjournment

Representative Yonts announced that members who wish may take a riding tour of the park on a low-level trailer, courtesy of Darrin Benton, a Muhlenberg County magistrate. With business concluded, the meeting adjourned at 2:38 p.m.

Interim Joint Committee on State Government

Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs

Minutes of the 3rd Meeting of the 2013 Interim

October 22, 2013

Call to Order and Roll Call

The 3rd meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, October 22, 2013, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senators Walter Blevins Jr., Ernie Harris, Christian McDaniel, Morgan McGarvey, Gerald A. Neal, R.J. Palmer II, Albert Robinson, and Damon Thayer; Representatives Kevin D. Bratcher, Joseph M. Fischer, Derrick Graham, Mike Harmon, Mary Lou Marzian, and Bart Rowland.

Guests: Myrna Perez, Director, Voting Rights and Elections Project, and Deputy Director, Democracy Program, Brennan Center for Justice—New York University School of Law; Raoul Cunningham, President, NAACP-Louisville Branch; Rev. Dean Bucalos, Kentucky Council of Churches, and Tayna Fogle, Kentucky Restoration of Voting Rights Coalition; Hans von Spakovsky, Manager, Election Law Reform Initiative—The Heritage Foundation, and James Lewis, Leslie County Clerk, and Elections Committee Chair, Kentucky County Clerk’s Association.

LRC Staff: Judy Fritz, Karen Powell, Greg Woosley, Kevin Devlin, and Terisa Roland.

Approval of Minutes

The minutes of the September 24, 2013 meeting were approved without objection, upon motion by Representative Owens and second by Representative Rowland.

The meeting was chaired by both Senator Joe Bowen and Representative Darryl Owens.

Restoration of Voting Rights

The task force discussed the restoration of voting rights for certain convicted felons. Senator Gerald Neal gave an overview of two pre-filed bills for the 2014 Regular Session. Both bills propose amending the Kentucky Constitution to automatically restore voting rights to convicted felons, but that the proposed amendment would not apply to all felonies. Voting rights would be restored only after a convicted felon has successfully completed all penalties.

Myrna Perez, Brennan Center for Justice at New York University School of Law, stated that approximately 5.85 million felons cannot vote nationwide. Kentucky is one of only three states that completely bars voting for convicted felons, absent

an executive pardon. A plurality of states has some form of automatic restoration of voting rights after the completion of a criminal sentence. Approximately one in ten African-Americans are unable to vote because of a felony and limited restoration policies. This number could rise as high as three in ten in the near future if laws are not amended to restore voting rights.

Ms. Perez stated that studies show that recidivism rates are lower in felon populations that have had their rights to vote restored. Voting is a pro-social act. The processes of observing time periods, waiting in lines, casting a ballot, and engaging in the elections process to achieve a result are law abiding exercises that are positive for a convicted felon rejoining society. Children largely learn to vote and participate in elections from their parents, and thus non-voting felons cannot pass along these lessons so that large numbers of children never have role models to emulate. The issue is not a partisan issue since politicians of both parties have supported the restoration of voting rights.

Several local advocates testified and discussed the impact of the permanent loss of voting rights for felons and the merits of restoring voting rights for these citizens. Raoul Cunningham said that one in 17 Kentuckians, and nearly one in five African-American Kentuckians, are denied the right to vote because of a felony. More than 128,000 felons have completed sentences but cannot vote, which is a population greater than all but three Kentucky counties. Reverend Dean Bucalos stated that restoring the right to vote allows these persons to participate, helps restore their dignity, and brings them into society by treating them the same as others in at least one respect. Tayna Fogle testified that, although she and others have been convicted of a felony, they are back in the community after their sentences are served and want to contribute.

Several members posed questions and voiced their opinions and concerns. A primary concern was that the task force had not heard from the law enforcement community on the issue, and it was suggested that members of the community be asked to provide input. Other members expressed their opinions that the pre-filed bills should get fair consideration in both chambers during the 2014 Regular Session.

Ms. Perez gave a PowerPoint presentation to accompany her testimony, a paper copy of which was distributed to the members at the meeting and is available in the Legislative Research Commission library.

Voter Identification Requirements

The task force also discussed voter identification requirements. Hans von Spakovsky of The Heritage Foundation advocated for Kentucky to adopt a stricter law that would require government-issued photo identification to vote. Mr. von Spakovsky stated that government issued photo identification requirements

are an effective means of preventing voter impersonation and various other forms of vote fraud, and are thus a means of protecting the integrity of the ballot and the vote itself. Voting fraud exists and has a long history. He provided examples from court opinions, Congressional reports, and other historical accounts of fraud that has occurred nationally and in Kentucky. Mr. von Spakovsky gave the members details of a grand jury report that documented a 14 year scheme to commit voting fraud that involved both voter impersonation and ballots cast by fake voters. Kentucky is part of an interstate registration system that shows more than 14,000 registered Kentucky voters are registered to vote in other states.

Mr. von Spakovsky gave overview of the recent trend of states adopting photo identification requirements for voters and the legal challenges to several state laws. He stated that no facial challenge to any recent photo identification law has been successful. The challenges have largely failed because plaintiffs’ claims that the laws result in discriminatory disenfranchisement have not been supported by election data. For example, data produced in litigation in Indiana and Georgia have indicated the laws do not suppress voter registration or turnout, with several instances of higher rates occurring after the laws were passed. There have not been any successful “as applied” challenges because plaintiffs have not been able to produce any witnesses who could not get a required photo identification and vote. Every state that has passed a photo ID law has provided for a free form of identification. The United States is the only civilized, developed democracy that does not require photo identification to vote. Mexico, with a larger population in poverty than the United States, requires a photo ID with a thumbprint.

James Lewis, Leslie County Clerk and Elections Chair of the Kentucky County Clerk’s Association, stated that he supports additional voter identification requirements to assist poll workers statewide in confirming a voter’s identity. His association has not taken a formal position on the issue or conducted a poll of the clerks to gauge support, but the clerks have generally had a concern about the part of the current law that permits use of a credit card as an acceptable form of identification for a voter. He felt confident that a majority of the clerks would likely be in favor of a stricter law because they want the public to feel secure in the votes they cast, and because the clerks want to ensure there is as little opportunity for voter fraud as possible.

Several members voiced their opinions and concerns on the issue, with a primary concern that there was little evidence of impersonation fraud that would be prevented by a stricter voter identification requirement, a requirement that could also create barriers for some citizens to vote.

Mr. von Spakovsky submitted

written testimony, a copy of which was distributed to the members at the meeting and can be found in the Legislative Research Commission library.

The business concluded, and the meeting was adjourned at 3:00 p.m.

Interim Joint Committee on Transportation

Minutes of the 5th Meeting of the 2013 Interim

November 5, 2013

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Transportation was held on Tuesday, November 5, 2013, at 9:00 AM, at the National Corvette Museum in Bowling Green, Kentucky. Representative Hubert Collins, Chair, called the meeting to order, and the secretary called the roll. A quorum was present, and the October 1, 2013 meeting minutes were approved.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators Jimmy Higdon, Ray S. Jones II, Bob Leeper, Morgan McGarvey, Dorsey Ridley, Albert Robinson, John Schickel, Johnny Ray Turner, and Whitney Westerfield; Representatives Denver Butler, Leslie Combs, Tim Couch, Will Coursey, Jim DeCesare, Keith Hall, Kenny Imes, Jimmie Lee, Charles Miller, Terry Mills, Tanya Pullin, Steve Riggs, John Short, Jim Stewart III, and Addia Wuchner.

Guests: Mike Hancock, Secretary, Kentucky Transportation Cabinet; Nora Roper, Assistant Manager, GM Corvette Plant; Eric Henning, Regional Director, State Government Relations, General Motors.

LRC Staff: John Snyder, Brandon White, and Christina Williams.

Welcome and Opening Remarks

Chairman Collins welcomed members and guests to the committee and congratulated Mike Hancock, Secretary of the Kentucky Transportation Cabinet, on his recent election as the President of the American Association of State Highway Transportation Officials. Chairman Collins also introduced James Scott with Scotty’s Contracting & Stone LLC; Mac Yowell, former State Highway Engineer and the Director of Public Works of Warren County; Juva Barber, the new President of the Kentuckians for Better Transportation; and Former State Senator Richie Sanders.

Representative DeCesare thanked Wendell Strode and all of the staff from the National Corvette Museum for its hospitality. He also recognized Bruce Wilkerson, Mayor of Bowling Green; Mike Reynolds, former State Senator; and Greg Meredith, District Engineer.

Presentation by GM covering its Activities in Kentucky

Nora Roper, Assistant Manager, GM Corvette Plant and Eric Henning, Regional Director, State Government Relations, General Motors, began a presentation on General Motor’s activities in Kentucky.

Andrea Hales, GM Plant Communications Manager, was also introduced.

Ms. Roper stated the GM Corvette Plant has recently invested \$131 million to upgrade the Bowling Green plant location and retool the facility to produce the new C7 model Corvette. The last C6 model, the previous version of the Corvette, was built on February 28, 2013. The number of C6 Corvettes that were built is 215,213.

The GM Corvette Assembly plant has approximately 1 million square feet and has one production shift that is 8 hours per day, Monday through Friday. The production volume is 17.2 units per hour, which translates to 137 Corvettes that are assembled on an 8 hour shift. The plant employs approximately 1,000 employees, including 700 hourly employees, 110 salaried employees, and over 200 contract and temporary employees. The construction of the new seventh generation Corvette, or C7, brought forth the need for additional permanent General Motors and UAW employees. Twenty-four employees were added, some being transferred from other parts of the U.S. In 2012, the GM Corvette Assembly Plant's wages to employees totaled \$53 million.

Constructing the new C7 included the need for additional buildings that were added to the plant. An extension of the building for pre-treatment of the frames was added as well as a new body shop. The body shop construction cost approximately \$52 million of \$131 million. The trim area of the plant was rearranged and now work stations are much more organized.

The C7 was revealed on January 13, 2013 and the Stingray name was brought back for the C7 model as well. After its reveal, C7 was one of the top 5 trending search topics on Google. At the North American International Auto Show the Corvette Stingray had close to 75 minutes of media coverage at the show. The only other automobile that came close to that amount of media coverage was the Cadillac ELR, which had approximately 10 minutes of coverage. The new Corvette has been on the cover of several magazines including, Road and Track and Car and Driver.

In January 2013, General Motors announced that the performance build center, where engines are built, will be coming to the Bowling Green Assembly plant. The production of those engines will start in the first quarter of 2014.

The C7, 2014 Corvette is the most powerful standard model ever, with an estimated 455 horsepower and 460 pound feet of torque. It is capable of accelerating from 0 to 60 MPH in 3.8 seconds and achieves more than one G in the cornering grip. It is also the most fuel efficient Corvette ever, with an EPA highway rating of 29 MPG and a city rating of 17 MPG. The C7 is the most fuel efficient car in the market for over 400 horsepower.

The plant is environmentally friendly and would like to continue to work towards

being landfill free. The plant has received the energy star challenge for the industry, which means it has improved the use of the energy it uses, reducing the energy usage by 10 percent within the past 5 years. The plant has a wildlife habitat that consists of 75 acres, and it is the largest within any GM sites. The wildlife habitat contains walking paths and picnic tables and is open to the public.

Representative Coursey introduced his special guest in the audience, Jim Lafever, Chief District Engineer the Kentucky Highway Department, who is now Kentucky's Operation Manager for the Infrastructure Corporation of America.

Senator Jones expressed his excitement to be in Bowling Green and stated he is a longtime fan of the Corvette, owning two Corvettes himself. He stated the Corvette C7 is a remarkable car and a significant step forward over the C6. The C7, by all accounts, is truly a revolutionary vehicle, particularly at the price point of the car. Senator Jones stated he believed that the C7 could be the Motortrend 2014 Car of the Year, and if so, it would be appropriate to publicly recognize that honor. Senator Jones stated the celebration of the C7 is not just about the car, but about the union auto workers and all of the people involved with building the car, showing what a competent qualified union workforce can do. He indicated the C7 will help GM with its turnaround, which will bring attention to Kentucky. He stated a start up of a motor sports club is possible in Western Kentucky due to the amount of Corvettes, and that would also bring a lot of attention to Kentucky. Senator Jones congratulated the GM Corvette Assembly Plant on its accomplishments.

Representative DeCesare agreed with erecting a sign if the C7 was named the Motortrend 2014 car of the year. He also mentioned that the Corvette has been named the official sports car of Kentucky.

Representative DeCesare thanked Ms. Roper and Mr. Henning and stated a few short years ago there were some questions and issues surrounding the plant and it is refreshing to have the plant go from a few hundred employees to approximately 1,000 employees over the past few years. The capital improvements that have been made and the way the employees have been involved in the community are also refreshing. Representative DeCesare stated he appreciates not only the automobile that the plant provides, but the jobs that are provided and the way the plant contributes to the community of Bowling Green, Warren County, and Kentucky.

In response to a question asked by Chairman Harris, Ms. Roper stated 1981 was the year that Corvette production was at its lowest and also the same year that Corvette came to Kentucky. Chairman Harris stated he is thankful that the decision to continue Corvette production was made.

In response to a question asked by Chairman Collins, Ms. Roper stated the approximate base price for a new C7 Corvette is \$52,000 and \$57,000 for the convertible model. That price is without any extras or add-ons.

Representative Lee reflected on selling a few Corvettes when he was an automobile salesman. He stated Corvettes and their relationship with Kentucky have been a huge success story. As a former automobile salesman, he sold Corvettes with pride.

Discussion of the Future of the Federal Aid Highway Program

Mike Hancock, Secretary, Kentucky Transportation Cabinet, began a discussion on the future of the Federal Aid Highway Program. Secretary Hancock recognized Steve Waddell, State Highway Engineer who was in the audience, as well as Chuck Wolfe, Public Information Officer, and Greg Meredith, District Engineer.

Secretary Hancock stated that the Federal Highway Trust Fund has a long-term structural imbalance. Secretary Hancock stated Chairman Combs of the Budget Review Subcommittee on Transportation just returned from Washington D.C. where she has been informed of many of these issues as well.

Secretary Hancock stated people are driving less and the purchasing power of the Highway Trust Fund is declining at increasing rates. Also, alternative fuel sources are creating some issues that reduce revenues to the Trust Fund.

Congress has demonstrated over the past few years an appetite for Transportation which is a positive thing. Referring to the first chart of the presentation, the chart indicated what will become a fiscal reality if Congress does not act. In relation to Transportation over the last four or five years, Congress has pushed the envelope and is living beyond its means, in the Federal Highway Trust Fund by supplementing the Trust Fund with General Fund revenue to the tune of approximately \$40 billion. While this is not necessarily a bad thing for Transportation, it does put the nation in a precarious position. Without further congressional action to infuse additional General Fund dollars in the fund, FY 2015, which begins next October, could be a very difficult year for the Federal Highway Trust Fund. Secretary Hancock wanted the Committee to be aware of the upcoming situation and consequences Kentucky could be facing if Congress does not act. As the six year highway plan is built, and as the 2014 session of the General Assembly gets underway, it is imperative that the potential severity of non-action by Congress is understood. The chart provided illustrated that Congress has funded the Federal Highway Trust Fund for distribution for the states at about \$40 billion annually back to 2009. In 2015, without additional action, that highways component drops from \$40

billion in 2014 to \$0.2 billion in 2015. The fund will rebound in 2016 to \$31.4 billion and then increases to \$36 or \$37 billion by 2023.

The plan that Secretary Hancock plans to submit in the 2014 session of the General Assembly will be built around the assumption that Congress will act providing the funds necessary to keep the program at about \$40 billion a year nationally. He stated that action may or may not happen and there is no guarantee that the action will occur before 2015.

Secretary Hancock warned that the Highway Program may have to be slowed in 2014, depending on how likely it appears that Congress will provide those funds, so as not to incur huge bills in 2015 and have no way to pay them.

If the Federal Highway Trust Fund Program drops to \$0.2 billion in 2015, there will be no federal highway program authorizations in 2015. The projects in the pipeline will continue to move at the pace Congress helps move them, but there could conceivably be no Federal Highway Trust Fund Program in 2015.

Congress has a history of addressing this problem, and the Highway Trust Fund has received multiple General Fund transfers over the past few years. In 2008, \$8 billion was received, in 2009, \$7 billion was received, and in 2010, \$19.5 billion was received. MAP-21 has provided approximately \$20 billion in funds.

Secretary Hancock referred to a chart in his presentation that refers to the buying power of the Highway Trust Fund dollar. With the assumption that the buying power in 1993 was at 100 percent, by 2012, 37 percent of that purchasing power will be lost, and by 2023, more than half of that purchasing power will be lost under the current scenarios.

Secretary Hancock referred to another chart that demonstrated that the Highway Transfer Fund will outpace receipts by \$15 billion or more per year. The Highway Trust Fund, as currently operated, is not sustainable. Congress will have to evaluate realistically and holistically the way Transportation is funded in America.

The last chart that Secretary Hancock presented established that Kentucky is not alone in potential funding shortfalls in transportation. Kentucky was anticipated at having approximately a \$647 million program, and it will actually have a \$3 million program in FY 2015, without congressional action, an estimated program reduction by 99.5 percent.

In response to a question asked by Chairman Harris, Secretary Hancock stated the assumption that the states will receive \$40 billion in funding is due to what Congress has done since 2008 each year that it has been confronted with this situation. Congress has funded an amount of money necessary to bring the amount to the states back to about \$40 billion a year, which is where it has been since 2005. He believes Congress will continue to provide at that level, but there is no guarantee. He

reiterated that 2015 would essentially be a catch up year. Then, when the money does start coming in there will be the ability to authorize funds again for Transportation.

Chairman Collins thanked members and guests in attendance and adjourned the meeting at 10:05 am.

Interim Joint Committee on Veterans, Military Affairs, and Public Protection
Minutes of the 4th Meeting of the 2013 Interim
October 10, 2013

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, October 10, 2013, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Tanya Pullin, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Ernie Harris, Christian McDaniel, Dennis Parrett, Jerry P. Rhoads, Albert Robinson, Kathy W. Stein, Whitney Westerfield, and Mike Wilson; Representatives Robert Benvenuti III, Tom Burch, Denver Butler, Dwight D. Butler, Larry Clark, Tim Couch, Will Coursey, David Floyd, Martha Jane King, David Meade, Terry Mills, Rick G. Nelson, Tom Riner, Rita Smart, and Russell Webber.

Guests: Bethanne Cooley, Director, States Legislative Affairs, CTIA – The Wireless Association; Jan Gould, Government Affairs, Kentucky Retail Federation; Joe Barrows, Executive Director, Commercial Mobile Radio Services Board; Virginia Gray, TW Telecom; Rob Rothenburger, Shelby County Judge Executive and 911 Service Director; and Tyler Campbell, Legislative Liaison, Kentucky Association of Counties (KACO).

LRC Staff: Erica Warren, Kristopher Shera, Nick Kilby, and Rhonda Schierer.

Minutes

Senator Wilson moved to adopt the September 12, 2013, meeting minutes. Representative Nelson seconded the motion, and the minutes were adopted.

Prepaid Cell Phone Fees for 911 Emergency Services

Bethanne Cooley, Director, States Legislative Affairs, testified on behalf of CTIA-The Wireless Association, the trade association for the wireless communications industry. She discussed the issue of fair and equitable funding of 911 systems. This model has been endorsed by the National Conference of State Legislatures and has passed in 32 states, the District of Columbia, and the Virgin Islands. Proposals are pending in other states. The wireless industry strongly encourages the enactment of collection of the 911 fee at the point-of-

sale because it believes this will increase 911 fee collections while ensuring that prepaid consumers who benefit from the 911 system also contribute.

According to the National Emergency Number Association, an estimated 240 million calls are made to 911 in the U.S. each year. In the Commonwealth, wireless subscribers represent 91 percent of the population, or 4 million subscribers. One in four of those subscribers are prepaid wireless users, and the Commonwealth is not collecting the 911 fee from all prepaid wireless consumers.

Prepaid wireless service allows customers to pay in advance for a fixed number of minutes or a fixed time period of use of unlimited minutes. Since customers pay in advance there is no need for the customer to sign a contract. When a prepaid customer’s minutes or units are exhausted, the customer can go to a retail store and purchase a recharge card with a fixed number of minutes, go to a wireless provider’s retail store and purchase a recharge card, or recharge minutes by going directly to the prepaid wireless provider’s website. About 70 percent of all prepaid wireless transactions occur in these third party retail locations.

Traditional postpaid wireless service is sold directly by the wireless service provider, or its agent, to the consumer. Consumers must pay their bill monthly, including taxes and fees, in order to receive service. Under federal and Kentucky law, the wireless provider must receive and record the address for each user. This provides the wireless provider an address for billing and collecting the fee from the user, which the provider then remits to the proper 911 agency.

In 2007, the wireless industry recognized that the growth in popularity of prepaid wireless required a new urgency to develop a workable methodology to collect 911 fees for prepaid wireless. This resulted in model legislation that was presented to the National Conference of State Legislatures (NCSL) for consideration and was endorsed by the NCSL in July 2009.

There are key reasons to support the point-of-sale collection for prepaid wireless consumers. The prepaid point of sale methodology is based on actual sales, is transparent and equitable for all wireless consumers, it accurately sources the transaction to the state, and is a more efficient collection method. It will provide stable and predictable revenues to support the 911 system in Kentucky that exceed what is being remitted under current law. The model piggybacks on the existing sales and use tax collection system to minimize additional costs to retailers.

In response to a question from Senator Westerfield, Ms. Cooley stated that wireless providers are retailers. The largest providers nationally are Wal-Mart, Target, and Best Buy.

In response to a question from Senator Wilson, Ms. Cooley stated that 70 percent of cell phone providers are the

retailers such as Wal-Mart, Target, and Best Buy, 20 percent are wireless retail stores, and the rest are locally owned small businesses.

Virginia Gray, representing TW Telecom, made a statement in that TW Telecom is in favor of everyone paying the same amount for 911 services, including prepaid and post wireless users as well as wireline (landline) users.

Tyler Campbell, legislative liaison for KACO, and Judge Rob Rothenburg, Shelby County Judge Executive, testified about concerns regarding the costs to counties for providing 911 operations. Mr. Campbell stated that many states are moving towards other ways to increase fees to help 911 service. Judge Rothenburg, who also serves as the 911 Director in Shelby County, stated that the county lost \$140,000 from people switching from landlines, which included a fee for 911 services, to prepaid wireless service. Several counties have collaborated to find ways to share in the technology because there are no funds to improve equipment needed to maintain pace with 911 technology.

Jan Gould, Government Relations, Kentucky Retail Federation, testified in opposition of wireless providers collecting fees for 911 services at point-of-sale. Mr. Gould stated that CMRS collects from 30 entities. If fees are collected from retailers through point-of-sale, it would become thousands of entities. This could be costly and require an entirely new system to manage. He added that point-of-sale will be costly for the retail community. Another big concern is that third party providers allow consumers to get additional minutes through multiple sites on the internet and evade the fees for 911 services altogether, which would allow consumers to access 911 services without any obligation to pay for it. Point-of-sale fee collection would likely drive more consumers to these online sites that subvert all fee collection.

In response to a question from Senator Westerfield, Mr. Gould stated that there are approximately 3,000 small grocers in Kentucky who could be affected by the point-of-sale.

Joe Barrows, Executive Director of the Commercial Mobile Radio Services Board, gave a PowerPoint presentation and spoke in support of all cell phones supporting the 911 services. Mr. Barrows stated that the 911 service in Kentucky has increased the number of calls that are made to increasingly outdated equipment that are manned by overworked staff in an environment of stagnant or shrinking 911 revenues. All but 10 counties impose a fee ranging from 32 cents to \$4.50 per month on wireline services for cable and landlines. State fees on cell phones are 70 cents per month except for pre-paid services which pay 38 cents, based on an inadequate formula put in statute that does not equate the 70 cent amount associated with cell phones bought under contract. These funds are collected and distributed by the CMRS Board to local call centers and service providers. Local government

general fund dollars make up the balance and is the largest source of funds spent on 911 services. Cell phone providers and users are not paying their fair share for 911 services. There are 3.6 million cell phones in Kentucky compared to 1.8 million wireline phones. Cell phones account for about 70 percent of all 911 calls made in Kentucky but contribute less than 20 percent of the cost. The discrepancy in the law which permits prepaid cell phones to pay less than other cell phones has cost the CMRS fun and estimated \$13.5 million since mid 2006. In 2008, the CMRS Board sued two providers of prepaid services, Trac Fone and Virgin Mobile, to collect on unremitted fees and has won both cases with combined judgments of \$6 million. The Virgin Mobile case is under appeal.

Local governments are not in shape to answer the call for help alone. Current estimates show that providing 911 services at the local level statewide costs over \$150 million annually statewide. \$52 million comes from local and state 911 fees and the balance comes from local general funds. The General Assembly previously passed legislation which directed a comprehensive study to evaluate 911 revenues and expenditures and a report is due before the next legislative session. Mr. Barrows’ PowerPoint and materials are a part of the official record in the Legislative Research Library.

In response to a question from Chairman Higdon, Mr. Barrows stated that the Judgment related to the litigation for Track Fone is \$5.2 million and about \$800,000 for Virgin Mobil.

Other Business

Co-Chair Pullin asked staff to send a memo relaying the committee’s condolences to Carlos Pugh for the loss of his wife, Alma Pugh, on September 13, 2013. Chairman Higdon and the committee members agreed and expressed their deepest sympathy.

There being no further business, the meeting adjourned.

Capital Planning Advisory Board

Minutes of the 5th Meeting of the 2013 Calendar
September 24, 2013

Call to Order and Roll Call

The 5th meeting of the Capital Planning Advisory Board was held on Tuesday, September 24, 2013, at 3:00 PM, in Room 169 of the Capitol Annex. Representative Terry Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Terry Mills, Co-Chair; Senator Whitney Westerfield, Representative Tom Riner, Charles Byers, John Hicks, Sherron Jackson, Mary Lassiter, James W. Link, Mark Overstreet, and Katie Shepherd.

LRC Staff: Shawn Bowen, Josh Nacey, and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the September 5, 2013, meeting was made by John Hicks, seconded by Senator Westerfield, and approved by voice vote.

Information Item

Chairman Mills said that there was one information item in the members' materials. Follow-up correspondence was submitted by Mr. James Fowler, Chief Information Officer for the Commonwealth Office of Technology, in response to questions raised at the September 5 meeting regarding certain information technology projects. No action required.

2014-2020 Statewide Capital Improvements Plan

Chairman Mills thanked the board members for their attendance and participation in the capital planning process over the last five months. He then thanked staff for their work and the various state agencies that provided specialized reports to the board this year.

Senator Humphries thanked the members for participating in the process and selecting the most needed projects for the state.

Chairman Mills said he asked staff to compare the 2012-2018 Capital Plan to the 2014-2020 Capital Plan. Across the board, the agencies requested about nine percent less in this plan than the last plan, which reflects a plan for a more efficient government.

Final Action – Approval of Draft Statewide Plan

The one item of business was approval of the *2014-2020 Statewide Capital Improvements Plan*. The policy recommendations were reviewed at the board's September 5 meeting, and included funding for the Budget Reserve Trust Fund that represents 5 percent of General Fund revenues; adequate funding for state agency maintenance pools; adequate funding for the backlog of information technology capital projects; and endorsement of the Council on Postsecondary Education's multi-biennia approach for financing capital needs of the postsecondary institutions. The state-funded project recommendations were selected by members, and included projects in the categories of maintenance and renovation, information technology, and new construction. As in the past, both the policy and project recommendations address the high priority the board places on maintenance of existing facilities.

There was a motion made by Mr. Jackson, seconded by Senator Humphries, and adopted by roll call vote to approve the draft *2014-2020 Statewide Capital Improvements Plan* and the state-funded project recommendations. The motion included an authorization for staff to make the necessary editing changes in finalizing the plan for publication.

Several members expressed appreciation to the Capital Planning Advisory Board staff for their guidance and extensive effort in the capital planning process.

Adjournment

Chairman Mills said that the next meeting would be in May or June of 2014. With there being no further business, a motion to adjourn the meeting was made. The motion was seconded, and the meeting was adjourned at 3:20 PM.

Capital Projects and Bond Oversight Committee Minutes

October 15, 2013

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, October 15, 2013, at 1:00 p.m., in Room 169 of the Capitol Annex. Senator Chris Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Julian Carroll, Chris Girdler, Bob Leeper, and Christian McDaniel; Representatives Robert Damron, Steven Rudy, Kevin Sinnette, and Jim Wayne.

Guests Testifying Before the Committee: Mr. Luke Morgan, Attorney, McBrayer, McGinnis, Leslie, & Kirkland, PLLC; Ms. Lisa Beran, General Counsel, Kentucky Housing Corporation; Mr. Andrew Hawes, Senior Director of Multifamily Production, Kentucky Housing Corporation; Mr. Michael Gross, Project Manager, Overlook Development LLC; Mr. Bob Wiseman, Vice President for Facilities Management, University of Kentucky; Mr. Mitchell Payne, Associate Vice President for Business Affairs, University of Louisville; Mr. Scott Aubrey, Director, Real Properties, Finance and Administration Cabinet; Mr. Steven Collins, Director of Bluegrass Station, Department of Military Affairs; Mr. John Hicks, Deputy State Budget Director; Mr. John Covington, Executive Director, Kentucky Infrastructure Authority; Mr. Ryan Barrow, Executive Director, Office of Financial Management; and Mr. David Talley, Deputy Executive Director, Budget and Fiscal Management, Kentucky Transportation Cabinet.

LRC Staff: Kristi Culpepper, Josh Nacey, and Angela Offerman.

Approval of Minutes

Representative Rudy moved to approve the minutes of the September 17, 2013, meeting. The motion was seconded by Representative Wayne and approved by voice vote.

Correspondence Item

Kristi Culpepper, Committee Staff Administrator, presented one correspondence item for members to review. The University of Louisville submitted a letter notifying the committee that the university will proceed with projects that the committee did not take action on in August because the meeting was cancelled.

Information Items

Ms. Culpepper said there were three information items for review. The first item was the Semi-Annual Report of

the Asset/Liability Commission, which detailed activity in the state's debt and investment portfolios.

The second information item was a special investigative report on the Frontgate Apartments project, which was prepared by Mr. Cecil Dunn, Attorney, McBrayer, McGinnis, Leslie, & Kirkland, PLLC, and presented to the Kentucky Housing Corporation's (KHC) Board of Directors on October 2, 2013.

Issuance of conduit revenue bonds for the multifamily housing project was approved by the KHC Board of Directors, the State Property and Buildings Commission, and the Capital Projects and Bond Oversight Committee in late 2012. The bonds have not been issued because of ongoing litigation.

In addition to the proceeds from tax-exempt bonds, funding for the project included a combination of competitively awarded nine percent low income housing tax credits and noncompetitive four percent tax credits. The nine percent credits were awarded to Overlook Development LLC (Overlook), which is affiliated with the developer of the project, LDG Development LLC (LDG).

According to the report, Overlook gained a competitive advantage by being certified as a Female Owned Business Enterprise (FBE) by the Louisville Metro Government Human Relations Commission. Overlook no longer has that certification, but the company was awarded the nine percent tax credit portion of the Frontgate Apartments project because of the advantage. The company also failed to acknowledge its affiliation with LDG in applications with KHC and when seeking the FBE certification and are in violation of the Qualified Allocation Plan (QAP).

The KHC Board of Directors voted to revoke the nine percent tax credits from the project, which eliminated 32 units reserved for low-income households. The board has not taken any action regarding the bond deal or the noncompetitive four percent tax credits that are associated with the issuance of bonds.

In response to questions from Representative Wayne, Mr. Luke Morgan, Attorney, McBrayer, McGinnis, Leslie, & Kirkland, PLLC, said the investigation involved reviewing current circumstances and a legal determination was not presented to the board as to whether fraud was committed. However, the board acted upon the findings of the investigation, which show the requirements of the QAP were not met.

Ms. Lisa Beran, General Counsel, KHC, said the board has not finally approved the four percent noncompetitive tax credits or the issuance of the bonds for the project. There is pending litigation in Louisville regarding zoning. KHC and outside counsel are taking a wait- and see-approach and are not expecting the project to come back before the board any time soon.

Mr. Andrew Hawes, Senior Director of Multifamily Production, KHC, said both

the competitively awarded nine percent tax credits and noncompetitive four percent tax credits were independent of each other and were evaluated separately for financial feasibility. Mr. Hawes said it is financially possible to proceed with the four percent tax credit project.

Ms. Beran said it would be premature for KHC to make a final judgment on the project. KHC is a quasi-state agency and does not have the same sovereign immunity protections as the state. Therefore, they are conscious of possible litigation and are not taking action that may put them in that situation until more facts are known. It was the recommendation of outside counsel and the board to address the issue if and when it became germane.

Ms. Beran said KHC is evaluating whether to continue offering the set-aside point process and, if so, they will implement new procedures to raise the standards for the certification.

In response to questions from Senator McDaniel, Mr. Hawes said KHC resources are allocated on a competitive basis. The developer was seeking resources to construct multifamily housing for low- and moderate-income households. The tax-exempt bond portion of the project is still pending based on the unresolved litigation and once the litigation is resolved, the developer will have the option to move forward by coming back to KHC.

Mr. Morgan said complaints were brought to the committee approximately one year ago and, prior to that, persons who live in the area of the proposed project brought concerns to KHC, local municipal leaders, and the Finance and Administration Cabinet. KHC contacted his firm in June 2013, to review the complaints.

Mr. Michael Gross, Project Manager, Overlook Development LLC, said Ms. Lisa Dischinger signed the application for the FBE as a 51 percent member of Overlook.

In response to a question from Chairman Girdler, Mr. Gross said Overlook does not have employees, but he works as project manager on Overlook developments. Overlook was originally certified as a FBE in 2008 and recertified in 2010. The certification expired at the end of 2012. At the time of application, Overlook was in good standing with KHC and the Louisville Metro Government Human Relations Commission. During that period, Overlook has done five tax credit developments for KHC and there was never an issue with any of the developments.

Mr. Gross said the Frontgate Apartments development had opposition from the neighborhood because they did not want affordable housing built in the neighborhood.

At the time of certification renewal, the Louisville Metro Government Human Relations Commission asked Ms. Dischinger to wait on renewing the certification until the new online application was activated.

In response to questions from Senator McDaniel, Mr. Gross said Overlook did not reapply for the FBE certification because they were asked to wait for the revised online application and they were told by KHC the development could proceed without the certification. The project has incurred design, engineering, and legal fees and has not been able to move forward. Overlook will make the decision to move forward with the development based on a financial analysis.

Mr. Gross said Ms. Dischinger owns 51 percent of Overlook and is a FBE regardless of certification status. Legal staff reviewed the application and consulted with the Louisville Metro Government Human Relations Commission before certification.

Chairman Girdler said that due to the change in the scope of the project, the project will need to come back before the committee for approval.

In response to questions from Senator Carroll, Mr. Gross said the Louisville Metro Government Human Relations Commission did not take action to revoke the FBE certification. Upon the application for recertification, the commission requested additional information from Ms. Dischinger. Ms. Dischinger met with a representative from the commission to review the information. The representative requested Ms. Dischinger wait until the new online application was available.

Mr. Gross said the new application was available in August 2013. The certification expired at the end of 2012, but they had assurances from KHC staff that as long as they were in good standing, the project could proceed.

Mr. Hawes said KHC responded to Mr. Bingham that the expiration of the certification would not jeopardize the project.

Senator Carroll asked Mr. Morgan if evidence suggested a violation or if fraudulent representation existed. Mr. Morgan said Ms. Dischinger told KHC board members she had not been involved in the operations of Overlook for some time and that Frontgate was her first project after an extended absence. Ms. Dischinger stated in the 2008, 2010, and 2013, FBE applications that Overlook was a business to develop affordable rental housing and was not an affiliate or subsidiary of any other company related to the development of affordable rental housing. According to Mr. Morgan, Ms. Carolyn Miller-Cooper, Executive Director of the commission contacted Ms. Dischinger to ask about the discrepancy and to ask for clarification. Ms. Dischinger responded that she selected the wrong box on the form. Ms. Miller-Cooper said that it was Ms. Dischinger's idea not to resubmit the application in 2013. Mr. Morgan said that Ms. Dischinger does nothing for the company and has had no communication with KHC.

Mr. Morgan said the KHC application asked if an identity of interest exists

among any members of the development. Overlook responded affirmatively and explained the ownership of the companies involved in the project. Mr. Morgan said Ms. Dischinger and Overlook were put out front of the project in order to get the tax credits as a result of the FBE certification, when LDG was actually responsible for the project.

In response to a question from Senator Carroll, representatives from the Attorney General's office told Mr. Morgan that they have notified the Louisville Metro Police Department.

Mr. Gross said the section of the QAP, referred to by Mr. Morgan, deals with the developer cap, which limits the maximum credit a developer may receive. In the application, Overlook did not disclose an affiliation with LDG because LDG did not submit an application in that round. Additionally, the QAP does not contain a requirement that a FBE must be kept for an identified period of time.

In response to a question from Senator McDaniel, Mr. Morgan said KHC was his client.

Senator McDaniel said the responsibility of the committee is the issuance of bonds and not making decisions regarding project conflicts or issues.

Ms. Culpepper said the tax-exempt bond issue, four percent tax credits, and nine percent tax credits are all funding sources for the project. A combined project was brought to the committee. It has been the tradition of the committee that when a project scope changes, the project is brought back to the committee.

Chairman Girdler said because the scope of the project has changed, a letter will be sent to KHC requesting that if the project moves forward, it will be resubmitted to the committee for approval.

Senator McDaniel made a motion that the project be resubmitted to the committee as it relates only to the issuance of bonds. The motion was seconded by Senator Leeper and approved by roll call vote.

The third information item included quarterly reports on capital projects from the Administrative Office of the Courts, the Commonwealth Office of Technology, the Finance and Administration Cabinet, and the universities that manage their own capital construction projects.

Project Reports from University of Kentucky (UK)

Mr. Bob Wiseman, Vice President for Facilities Management, UK, presented four items. The first item was the notification of the selection of construction management-at-risk delivery method for the Fit-up 8th Floor and Pharmacy project; Construct Academic Science Building project; Renovate/Expand Commonwealth Stadium project; and Renovate/Expand Gatton Building project. No action was required.

The second item was an update on the UK student housing project, which has a project scope of \$277,000,000. UK will be

requesting authorization for an additional \$202,000,000 as part of the biennial 2014-2016 capital budget request. No action was required.

The third item was an update reporting a project scope increase of \$607,600,000 to accommodate the planning and design of the Fit-up of the Clinical Decision Unit of the Patient Care Facility project. Additionally, the university reported the consolidation of the 2012-2014 authorization of \$50,000,000 into the current total consolidated scope of \$700,000,000 to streamline project accounting and reporting. No action was required.

The fourth item was a report of the consolidation of authorizations for the Renovate Academic Facility University Lofts Facility project by merging \$7,000,000 of authorization from the Repair, Upgrade, or Improve Building Mechanical Systems capital project with the Renovate Academic Facility project for a total combined scope of \$15,000,000 which will be paid from university restricted funds. No action was required.

Project Report from University of Louisville (UL)

Mr. Mitchell Payne, Associate Vice President for Business Affairs, UL, reported a \$900,000 scope increase for the Expand Ulmer Stadium project. The increase was the result of higher than expected construction costs and the expansion of the project scope. The project will be paid from private funds, once raised.

In response to a question from Senator McDaniel, Mr. Payne said that he will research the status of a previously approved bond issue for a student center project and will provide a report to the committee. No action was required.

Senator Carroll made a motion to approve the scope increase. The motion was seconded by Senator McDaniel and approved by roll call vote.

Lease Reports from the Finance and Administration Cabinet

Mr. Scott Aubrey, Director, Real Properties, Finance and Administration Cabinet, presented four items. The first item was for a lease modification and amortization of leasehold improvements for the Department of Agriculture in Jefferson County. The amortization of leasehold improvements included painting of walls, addition of light fixtures, installation of bollards to protect a generator, and the installation of wall/corner guards in the food distribution warehouse.

Two estimates were obtained for the improvements and the department recommended the acceptance of the lowest bid of \$13,439 (\$893 from RKR Electrical Contractors for lighting and \$12,546 from Charles Strange Construction LLC for all other items.) The application of interest was negotiated down from six percent to five percent per year and will expire on June 30, 2018.

In response to a question from

Representative Wayne, Mr. Aubrey said the facility is used for food storage for the US Department of Agriculture commodities program.

The second item was for a lease modification and amortization of leasehold improvements for the Department of Military Affairs in Fayette County. The amortization of leasehold improvements was at the request of the tenant and included voice, data, and electrical outlets and tile in office areas.

Estimates were obtained for the improvements and included \$81,450 for voice, data, and electrical outlets from Brooks Electric Company; \$7,431 for tile in the office areas from Majors Floor Covering; \$2,500 to remove and reinstall ceiling tiles from K & B Drywall; and \$1,500 from Contract Decorating for touch-up painting. \$92,881 will be amortized through the current lease term, which expires 177 months from the effective date of the lease.

In response to a question from Senator McDaniel, Mr. Steven Collins, Director of Bluegrass Station, said the project was a design/build under the built-to-suit statutes and the tenant did not know how many voice and data outlets would be needed at the beginning of the project. In order to meet the occupancy date, overtime will be necessary and will result in \$13,140 in overtime expenses, which will be reimbursed by the tenant.

In response to a question from Representative Wayne, Mr. Collins said the space is leased by Consequence Management and used for military teams that are first responders to a terrorist event.

Senator Carroll made a motion to approve the lease modification. The motion was seconded by Senator McDaniel and approved by roll call vote.

The third item was for a lease modification and amortization of leasehold improvements for the Cabinet for Health and Family Services in Jefferson County. The amortization of leasehold improvements included the installation of conduit and electrical grounding to support the installation of a metro data line.

Two estimates were obtained for the improvements and the cabinet recommended the acceptance of the lowest bid of \$1,550 from John Waters Inc. The cost will be amortized through the term of the lease, which will expire June 30, 2016. No action was required.

The fourth item included a quarterly lease modification report of state leases with square footage for the period of April through June 2013. No action was required.

Project Reports from the Finance and Administration Cabinet

Mr. John Hicks, Deputy State Budget Director, presented seven new unbudgeted capital projects; one scope increase; one emergency repair, maintenance, or replacement project; and a report of a pool project in excess of \$600,000.

The first unbudgeted capital project

request was from the Secretary of State for the approval of the Enhance Statewide Election Administration and Online Ballot Delivery System project. The project appropriation was \$1,500,000 and was 100 percent federally funded.

Senator McDaniel made a motion to approve the capital project. The motion was seconded by Representative Wayne and approved by roll call vote.

The second project presented was a request from the Department of Military Affairs for the Controlled Humidity Solar project at the Wendell H. Ford Regional Training Center (WHFRTC) to install a grid-tied photovoltaic solar panel to power five controlled humidity warehouses. The project appropriation was \$760,000 and was 100 percent federally funded.

The third project presented was a request from the Department of Military Affairs for the Construct Security Storage Building project at WHFRTC. The project appropriation was \$760,000 and was 100 percent federally funded.

The fourth project presented was a request from the Department of Military Affairs for the Construct Front Access Control Point Boone National Guard project. The project appropriation was \$818,880 and was 100 percent federally funded.

The fifth project presented was a request from the Department of Military Affairs for the Construct Rear Access Control Point Boone National Guard project. The project appropriation was \$760,000 and was 100 percent federally funded.

Representative Rudy made a motion to approve the Department of Military Affairs capital projects. The motion was seconded by Senator Leeper and approved by roll call vote with one “no” vote.

The sixth project presented was a request from the Transportation Cabinet for the Capital City Airport Apron Replacement project, which will remove and replace 1,425 square feet (sq ft) of concrete and repair 600 sq ft of cracks in the existing concrete. The project scope was \$1,323,600 and was 90 percent federally funded and 10 percent funded with restricted funds.

Representative Wayne made a motion to approve the capital project. The motion was seconded by Representative Damron and approved by roll call vote.

The seventh project presented was a request from the Cabinet for Health and Family Services for the Eligibility Systems Integration Services project. The project will replace the obsolete Kentucky Automated Management and Eligibility System (KAMES), which was first put into place in 1993 and will integrate eligibility processing for several programs.

The \$80,000,000 information technology capital project was 82.5 percent federally funded and 17.5 percent funded with restricted funds.

Representative Wayne made a motion to approve the capital project. The

motion was seconded by Representative Damron and approved by roll call vote.

The eighth item presented was a request from Morehead State University (MoSU) for a \$48,000 (5.6 percent) scope increase for the Construct Student Intramural Soccer Field project. The final cost of the project, after receiving competitive bids for the artificial turf, was \$898,000.

The MoSU Foundation secured \$458,000 in private donations. The university certified those private funds are in-hand to cover more than 51 percent of the revised project scope.

Senator Carroll made a motion to approve the scope increase contingent upon approval of the MoSU Board of Regents. The motion was seconded by Representative Wayne and approved by roll call vote.

The ninth item was an emergency repair, maintenance, or replacement project, Rebuild Morgan County Nursery project, from the Department of Natural Resources. Several buildings and major items of equipment were destroyed and a large amount of seedling inventory was lost during a tornado on March 2, 2012. The \$2,131,600 project will be funded from the Fire and Tornado Fund. No action was required.

The tenth item was a report for a pool project in excess of \$600,000 for the Department of Corrections Kentucky State Reformatory Kitchen and Dorm 9 Roof Replacement project. The project will be funded with \$1,400,900 from the 2012-2014 Maintenance Pool. The project will replace roofs that are over 25 years old, in extremely poor condition, and leaking badly. No action was required.

Kentucky Infrastructure Authority (KIA) Loans

Mr. John Covington, Executive Director, KIA, presented five loan and one grant request. The first request was for a Fund A loan for the Grant County Sanitary Sewer District in Grant County. The request was for a \$1,211,449 loan for the Bullock Pen Lake Sewer Extension project that will extend an existing sewer system to serve 53 new customers and will eliminate septic tanks and possible straight pipes that are in the Bullock Pen watershed, which is the sole source of water for the Bullock Pen Water Treatment Plant. The loan will have a 20-year term, an interest rate of three percent, and an estimate annual debt service payment of \$83,413.

The second request was for a Fund A loan for the City of Frankfort in Franklin County. The request was for a \$4,905,000 loan for the Kentucky Avenue Interceptor Renovation project, which involves the construction of 4,300 feet of interceptor piping for the city’s sanitary sewer system as well as rehabilitating 5,000 feet of existing piping. The loan will have a 20-year term, an interest rate of 1.75 percent, and an estimate annual debt service payment of \$301,538.

The third request was for a Fund A

loan for the City of London for benefit of the London Utility Commission in Laurel County. The request was for a \$3,765,250 loan for the Downtown Sewer Rehab project, which involves the rehabilitation of the current sewer system, which was constructed in the 1920s and 1960s. Due to the age and material deterioration of the existing infrastructure, the system is unable to support the utility’s sewer needs for the downtown area. The loan will have a 20-year term, an interest rate of 0.75 percent, and a debt service payment of \$189,556.

Senator Carroll made a motion to approve the Fund A loans. The motion was seconded by Representative Wayne and approved by roll call vote.

The fourth request was for a Fund F loan for the City of Williamstown in Grant County. The request was for a \$2,000,000 loan for Phase I of a two-phase sewer project, which will construct two new sludge lagoons to handle water treatment backwash solids. The loan will have a 20-year term, an interest rate of 1.75 percent, and a debt service payment of \$111,556. The average bill is estimated to be \$23.42, which will be an increase of \$268,400 in revenue.

The fifth request was for a Fund F loan for the Garrison Quincy KY-O-Heights Water District in Lewis County. The request was for a \$831,000 loan to construct a 250 gallon per minute well to replace a well that was not performing, refurbish another well, and replace two pressure filters with new vertical filters. The loan will have a 20-year term, an interest rate of 0.75 percent, and a debt service payment of \$35,175. The district requested approval from the Public Service Commission (PSC) for a 45 percent rate increase, which will be implemented over three years.

In response to a question from Senator Carroll, Mr. Covington said the approval by the PSC for the rate increase is a condition of the loan.

Senator Carroll made a motion to approve the Fund F loans, subject to PSC approval for the rate increase of the Garrison Quincy KY-O-Heights Water District project. The motion was seconded by Representative Wayne and approved by roll call vote with one “pass” vote.

Mr. Covington reported an Infrastructure for Economic Development Fund (Coal) Grant for the Henderson County Fiscal Court for water and sewer extensions or repairs for \$1,000,000.

Follow-up Reports from the Office of Financial Management

Mr. Ryan Barrow, Executive Director, Office of Financial Management, presented two follow-up reports and one status update on previously approved bond issues. The first report was for Morehead State University General Receipts Bonds 2013, Series A. The \$9,475,000 bond issue was sold on September 10, 2013 and closed on September 24, 2013. It was a competitive sale and the purchaser

was Ross, Sinclair & Associates with an interest rate of 3.84 percent and a final maturity date of April 1, 2033.

The second report was for the Turnpike Authority of Kentucky Economic Development Road Revenue Bonds (Revitalization Projects) 2013, Series A. Proceeds from the issue will permanently finance highway projects approved within the Six-Year Highway Plan. The \$187,625,000 bond issue was sold on September 12, 2013 and closed on October 2, 2013. It was a negotiated sale with Goldman Sachs with an interest rate of 4.118 percent and a final maturity date of July 1, 2033.

The third report was a status update on the financing plan for the Louisville-Southern Indiana Ohio River Bridges Project. The project was previously reported to the committee in April 2013, and a revised financing plan was reported in September 2013. Mr. Barrow said the federal government shutdown was affecting the TIFIA component of the financing and may affect the plan, as presented.

The new bonds are the Kentucky Public Transportation Infrastructure Authority (KPTIA) First Tier Toll Revenue Bonds, Series 2013, (Downtown Crossing Segment) and the Subordinate Toll Revenue Bonds Anticipation Notes, Series 2013, (Downtown Crossing Segment).

Mr. Barrow said that the bond anticipation notes will provide interim funding for the transaction to lower the cost of capital. This will fund the Kennedy Interchange, the Downtown Bridge, and the Kentucky portion of the Indiana Downtown Approach.

Mr. Barrow said they are anticipating investment grade ratings from Moody’s and Fitch. It will be a negotiated transaction with Citigroup; Peck, Shaffer and Williams LLP will serve as bond counsel; and Public Financial Management, Inc., as financial advisor. The proposed date of sale is November 21, 2013 and the closing on December 5, 2013. The estimated amount of bonds are approximately \$300,000,000 and are interest bearing capital appreciation bonds (CABs) and convertible CABs.

In response to questions from Senator McDaniel, Mr. Barrow said the CABs are 40-year bonds and carry a higher interest rate to allow for the mitigation of toll revenues at the front-end of the project. As revenues grow, the debt service is adjusted to the revenue trend.

Mr. Barrow said toll revenues are projected over time to be commensurate with inflation, which accounts for the higher yield because of the expected increases in tolls. The projected toll increase is 2.5 percent annually.

In response to questions from Representative Wayne, Mr. David Talley, Deputy Executive Director, Budget and Fiscal Management, Kentucky Transportation Cabinet, said the tolling authority is comprised of six members

from Kentucky and Indiana and, to his knowledge, there are no minority members. The make-up of the authority was set in the bi-state development agreement between Kentucky and Indiana.

Mr. Talley said the Kentucky Public Transportation Infrastructure Authority appointed Secretary Mike Hancock, Transportation Cabinet; Secretary Lori Flanery, Finance and Administration Cabinet; and Ms. Dana Mayton, Deputy Attorney General to the tolling authority to represent all drivers.

Mr. Barrow said the environmental justice study is not complete. According to Representative Wayne, Secretary Hancock said any proposal to alleviate or remove the burden on the working poor commuting to Indiana was ruled out.

Mr. Talley said the toll rate resolution, which contains the toll rate covenants, allows for additional environmental justice considerations later in the process. However, it recognizes any environmental justice mitigation efforts must take into account the toll rate covenants.

Mr. Barrow said it was not his understanding that the consideration of lower toll rates was dismissed by the tolling authority and the Transportation Cabinet, but the environmental justice rates may be implemented at a later date.

Mr. Barrow said the financing plan was revised when the GARVEE transactions were approved. The GARVEEs were brought forward for various financial reasons, as well as the amount of the time required to negotiate the TIFIA loan. The TIFIA loan could be delayed as a result of the federal government shutdown.

Mr. Barrow said the delay of the TIFIA loan is due to the revision of the federal loan application and incomplete regulations. The process first involves submitting a letter of intent and the application process comes at the end of the transaction. The application was submitted in October 2013. The acceptance of the application started a 90-day timeframe in which the TIFIA must be approved. Kentucky will be one of the first entities to go through the new process.

Mr. Talley said he is intent on having the financing plan executed as soon as possible to ensure the cabinet is not subject to interest rate risk longer than necessary, but factors remain outside of their control.

Mr. Barrow said it is an evolving process where the financing plan was revised to bring the GARVEEs forward to allow construction with no interruption. The timing of the TIFIA loan will be prior to the exhausting of the GARVEEs funds.

In response to questions from Representative Damron, Mr. Barrow said Public Financial Management was selected over the Office of Financial Management (OFM) as financial advisor because of the scope of the project, staff constraints, and the need for outside expertise.

Mr. Talley said Public Financial

Management was selected through the cabinet's procurement process and was bid competitively from a Request for Proposal. OFM was on the evaluation committee that reviewed the bids and made the selection. The contract was for two-years and includes two, two-year extensions. Mr. Talley will provide the contract amount to the committee.

New School Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation

Mr. Barrow reported five school bond issues with SFCC debt service participation with a total par amount of \$12,400,000. The state portion of the annual debt service payment was \$386,498 and the local contribution was \$581,993. The bond issues did not involve tax increases.

New School Bond Issues with 100 Percent Locally Funded Debt Service Participation

Two local school bond issues have been reported to the committee. The bond issues are 100 percent locally funded and do not involve tax increases. Both bond issues will finance improvements to existing facilities.

With there being no further business, the meeting adjourned at 3:02 p.m.

Education Assessment and Accountability Review Subcommittee

Minutes of the Meeting October 21, 2013

Call to Order and Roll Call

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Monday, October 21, 2013, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Rita Smart, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Rita Smart, Co-Chair; Senator Gerald A. Neal; Representatives Joni L. Jenkins and Mary Lou Marzian.

Legislative Guest: Representative Derrick Graham.

Guests: Erin Klarer, Kentucky Higher Education Assistance Authority; Clyde Caudill, Jefferson County Public Schools and Kentucky Association of School Administrators; Marti White, Kentucky Association of School Superintendents; and Wayne Young, Kentucky Association of School Administrators.

LRC Staff: Janet Stevens, Jo Carole Ellis, and Lisa Moore.

Approval of Minutes, September 12, 2013 Meeting

Representative Marzian moved to approve the minutes, and Senator Wilson seconded the motion. The minutes were approved by voice vote.

Office of Education Accountability Study Report – Compendium of State Education Rankings 2013

Brenda Landy, Research Analyst,

Office of Education Accountability (OEA), said every two years, OEA produces the state rankings compendium which compares Kentucky's education indicators to those of the nation and selected peer states. This report is a companion to the Kentucky district data profiles report, which was presented in September.

Ms. Landy said ranks in the compendium are based on all 50 states and the District of Columbia, but to make the compendium easier to use, the tables in the handouts focus on the Southern Regional Education Board (SREB) states and other states that border Kentucky. She said national averages are also reported.

Ms. Landy said many rankings in the compendium are based on data reported by all states to the United States Department of Education. To ensure comparability, states are given guidelines on defining and reporting data, but the Kentucky Department of Education (KDE) does not follow the guidelines in at least a couple of areas.

Ms. Landy said Kentucky continues to have more children living in poverty than most other states. The economic downturn has made income-related measures worse throughout the country. Kentucky's ranking relative to other states has not changed much because the whole country is affected; however, Kentucky's child poverty rate rose from 16 percent in 1999 to 27 percent in 2011.

Ms. Landy said Kentucky's percentage of students with Individual Education Plans (IEPs) is higher than the national percentage. Differences among states reflect not only a different prevalence of disabilities but also different policies and identification practices. For this reason, Kentucky's disability identification process should continue to be monitored.

Ms. Landy said Advanced Placement (AP) exams allow students in grades 10 through 12 to study college-level material and then demonstrate what they have learned. Most colleges and universities consider AP exam results when deciding which students to admit. Students passing AP exams may also earn college credits or be allowed to enroll in higher-level college courses.

Ms. Landy said initiatives like Advance Kentucky provide considerable support and incentives to boost the number of AP exams students attempt and pass. Kentucky continues to have increases in the percentages of students attempting and passing AP exams. Students attempting exams more than doubled, from 13 percent in 2002 to 28 percent in 2011. Similarly, the percentage of students passing exams doubled.

Ms. Landy said Kentucky's average district size is larger than the national average, but the average school is smaller. Kentucky's smaller school size is probably due to being in a rural area relative to other states.

Ms. Landy said Kentucky ranked

35th in per-pupil revenues, but states do not always define and measure things the same way. Kentucky's revenues are understated, and Kentucky omits at least two types of funds when reporting revenues to the United States Department of Education. The first is activity funds, which are collected to support such activities as sports teams, bands, and student government. In 2010, these funds totaled about \$184 million. The second type of funds omitted is payments from the School Facilities Construction Commission (SFCC), which totaled about \$102 million. The KDE hopes to correct the omission of SFCC funds by the time data are reported for 2013. Even if activity and SFCC funds were included in the revenues, it is estimated that Kentucky would still be below the national average, just not as far below. It is also unknown what other states might be doing to over-state or under-state their numbers.

Ms. Landy concluded that the compendium is meant to give policymakers a quick reference tool for comparing Kentucky's education indicators to those of the nation and selected peer states. OEA welcomes feedback on the compendium format and content.

Responding to a question from Representative Jenkins regarding student IEPs, Ms. Landy said the numbers being reported in the handouts are the number of students who have IEPs. She will investigate to see if there is a problem in Kentucky with students being placed on waiting lists to receive an IEP. Ms. Marcia Seiler, Acting Director of the Legislative Research Commission (LRC), and OEA Director, said the full report of the compendium contains data points that show how IEP information was collected.

Responding to questions from Representative Graham, Ms. Seiler said an Admission and Release Committee (ARC) determines student needs and data are reported to the federal government.

Ms. Landy said if Kentucky reported the school activity and SFCC funding as per-pupil revenue it might only change its ranking by one spot. She said there may be other things not identified that are not being counted in the revenue. Each state's Department of Education determines what to include, while following general guidelines from the federal government.

Responding to a question from Senator Wilson regarding reporting data after 2011, Ms. Landy said the United States Department of Education's timetable is followed in order to compare all states on the same measures. She will find out the current funding per pupil and inform committee members. Ms. Seiler said much of the information will be included in the district profiles report due any time.

Representative Smart said her constituents continue experiencing problems with the managed care companies not approving services given by providers of special needs students. She is working with the cabinet to get

some of the issues resolved.

Office of Education Accountability Study Report – Performance Based Credits

Ms. Landy said policymakers express concern that traditional classrooms do not meet the needs of all students. Students do not all learn at the same pace and this philosophy is the basic idea behind performance-based credit. Performance based-credit allows more time to students who need it and lets faster learners move ahead as soon as they become proficient. In Kentucky, districts were given the option to award performance-based credit seven years ago. OEA investigated how widespread it is used, and how it is implemented.

Ms. Landy said there were some major findings: (1) performance-based credit takes many forms and may be used for many different goals; (2) some policy issues need further examination, such as the impact of special attendance on the rules regarding allocations of state funds to districts; (3) Kentucky's student information system is not fully capturing how performance-based credit is being implemented around the state; (4) based on the data, it appears to be rarely used compared to traditional ways of awarding credit; (5) like any change, performance-based credit seems to have both benefits and challenges; and (6) it will be difficult to confirm all of the actual benefits and challenges until better data is collected.

Ms. Landy noted any change, even helpful ones, to a large and complex system like education is bound to cause headaches, and implementing performance-based credit is no exception. Monitoring performance-based credit is difficult because not everyone understands how to define it and accurately record data.

Ms. Landy said the student information system is not well-suited to tracking self-paced student progress. Teachers can enter grades into the system only for a pre-established time span. In a self-paced course, some students might be behind or ahead of that time span and teachers have to use file folders and paper grade books instead of the electronic grade book.

Ms. Landy said in traditional courses, teachers create documents to set expectations and manage time, but they do not necessarily share these with students and do not have to prepare in detail far in advance. However, students working at their own pace need detailed written and pre-recorded instructions prepared as far in advance as the fastest student in the class.

Ms. Landy said not all teachers are comfortable with performance-based courses, and not all students can handle more responsibility for their own learning. This is not surprising as there are no one-size-fits all approaches to teaching and learning.

Ms. Landy said the report mentions there are no robust scientific evaluations comparing the effectiveness of

performance-based approaches to time-based approaches. The report describes what such an evaluation would entail.

Ms. Landy said there are a number of benefits mentioned in the literature and by the Kentucky students, teachers, and administrators who were interviewed. Some say that students allowed to move at their own pace are more engaged and productive. Faster students do not have to wait for others to catch up, and do not have to hear repeated explanations of concepts they already understand. This can also free up more time for teachers to help struggling students. She said parents can get involved by watching pre-recorded lessons with their children and helping with homework.

Ms. Landy said self-paced learning is sometimes used for what is called credit recovery, to prevent dropouts. When students fall behind in credits because of failing grades or other circumstances, they can be tempted to drop out. If allowed to make up those credits at their own pace, they can catch up faster than in traditional courses, and be more likely to stay in school.

Ms. Landy said when students can complete high school graduation requirements more quickly, they can get an earlier start on earning postsecondary credits or getting work experience with internships or other work-based learning.

Ms. Landy said the report contains two recommendations: (1) to ensure correct implementation and monitoring of outcomes, the KDE and the Kentucky Board of Education (KBE) should provide clear definitions and implementation rules for performance-based credit. They should consider the impact on funding and other factors, and should distribute information widely within KDE and to all districts and schools; and (2) while the student information system contains an indicator for performance-based credit, OEA found inconsistent use of this indicator and related data points about attendance, teaching methods, and instructional settings. Therefore, KDE should provide more guidance to ensure that the data have a uniform meaning across districts. She said this would be a necessary step before anything definitive could be said about the impact of performance-based credit.

Responding to a question from Senator Wilson regarding restrictions on performance-based credits counting towards a diploma, Ms. Landy said the regulation has very few restrictions, but does require that districts have detailed policies in place. She said most students only take a few performance-based credit courses at a time.

Responding to Senator Wilson about alternate funding for students seeking performance-based credit, Ms. Landy said the KBE has discussed this and made changes to the attendance regulation. She said it is always a good idea to see how things are working and if they need to be fine tuned.

Responding to questions from

Representative Smart regarding GED and at-risk students, or dropouts, Ms. Landy said KDE is working on updating the coding system to capture this information. She said the OEA did not study the change in the dropout rate in depth, but will get this information.

Responding to Representative Smart regarding implementation of the study recommendations, Ms. Seiler said the KDE was fine with moving forward with the recommendations.

Responding to a question from Representative Graham, Ms. Landy said more students are using performance-based credits for credit than just wanting to take a course early to get ahead. Ms. Seiler noted that recordkeeping is inconsistent across districts. She said Infinite Campus is a wonderful tool for collection and comparison of data, but it is only as useful as the data input.

Responding to a question from Representative Smart regarding the impact on attendance for funding purposes due to a lack of coding, Ms. Landy said dual credit courses are now taught in high schools versus students leaving the building making attendance easier to track. Ms. Seiler said this goes back to the recommendation of needing more consistent definitions and rules and ensuring everyone understands them.

Responding to a question from Senator Neal, Ms. Landy said the written data standards are not always followed. She said there is not a complete system of validation. It is an enormous system with millions of records and tens of thousands of data points, and KDE has insufficient funds to set up a complete auditing system, which requires personnel and updated technology.

Kevin Brown, General Counsel, KDE, said KDE is working with Infinite Campus to work out the issues. He noted data input is the biggest problem and there is a need for additional funding for training. He said Infinite Campus is a work in progress and any change made costs the school districts additional money.

Responding to Representative Graham, Mr. Brown said KDE has a multi-year contract with Infinite Campus and is not sure of the exact end date. He noted the software and hardware costs are significant and continual with the system.

Representative Marzian motioned to accept the "Performance Based Credits" report and Senator Neal seconded the motion. Motion approved by voice vote.

Representative Marzian motioned to accept the "Compendium of State Education Rankings 2013" report and Senator Wilson seconded the motion. Motion approved by voice vote.

Assessment Results of Kentucky's Priority Schools

Representative Smart delayed the KDE report until the November meeting.

Other Business

Representative Smart gave OEA three suggestions for the 2014 study agenda topics: (1) an atlas of education

data, including overlays of maps; (2) education revenues and spending and staffing trends over last 10 years; and (3) college and career readiness.

Adjournment

With no further business before the committee, the meeting adjourned at 11:15 a.m.

Government Contract Review Committee Committee Minutes

October 8, 2013

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, October 8, 2013, at 10:00 AM, 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 Sara Beth Gregory, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Paul Hornback and Christian McDaniel; Representatives Jesse Crenshaw, Brad Montell, and Brent Yonts.

Guests: Stephen Castle, Janice Stanley, Melissa Harrod, Jeff Mosley, Roger Thomas, Shannon Morgan, Keith Stephens, Vince DiNoto, Joanna Lynch, Steve Mason, Gary Meiseles, Susan Speckert, Dr. Mary Speckert, Dr. Mary Scollay, Mark Guilfoil, Rebecca Goodwin, Kevin Damron, Bill Harris, Kenneth Troske, Paul Royce, Brad Learn, Gilda Hill, Judy Solomon, Donna Tackett, Tom Stratton, Benjy Kinman, Harry Carver, Darren Sammons, Russ Salsman, Bill Bell, Peggy Stratton, Rick Washabaugh, and Steve Kull.

LRC Staff: Kim Eisner, Charles Booker, and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the September 2013 meeting of the committee. Senator Hornback seconded the motion, which passed without objection.

SEPTEMBER 2013 DEFERRED LIST

CORRECTIONS, DEPARTMENT OF

Diamond Drugs Incorporated d/b/a Diamond Pharmacy Services, 1400000050. Stephen Castle, Janice Stanley, and Melissa Harrod discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

NORTHERN KENTUCKY UNIVERSITY:

Richard Fleischman & Partners Architects, 2014-646. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Gregory 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

Gregory 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 Gregory 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 Gregory 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 Gregory seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Maddox & Associates, 1400000349; Glenn Stuart Minor, 1400000473.

DENTISTRY, BOARD OF:

George Ted Georgacopoulos, 1400000491.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Staff Easy, LLC, 1400000185.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Panorama Education, Inc., 1400000351.

EDUCATIONAL TELEVISION, KENTUCKY:

Mary Henson, 1400000382.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Paladin Incorporated, 1400000380.

KY HORSE RACING AUTHORITY:

Kentucky Equine Research, Inc., 1400000457.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

University of Kentucky Research Foundation, 1400000339.

PUBLIC ADVOCACY, DEPARTMENT FOR:

George Burgess, 1400000498.

STATE POLICE, DEPARTMENT OF:

Kentucky Auctioneers Associates Incorporated, 1400000354.

TRANSPORTATION CABINET:

Intequal-Duncan Appraisal, 1400000357; Berkley Appraisal Company, 1400000358; American Engineers Incorporated, 1400000378; HMB Professional Engineers

Incorporated, 1400000389; J M Crawford & Associations Incorporated, 1400000398; Strand Associates Incorporated, 1400000472; GRW Engineers Incorporated, 1400000506.

UNIVERSITY OF KENTUCKY:

Peck, Shaffer & Williams, LLP, 14-129; CMTA Incorporated, A141100; Dr. Danny Corales, K14-128.

UNIVERSITY OF LOUISVILLE:

R. G. Vanderweil Engineers, LLP, 14-030.

WESTERN KENTUCKY UNIVERSITY:

Multi, 131420; Freedom Sports & Entertainment, LLC d/b/a PMI College, 131425.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Tetra Tech Incorporated, C-05120724-1.

FINANCE AND ADMINISTRATION CABINET:

Multi, 1200003660.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Facility Commissioning Group, 0900011688; Godsey Associates Architects Incorporated, 1000000518; URS Corporation, 1100000073; URS Corporation, 1100002668; THP Limited Incorporated, 1300000504; Barnette Bagley Architects, C-06012536.

KENTUCKY STATE UNIVERSITY:

Willar White-Parson, 14-09.

NORTHERN KENTUCKY UNIVERSITY:

Multi, 2014-563-1.

POST SECONDARY EDUCATION, COUNCIL ON:

TPR Education, LLC d/b/a the Princeton Review, 1300000501; CBW Associates, 1300000989.

TRANSPORTATION CABINET:

American Engineers Incorporated, 0700004074; Ica Engineering Incorporated f/k/a Florence & Hutcheson Incorporated, 1000002221; Corradino Group, 1100000499; Parsons Brinckerhoff, Inc., 1100000527; Arnold Consulting Engineering, 1200000346; Palmer Engineering Company, 1200000457; URS Corporation, 1200000467; ICA Engineering Incorporated f/k/a Florence & Hutcheson Incorporated, 1200000514; Vaughn & Melton Consulting Engineers (Kentucky), Inc., 1200001015; J. M. Crawford & Associates, Incorporated, 1300001870; Palmer Engineering Company, 1400000343; Presnell Associates Incorporated, C-02061099-3; T H E Engineers Incorporated, C-06133540; HNTB Corporation, C-99005232-8.

VETERANS AFFAIRS, DEPARTMENT OF:

Multi, 1200003001.

WESTERN KENTUCKY UNIVERSITY:

Staggs & Fisher Consulting Engineers Incorporated, 121410; Multi, 131418.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF LICENSURE FOR PRIVATE INVESTIGATORS:

Occupations and Professions, 1400000161.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

University of Kentucky Research Foundation, 1400000156.

CORRECTIONS, DEPARTMENT OF:

Seven Counties Services Incorporated, 1400000272; Seven Counties Services Incorporated, 1400000311.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

UK Healthcare, 1300002455.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Lexington Fayette Urban County, 1400000015; UK Research Foundation, 1400000341.

EDUCATION, DEPARTMENT OF:

McCreary County Board of Education, 1300003071; Jefferson County Board of Education, 1300003146; Department for Medicaid Services, 1400000085; Jefferson County Board of Education, 1400000105; NKU Research Foundation, 1400000141; Kentucky Educational Development Corporation, 1400000153; NKU Research Foundation, 1400000169; West Kentucky Education Cooperative, 1400000184; Morehead State University, 1400000204; Kentucky Association of School Administrators, 1400000247; Department of Corrections, 1400000278; NKU Research Foundation, 1400000309; University of Kentucky Research Foundation, 1400000329; Floyd County Board of Education, 1400000448; Hardin County Board of Education, 1400000451; University of Kentucky Research Foundation, 1400000467; University of Kentucky Research Foundation, 1400000509.

I N F R A S T R U C T U R E AUTHORITY:

Bluegrass Area Development District, 1400000290.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1200003959; Multi, 1400000335.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Madisonville Community College, 1400000284; Martin County Fiscal Court, 1400000315; Johnson County Fiscal Court, 1400000316; City of Pikeville, 1400000352; Barren River Area Development District,

1400000397; Purchase Area Development District, 1400000399; Bluegrass Area Development District, 1400000401; Buffalo Trace Area Development District, 1400000404; Cumberland Valley Area Development District, 1400000405; Pennyrile Area Development District, 1400000409; Whitley County Fiscal Court, 1400000410; Northern Kentucky Area Development District, 1400000411; Lincoln Trail Area Development District, 1400000412; Lake Cumberland Area, 1400000413; Kentuckiana Regional Planning & Development Agency, 1400000414; Gateway Area Development District, 1400000415; City of Vicco, 1400000420; City of Mortons Gap P A, 1400000421; Perry County Fiscal Court, 1400000423; Perry County Fiscal Court, 1400000424; Perry County Fiscal Court, 1400000425; Letcher County Fiscal Court, 1400000427; Letcher County Fiscal Court, 1400000438; Kentucky River Area Development District, 1400000454; City of Munfordville, 1400000487.

POST SECONDARY EDUCATION, COUNCIL ON:

ACT, Inc., 1400000036; Collaborative for Teaching and Learning, 1400000386.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Morehead State University, 1300001757.

AGRICULTURE, DEPARTMENT OF:

Multi, 1300001593; Multi, 1300001595.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Community Action of Southern Kentucky Incorporated, 1200002113.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Kentucky Domestic Violence Association, 1200003629; Homeless and Housing, 1200003665; Green River Area Development District, 1200003670; Barren County Board of Education, 1300000226; Project Unite, 1300000230; Ohio Valley Education Coop, 1300000240.

DEPARTMENT FOR NATURAL RESOURCES:

Finance and Administration Cabinet, 1300001343.

DEPARTMENT FOR PUBLIC HEALTH:

Lincoln Trail Area Development District, 1200001908; Greater Louisville Medical Society, 1200001952; University of Kentucky Research Foundation, 1200002194; U of L Research Foundation, 1200002276; DMA Kentucky Community Crisis Board, 1200002380; University of Kentucky Research Foundation, 1300001977.

EDUCATION, DEPARTMENT OF:

Eastern Kentucky University, 1200002904; University of Louisville

Research Foundation, 1200002905; Murray State University, 1300000517; NKU Research Foundation, 1300000577; Northern Kentucky University Research Foundation, 1300000581; Kentucky Science and Technology Corporation, 1300000875; Corbin Independent Board of Education, 1300001756; Washington County Board of Education, 1300002530; Kentucky Educational Development Corporation, 1300002549; Leslie County Board of Education, 1300002569; Montgomery County Board of Education, 1300002714.

MILITARY AFFAIRS,
DEPARTMENT OF:

Multi, 1000000949; Multi, 1100001405; Multi, 1200000537.

OFFICE OF THE GOVERNOR,
DEPARTMENT FOR LOCAL
GOVERNMENT:

City of Wickliffe, 1000003937; Breathitt County Fiscal Court, 1000003995; Wolfe County Fiscal Court, 1200000597; Knott County Fiscal Court, 1300000722; Floyd County Fiscal Court, 1300000730; Muhlenberg County Fiscal Court, 1300000801; City of Barbourville, 1300001105; City of Barbourville, 1300001274; Breathitt County Fiscal Court, 1300001544; City of Barbourville, 1300001664; Ohio County Fiscal Court, 1300001883; Lawrence County Fiscal Court, 1300002062.

THE FOLLOWING PERSONAL
SERVICE CONTRACTS WERE
SELECTED FOR FURTHER
REVIEW:

CORRECTIONS, DEPARTMENT
OF

Center for Effective Public Policy, 1400000292. Stephen Castle, Janice Stanley, and Melissa Harrod 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 without objection.

CORRECTIONS, DEPARTMENT
OF

Big Brothers Big Sisters of Kentuckiana Incorporated, 1400000408. Stephen Castle, Janice Stanley, and Melissa Harrod 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 without objection.

CORRECTIONS, DEPARTMENT
OF

The Kentucky Foundation for Women Inc., 1400000434. Stephen Castle, Janice Stanley, and Melissa Harrod 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 Senators Gregory, Hornback and McDaniel voting NO, and Representative Montell voting NO.

FINANCE AND
ADMINISTRATION CABINET

Frost Brown Todd, LLC, 1400000376. Jeff Mosley discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed with Senator Gregory and Representative Montell electing to abstain (PASS).

GOVERNORS OFFICE OF
AGRICULTURAL POLICY

Goldberg Simpson, LLC, 1400000430. Roger Thomas and Shannon Morgan 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 without objection.

KENTUCKY COMMUNITY &
TECHNICAL COLLEGE SYSTEM

Washington State University, 566; Southwestern College, 567; Northern Virginia Community College, 570; Davidson County Community College, 573. Keith Stephens, Vince DiNoto, and Joanna Lynch discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Crenshaw seconded the motion, which passed without objection.

KENTUCKY STATE UNIVERSITY

Fox Lawson & Associates, a Division of Gallagher Benefit Services, and 14-12. Steve Mason and Gary Meiseles discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

KY HORSE RACING AUTHORITY

HFL Sport Science Incorporated, 1300002915. Susan Speckert, Dr. Mary Scollay, and Mark Guilfoil 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 without objection.

TRANSPORTATION CABINET

Daryle M. Ronning PSC, 1400000295; Embry Merritt Shaffar Womack, PLLC, 1400000296; Fogle Keller Purdy PLLC, 1400000297; Hazelrigg and Cox, 1400000299; Kerrick Stivers Coyle, PLC, 1400000300; Logan & Gaines, PLLC, 1400000301; McMurry and Livingston, 1400000302; Reynolds Johnston Hinton and Pepper, 1400000304; Tooms & Dunaway, PLLC, 1400000305; Wallace Boggs, PLLC, 1400000306; Walther, Roark & Gay, PLC, 1400000307. Rebecca Goodwin and Kevin Damron discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

UNIVERSITY OF KENTUCKY

Academic Leadership Associates, LLC, K12-127. Bill Harris and Kenneth Troske discussed the contract with the committee. A motion was made

by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL
SERVICE CONTRACTS
AMENDMENTS WERE SELECTED
FOR FURTHER REVIEW:

DEPARTMENT FOR PUBLIC
HEALTH

Kentucky Hospital Research & Education Foundation, 1200002794. Paul Royce and Brad Learn discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

VETERANS AFFAIRS,
DEPARTMENT OF

Premier Integrity Solutions, 1200003718. Gilda Hill and Judy Solomon discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING
MEMORANDUM OF AGREEMENT
WAS SELECTED FOR FURTHER
REVIEW:

CORRECTIONS, DEPARTMENT
OF

KentuckianaWorks, 1400000246. Steven Castle, Janice Stanley, and Melissa Harrod discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Gregory seconded the motion, which passed without objection.

EDUCATION, DEPARTMENT OF

Advanced – Kentucky, 1400000331. Donna Tackett and Tom Stratton discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Gregory seconded the motion, which passed without objection.

FISH & WILDLIFE, DEPARTMENT
OF

Eastern Kentucky University, 1400000281. Benjy Kinman 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 McDaniel voting NO and Representative Montell electing to abstain (PASS).

OFFICE OF THE GOVERNOR,
DEPARTMENT FOR LOCAL
GOVERNMENT

Hopkins County Fiscal Court, 1400000312. Harry Carver, Darren Sammons, and Russ Salsman discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Senator McDaniel seconded the motion, which passed without objection.

OFFICE OF THE GOVERNOR,
DEPARTMENT FOR LOCAL
GOVERNMENT

Kentucky Center for the Arts, 1400000355. Harry Carver, Darren Sammons, and Russ Salsman discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Senator McDaniel seconded the motion, which passed without objection.

TRANSPORTATION CABINET

Kentucky Association of Chiefs of Police, 1400000119; Kentucky Association of Chiefs of Police, 1400000124; Kentucky Association of Chiefs of Police, 1400000129; Kentucky Association of Chiefs of Police, 1400000132; Kosair Children’s Hospital, 1400000244. Bill Bell and Peggy Stratton discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING
MEMORANDA OF AGREEMENTS
AMENDMENTS WERE SELECTED
FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF

Jenkins Independent Board of Education, 1300000113; Wayne County Board of Education, 1300000121; Lighthouse Promise Incorporated, 1300000145; Lincoln County Board of Education, 1300000146; Livingston County Board of Education, 1300000147; Treasurer Newport In Board of Education, 1300000158; Owen County Board of Education, 1300000160; Owensboro Independent Board of Education, 1300000161; Somerset Independent Somerset School District, 1300000173; Taylor County Board of Education, 1300000175; Wolfe County Board of Education, 1300000178. Donna Tackett and Tom Stratton 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 without objection.

THE FOLLOWING
MEMORANDA OF AGREEMENTS
FOR \$50,000 AND UNDER LIST
SELECTED FOR FURTHER
REVIEW:

DEPARTMENT FOR NATURAL
RESOURCES

City of Covington, 1400000345; City of London, 1400000392; Pennyrile R C & D, 1400000402. Rick Washabaugh and Steve Kull discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed with Senator McDaniel electing to abstain (PASS).

EXEMPTION REQUEST
ENERGY AND ENVIRONMENT
CABINET

The Energy and Environment Cabinet requested an exemption from the two year contracting restrictions

and an exemption from the committee's routine approval review process for Division of Abandoned Mine Lands Waterline Memoranda of Agreements and will provide the committee with quarterly reports. A motion was made by Representative Yonts to grant the request to December 31, 2014. Representative Crenshaw seconded the motion, which passed without objection.

With no further business before the committee, the meeting adjourned at 11:42 AM.

Military and Overseas Voting Assistance Task Force

Minutes of the 1st Meeting of the 2013 Interim

October 8, 2013

Call to Order and Roll Call

The first meeting of the Military and Overseas Voting Assistance Task Force was held on Tuesday, October 8, 2013, at 10:30 AM, in Room 171 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were: Senator Joe Bowen, Co-chair, Representative Darryl Owens, Co-chair, Senator Jimmy Higdon, Keith Cain, Bobbie Holsclaw, and Lindsay Thurston.

Due to the United States Government shutdown and related work furloughs, task force member Col. Charles T. Jones sent Maj. James Harvey to attend in his absence.

Members: Senator Joe Bowen, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senator Jimmy Higdon, Representative Tanya Pullin; Keith Cain, James Fowler, Bobbie Holsclaw, Charles T. Jones, and Lindsay Thurston.

Guests: Alison Lundergan Grimes, Kentucky Secretary of State.

LRC Staff: Greg Woosley, Kristopher Shera, and Ashlee McDonald.

Military Perspectives on Overseas Voting

Several military personnel testified about their experiences with overseas voting. Colonel Steven P. Bullard, Chief of Staff, Air and Deputy Director Joint Staff, Headquarters Kentucky National Guard, stated that he has been deployed four times during an election. In his four deployments, he has voted successfully three times and failed to have a ballot returned by the deadline in the fourth election. It is essential for military personnel to be prepared to navigate the absentee ballot process before deployment; however, this is difficult for most personnel because most of the pre-deployment period is spent on preparing for other matters related to deployment. In this regard, any means of assisting the military personnel once deployed increases the likelihood that ballots can be cast successfully. Mail service overseas can be very unpredictable, and because mail is often delayed, the time constraints for casting ballots are difficult

for personnel to meet.

State Command Sergeant Major Thomas E. Chumley, Jr., Headquarters Kentucky National Guard, explained that having the time to negotiate the absentee ballot process, especially given the slow moving nature of mail overseas, is one of the more serious issues for military personnel attempting to cast a ballot. Personnel frequently change field locations, which can interfere with the success of sending or receiving mail. A Voting Assistance Officer (VAO) is assigned to each unit to ensure that the deploying soldiers have all the necessary materials for requesting and casting ballots and they are reminded of upcoming elections. However, each individual soldier is required to reach out to the county clerk's office for an absentee ballot and to follow through on the procedures required to vote, including mailing the voted ballot.

Lt. Colonel Dallas F. Kratzer, Military Personnel Manpower Officer, Headquarters Kentucky National Guard, explained that the biggest challenge facing the military is forwarding of mail. Military personnel move around frequently, and getting mail to follow them as they move around the country, or overseas, is very difficult. Approximately 50-60 percent of his deployment team was able to execute an absentee ballot in the last election cycle. While the military is adamant that the deployed soldiers have the ability to vote, the largest issue impeding successful voting by overseas military personnel is the forwarding of mail to their current locations in a timely manner.

In response to a question from Representative Owens regarding standard mail voting versus electronic vote submission, Col. Bullard stated that having an electronic voting process would eliminate the time constraints of standard mail. In a follow-up question regarding the notice personnel get on deployment and voting procedures, Col. Bullard explained that VAO will begin talking to the deploying soldiers as soon as possible after notice of deployment to ensure that they are as prepared as possible for upcoming elections.

In response to a question from Senator Higdon, Col. Chumley stated that other states' VAOs are able to assist their units to request and receive ballots electronically, and even vote electronically in some cases, while Kentucky soldiers are largely required to use the standard mail method. Kentucky soldiers are already equipped with Common Access Cards (CAC card) that allow them to have digital/electronic signatures, and they are used to doing any number of tasks electronically with these cards. Training the soldiers to use the cards to help facilitate voting would not be an issue.

Responding to a question from Ms. Holsclaw's, Col. Bullard explained that a soldier's location largely determines whether he or she is able to send or receive mail via Federal Express (FedEx) or United Parcel Service (UPS).

FedEx delivery is possible to Kandahar, Afghanistan, but getting mail into the field is a challenge. Generally speaking, Mail often takes approximately nine days to get to the members serving in Afghanistan, but the time is even longer for soldiers in field command positions.

In response to Lindsay Thurston's question on CAC cards, Col. Kratzer explained that the military uses the CAC card for everything they do electronically. The cards are the only means for military personnel to access a computer. Col. Kratzer further noted that the cards are uniquely assigned to each soldier and contain their signatures, and the cards could be used as a means to allow secure access, with a signature, related to voting. The CAC card will work anywhere in the field that soldiers have internet connectivity. Even advance units often have sufficient connectivity for limited computer access.

Keith Cain expressed his concern over Col. Kratzer's statistic that only 50-60 percent of his military personnel were able to successfully vote. About 50-60 percent of the 39 soldiers in his unit voted successfully, but this voting rate is unacceptable for military personnel.

Senator Bowen asked if the issues with mail were primarily with mail coming in to, versus going out from, overseas personnel. Col. Chumley gave an example of his deployment to Africa during Hurricane Sandy, when all mail was diverted to Chicago and resulted in additional delays receiving mail. Often mail may be sent and postmarked on time by a soldier, but the time that it takes to reach a county clerk is the main concern.

Current Absentee Voting Procedures and SB 1 Changes

Alison Lundergan Grimes, Secretary of State of Kentucky, spoke briefly on the goals of her office and efforts to ensure that men and women who serve Kentucky are able to vote during deployment. She is confident that the bipartisan work will be a step in the right direction. Kentucky is the recipient of a \$2.2 million dollar grant from the Federal Voting Assistance Program to help implement 2013 Regular Session Senate Bill 1. The grant is the largest that has ever been awarded by the program.

Lindsay Hughes Thurston, Assistant Secretary of State of Kentucky, testified about the absentee ballot procedures applicable to military and overseas voters and the changes established by Senate Bill 1. She said that Kentucky has more than 65,000 active-duty military personnel, including reserve members and those serving in the Kentucky National Guard. There are two military bases, Fort Campbell and Fort Knox.

Ms. Thurston described a trip Secretary Grimes took in September, 2012, to the Middle East, during which she toured the mail facilities serving military personnel. Mail service was treated with very high regard, but military personnel reported that electronic communication

is preferred because standard mail is unreliable.

Ms. Thurston described the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA), enacted by Congress in 1986, which guarantees that uniformed service and overseas citizens can register to vote and vote by absentee ballot in federal elections. She explained that the Military and Overseas Voter Empowerment (MOVE) Act, enacted by Congress in 2009, requires states to transmit a validly requested absentee ballot to a UOCAVA voter no later than 45 days before a federal election. The MOVE Act also requires states to make voter registration and absentee ballot applications available electronically.

Ms. Thurston described the military and overseas voting procedures in Kentucky. A covered voter must complete an absentee ballot application by either using the state application or the federal post card application. A covered voter may mail, email, or fax the application, which must be received by the close of business seven days before the election. After a county clerk reviews and approves the application, the blank ballot is then faxed, emailed, or mailed to the voter. Senate Bill 1 requires that this be done at least 45 days in advance of all elections. After the voter receives the ballot, the voter marks his or her selections and returns the it by mail, which must be received by the close of polls on election day.

Ms. Thurston gave statistics related to military and overseas ballots in past election cycles. In the 2008 general election, 6,565 military and overseas absentee ballots were issued, with 5,236 returned. In the 2010 general election, 1,452 absentee ballots were issued, and 1,138 were returned, with 82 of those unable to be counted. In the 2012 general election, 4,608 absentee ballots were issued, and 3,601 were returned. Of those, 301 were unable to be counted.

Ms. Thurston stated that by enacting Senate Bill 1, the General Assembly adopted the Uniform Military and Overseas Voters Act (UMOVA), which has been adopted by 14 states. The bill requires the Secretary of State to create an electronic transmission system by which a covered voter may apply for and receive voter registration materials and military overseas ballots. The bill allows military and overseas voters to register to vote or update their voter registration information electronically. It extends UOCAVA protections to members of the Kentucky National Guard.

In a response to a question from Senator Bowen, Ms. Thurston explained that in the 2012 election, out of the 301 military and overseas ballots that were returned, 121 were not counted because they arrived after the 6:00 p.m. deadline. Out of the 301 uncounted votes, 191 were from military personnel and 110 were from overseas civilians. Senate Bill 1 requires

that any ballot received prior to the 6:00 p.m. deadline will be counted, regardless of the date of postmark or even if it has no postmark. The electronic transmission system will ease the complications of ballots arriving on time to military and overseas voters.

Trends in Absentee Voting in Other States and Technology

Lori Steele, Founder, Chairman and CEO of Everyone Counts, Inc., explained the benefits of using a start of the art electronic system for ballot delivery and return. The first electronic ballot election was held in 1997. In 2003, the first government-wide electronic election was held. In 2007, Everyone Counts gave Australia the ability to allow all military serving overseas to utilize online voting. In modern electronic voting systems, a voter may use a computer, tablet, or smartphone to access a ballot regardless of location. These systems are not untested or unproven, but are simply not regularly deployed in the elections process in the United States. Statistics have shown that voter turnout and participation rates are higher when electronic delivery and return are utilized together, rather than separately. Utah and Arizona are moving forward with electronic return of ballots in the 2014 election, and Everyone Counts will soon be launching the first CAC card authentication process for an undisclosed state.

Dan Nolan, Vice President of Strategic Planning and Government Relations with SOE Software, stated that much of SOE Software's focus has been on assisting local election officials to better communicate with voters through election night return systems. SOE has branched out into modern electronic voting systems. The goal of online voting and ballot casting software is to minimize human errors, post office delays, and fraud. Alaska has utilized electronic balloting for all voters, with on-screen marking of ballots possible, including safeguards to prevent inadvertent over/under voting. Electronic ballot systems are available that provide a paper trail, that are secure, and that are a scalable solution to a state's elections needs.

In response to a question by Senator Bowen, Ms. Steele stated that approximately 12 states are using voting systems developed by Everyone Counts. Eight states are using SOE Software's systems.

Responding to a question by Representative Owens, Ms. Steele explained that in 2012, every state had electronic transmission of ballots in some way, including fax and electronic mail. However, the return of ballots was primarily done by standard mail in a majority of states.

In response to Ms. Thurston, Mr. Nolan explained that Alaska took small steps to introduce the electronic voting system, beginning first with UOCAVA voters. After its success, the state made the system available to all voters.

With no further business to come before the meeting, the meeting adjourned at 11:45 a.m.

Program Review and Investigations Committee Minutes

November 14, 2013

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, November 14, 2013, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Senators Tom Buford, Perry B. Clark, Julie Denton, Ernie Harris, Jimmy Higdon, Dorsey Ridley, and Dan "Malano" Seum; Representatives Dwight D. Butler, Leslie Combs, Jim DeCesare, Martha Jane King, Terry Mills, Ruth Ann Palumbo, Rick Rand, and Arnold Simpson.

Legislative Guest: Representative Dennis Horlander.

Guests: Beth Jurek, Director; Jackie Watkins, Assistant Director; Office of Policy and Budget, Cabinet for Health and Family Services; Don Speer, Executive Director, Office of Procurement Services, Finance and Administration Cabinet; Alice Wilson, Executive Director; Peggy Stratton, Director; Mike Hill, Director; Todd Shipp, Special Assistant; Transportation Cabinet; Charles Harman, Director, Division of Budget and Financial Management, Department of Education; David Wicker, Counsel, Department of Fish and Wildlife.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Colleen Kennedy; Van Knowles; Lora Littleton; Jean Ann Myatt; William Spears; Joel Thomas; Stephanie Love, Jessica Sapp, Graduate Fellows; Kate Talley, Committee Assistant.

Senator McDaniel welcomed Rep. King as a member of the committee.

Response to recommendations in 2012 committee report *Personal Care Homes in Kentucky*.

Ms. Jurek summarized the written response of the Cabinet for Health and Family Services (CHFS) to four recommendations in the committee's 2012 report *Personal Care Homes in Kentucky*. Recommendation 2.1 is that CHFS should propose a state supplementation rate-setting process that would involve a periodic financial audit of personal care homes accepting state supplementation recipients. Ms. Jurek said that such a rate setting process may exceed the authority of the Department for Community Based Services (DCBS) as administrator of the state supplementation program. If DCBS increased the benefit to state supplement recipients in personal care homes by 5 percent, the additional cost would be \$2 million in General Funds per year. There would also be new costs for staff

support for such a rate-setting process. Recommendation 2.2 is that CHFS should propose a method for setting the personal needs allowance for state supplementation recipients based on a periodic assessment of personal expenses. Ms. Jurek said that adjusting personal needs allowances each year to meet inflation through August 2013 would have cost \$822,600 per year. Thereafter, every \$5 increase would cost \$160,000 per year. Recommendation 3.4 is that CHFS should develop a proposal to ensure community mental health centers demonstrate that their clients in personal care homes who have mental illness or intellectual or developmental disabilities achieve increased integration into the community and engage in more independent activities. Recommendation 3.6 is that CHFS should develop a proposal to identify and assess personal care home applicants and current residents who might qualify for one of the relevant Medicaid waiver programs or the new Medicaid program for people with severe and persistent mental illness and to divert anyone qualifying for those programs from a personal care home. The cabinet also should explore ways to assess all personal care home applicants and residents for appropriateness. Recommendations 3.4 and 3.6 are being addressed through the cabinet's interim service agreement with Protection and Advocacy. Under the agreement, the cabinet will implement measures to provide up to 600 individuals access to community-based supported housing and community-based mental health services over 3 years. The cabinet has pledged \$7 million in fiscal year 2014 and \$6 million in FY 2015. The agreement with Protection and Advocacy requires the cabinet to implement procedures for ensuring that individuals residing in or at risk of entry into a personal care home will be accurately and fully informed in writing about community based options.

Senator Higdon asked for clarification that the agreement does not include a 5 percent increase in the supplement or an increased personal allowance. Ms. Jurek said that this was correct. These were not among the concerns expressed by Protection and Advocacy.

Senator Higdon said that there are bad and good personal care homes. Overall, personal care homes are doing a good job diverting mentally ill. More funding is needed. He noted his disappointment that this was not included in the agreement with Protection and Advocacy. Ms. Jurek replied that Protection and Advocacy is focused on community-based treatment.

In response to questions from Senator McDaniel, Ms. Jurek said the Medicaid expansion will result in additional federal funding for the cabinet. The cabinet is working to refine the estimate of the replacement of state funds with federal funds.

Rep. Horlander asked about the requirements for medical staff at personal care homes. Ms. Jurek said that they are required to have a nurse on site part of

the time. She can provide a copy of the relevant regulations for personal care homes and nursing facilities.

Senator McDaniel welcomed Representative Horlander, co-chair of the Government Contract Review Committee, to the meeting.

Approve minutes for September 12, 2013

Upon motion made by Representative Combs and a second by Senator Ridley, the minutes of the September 12, 2013, meeting were approved by voice vote, without objection.

Upon motion to nominate by Representative Combs and second by Representative Rand, Representative King was nominated for the position of House Co-chair.

Upon motion that nominations cease by Representative Simpson and second by Representative Combs, Representative King was elected House Co-chair by acclamation, without objection.

Staff Report: *Personal Service Contracting in Kentucky*

Van Knowles, Joel Thomas, William Spears, and Jessica Sapp presented the report *Personal Service Contracting in Kentucky*.

Mr. Knowles said that general information was obtained about all agencies that are within the purview of the Finance and Administration Cabinet (FAC) and that use the statewide electronic accounting system. Agencies such as the court system, the retirement systems, and LRC were outside the scope of the study. Architectural and engineering contracts were excluded from the report. Staff obtained more detailed information from a few selected agencies.

A personal service contract (PSC) is an agreement between a state agency and a private entity to provide services requiring professional skill or professional judgment. The memorandum of agreement is a contract between a state agency and another governmental body or nonprofit organization.

According to the Kentucky Model Procurement Code in KRS Chapter 45A, contracts should be solicited through a competitive process whenever feasible, the secretary of the Finance and Administration Cabinet is the chief purchasing officer of the Commonwealth, and the Government Contract Review Committee (GCRC) oversees personal service contracts and memoranda of agreement.

All appropriated funds pass through eMARS, the statewide electronic accounting system. The system also contains electronic procurement documents like requests for proposals, proposal evaluations, contracts and amendments, payments, and vendor performance evaluations.

At the end of fiscal year 2013, 684 PSCs were open within the scope of the study. Spending on the Passport Medicaid contracts was typically around \$800 million per year. In fiscal years

2010 to 2013, other PSCs in eMARS typically showed amounts spent of around \$205 million. The amounts reported are incomplete, with over \$54 million unrecorded in eMARS each of the past two fiscal years.

During fiscal years 2010 to 2013, GCRC voted to disapprove six PSCs from agencies within the scope of this study. Of those, three were overridden by the secretary of FAC and two were canceled by the agency after disapproval. One was completed and closed prior to disapproval.

Ms. Sapp said that in determining what type of contract to use, agencies are told to consider a state agency, university, or nonprofit organization before soliciting PSCs. FAC interprets the statute to include out-of-state agencies and non-profits as eligible for memoranda of agreement. However, the cabinet has indicated that the preference for memoranda of agreement is because it is preferable to keep state dollars within state agencies. The use of noncompetitive memoranda of agreement for out-of-state contracting could result in higher costs than would be achieved by using a competitive personal service contract process. Recommendation 2.1 is that the General Assembly may wish to consider clarifying whether contracts with public entities in other states should be memoranda of agreement or PSCs.

The Model Procurement Code does not define professional, professional skill, or professional judgment. FAC stated that there are no specific criteria for determining if a service requires professional skill or judgment. Recommendation 2.2 is that the General Assembly may wish to consider defining “professional skill” and “professional judgment” as they apply to PSCs.

Mr. Thomas said more than one fourth of the contracts awarded from FY 2010 to FY 2013 were competitive exemptions, procured as sole source or not feasible to bid. Recommendation 2.3 is that FAC and other contracting agencies should determine whether a contract is a PSC and whether it should be pursued competitively based solely on statutory criteria. When such a classification would violate a policy of GCRC, the contracting agency should seek an exemption from the committee.

Price contracts are PSCs for which the work is not specified at the time of the award. Multivendor price contracts have lists of potential vendors that may be revised throughout the life of the contract. Recommendation 2.4 is that personal service price contracts should have a formal policy for continuous advertisement and that agencies maintain updated vendor lists.

In eMARS, the evaluation process is detailed in the EV document. Hard copy evaluations often contain evaluator information and a determination and findings document summarizing the decision to award to a particular vendor. The eMARS EV document rarely contains meaningful information. Hard copy

evaluation documents varied in the level of information on evaluators and evaluation methods. Of the 67 contracts reviewed, 21 did not indicate who conducted the evaluation. Recommendation 2.5 is that FAC should ensure that agencies use committees in the evaluation process; that the evaluation process be documented in writing with full explanations of criteria and scoring, along with individual evaluator information; and that a determination and findings be attached to the contract document.

In some cases, PSCs did not undergo review by GCRC until after work was started. Recommendation 2.6 is that FAC should implement a policy to ensure that all PSCs are entered timely in the system.

In eMARS, the proof of necessity is a section in the contract document. Description of work, contract monitoring activities, and justification for the contract are often vague and uninformative. The instructions are inconspicuous, so it is possible that eMARS users are unaware of the type of information that should be included. Recommendation 2.7 is FAC should encourage agencies to fill out the proof of necessity section in eMARS with greater detail, and demonstrate that in-house solutions were examined before deciding to contract for services.

Statutes do not clearly state that all contract amendments be filed and reviewed by the GCRC. Currently, FAC procedure states that all PSCs as well as all amendments be filed and reviewed by the Committee. Recommendation 2.8 is that the General Assembly may wish to consider making that requirement explicit.

Mr. Spears said that contract balances in the statewide accounting system do not reliably show the amounts spent. Most payments on personal service contracts appear to have been made properly, but there were some deficiencies in updating balances on the correct contract. Incomplete records are caused by nonreferencing payments that subtract funds from accounts and may not create a link with the contract. Hundreds of millions of dollars have been spent but not shown on contract balances. For example, the Impact Plus program spent \$34.7 million in FY 2013 that was not shown on the contract balance. In addition, some PSCs have exceeded their spending limits without following the proper amendment process. Recommendation 3.1 is that FAC should promulgate policies that describe the methods of processing transactions that correctly update balances and require contract amendments to increase funds on a contract prior to exceeding its limits. FAC and its software vendor should discuss ways to accurately maintain contract balances.

For most personal service price contracts, there is no documentation in eMARS describing the specific work assignments that agencies negotiate with vendors. The duration, cost, location, and other necessary information are

kept only in agency hard copy files. Recommendation 3.2 is that FAC should promulgate policies that require agencies to use contract commodity lines to document work assignments and to attach copies of the signed work agreement for each task.

Multivendor price contracts are required to list the vendors assigned to the contract but contracts vary in the location, accuracy, and contents of their vendor lists. If the vendor list does not include vendor codes, agency staff must attempt to determine the correct code needed for payments. The manual entry of vendor codes on multivendor payments opens the possibility of paying an incorrect vendor. Multivendor contracts displayed deficiencies in validating that the vendors paid were the vendors on the contract. Program Review staff discovered 270 payments made to vendors not listed on an attached vendor list. Recommendation 3.3 is that FAC should promulgate policies that standardize the location and contents of vendor lists. These lists should contain the vendor code for each vendor. The cabinet should require vendor lists to be updated soon after a vendor is added or removed and should establish controls to ensure each vendor paid was a party to the contract.

GCRC established an invoice form for PSC payments on August 10, 2010. Statute prohibits payment of PSC invoices not on the form. Vendors that work like a typical state employee and are paid through payroll are still required to submit invoices instead of timesheets but Program Review staff found some instances in which these payroll vendors were not correctly submitting invoices. It was not clear that all agencies were aware that PSC vendors paid through the state payroll system should submit statutory invoices for their time and expenses. Recommendation 3.4 is that FAC should direct all agencies to ensure that PSC vendors paid through the payroll system submit invoice forms for the services they provide.

It also appeared that invoiced service dates were not being entered properly on some payments for validation against the contract dates. Contracts have a service date range to indicate the times that services may be provided and payments have a date range to indicate when services were provided. Usually, payment service dates must fall within the contract service dates to be accepted but sometimes eMARS will not check the validity of contract service dates.

eMARS will automatically set an invoice’s date to the current day if service dates are not entered, causing incorrect information to be recorded. A manual search of payments found 10 instances of this. In a random sample of 538 payments, 20.1 percent of invoices did not provide service dates. Recommendation 3.5 is that FAC should promulgate a policy requiring agencies to pay only invoices for services performed during valid dates and to enter the service dates as they appear on the

invoices. As soon as feasible, the cabinet should modify the statewide accounting system so that invoiced service dates are required on all payment lines and that the invoices dates must be entered manually.

During the review of randomly selected contracts, Program Review staff found that about 30 percent of invoices were not submitted on the statutory form. Invoices typically lacked information on vendor staff, with about a fourth providing vendor staff information and about a fourth providing vendor staff charges. Recommendation 3.6 is that FAC should ensure that agencies require vendors to use the statutory form when submitting invoices and that they reject invoices that do not include all required information.

Program Review staff asked the seven reviewed agencies to provide feedback about the statutory form. Agency staff found some questions to be useful, but generally they did not perceive the benefits of requiring the statutory invoice form. Multiple agencies indicated that some questions were unneeded or duplicated information already available to the agency. Some agencies indicated that payments have been delayed because of incorrectly completed forms. Recommendation 3.7 is that GCRC may wish to consider revising the invoice form after receiving additional feedback from a variety of agencies.

Only one agency could provide completed monitoring documents, suggesting that most of the agencies reviewed did not systematically monitor or evaluate vendor performance during or after the contract term. The few evaluation documents in the statewide accounting system strongly suggest that monitoring and evaluation are seldom performed in a formal manner and that past performance is seldom considered in future solicitations. Recommendation 3.8 is that, when feasible, FAC should require agencies to provide written evaluations of vendors’ work during and after the course of a contract. The cabinet should consider whether the accounting system’s performance evaluation documents could be used. The cabinet should provide guidance for including past vendor performance as a criterion for proposals.

Ms. Sapp said that there is confusion as to the definition of the term price contract. The Model Procurement Code does not define the term. FAC has stated that it no longer uses the term, but instead uses “master agreement.” However, a master agreement is a specific type of document in eMARS and is not used for PSCs that need to be filed with GCRC. Recommendation 4.1 is that the General Assembly may wish to consider defining the term “price contract” as used in the Model Procurement Code.

Mr. Knowles said a renewed contract, while it requires new signatures, remains the same contract except for the extension of time and, typically, the addition of funds for the new period. In the current system, once a personal service contract

is renewed it receives a new identification number, creating what appears to be a new contract in eMARS and in agency procurement files. The electronic system has no automatic link between the two. Tracking the life cycle of a renewed contract is difficult in both eMARS and in the procurement file. There are many instances of PSCs for which agencies award successive noncompetitive contracts to the same vendor for the same scope of work. These contracts are not technically renewals, but they usually result in continuous work by the vendor on the same terms for an extended period of time. The electronic system has no link between the contracts. This lack of transparency severely limits auditing and oversight and raises the risk that a series of such contracts could continue for extended periods without appropriate justification. Recommendation 4.2 is that FAC should establish a reliable automated method in eMARS to trace all PSC procurement documents from the beginning through all renewals and vice versa, and any solution should be satisfactory to GCRC.

Some agencies use customized software or Microsoft Excel workbooks outside eMARS to keep track of document approvals, amounts, modifications, and payments. Agency and FAC officials agreed that approving draft documents in eMARS was cumbersome, and external systems were easier to use. Having all information about approvals, modifications, renewals, monitoring, and payments in one system is preferable to having parallel systems that do not communicate. Recommendation 4.3 is that, if feasible, FAC should enhance eMARS in ways that encourage its use for tracking draft documents and other tracking tasks.

Senator Higdon asked why contracts with the retirement systems and architectural and engineering contracts were not included in the study. The request was to review all personal service contracts, not just one segment. Mr. Knowles replied that excluded contracts were either not in eMARS or under the purview of the Finance and Administration Cabinet.

Referring to feedback on the statutory form, Senator McDaniel asked for examples. Mr. Spears said that feedback did not include specific examples.

Senator McDaniel asked if eMARS indicates the closeout amount on a contract. Mr. Spears replied that eMARS has estimates, which are not always reliable due to nonreferencing payments.

In response to questions from Senator McDaniel, Mr. Spears said that there are about 11 performance evaluation systems in eMARS but no one seems to be using them.

Senator McDaniel said that there seems to be a disconnect between purchasing and accounting. Money can be spent without the Government Contract Review Committee knowing it. Mr.

Knowles said that approval of payments is delegated to the agencies, not through the Finance and Administration Cabinet. For the most part, eMARS includes payments.

In response to questions from Senator McDaniel, Mr. Knowles said that eMARS is operated by a vendor. The state has to pay for any changes to the system. The responsible agency for eMARS is the Finance and Administration Cabinet's Office of the Controller.

In response to a question from Senator McDaniel, Mr. Knowles said that some of the recommendations in the report would require action by the General Assembly; others could be effected by regulatory change.

Representative Horlander agreed with Senator McDaniel's suggestion that the report be sent to members of the Government Contract Review Committee, and that Program Review staff make a presentation to that committee.

Responding to the report, Mr. Speer confirmed that eMARS is under the purview of the Office of the Controller. The system was put in place in 2006 and upgraded in 2012. The Finance and Administration Cabinet agrees in whole or in part with 15 of 19 recommendations.

In response to a question from Senator McDaniel, Mr. Speer said that there is no disconnect between accounting and purchasing steps. Agencies vary in size and competence. If eMARS is used correctly, the connection is there.

Senator McDaniel stated that it seems that reporting, tracking, and analysis of contracts are lacking. Mr. Speer said that the system does allow for them. The cabinet will continue to strongly recommend that agencies use the system to track vendor performance. Senator McDaniel suggested that consideration be given to evaluating personnel involved in contracting on how well they do this.

In response to questions from Rep. King, Mr. Speer said it is not necessarily cumbersome for agencies to use eMARS. Agencies can attach their own Excel documents to eMARS. He agreed that hard copy evaluations could be attached and that agencies will be encouraged to do so.

Ms. Jurek said that the report is accurate and fair. There are ways in which the Cabinet for Health and Family Services needs to improve contract procedures. Ms. Watkins said that since seeing the initial draft of the report, a notification has been sent to CHFS departments to use the LRC invoice form. The cabinet's Check Writer system does not connect to eMARS.

Ms. Wilson said that the Transportation Cabinet does follow Finance and Administration Cabinet policy. She noted that Program Review staff did look at Transportation's engineering contracts. The cabinet has a strong internal auditing group that audits internal contracts.

Mr. Harman said that the Department of Education uses an Excel spreadsheet for tracking personal service contracts.

The department's invoice forms that were not in eMARS are related to the Teachers' Retirement System. These are payroll documents that go to KHRIS, not eMARS.

In response to questions from Senator McDaniel, Mr. Knowles said that Program Review staff would prepare a written comment on the response to the report for the December meeting.

Senator McDaniel asked Mr. Wicker to comment on the contract for the previous commissioner of the Department of Fish and Wildlife.

Mr. Wicker said that the previous commissioner was hired under a 4-year contract during a transition period, so some issues slipped through the cracks. It was a non-merit position appointed by the governor. The position is now under a personal service contract.

Rep. Simpson said that the representative from the Finance and Administration Cabinet had noted that it did not agree with four of the recommendations. He asked which ones and why.

Mr. Speer said that Recommendation 2.1 deals with the definition of a memorandum of agreement. The cabinet does not agree with the report's interpretation of the relevant statute. He cited the example of an agreement with state of Indiana to build bridges. As with contracts, memoranda of agreement go before the Government Contract Review Committee.

Senator McDaniel said that the recommendations with which the cabinet disagrees are explained in the written response. Program Review staff should respond at the December meeting.

Sen. Higdon said that the scope of the study was not as broad as he wanted, but he complimented staff for a good report.

Upon motion by Senator Harris and second by Rep. Simpson, the report was adopted by roll call vote.

Senator McDaniel said that given the financial and accountability issues at stake, the recommendations in the report should be given particular attention.

The meeting adjourned at 11:20 a.m.

Task Force on the Unified Juvenile Code

Minutes of the 7th Meeting of the 2013 Interim

October 22, 2013

Call to Order and Roll Call

The 7th meeting of the Task Force on the Unified Juvenile Code was held on Tuesday, October 22, 2013, at 1:00 PM, in the Combs Chandler Room, Galt House Hotel, Louisville, Ky. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative John Tilley, Co-Chair; Glenda Edwards, Steven Gold, Teresa James, Lisa P. Jones, Bo Matthews, Pamela Priddy, and John Sivley.

Guests: Diana McGuire, Deputy

Commissioner of Operations, Kentucky Department of Juvenile Justice; Sherri Smith Jones, Deputy Commissioner for the Community and Mental Health Services Division, Kentucky Department of Juvenile Justice; Rachel Bingham, Administrative Office of the Courts, Juvenile Services; Bobby Lewis, Associate Superintendent for Student Services, Hardin County School District; Judge Dennis Prater, 36th District Court, Magoffin and Knox Counties; Pamela Lachman, Senior Associate, Research, Public Safety Performance Project; Judge Steven Teske, Georgia Criminal Justice Reform Commission, Co-Chair, Oversight and Implementation Committee; and Representative Dennis Horlander.

LRC Staff: Matt Trebellhorn, Jonathan Scott, Jessica Causey, and Kathy Miller.

Approval of Minutes

A motion was made by Bo Matthews and seconded by Steven Gold to approve the minutes of meeting 6 of the Unified Juvenile Code Task Force. The motion passed by voice vote.

Truancy Panel

Bobby Lewis, Associate Superintendent for Student Services, Hardin County School District, spoke on the Truancy Panel in Hardin County. The Truancy Panel looks at students and trend issues to determine the causes of truancy. Family Resource Coordinators are used in a liaison capacity to determine problems in the home and give personal attention to each case.

Any absence beyond six days due to illness must be verified by a doctor's statement in order to be excused. On the 6th unexcused absence, a final notice is generated. High school students receive either a home or school visit to address the truancy. The parent/guardian and student must work together to ensure no more unexcused absences. If the student continues to miss, mediation is scheduled at the courthouse. Mediation is an effort to help the parent/guardian, along with the student, understand the importance of being present at school. During mediation, a contract is signed, and the underlying reasons for truancy are discussed and remedied. Mediation is the final step before court proceedings. Continued unexcused absences result in a petition being filed and a court appearance with an attorney present. The ultimate goal of the Truancy Mediation Program is to increase attendance, which equates to seat funding. Any attendance gain will result in a savings.

Senator Westerfield asked if personal visits are made to the home. Mr. Lewis replied that the family resource center, Department of Protection and Permanency, court designated workers, school principals, social workers, and Judge Hall will make visits to the home. Senator Westerfield asked if the mediation program had a binding contract or just a persuasive effect. Mr. Lewis answered that the mediation contract is signed

by parents, and there is a good faith presumption that both parents and schools will uphold their part.

Representative Dennis Horlander asked Mr. Lewis about the location and size of the Hardin County school district. Mr. Lewis said the student population is 14,500, and it is in close proximity to Ft. Knox, causing some military transiency issues. The Truancy Mediation Program, in close work with the Department of Juvenile Justice (DJJ), serves 13 elementary schools, five middle schools, three high schools, and one alternative school.

In response to a question from Dr. Sivley, Mr. Lewis explained that mental health referrals can be made through Comp Care. Practitioners go to the schools for assessments.

Bo Matthews asked whether funding pertains to Average Daily Attendance (ADA) versus Average Daily Membership. Mr. Lewis said that funding is attached to ADA, which focuses on attendance. While students are compelled to stay in school until age 18, he favors putting Performance Based Credits into place for students who could graduate based on performance, not attendance. Mr. Lewis also explained the problem of automated calls to the parents. Frequently automated truancy calls do not reach parents due to disconnected or wrong numbers, and a personal call is encouraged. In response to a follow up question by Mr. Matthews, Mr. Lewis explained that there is a parallel between truancy mediation and diversion, especially in high school. The judge will hold meetings once a month with the truant students identified by schools.

Ms. Bingham said that statewide, 62 of the 120 Kentucky counties have truancy diversion programs.

In response to a question from Mr. Gold, Mr. Lewis explained that truancy mediation is true formal mediation, staffed by a trained mediator. Hardin County has a \$5,000 budget for this position.

Ms. Edwards asked if the mediation process includes social workers and Comp Care. Mr. Lewis answered that they have input and share information with the goal of resolving issues.

Mr. Gold commented that the Truancy Panel seemed like Dependency Neglect and Abuse Court and asked if a court appearance is beneficial. Mr. Lewis said that only students who are adamant about not attending school will end up in court. Usually the threat of a one to three day detention resolves the issue. The binding authority of the court will sometimes be enough deterrent. A spike in student body attendance is usually seen after a detainment.

Representative Tilley asked how many students refuse to attend school. Mr. Lewis answered that one percent of truant students refuse to attend. In those cases, the parents agree that jail is an appropriate punishment.

Judge Dennis Prater, 36th District Court, Magoffin and Knox counties,

spoke on the Truancy Diversion Program in Magoffin and Knox counties, started in 2007. Their program lasts for ten weeks.

Representative Tilley asked if Judge Prater had experienced problems because of a statewide void of drug treatment beds for juveniles. Judge Prater responded that there are no resources in his Juvenile Drug Court for treatment because of budget cuts.

Judge Prater said the Truancy Diversion Panel intervenes at the three-absence stage in a pre-complaint conference with the parents to raise awareness. He noted a .5 percent increase in attendance in 2012, resulting in a savings of \$39,000.

The three strike approach of the Truancy Diversion Panel is: (1) have students participate in the ten week program; (2) make a court appearance resulting in zero tolerance for truancy; and (3) detention. Only four students have reached the third stage in six years.

Judge Prater said that the Truancy Diversion Panel is a tool to help at-risk youth in difficult budget times.

Senator Westerfield asked for a clarification of the truancy threshold of six. Judge Prater said the six includes both unexcused absences and unexcused tardies. Mr. Lewis believes that if a student can master the material, the truancy number should be amended based on scholastic standards.

Senator Westerfield asked whether the truancy threshold of six could be raised. Mr. Lewis said he hoped that with common sense and work, there would be leeway in the number, but that not all schools were flexible.

Senator Westerfield asked which method of truancy diversion is preferable: court based or school centric. A discussion followed about the keys to a good program, which includes a good court designated worker, a good court relationship with schools, and a family resource center.

Mr. Lewis said he believed earlier intervention in truancy is necessary. Typical truant students miss 20 days.

Representative Tilley commented that the statute for truancy and tardiness may need to be rewritten.

Mr. Matthews commented that judicial dockets are too full to see anything but excessive and habitual truants.

Judge Prater said truancy impacts school performance, which in turn impacts merit pay and test scores.

In response to a question by Commissioner James, both presenters agreed that the truancy issue could best be helped by a parenting component. Counseling parents and equipping them to best meet the needs of their children would be beneficial.

Mr. Matthews made a comment on the lag time in reaching truants in a timely fashion based on red tape.

Mr. Gold commented that the solution may be legislative or may be at the ballot box. Sweeping changes could be made at a state level, or perhaps new

judges should be in place.

Status Offenders Committed to the Cabinet

Pamela Lachman, Senior Associate, Research, Public Safety Performance Project, spoke on Status Offenders Committed to the Cabinet.

Of the 859 Department of Community Based Services (DCBS) youth with status charges committed out of home, only 259 are adjudicated status offenders (identified by Foster Care Review Board, October 2013). Five percent of all commitments to DCBS are adjudicated status offenders, other categories are abuse and neglect, child abuse, dependency, and neglect. This number does not include the probated population, which requires cabinet involvement but not out of home placement.

Compared to other DCBS commitments, an adjudicated status offender spends 8.6 months out of home at an average age of 16.2 years versus 15.7 months out of home, at an average age of 8.3 years old. The average age at commitment for youth released from DCBS commitment in 2012 as an adjudicated status offender was one year older, at 16.2 years, than youth released from DJJ as adjudicated public offenders. Status offenders' out of home length of stay is shorter than public offenders by only 4 months, 8.6 months versus 12.4 months.

There is a significant cost of status offenders committed to DCBS. Adjudicated status admissions to DCBS (2012) were 278 youth, with an average length of stay of 8.6 months and an average annual bed cost of \$34,848 equaling approximately \$6.9 million per year. About \$5.9 million is not eligible for federal 4-E reimbursement and is paid by the state general fund.

Ms. Priddy asked about recidivism. In response, Commissioner James, Department for Community Based Services, Kentucky Cabinet for Health and Family Services, said many juvenile offenders are committed multiple times.

Judge Jones asked whether out of home placement is meant foster care or treatment. Commissioner James responded that it usually refers to residential placement.

Ms. Edwards asked about 4E waivers and the cost. Commissioner James said the cabinet retains legal custody of the offenders if they are not eligible and moved to in-home placement.

Commissioner James said that home is always the first option when Ms. Bingham asked if the case plan for status offenders is the same as for Dependency, Neglect and Abuse guidelines at the point of commitment.

Senator Westerfield commented on what could be done to improve the situation if the \$6 million spent on juvenile detention could be saved. He asked if there are legislative fixes and if DCBS hand-counting could be corrected.

Commissioner James spoke about

what happens at the time of commitment. She said the judge calls the cabinet, which has no prior contact. DCBS assesses the needs: residential or structured commitment, family issues to be addressed, and clinical needs. The cabinet hopes for place-back in 30 days because it is cheaper and more effective with a better outcome.

Mr. Gold asked Ms. Lachman whether juveniles who voluntarily extend their commitments past 18 years old would skew the numbers. Ms. Lachman said dollar amount could be skewed by that. Commissioner James said it is very infrequent that a juvenile would stay past 18 years old.

Mr. Gold asked what could be done about the high rate of recidivism. Commissioner James said that stabilization of families with early and appropriate intervention would keep juveniles from reoffending. She recommended teaching parents to nurture their children.

Dr. Sivley wondered if savings diverted to proven programs would result in cost savings from future incarceration. Commissioner James said 40 percent of juveniles in this discussion have prior DCBS involvement. If the option to detain is removed, it should be replaced with new programs that keep children in communities.

When asked by Judge Jones if the Cabinet still wants the juveniles in question, Commissioner James said that with enough money and support, her staff is in place and prepared. The cabinet does not do well with high risk juveniles, but with appropriate recourses and sufficient funding, it can handle the juveniles within provisions of the families. DCBS believes high risk juveniles with serious issues should go to DJJ.

Mr. Gold commented that DJJ and DCBS need similar delivery systems and should be combined into one efficient department of youth service. Ms. Bingham said that leadership is involved because the system of combined services has been tried and failed, due to communication issues causing gaps in the process.

Commissioner James said that at the end of the day, it is about having one door, a way for all families to get what they need before it is too late to help the child.

Ms. Edwards commented that there needs to be a better way of assessing services, with a clear gate-keeper. She also wondered why there cannot be a system built that does not require DJJ or DCBS.

Juvenile Justice Reform in Georgia

Senator Westerfield introduced Judge Steven Teske, Georgia Criminal Justice Reform Commission, Co-Chair, Oversight and Implementation Committee.

Judge Teske spoke about data-driven policy-making. Research in Georgia has shown that placement in Youth Detention Campuses does not lower the likelihood of juvenile reoffending and may in fact increase the likelihood of committing a new crime for some offenders. Also, a longer length of stay in secure facilities

does not increase public safety. Targeting high risk offenders for correctional interventions maximizes recidivism reduction. There are a number of community-based intervention strategies and program models that have been proven cost-efficient and are also effective to reduce juvenile reoffending.

Judge Teske discussed his recommendations to reduce recidivism and improve community safety. His first recommendation is to implement a performance incentive structure to create opportunity to commit monies to reinvest in communities. Judge Teske's second recommendation is to create a two-class system within the Designated Felony Act that allows for restrictive custody in all DF cases while taking into account both offense severity and risk level. The third recommendation is to prohibit status offenders and some misdemeanants from being committed to secure and residential facilities and reinvest the savings into the community. This would allow only juveniles who are adjudicated for a felony offense to be committed to state facilities, unless they met certain criteria. The fourth recommendation is to require juvenile courts to collect and track data regarding referrals to the juvenile justice system in order to give the state the capacity to make more informed, data-driven decisions that can improve public safety. The fifth recommendation is that all re-directed funds to the local juvenile courts shall be used for evidence-based programs and practices, using judicial leadership to decide which programs best serve their local community. The sixth recommendation is that judges assess each youth considered for out of home placement (commitment) using a predisposition risk and needs assessment tool.

Juvenile justice reform in Georgia resulted in significant reduction in average daily population and length of stay in Youth Detention Centers, commitments to the state, and juvenile arrests. There was an overall increase in graduation rates.

Judge Teske suggested that Kentucky begin juvenile reform with a problem statement and then match evidence-based practices to the children.

Representative Tilley addressed the issue that eliminating detention as an option would be considered soft on crime. He wondered what would be tougher on crime than improving public safety.

Ms. Bingham asked who in Georgia housed the data on juvenile crime. Judge Teske responded that a central registry was mandated by law and left to the Oversight Committee. Judge Teske said Kentucky needs to look at the available systems for the best place to accumulate data, but that participation needs to be forced and safe. Data should target the right information for the right people, and a weekly report should be generated to measure every recommendation.

Senator Westerfield asked how to address the fears of stakeholders

(judges, prosecutors, educators) about abandoning detention of status offenders. Judge Teske suggested that looking for community options first would eliminate the unknown and long-lasting effects of lifetime stressors, tension and trauma to an incarcerated juvenile. He suggested Kentucky move forward carefully, channeling resources to intensive evidence-based programs. In agreement with Dr. Sivley's earlier comment, Judge Teske agreed that detention cannot be taken away without adding programs, and that the majority of judges in Georgia worked with the concept.

Mr. Gold thanked Judge Teske for affecting program changes in Henderson, Kentucky. He also asked if funding for rural counties would be enough to make an impact. Judge Teske suggested rural counties develop a coalition to apply together as a region for redirected funds.

Judge Teske said that the most important thing is that redirected funds go to evidence-based practices. The goal of juvenile justice reform in Georgia was to bring about judicial leadership and that they should be allowed to decide, with assistance from local offices of state agencies, how to give direction and create local collaboratives. He believes everyone should be involved in the decision making, which would allow communities to decide what the program looks like, assessing needs and matching to providers.

Judge Teske said that, depending on how the state system is configured, decentralizing around redirected money becomes an incentive to local judges and communities. He said if youth are not committed, and bed space is cut, the rest will fall into place.

The 7th meeting of the Unified Juvenile Code Task Force was adjourned at 3:45.

Task Force on the Unified Juvenile Code

Minutes of the 8th Meeting of the 2013 Interim November 6, 2013

Call to Order and Roll Call

The 8th meeting of the Task Force on the Unified Juvenile Code was held on Wednesday, November 6, 2013, at 1:00 PM, in Room 327 of the Capitol. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Harry L. Berry, Hasan Davis, Glenda Edwards, Steven Gold, Teresa James, Lisa P. Jones, Bo Matthews, Mary C. Noble, Pamela Priddy, and John Sivley.

Guests: Sonja Hallum, Senior Associate, State Policy, Public Safety Performance Project; Pamela Lachman, Senior Associate, Research, Public Safety Performance Project. Co-Chairman Representative John Tilley joined the meeting remotely from Washington, D.C.

LRC Staff: Matt Trebelhorn, Jonathan Scott, Jon Grate, Jessica Causey, Mike Clark, and Kathy Miller.

Approval of Minutes

A motion was made by Mr. Steve Gold to approve the minutes from the 7th meeting of the Unified Juvenile Code Task Force. The motion was seconded by Mr. Bo Matthews and carried by voice vote.

Roundtable Discussion

Sonja Hallum, Senior Associate, State Policy, Public Safety Performance Project and Pamela Lachman, Senior Associate, Research, Public Safety Performance Project moderated a discussion of Kentucky juvenile justice issue areas.

Public Offenders

Research and data was summarized on the topic of juvenile admissions and dispositions in Kentucky. Data showed that a quarter of public offense referrals are from schools and that the majority of court petitions are low level offenses. There are different interpretations of the statute on prosecutors' authority to not file a charge, and a pre-disposition investigation is not done in every case. Data also showed that the Youth Level of Services (YLS) assessment has not been validated by the Department of Juvenile Justice (DJJ) on Kentucky recidivism outcomes and there are limited disposition alternatives to DJJ.

Research found that validated risk and needs assessment tools should be used in disposition and placement decisions to provide objective guidance.

Data findings on the topic of placements showed that the majority of youth placed out of home are lower level juvenile offenders with little prior adjudication history and that probation violations are the leading offense prior to out of home placement.

Research found that out of home placement does not lower the likelihood of juvenile reoffending for most juvenile offenders and may increase offending in lower risk youth.

Kentucky data finds that out of home length of stay has increased over the past decade. The difference in out of home length of stay for misdemeanants, violators and felons is less than one month.

Research has shown that a longer length of stay in out of home placement does not increase public safety and that the severity and intensity of responses should be proportionate to the seriousness of the offense and the risk the juvenile offender poses to public safety.

On the topic of supervision, Kentucky data found that the average length of DJJ supervision is more than 15 months. Commitment to DJJ is for an indefinite period and can continue until a youth turns 18 and ages out of the system. There are limited aftercare services for youth released from out of home placement and for community supervision.

Research on supervision shows that therapeutic programs are more effective at preventing reoffending than those focused on monitoring alone. Interventions are

most effective when focused on specific characteristics of offenders that contribute to delinquent and criminal behavior, such as low self-control and antisocial attitudes.

In Kentucky, there are limited treatment services in the community for youth, particularly substance abuse outpatient services. Data showed there is not consistent use of program fidelity or outcome measures.

Research has found that a number of evidence-based, cost-effective community-based programs reduce recidivism more than out of home placement.

Status Offenders

Data findings in Kentucky show that status offenses account for more than half of referrals to court, but the majority are screened out in the pre-complaint process. The majority of status complaints are from schools and alternatives to filing a complaint are limited. Truancy Diversion Programs are only available in half of the counties in Kentucky.

Research findings show that early and limited intervention is more effective for low risk, low level juvenile offenders.

In Kentucky, status offenders are being held in detention. A significant number of status offenders are also committed to the Cabinet for Health and Family Services and placed out of the home for more than 8 months on average. Research shows that out of home placement does not lower the likelihood of juvenile reoffending for most juvenile offenders and may increase offending in lower risk youth.

Sonja Hallum led a discussion of Kentucky juvenile justice policy options.

Public Offenders

Proposed policy options for dealing with referrals of public offenders from schools were to develop recommendations to increase clarity on school responses, enhance tracking of school referrals, and increase the number of diversions allowed for lower level offenses. The task force showed interest in pursuing the school response options and had no objection to enhanced tracking.

Discussion of policy options for admissions and dispositions of court petitions for low level offenders included clarifying prosecutor authority to not file charges where appropriate, creating disposition alternatives, and increasing the use of validated risk and needs assessments prior to disposition. The task force was in agreement with all the policy options.

A significant number of lower level offenders are committed to DJJ and placed out of home. Policy options for placement of misdemeanants were: prohibiting commitment for all misdemeanants, reducing the number of misdemeanor offenders committed, or prohibiting placement out of the home. The task force agreed that prohibiting commitment was not a good option, and that a reduction in the number of juvenile offenders

committed should be the focus.

Policy options for class D felonies were to create a new class for less serious class D offenses, to create a new type of disposition for some class D felonies based on criteria or to prohibit DJJ from placing some class D felons out of the home. Consensus among task force members was to pursue creating a new type of disposition for some class D felonies.

The task force was in favor of developing graduated sanctions in regard to probation and supervision violations, not a prohibition of placement out of the home.

task force members agreed that the problem of lower level offenders spending similar amounts of time out of home as felony offenders should be addressed. Focus of the attention on the length of stay issue will be on reducing time violators are placed out of home.

During discussion of supervision policy options, the task force agreed that rather than an indefinite period, statutory supervision length for commitment and probation should be established. Improvement of community supervision of juveniles with requirements for parental involvement should be explored. Enhanced DJJ aftercare options for transition were recommended.

It was agreed by the task force that the issue of lack of services in the community should be addressed. A decision was made by the task force to discuss a reinvestment program at the next meeting.

The task force agreed to the concept of the increased use of evidence-based practices with proven outcomes.

As a policy option, Sonja Hallum recommended that an ongoing oversight committee be established to implement recommendations and review additional issues. The task force was in agreement with this recommendation.

Status Offenders

Policy options in three areas relating to status offenders were discussed: system, referrals, and placement. Status offenses account for more than half of referrals to court. One option for policy change systemically would be to create an alternative system for handling status offenders outside of the court. The second policy option would be to determine whether status offenses should remain in Family Court jurisdiction or be moved to District Court.

Justice Noble handed out two flowcharts detailing an expanded “super CDW” program for both status and public offenders. It was decided that these models would be discussed in detail at the next meeting.

The majority of referrals are made from schools. A recommendation was made to enhance the requirements schools must follow prior to filing a truancy complaint, to expand diversion programs and increase assessment training. The focus will be to reduce the number of referrals to court.

The task force agreed to discuss options to prohibit CHFS from placing status offenders outside the home and restrict detention and/or commitment.

Other Issues

Members of the task force raised a few issues that had not been discussed. Ms. Edwards asked about children under 11 years of age. Justice Noble asked for a discussion of the fiscal impact and funding of new programs. Mr. Berry asked that the impact on local government be considered.

In conclusion, Rep. Tilley agreed that a transition plan for implementation of new policy will take everyone’s needs in mind. New policy should best serve the children and protect public safety.

Adjournment

The 8th meeting of the Unified Juvenile Code Task Force was adjourned at 4:00 P.M.

Tobacco Settlement Agreement Fund Oversight Committee Minutes

October 30, 2013

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, October 30, 2013, at 9:45 AM (CDT), in Ballroom A and B of the Sloan Convention Center, Bowling Green. Representative Wilson Stone, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Jimmy Higdon, Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives Tom McKee, and Terry Mills.

Legislative Guests: Representatives Jim DeCesare and Richard Heath.

Guests: Mr. Roger Thomas and Joel Neaveill, Governor’s Office of Agricultural Policy; Mr. Sam Moore and Mr. Wayne Mattingly, Agricultural Development Board; Ms. Lindie Huffman, Extension Agent, Pendleton County; Mr. Matt Gajdzik, Shelby County Council Member; Ms. Lindsay Phillips, Program Administrator, Mason/Bracken Counties, and Ms. Penny Warwick, Program Administrator, Warren County.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

Minutes of the October 2, 2013 meeting were approved, without objection, by voice vote upon motion by Senator Parrett and second by Senator Hornback.

Governor’s Office of Agricultural Policy

Appearing in a meeting conducted in conjunction with the 2013 Governor’s Office of Agricultural (GOAP) Conference in Bowling Green, Mr. Roger Thomas, GOAP Executive Director, discussed the history of the tobacco settlement legislation in 2000 that led to the establishment of the committee,

Agricultural Development Board, and the county agricultural development councils.

Mr. Thomas and Mr. Joel Neaveill, GOAP Chief of Staff, gave a report on the County Agricultural Investment (CAIP) and Shared-use Equipment programs approved for funding during the previous day’s ADB meeting.

Responding to Senator Parrett’s question about only 75 counties having functioning CAIP programs in 2013, Mr. Neaveill explained that some county councils may use their funds in other endeavors or may be letting their limited funds build up for use in subsequent years.

During the discussion, Senator Webb requested a breakdown of counties’ use of the local funds.

Panel Discussion

Next, the committee heard a panel discussion that involved two board members, Mr. Sam Moore and Mr. Wayne Mattingly, who spoke first, and four people representing facets of the agricultural development program at the county level: Ms. Lindie Huffman, Extension Agent, Pendleton County; Mr. Matt Gajdzik, Shelby County Council Member; Ms. Lindsay Phillips, Program Administrator, Mason/Bracken Counties, and Ms. Penny Warwick, Program Administrator, Warren County, whose remarks came later.

Responding to Co-Chair Stone, the board members described their viewpoint in considering funding requests. Mr. Moore said that he looks at the number of people who could be affected. He mentioned an early vision of food processing plants that would involve numerous vegetable producers. Mr. Mattingly observed that the board, in pondering its decisions, relies on the recommendations of county councils. Mr. Moore added that applicants should have “skin in the game,” paraphrasing a former Governor.

Responding to Senator Gibson, Mr. Thomas talked about the future of appropriations for the Agricultural Development Fund. He mentioned the general decline nationwide in smoking rates, which would affect future Master Settlement Agreement (MSA) payments by tobacco companies. Also, the state could be facing an immediate downturn in MSA payments because of an arbitration panel’s ruling that Kentucky and several other states were lax in enforcing certain provisions of the MSA, according to Mr. Thomas, who discussed the ruling at length in the committee’s October 2 meeting.

During the discussion about potential declines in tobacco settlement funding, Senator Webb—alluding to the significance of tobacco production on her region’s economy prior to the tobacco settlement in the late 1990s—remarked that one of her concerns is that the northeast part of the state may be left out. She urged that the board be mindful of the funds that need to be returned to those impacted counties. Mr. Moore responded that the board would welcome project applications from that region and has tried to elicit applications

from people in the area. Senator Webb urged creativity to enable applicants to apply for the funds.

The committee heard from the four people involved with facets of the tobacco settlement program at the local level. The presenters talked about trends in their counties, popular programs, judging and funding applicants.

During the discussion, Co-Chair Stone mentioned the progress made in beef cattle production, which he attributed to the tobacco funds.

Representative McKee talked about the tobacco settlement legislation in 2000, House Bill 611, and recalled that those involved had discussed the impact the program would have on county agricultural extension agents. He also cited the importance of the county councils and pointed out that, in most cases, if a project is denied at the board level, it carried a low priority from the local level.

Responding to Representative McKee, Ms. Huffman talked the effort to develop a farmers’ market in Pendleton County that can serve as a source for fresh produce.

Co-Chair Hornback asked the panel how much tobacco dependency, or an involvement in current or past tobacco production, is a factor in judging the merit of applications. Ms. Phillips said there are some tobacco dependency questions on the application. According to Senator Hornback, it has been over ten years since the state tobacco settlement program began. Younger people are beginning to farm. Responding to Senator Hornback, who asked if the tobacco dependency criteria would cease to be important, Mr. Mattingly indicated the board looks at the funds in terms of economic development and that tobacco dependency is considered but may not be a driving factor in the awarding of funds.

Senator Webb pointed out that former farmland, which is now lying fallow, should be revitalized somehow.

Responding to Senator Parrett, Ms. Huffman described the Shared-Use Equipment Program in Pendleton County. She also talked about the growing awareness of the tobacco settlement program among farm producers in her area.

Responding to Co-Chair Stone, Mr. Gajdzik described how the county council in Shelby County decides funding applications. All council members are farm producers. There are times, usually when the county is running short of funds, when the council may favor but not grant funding for some applications.

Representative Stone pointed out that commodity organizations, Farm Bureau, and others do a good job of publicizing the tobacco settlement program.

Mr. Thomas mentioned the Kentucky Agricultural Finance Corporation, which loans the tobacco settlement funds to farmers and agribusiness concerns. He complimented the work of

extension agents. He commented on the corporation's efforts to grant funds for projects in eastern Kentucky, mentioning in particular a meat processing facility in Wolfe County.

Mr. Neaveill said that the entire tobacco settlement program involves over a thousand people who volunteer their time in all 120 counties.

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

2014 Prefiled Bills

BR 1 - Representative Diane St. Onge, Representative Brent Yonts (04/11/13)

AN ACT relating to drone surveillance.

Create a new section of KRS Chapter 500 to define "drone," "law enforcement agency," and "prohibited agency"; prohibit a law enforcement agency from using a drone to gather evidence or other information; provide exceptions; prohibit use of evidence obtained in violation; provide that the Act may be cited as the "Citizens' Freedom from Unwarranted Surveillance Act."

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 7 - Representative Jeff Greer (05/15/13)

AN ACT relating to confirmation of executive appointments.

Amend KRS 304.2-020 to delete the requirement for Senate confirmation of the Governor's appointment of the commissioner of the Department of Insurance; and amend KRS 342.228 to delete the requirement for Senate confirmation of the Governor's appointment of the commissioner of the Department of Workers' Claims.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 9 - Representative Joni L. Jenkins (09/09/13)

AN ACT relating to alcohol and drug counseling.

Create new sections of KRS 309.080 to 309.089 to establish the requirements for an applicant for registration as an alcohol and drug peer support specialist; mandate that an alcohol and drug peer support specialist complete 500 hours of board-approved experience with 25 hours under the direct supervision of a certified or licensed clinical alcohol and drug counselor with at least two years of post-certification or post-licensure experience; require an alcohol and drug peer support specialist to pass an examination approved by the board; mandate completion of three hours of domestic violence training, specify other hours of training required, and obligate applicant to live or work at least a majority of the time in Kentucky; mandate that a registered alcohol and drug peer support specialist comply with the requirements for the training program in suicide assessment, treatment, and management; establish requirements for an applicant for licensure as a licensed clinical alcohol and drug counselor with a 60 hour master's degree, or a doctoral degree, including completion of 2,000 hours of board-approved experience, 300

hours of which is under direct supervision of a licensed clinical alcohol and drug counselor; require a licensed clinical alcohol and drug counselor to pass a written examination approved by the International Certification Reciprocity Consortium on Alcoholism and Drug Abuse; include requirement for three hours of domestic violence training and for an applicant to live or work at least a majority of the time in Kentucky; mandate that a licensed clinical alcohol and drug counselor comply with the requirements for the training program in suicide assessment, treatment, and management; direct the board to promulgate administrative regulations to define the registration process for applicants and for supervisors of record; establish supervision required for a practicing registered alcohol and drug peer support specialist; establish reciprocity; set up revolving fund; amend KRS 309.080 to define "licensed clinical alcohol and drug counselor," "licensee," "practice of alcohol and drug counseling," "registered alcohol and drug peer support specialist," and "registrant"; amend KRS 309.0813 to conform and to delete the requirement for the board to establish an examination committee to administer and evaluate the case method presentation and oral examination; add the requirement for the board to collect and deposit all fees, fines, and other moneys owed to the board into the State Treasury to the credit of a revolving fund; amend KRS 309.083 to change the requirements of supervision for a certified alcohol and drug counselor applicant, permitting supervision from a certified alcohol and drug counselor or licensed clinical alcohol and drug counselor with at least two years of post-certification or post-licensure experience; delete the requirement for a certified alcohol and drug counselor to pass an oral examination approved by the board; mandate three hours of domestic violence training for a certified alcohol and drug counselor; require a certified alcohol and drug counselor applicant to live or work at least a majority of the time in Kentucky; mandate that a certified alcohol and drug counselor comply with the requirements for the training program in suicide assessment, treatment, and management; amend KRS 309.084 to grant, upon application within 90 days from the effective date of this Act, licensure as a licensed clinical alcohol and drug counselor for a certified alcohol and drug counselor with a master's degree or a doctoral degree meeting all requirements for the clinical designation except for the 60-hour requirement for the master's degree and the examination; amend KRS 194A.540, 210.366, 222.005, 309.0805, 309.081, 309.085, 309.086, 309.087, and 309.089 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 11 - Representative John Tilley (10/24/13)

AN ACT relating to domestic violence.

Amend KRS 403.720, relating to domestic violence orders, to include dating partners among the class of persons allowed to obtain domestic violence protective orders; amend KRS 403.735 to require the court, when a petition involves a minor, to impose conditions that cause the least disruption to education if the parties attend the same school system.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 23 - Representative Larry Clark, Representative Jeffery Donohue (07/12/13)

AN ACT relating to reporting on economic incentive programs.

Create a new section of Subchapter 12 of KRS Chapter 154 to require the cabinet to maintain a searchable electronic database containing information on the cost and status of economic incentive programs; specify programs and information to be included; apply to specified programs approved within last five years; require in addition a single annual written report for programs approved in preceding fiscal year; specify programs and information to be included; amend KRS 148.546, 148.8591, 154.12-100, 154.12-208, 154.12-278, 154.20-150, 154.27-050, and 154.31-030 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Economic Development and Tourism

BR 38 - Representative Kenny Imes (11/14/13)

AN ACT relating to speed limits.

Amend KRS 189.390, relating to speed limits, to increase the maximum speed limit is 65 MPH on four-lane state highways that are not interstates or parkways.

(Prefiled by the sponsor(s).)

BR 40 - Representative Hubert Collins (06/27/13)

AN ACT relating to driving under the influence.

Amend KRS 189.520, 189A.010, 189A.120, and 281A.2102 to move the per se DUI threshold from 0.08 to 0.05.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 41 - Representative Kelly Flood (11/20/13)

AN ACT relating to public benefit corporations.

Amend KRS 271B.1-400,

14A.3-010, 271B.2-020, 271B.6-260, 271B.7-400, 271B.8-300, 271B.13-020, and 271B.16-210, and create a new section of subtitle 11 of KRS Chapter 271B to establish public benefit corporations.
(Prefiled by the sponsor(s).)

BR 42 - Representative Brent Yonts (07/19/13)

AN ACT relating to the collection of delinquent taxes.

Amend KRS 44.030 and 131.560 to prohibit the offsetting of a person's financial claim against the state or a local government, including claims for individual income tax refunds, to satisfy a delinquent property tax debt owed to the state or any local government if the 11-year period established for liens on the property on which the tax has become delinquent has expired; amend KRS 134.015 to extinguish the personal debt of a taxpayer for delinquent property taxes upon the expiration of the 11-year period established for liens on the property on which the taxes have become delinquent; amend KRS 134.490 to clarify that a third-party purchaser of a certificate of delinquency may institute an action to collect on the certificate anytime after the 1-year tolling period but prior to the 11-year period established in KRS 134.546; amend KRS 134.546 to provide that a certificate of delinquency becomes null and void 11 years from the date when the taxes became delinquent.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 43 - Representative Kim King (10/18/13)

AN ACT relating to legislative procedures for state fiscal measures.

Create a new section of KRS Chapter 6 to require roll call votes on any appropriation or revenue-raising measure voted upon in the Senate or House or a committee thereof; require identification of appropriation or revenue measures as state fiscal measures by the Director of the Legislative Research Commission, or upon a determination by the Senate or House or a committee of either; require separate votes for appropriations or revenue measures; require committees to vote on appropriation and revenue measures by roll call votes.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 44 - Representative Kim King (10/18/13)

AN ACT relating to foreign law.
Create new sections of KRS Chapter 454 to establish legislative intent that the rights of an individual afforded under the Constitutions of the Commonwealth and the United States take precedence over the application of any foreign law in any judicial or quasi-judicial proceeding; define specific terms; strictly construe waivers of constitutional rights; provide exceptions for corporate entities; prohibit choice of venue outside of the Commonwealth or United States to preserve the constitutional rights of

the person against whom enforcement is sought.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 45 - Representative Kim King (10/18/13)

AN ACT relating to school notification of persons authorized to contact or remove a child.

Create a new section of KRS Chapter 620 to require the Cabinet for Health and Family Services, if the cabinet is granted custody of a dependent, neglected, or abused child, to notify the school in which the child is enrolled of persons authorized to contact the child or remove the child from school grounds.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Health and Welfare

BR 46 - Representative Kim King (10/18/13)

AN ACT proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly.

Propose to amend Section 42 of the Constitution of Kentucky to prohibit members of the General Assembly from receiving legislative pay for a special session that has been called by the Governor because the General Assembly adjourned without passing a state budget; submit to the voters with ballot question.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 53 - Representative Terry Mills (06/11/13)

AN ACT relating to problem, compulsive, or pathological gambling and making an appropriation therefor.

Amend KRS 222.005 to define "pathological gambling" and "problem gambling"; create new sections of KRS Chapter 222 to establish the Problem and Pathological Gamblers Awareness and Treatment Program; direct the use of funds and limit annual administrative costs to \$200,000; establish the Gamblers Awareness and Treatment Program Advisory Council; establish the council's membership and responsibilities; require the Cabinet for Health and Family Services to promulgate administrative regulations in collaboration with the council; establish a funding and application process, certify disbursement of funds, and require reports annually; assign responsibilities to the director of the Division of Behavioral Health; amend KRS 222.001 and 222.003 to conform; APPROPRIATION.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Licensing and Occupations

BR 54 - Representative Kenny Imes (11/14/13)

A CONCURRENT RESOLUTION encouraging recognition of trapshooting as a high school sport.

Encourage the Kentucky High School Athletic Association, local school districts, and schools to voluntarily promote trapshooting as a high school sport.

(Prefiled by the sponsor(s).)

BR 64 - Representative Fitz Steele, Representative Leslie Combs (07/11/13)

AN ACT relating to coal severance revenues and declaring an emergency.

Amend various sections in KRS Chapter 42 to distribute 100% of coal severance revenues among the coal producing counties on the basis of the tax collected on coal severed or processed in each respective county; amend KRS 143.090 and 164.7891 to make conforming changes; repeal KRS 42.490; EMERGENCY.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 78 - Representative Ron Crimm (07/19/13)

AN ACT relating to the promotion of organ and tissue donation.

Create a new section of KRS Chapter 141 to establish the employers' organ and bone marrow donation tax credit; amend KRS 141.0205 to provide the ordering of the credit; declare short title to be the Living Organ and Bone Marrow Donor Assistance Act.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 79 - Representative Ron Crimm (09/16/13)

AN ACT relating to animals.
Amend KRS 525.125, 525.130, and 525.135 to forfeit ownership of animals involved in cruelty and torture cases and prohibit ownership or possession of animals of the same species for two years.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 99 - Representative Lynn Bechler (08/20/13)

AN ACT relating to motor fuels taxes.

Amend KRS 138.210 to remove any adjustment to the "average wholesale price" without the direct action of the General Assembly.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 100 - Senator John Schickel (09/17/13)

AN ACT relating to naloxone.
Amend KRS 217.186 to allow peace officers, firefighter, paramedics, and emergency medical technicians to use naloxone at the scene of a narcotic drug overdose.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 102 - Representative Addia Wuchner, Representative Denver Butler (08/23/13)

AN ACT relating to weapons.
Amend KRS 237.140, relating to concealed carry licenses for retired peace officers issued in conformity with the federal Law Enforcement Officers Safety Act to allow the annual license to be extended in yearly increments up to four times before a new license is issued.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 108 - Representative Larry Clark (11/20/13)

AN ACT proposing an amendment to Section 226 of the Constitution of Kentucky relating to casino gaming.

Propose to amend Section 226 of the Kentucky Constitution to allow the General Assembly to permit casino gaming by general laws that shall also strictly regulate casino gaming; submit to voters.

(Prefiled by the sponsor(s).)

BR 109 - Representative Larry Clark (11/20/13)

AN ACT relating to gaming and making an appropriation therefor.

Establish KRS Chapter 239 and create new sections thereof to enumerate legislative findings and declarations; define terms, to include "adjusted gaming receipts," "affiliate," "applicant," "casino game," "casino license," "casino licensee," "casino gaming," "cheat," "commission," "control," "county," "electronic gaming device," "gaming facility," "gaming licensee," "gaming supplies and equipment," "gross gaming receipts," "occupational license," "racing association casino licensee," "supplier," and "wager"; create the Kentucky Gaming Commission and establish its membership; establish the operating procedures for the commission; establish the commission's powers and duties, including the authority to promulgate administrative regulations, inspect premises, issue subpoenas, administer oaths, initiate disciplinary action against applicants and licensees, and employ investigators; prohibit commissioners from engaging in off-the-record communication with applicants; require a continuing study of all aspects of gaming; require an executive director to be appointed by the Governor; establish casino license and criteria for casino location; establish requirements for casino licensure; specify information to be required on a casino license application; establish requirements for a racing association casino license; specify information to be required on a racing association casino license application; permit issuance of a temporary racing association casino license; require a racing association with a casino license to hold as many races as it held in 2014; specify exceptions to requirement; mandate that collective bargaining agreements in effect at racing associations shall also be in effect at casinos established at racing association casino; require supplier license for persons manufacturing, designing, assembling,

selling, leasing, distributing, installing, or otherwise furnishing gaming supplies and equipment; grant commission authority to issue, not issue, renew, suspend, or revoke a supplier license, or to issue a temporary license; establish requirements for all suppliers; require occupational licensure for select employees of gaming facility and specify requirements for occupational licensure; grant commission authority to issue, not issue, renew, suspend, or revoke an occupational license, or to issue a temporary license; limit the number of issued and effective licenses to 5 racing association casino licenses and 3 casino licenses at any one time; establish a competitive selection process for selection of applicants for casino licenses; establish initial casino and initial racing association casino license fees of fifty million dollars; establish fees for license application, license renewal, supplier's license fees and occupational license fees; provide for an appeal process; establish requirements for gaming licensees including purchase of games and supplies, personnel, security, and reporting requirements; require the commission to establish minimum standards for gaming licensees relating to fiscal protection and control, financial reporting, and auditing; permit exclusion or ejection of certain persons and establish conditions for exclusion or ejection; exempt casino games or supplies licensed under provisions of this Act from 15 U.S.C. sec. 1172; prohibit any person under the age of 21 from placing a wager at a casino or accessing a casino gaming facility; prohibit cheating and establish penalties for cheating; establish the Kentucky gaming account and direct all wagering taxes levied by this Act to be deposited within; direct disbursements from the fund to the Kentucky compulsive gamblers assistance account, early childhood, primary, secondary, and postsecondary education, the Kentucky public pension stabilization fund, host jurisdictions, the Kentucky municipal public safety account, the Kentucky county public safety account, and the prevention and treatment of drug and alcohol abuse; retain 25% for appropriation by the General Assembly; create the Kentucky municipal public safety account and specify the distribution of funds from the account; establish the Kentucky county public safety account and specify the uses of funds dedicated to it; stipulate that gaming facilities are permissible uses at racetracks and casino facilities not located at racetracks shall be permitted uses in all zones which allow sports, entertainment, recreation, or retail facilities of a similar size; establish a set-aside amount for racing association casino licensees and specify the distribution of the funds for horse industry-related topics; require an annual audit of each racing association casino licensee; create a new section of KRS Chapter 138 to establish a tax rate of 25% for the first three years of a racing association casino licensee, increasing to 30% thereafter; establish a tax rate of 39.5% for the first three years of a casino gaming facility, increasing to 44.5% thereafter; create a new section of KRS Chapter 222 to establish the Kentucky compulsive gamblers assistance fund and specify use of funds; create a new section of KRS Chapter 61 to establish

the Kentucky public pension stabilization fund and specify use of funds; amend KRS 243.500 and 243.505 to allow alcohol sales at a casino; amend KRS 525.090 to conform; amend KRS 528.010 to exempt licensed casino gaming from the definition of "advancing gambling activity," "gambling," "gambling device," and "profiting from gambling activity"; amend KRS 528.100 to conform; amend KRS 15.380, relating to training of officers, to include Kentucky gaming commission employees; amend KRS 12.020 to place the Kentucky gaming commission under the Public Protection Cabinet for administrative purposes; amend KRS 372.005 to conform; amend KRS 68.180, 68.197, 91.200, 92.281, and 93.300 to exempt gaming receipts from local licensing taxes; create a noncodified section to establish severability; effective upon certification of election results in November 2014 if a constitutional amendment is enacted by the General Assembly and approved by the voters permitting the General Assembly to authorize casino gaming.

(Prefiled by the sponsor(s).)

BR 116 - Representative Rick G. Nelson (08/13/13)

AN ACT relating to sales and use tax holidays and declaring an emergency. Create a new section of KRS Chapter 139 to establish a three-day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 117 - Representative Rick G. Nelson (08/08/13)

AN ACT relating to the employment of public school teachers. Amend KRS 160.345 to require teacher vacancies to be filled by qualified teachers certified through a regular certification program before considering applicants certified through an alternative certification program.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 118 - Representative Fitz Steele, Representative Julie Raque Adams (08/20/13)

AN ACT relating to sales and use tax holidays and declaring an emergency. Create a new section of KRS Chapter 139 to establish a three day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 119 - Representative Fitz Steele (08/20/13)

AN ACT relating to dextromethorphan abuse.

Create new sections of KRS Chapter 218A to prohibit any person from possessing one gram or more of pure dextromethorphan or dextromethorphan that has been extracted from solid or liquid form; prohibit sale of products containing dextromethorphan as the only active ingredient to individuals younger than 18; require any person selling a product containing dextromethorphan to require that prospective buyers show a photo ID and sign a document stating the customer is older than 18 before purchase; create an affirmative defense for the retailer if a minor utilizes a fraudulent ID; prohibit individuals younger than 18 from misrepresenting their age and from utilizing a fraudulent ID to purchase or obtain dextromethorphan; establish penalties for violation.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 121 - Representative Tom Burch (09/12/13)

AN ACT relating to consolidated local government funds.

Create a new section of KRS Chapter 67C to define "discretionary funds" and to require any discretionary fund expenditures to be distinctly specified in the budget ordinance or budget amendment ordinance of the consolidated local government before expenditure.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Local Government

BR 123 - Representative Terry Mills (09/19/13)

AN ACT relating to injury prevention and making an appropriation therefore.

Amend KRS 189.292, prohibiting texting while driving, to prohibit the entering of a telephone number or name into a personal communication device in order to place a call while driving a vehicle in a highway work zone or school zone; amend KRS 189.990(30) to make technical corrections; increase the fines for violations of Section 1 of the Act and KRS 189.294 to \$50 for the first offense and \$100 for subsequent offenses; direct that 50% of the fines collected for violations of these offenses be directed to the Kentucky Injury Prevention and Research Center at the University of Kentucky and appropriate the funds for the purpose of injury prevention research; APPROPRIATION.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 126 - Representative Mike Harmon (09/27/13)

AN ACT relating to driving under the influence. Amend various sections in KRS Chapter 189A, relating to driving under the influence, to restructure the existing penalties from a four-tiered structure to a three-tiered structure; expand the look-

back window for prior offenses from five years to ten years, and to allow forfeiture of motor vehicles used in a DUI if the operator's license had been previously suspended; amend KRS 281A.2102 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 127 - Representative Mike Harmon (09/27/13)

AN ACT relating to elections.

Amend KRS 118.127 to permit a slate of candidates for Governor and Lieutenant Governor to appear on the ballot only in the general election, not in the primary; require a party's nominee for Governor to designate his or her nominee for Lieutenant Governor no later than the fourth Tuesday following the primary; if this designation is not filed, require the governing authority of the party to name the candidate for Lieutenant Governor; set forth the oath to be sworn by a slate of candidates; create a new section of KRS Chapter 118 to allow a candidate for Governor to designate a replacement if the candidate for Lieutenant Governor dies, is disqualified, or is disabled; amend KRS 121.015 to redefine "slate of candidates"; amend KRS 117.275, 118.025, 118.105, 118.125, 118.245, 120.055, 120.095, and 121.170 to conform; repeal KRS 118.227.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 129 - Senator Jimmy Higdon (10/03/13)

AN ACT relating to eminent domain.

Amend KRS 278.502 to allow eminent domain to be used only in cases where the condemnor is a utility regulated by the Public Service Commission.

(Prefiled by the sponsor(s).)

To: Energy Special Subcommittee

BR 132 - Senator Jared Carpenter (09/06/13)

AN ACT related to anti-bullying.

Create a new section in KRS Chapter 2 designating October as Anti-Bullying Month in Kentucky and a purple and yellow ribbon as the symbol for anti-bullying awareness.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 138 - Representative Wilson Stone (08/23/13)

AN ACT relating to TVA in-lieu-of-tax payments, making an appropriation therefor, and declaring an emergency.

Amend KRS 96.895 to provide that, beginning in fiscal year 2014-2015, a portion of the Tennessee Valley Authority in-lieu-of-tax payment made to the Commonwealth and deposited into the general fund shall be transferred to the regional development agency assistance fund to be distributed among fiscal court-designated local industrial development authorities for economic development and job creation activities; provide that

the transfer will not affect the portion of the total TVA payment that is currently distributed among local government entities; provide that these transfers will be phased-in over a five-year period, with an amount equal to 50 percent of the general fund portion of the total TVA annual payment being transferred in fiscal year 2018-2019, and each fiscal year thereafter, not to exceed \$6,000,000 each year; APPROPRIATION; EMERGENCY.
(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 140 - Representative Rick G. Nelson (08/28/13)

AN ACT relating to firefighters.

Create a new section of KRS Chapter 95 establishing a rebuttable presumption that cancer, resulting in either temporary or permanent disability or death, is an occupational disease for full-time firefighters; establish the guidelines for compensation; establish the types of carcinogens associated with specific types of cancers.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Labor and Industry

BR 152 - Representative Jim Wayne (09/30/13)

AN ACT relating to tax credits for noise abatement.

Create a new section of KRS Chapter 141 to establish a tax credit for noise insulation installed in a residential structure that is located within a designated airport noise contour; amend KRS 141.0205 to recognize credits.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 155 - Representative Sal Santoro, Representative Larry Clark (10/10/13)

AN ACT relating to electrical inspections.

Create new sections of KRS Chapter 227A to specify contents of an electrical permit and stipulate that applying for a permit implies consent to an electrical inspection; require the Department of Housing, Buildings and Construction to appoint and assign electrical inspectors to each county; permit the department to allow local governments to administer inspection program; require certain work conducted by an electrical utility on customer's property to be performed by an electrician or master electrician; repeal sections of KRS Chapter 227 and reenact as new sections of KRS Chapter 227A with specified changes; reenact and amend KRS 227.460 to provide for electrical inspections by the department if a city fails to establish an authorized program; reenact and amend KRS 227.480 to allow permit applications to be submitted the following day in emergency situations; exempt homeowners doing work on their own homes; require the department to promulgate regulations describing circumstances where inspections are required; reenact and amend KRS 227.487 to allow local programs with a fee schedule established as of January

1, 2014, to continue, and to specify requirements for electrical work requiring a permit; reenact and amend KRS 227.489 to conform; reenact and amend KRS 227.491 to specify recordkeeping requirements by inspectors; reenact and amend KRS 227.492 to conform; reenact and amend KRS 227.495 to give inspectors the authority to pull an electrical service under certain conditions; specify scheduling requirements for inspection; provide permit holder appeal rights; reenact and amend KRS 227.530 to assign the Electrical Advisory Committee to the Electrical Division and appoint the commissioner to the committee; amend KRS 227A.010 to define "alteration," "commissioner," "division," "electrical inspector," "electrical system," and "repair"; amend KRS 227A.030 to conform; amend KRS 227A.050 to specify use of funds in the trust and agency account for the administration and enforcement responsibilities of the division; amend KRS 227A.130 to allow local governments to fix penalties for violations and to establish fines for violation of the chapter; amend KRS 198B.060 to allow local governments to petition for authority to approve electrical permits if the provisions of KRS Chapter 227A are met; amend KRS 211.350 and 227.205 to conform; repeal KRS 132.815, 227.450, and 227.500.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 158 - Representative Sannie Overly, Representative Brent Yonts (09/11/13)

AN ACT relating to the legislative branch of state government. Amend KRS 6.611 to implement the "no cup of coffee" rule for legislators, limit allowable payments for attendance of individual legislators to events held in-state, define "in-state" and include administrative regulations and legislative proposals not introduced in the General Assembly to the definition of "legislation"; amend KRS 6.701 to specify that sexual and workplace harassment information is to be part of the legislative ethics manual and training program, and specify that the training for legislators is to be conducted by an individual chosen by the deputy director of human resources; amend KRS 6.711 to specify that sexual and workplace harassment law and policy is to be part of the general curriculum of the legislative orientation courses, make sexual and workplace harassment training mandatory for legislators, specify that the training is to be conducted by a live presenter, expand the orientation training requirement to five hours, and require that two of the five hours of the orientation course is to be devoted to sexual and workplace harassment law and policy; amend KRS 6.716 to include updates on sexual and workplace harassment in the current issues seminar for legislators, and specify that one of the three hours of the current issues seminar is to be devoted to sexual and workplace harassment training; amend KRS 6.747 to specify that the legislative agent or employer may not furnish out-of-state transportation or lodging for a legislator with certain exceptions; amend KRS 6.767 to prohibit

a legislator, candidate, or campaign committee from accepting a campaign contribution from an executive agency lobbyist, or an employer of a legislative agent or executive agency lobbyist during a regular session of the General Assembly, except for a special election held during a regular session of the General Assembly; amend KRS 6,811 to prohibit a legislative agent or employer to give anything of value to a legislative candidate, prohibit a legislative agent from soliciting, controlling, or delivering a campaign contribution, prohibit an employer of a legislative agent from making a campaign contribution to a legislator, candidate, campaign committee, or caucus campaign committee during a regular session of the General Assembly, and delete language allowing legislative agents and their employers to purchase food or beverages for legislators not to exceed \$100 ("no cup of coffee" rule); amend KRS 6.821 to conform, and to include the cost of advertising during a General Assembly by an employer of a legislative agent or their affiliates in the employer's statement filed with the Legislative Ethics Commission; create a new section of KRS Chapter 7 to require the Commission, with the assistance of the Personnel Cabinet, to establish a job classification and compensation system for non-partisan employees of the Commission by July 1, 2014, require non-partisan staff to be employed, promoted, disciplined, and dismissed in accordance with that system, allow non-partisan staff to appeal to the Kentucky Personnel Board, require that each non-partisan employee of the Commission have a personnel file that is accessible to the employee, and provide that nothing in this section shall grant rights under KRS Chapter 18A to employees of the Commission; create a new section of KRS Chapter 7 to define "sexual harassment" and "workplace harassment", require the Commission to establish comprehensive policies and procedures to maintain a harassment-free workplace, require the Commission to employ a deputy director for human resources upon recommendation of the director who may only be dismissed by the Commission, provide for partisan staff to make complaints under this section, require complaints of workplace harassment to be investigated and the findings and recommendations made in a written report to the Commission, prohibit the Commission from providing staff support for a member of the Senate or House, or anyone directly employed by the Senate or the House, who has not consented in writing to be bound by the policies and procedures regarding sexual and workplace harassment; amend KRS 7.090 to require employment of personnel by the Commission to be in accordance with the job classification and compensation system; amend KRS 18A.030 to require the secretary of the Personnel Cabinet to assist the Commission in establishing a job classification and compensation system; amend KRS 18A.075 to the require the Kentucky Personnel Board to assist the Commission in establishing a job classification and compensation system; require the Commission to contract with an external entity within 10 days of enactment of this legislation to evaluate

all facets of the policies, procedures, and culture of all Commission staff, require certain experience of the outside entity, and require the entity to recommend best practice in accordance with the requirements of this Act; EMERGENCY.
(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 163 - Senator Robin L. Webb (11/07/13)

AN ACT relating to the donation of game meat.

Create a new section of KRS Chapter 217 to define "not-for-profit organization" and "wildlife"; prohibit state and local government entities from restricting the donation of game meat to or from not-for-profit organizations for the purpose of free meal distribution; require that the game meat be from wildlife that was taken in the Commonwealth, properly field dressed and processed, and apparently disease-free and unspoiled.

(Prefiled by the sponsor(s).)

BR 164 - Representative Rick G. Nelson (09/19/13)

AN ACT relating to probation and parole officers.

Amend KRS 439.310 to require that probation and parole officer staffing levels allow for an active supervision ratio of no greater than 50 offenders per officer.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 168 - Representative John Tilley (09/16/13)

AN ACT relating to eminent domain.

Amend KRS 278.502 to condition the exercise of condemnation authority upon approval of the Public Service Commission, which may be given only after review of delineated statutory criteria.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Energy Special Subcommittee

BR 173 - Representative Jesse Crenshaw (09/26/13)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a non-violent, non-sexual felony the right to vote after expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 174 - Senator John Schickel (09/30/13)

AN ACT relating to school funding.

Amend KRS 157.310 to clarify the intention of the General Assembly that

no mandate be placed on the public schools without program funding to carry out the mandate; require legislation relating to the public schools that includes a fiscal note pursuant to KRS 6.955 or a state mandate pursuant to KRS 6.965 to include provision for funding that is adequate for compliance with the mandate; clarify that no school district shall be compelled to comply with mandated enactments of the General Assembly that do not provide adequate funding; specify that this amendment does not relieve a school district from the obligation to comply with state or federal laws relating to health, safety, or civil rights.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 176 - Senator John Schickel (09/30/13)

A RESOLUTION adjourning the Senate in honor of Dr. Julie Metzger Aubuchon upon being named Kentucky Optometrist of the Year.

Adjourn in honor of Dr. Julie Metzger Aubuchon upon being named Kentucky Optometrist of the Year.
(Prefiled by the sponsor(s).)

BR 177 - Representative Darryl T. Owens (11/19/13)

AN ACT relating to criminal records.

Amend KRS 431.076 to expand the scope of an expungement motion under that statute to include felonies referred to a grand jury where no indictment ensues; amend KRS 431.078 to expand that statute’s expungement process to include Class D felonies; create a new section of KRS Chapter 431 to establish various protections for persons whose records have been expunged; create a new section of KRS Chapter 431 to establish standards for commercial criminal record history providers; amend KRS 527.040 to expressly provide that an expunged felony does not trigger the application of that statute.

(Prefiled by the sponsor(s).)

BR 184 - Senator John Schickel, Senator Christian McDaniel (10/08/13)

A RESOLUTION adjourning the Senate in honor and loving memory of Henry Lawson Walker II.

Adjourn in honor and loving memory of Lawson Walker II.
(Prefiled by the sponsor(s).)

BR 189 - Senator Ray S. Jones II (10/22/13)

AN ACT relating to commercial vehicle enforcement officers.

Amend KRS 16.191 to require that Commercial Vehicle Enforcement Officers are paid equally to Kentucky State Police Officers with the equivalent rank, grade, and position; provide short title.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 194 - Representative Kevin D. Bratcher (10/22/13)

A JOINT RESOLUTION directing the Kentucky Law Enforcement Council to study current and needed post-traumatic stress disorder training, policies, and resources for peace officers.

Direct the Kentucky Law Enforcement Council to study current and needed post-traumatic stress disorder training, policies, and resources for peace officers; require a report to the Legislative Research Commission by November 1, 2014.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 211 - Senator Gerald A. Neal (10/15/13)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a felony other than treason, intentional killing, a sex crime, or bribery the right to vote after expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 217 - Representative Terry Mills (10/23/13)

AN ACT relating to disabled parking placards.

Amend KRS 189.456 to add advanced practice registered nurse to those who may submit a statement of disability for an accessible parking placard.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Transportation

BR 219 - Representative Rita Smart (10/11/13)

AN ACT relating to anti-bullying.

Create a new section of KRS Chapter 2 to designate October as Anti-Bullying Month in Kentucky; designate a purple and yellow ribbon as the symbol for anti-bullying awareness.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 220 - Senator John Schickel (10/14/13)

A RESOLUTION honoring Mann Elementary School on being selected as a 2013 National Blue Ribbon School.

Honor Mann Elementary School on being named a 2013 National Blue Ribbon School.

(Prefiled by the sponsor(s).)

BR 221 - Senator John Schickel (10/21/13)

A RESOLUTION adjourning the Senate in honor and loving memory of Milton J. Roth.

Adjourn in honor and loving memory of Milton J. Roth.
(Prefiled by the sponsor(s).)

BR 222 - Representative Jim Wayne (10/18/13)

AN ACT relating to tolls.
Create a new section of KRS Chapter 141 and amend KRS 141.0205 to create a refundable income tax credit for eligible persons who pay tolls to commute to work across an Ohio River bridge; create a new section of KRS Chapter 175B to establish an exclusion for tolls for mass transit vehicles operated by a public agency or a subsidiary of a municipal government; create a new section of KRS Chapter 141 to require a transfer from the road fund to the general fund for the amount of toll credit allowed.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 230 - Representative Gerald Watkins (10/10/13)

AN ACT relating to cable television.

Create a new section of KRS Chapter 65 to require that any contract between a local government and a cable television service provider include a provision requiring the cable provider to offer access to channels individually.

(Prefiled by the sponsor(s).)
To: Energy Special Subcommittee

BR 232 - Representative Gerald Watkins (11/08/13)

AN ACT relating to crimes and punishments.

Amend KRS 217.181, and various sections of KRS Chapter 514 to increase the threshold for felony theft to \$1000.

(Prefiled by the sponsor(s).)

BR 233 - Representative Gerald Watkins (11/08/13)

AN ACT relating to life imprisonment for persistent felony offenders.

Amend KRS 532.080 to increase the sentence to life without the possibility of parole for offenders with three or more convictions for Class A or B felonies or capital offenses.

(Prefiled by the sponsor(s).)

BR 234 - Representative Gerald Watkins (11/08/13)

AN ACT relating to parole.
Amend KRS 439.340 to allow the Governor to review parole orders issued by the Parole Board if review is requested by a victim.

(Prefiled by the sponsor(s).)

BR 235 - Representative Gerald Watkins (11/08/13)

AN ACT relating to crimes and punishments.

Create a new section of KRS Chapter 218A to apply uniform penalty of mandatory drug treatment and community

service to persons convicted of possessing certain drugs and paraphernalia; amend KRS 218A.140 to lower possession of counterfeit substances from a Class D felony to a Class A misdemeanor; amend KRS 218A.1415 to lower possession of a controlled substance from a Class D felony to a Class A misdemeanor; amend KRS 218A.1437 to lower possession of a methamphetamine precursor from a Class D felony to a Class A misdemeanor; amend KRS 218A.276 to require that defendants convicted of possession of a counterfeit substance under KRS 218A.140, marijuana pursuant to KRS 218A.1422, synthetic drugs pursuant to 218A.1430, methamphetamine precursors pursuant to 218A.1437, salvia pursuant to KRS 218A.1451, or drug paraphernalia pursuant to KRS 218A.500 complete a drug treatment program; amend KRS 218A.275 to require that defendants convicted of possession of a controlled substance under various sections of Chapter 218A complete a drug treatment program.

(Prefiled by the sponsor(s).)

BR 236 - Representative Gerald Watkins (11/08/13)

AN ACT relating to crimes and punishments.

Amend KRS 532.110 to require sentences for multiple Class A, B, or C felonies to run consecutively.

(Prefiled by the sponsor(s).)

BR 242 - Representative Gerald Watkins (11/08/13)

AN ACT relating to booking photographs.

Create a new section of KRS 61.870 to 61.884 to prohibit a person from using a booking photograph for a commercial purpose if that photograph will be posted in a publication or on a Web site, and the removal of the booking photograph requires the payment of a fee or other consideration; amend KRS 61.870 to define “booking photograph”; amend KRS 61.8745 to include the misuse of booking photographs as a violation.

(Prefiled by the sponsor(s).)

BR 243 - Representative Gerald Watkins (11/08/13)

AN ACT relating to nuclear power.

Amend KRS 278.600 to define “storage” and require that nuclear power facilities have a plan for the storage of nuclear waste rather than a means for permanent disposal; amend KRS 278.610 to delete the requirement that the Public Service Commission certify the facility as having a means for disposal of high-level nuclear waste; change all references to the disposal of nuclear waste to the storage of nuclear waste; prohibit construction of low-level waste disposal sites in the Commonwealth, except as provided in KRS 211.852; require the Public Service Commission to determine whether the construction or operation of a nuclear power facility, including one constructed by entities regulated under KRS Chapter 96, would create low-level nuclear waste or mixed wastes that would be required to

be disposed of in low-level waste disposal sites in the Commonwealth; repeal KRS 278.605.
(Prefiled by the sponsor(s).)

BR 247 - Representative Gerald Watkins (11/08/13)

AN ACT relating to the disciplining of a child by a parent or legal guardian.
Create a new section of KRS Chapter 610 give civil and criminal immunity to parents and legal guardians who discipline a child.
(Prefiled by the sponsor(s).)

BR 248 - Representative Rick G. Nelson (11/22/13)

AN ACT relating to the Department of Public Advocacy and making an appropriation therefor.
Create a new section of KRS Chapter 31 to establish caseload standards for public defenders with a contracting process established to handle excess caseload; amend KRS 186.574 to establish \$50 fee to be added to the costs of a county attorney traffic safety program to be used to support public defender contracting to handle excess caseload.
(Prefiled by the sponsor(s).)

BR 250 - Senator Ray S. Jones II (10/18/13)

AN ACT relating to the Public Service Commission.
Amend KRS 278.050 to increase membership of the Public Service Commission (PSC) from three to seven commissioners; require an election of the commissioners in accordance with KRS Chapter 118; provide that initial election of PSC commissioners shall be at the regular election in November 2016; provide that each member of the commission shall be eligible for membership in the Kentucky Employees Retirement System as set forth in KRS 61.515 to 61.705; amend KRS 278.060 to change qualifications of the commissioners; amend KRS 278.120, 278.702, 11A.010, 11A.040, and 11A.050 to conform; repeal KRS 278.070.
(Prefiled by the sponsor(s).)
To: Energy Special Subcommittee

BR 252 - Representative Robert Benvenuti III (11/01/13)

AN ACT relating to the disclosure of public retirement information.
Amend KRS 61.661, 161.585, and 21.540 to require the Kentucky Retirement Systems, Kentucky Teachers' Retirement System, and the Judicial Form Retirement System, to disclose upon request the names, status, projected or actual benefit payments, and other retirement information of each member or recipient of a retirement allowance of the systems; require the systems to also make the information available on a searchable database on the systems' Web site or on a Web site established by the executive or judicial branch to provide government expenditure and salary data to the public.
(Prefiled by the sponsor(s).)

BR 254 - Senator John Schickel, Senator

Christian McDaniel (11/15/13)

A RESOLUTION honoring former Kentucky State Senator Joseph Meyer upon his retirement as Secretary of the Education and Workforce Development Cabinet.
Adjourn in honor of former Kentucky State Senator Joseph Meyer upon his retirement as Secretary of the Education and Workforce Development Cabinet.
(Prefiled by the sponsor(s).)

BR 257 - Representative David Floyd, Representative Kim King, Representative Mike Harmon (11/15/13)

AN ACT relating to eminent domain and declaring an emergency.
Amend KRS 278.502 to limit the scope of the eminent domain authority created by that section; declare amendments retroactive to October 1, 2013; EMERGENCY.
(Prefiled by the sponsor(s).)

BR 275 - Representative Jim Gooch Jr. (11/19/13)

AN ACT relating to utilities.
Create a new section of KRS Chapter 278 to require retail electric suppliers to maintain a 30-day supply of fuel for electricity generation.
(Prefiled by the sponsor(s).)

BR 292 - Representative Martha Jane King (10/28/13)

AN ACT relating to tax credits for hiring legally blind or severely disabled individuals.
Create a new section of KRS Chapter 141 to provide a nonrefundable income tax credit for tax years beginning on or after January 1, 2015, for taxpayers who contract with a resident nonprofit organization for services performed by individuals who are legally blind or severely disabled; amend KRS 141.0205 to provide the order in which the credit may be claimed.
(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 302 - Representative Rick G. Nelson (11/15/13)

AN ACT relating to school-based decision making councils.
Amend KRS 160.345 to require the meetings of school-based decision making councils and council committees to be held at least one hour after the end of the school day.
(Prefiled by the sponsor(s).)

BR 323 - Representative Kevin D. Bratcher (11/13/13)

AN ACT relating to the board or barbering.
Amend KRS 317.470 to require an applicant for administrator of the Kentucky Board of Barbering be a licensed barber after the effective date of this act.
(Prefiled by the sponsor(s).)

BR 334 - Representative Dennis Keene (11/19/13)

AN ACT relating to driving under the influence.
Amend various sections in KRS Chapter 189A relating to DUI to replace the current hardship license system with an ignition interlock licensing system.
(Prefiled by the sponsor(s).)

BR 335 - Representative Dennis Keene (11/19/13)

AN ACT relating to parental rights.
Create a new section of KRS 403.270 to 403.350 to provide that a person convicted of rape in the first degree shall have no parental or visitation rights with respect to any child born as a result of that sexual assault; create a new section of KRS Chapter 405 to conform.
(Prefiled by the sponsor(s).)

BR 355 - Representative Arnold Simpson (11/15/13)

AN ACT relating to the angel investor tax credit.
Create new sections of Subchapter 20 of KRS Chapter 154 to establish the angel investor tax credit program for certain investments in small businesses; define terms; state Act's title and purposes; list requirements for small businesses and investors to qualify for participation; require the Kentucky Economic Development Finance Authority (KEDFA) to establish the application process; cap the total amount of angel investor and Kentucky Investment Fund Act tax credits available in all years at \$40,000,000; require KEDFA to maintain a Web site listing all businesses and investors certified and all credits awarded; require small businesses to report annually and allow for tax credit recapture in certain circumstances; amend KRS 152.20-255 to provide that the total amount of tax credits available in the Kentucky Investment Fund Act program and the angel investor program is \$40,000,000 in all years; create a new section of KRS Chapter 141 to establish the credit; amend KRS 141.0205 to provide the ordering of the credit.
(Prefiled by the sponsor(s).)

BR 396 - Representative Denver Butler (11/25/13)

AN ACT relating to automated business record falsification devices.
Create a new section of KRS Chapter 517 to prohibit the possession of an automated business record falsification device, commonly known as a tax zapper or phantom-ware; provide that possession of such devices is a Class D felony, and provide for the forfeiture of such devices and all proceeds associated with the sale or use thereof; amend KRS 139.760 to provide for a ten-year sales tax permit revocation whenever any permit holder uses an automated business record falsification device to violate any provision of the sales tax laws.
(Prefiled by the sponsor(s).)

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