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RECORD

Lawmakers updated on federal finance reform

by Chuck Truesdell
LRC Public Information

Kentucky mortgage borrowers and consumers of all stripes will see greater protections under federal financial reform passed in July, a panel of lawmakers was told on Sept. 28.

While the law was passed by Congress and signed by the President, the details will be worked out in federal regulations developed over the coming years, Charles Vice, Commissioner of the Department of Financial Institutions, told members of the Interim Joint Committee on Banking and Insurance.

"The wings will be attached to this legislation as the plane is going down the runway," noted Committee Co-Chair Sen. Tom Buford, R-Nicholasville.

Although the details will be filled in later, Vice said, consumers are already benefitting in some ways. The temporary increase in FDIC insurance to \$250,000 per depository account has been permanent, he said. The previous maximum of \$100,000 had been in place since 1980 and was not indexed

to inflation. The new limits will also mean new rates on the banks that pay into the insurance pool.



Senate Majority Caucus Chairman Dan Seum, R-Fairdale, commented on the new federal Bureau of Consumer Financial Protection.

costs to the government — somewhere on the order of \$500 million per year, Vice said. There is authorization for \$200 million more in government funding if necessary, he said, but it will not

"It appears to be a lot of overkill," said Rep. Mike Denham, D-Maysville, with community banks absorbing some of the costs without contributing much to the initial problem in his view.

The new Bureau of Consumer Financial Protection has also been created, Vice said, but will be funded by the Federal Reserve to avoid

charge fees to pay for its operations.

The new agency will be responsible for regulations under 15 separate consumer protections laws, including the Truth in Lending Act and the Home Mortgage Disclosure Act. Although financial merchants regulated by other agencies, such as state insurance regulators and the Securities and Exchange Commission, will be exempt, the bureau will have primary examination authority over banks holding \$10 billion or more and can "ride along" with compliance checks of smaller banks. The bureau will also oversee non-depository institutions such as mortgage lenders, payday lenders, and student loan providers, regardless of size.

Senate Majority Caucus Chair Dan Seum, R-Fairdale, pointed out that while there have been few indictments or punishments handed down for previous malfeasance, the federal government has created another oversight agency. "That was fraud on a national basis... of trillions and trillions of dollars," he said, which the SEC and other regulators failed to prevent.

Mortgage lenders will also be broadly affected,

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Coal permitting concerns get legislative hearing

by Rebecca Mullins Hanchett
LRC Public Information

FRANKFORT — State, federal and coal industry officials went before a state legislative panel on Oct. 7 to discuss federal water quality changes that some say have slowed and, in some cases, stopped strip mine permitting in Kentucky.

"The EPA (U.S. Environmental Protection Agency) views (the changes) as just a new interpretation of existing law," Commissioner Bruce Scott of the Kentucky Department of Environmental Protection told the Interim Joint Committee on Natural Resources and Environment about interim water quality changes—or "guidance"—made in April that Scott said are not legally binding to avoid conflict with federal law. Nevertheless, he said, the changes have significantly impacted mine permitting in Kentucky.

"It isn't a legally binding document, but yet it is a document the EPA is using to guide reviews



Rep. Hubert Collins, D-Wittensville, talks to coal industry and Army Corps of Engineers representatives during the Oct. 7 meeting on changes made to Kentucky's mine permitting process by the U.S. Environmental Protection Agency.

of states and respective districts," said Scott, adding that the permit slowdown has occurred even though the changes have not been finalized. "The immediate impact of this guidance thus far has been a slow-

down, basically...and in some cases has actually been a stoppage of the permitting process as a result," said Scott.

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WEG draws praise from state lawmakers

by Rebecca Mullins Hanchett
LRC Public Information

LEXINGTON CENTER—Only 11 days after the close of the 16-day 2010 FEI World Equestrian Games, people were already talking to Kentucky Horse Park Executive Director John Nicholson about hosting the event again in 2018.

After all, with Normandy, France, chosen to host the next Games in 2014 in keeping with the Games' Olympic four-year cycle, Kentucky has to wait at least eight years to bring the event back to the Bluegrass.

That might be too long for some folks, based on Nicholson's testimony before a joint meeting of the state legislative Interim Joint Committees on Economic Development and Tourism and Labor and Industry on Oct. 21 at Lexington Center.

Eight years would certainly appear to be too long for the new out-of-state owners of three major Bluegrass horse farms, which Nicholson said were purchased by persons in Lexington for the Games, to return to the region.

He told lawmakers that the positive impact the Games had on Kentucky's horse industry will "help us remain the Horse Capital for the next 50 to 100 years," thanking lawmakers for the state's \$80 million-plus capital investment in Games preparation over the past four years.

The investment made by the Commonwealth will continue to benefit the state every year as other horse events use the new arenas and other facilities built for the Games, he said. At least two events are scheduled this weekend alone, with 19 national events scheduled for the Horse Park in 2011 and beyond.

"We're going to be doing the economic equivalent of the World Equestrian Games every year..." he told lawmakers.

It is estimated that over 400,000 people attended the Games over the 16-day period.

Other winners of the Games, said Nicholson, were Alltech—a biotechnology company headquartered in Nicholasville that was the chief sponsor of the Games and has over 80 offices worldwide—and the future economy of Kentucky.

"We showed the world that we are a place inhabited by warm, friendly people...(and) an environment worthy of relocation and investment," he said. He then praised lawmakers for their role in making the Games a reality.

"History is going to record that this event was nothing less than a triumphant success," he added.

Sen. Robin Webb, D-Grayson, who spent a total of four days at the Games and is an avid horsewoman, took a moment to also thank the thousands of volunteers who helped make the event successful. Webb said the volunteers deserve "accolades" for being great ambassadors for the state.

"When you look at trying to quantify the economic impact of this event or any event...you can't," said Webb, considering volunteer labor and other factors. "I call (this) the gift that keeps on giving to Kentucky."

Sen. Alice Forgy Kerr, R-Lexington, who chaired the joint meeting, said she was very happy with the event and Kentucky's role in it. "I think we were able to showcase Lexington (and Kentucky) very well," she said.

The committees were also updated on improvements to Lexington's new downtown Distillery District and the work of the state's renewed Workforce Investment Board which is involved in new initiatives to create jobs across the Commonwealth.



Coal permits, from page 1

A lawsuit against the EPA concerning the issue was filed by Kentucky state officials and coal industry representatives on Oct. 18.

The changes—which affect what are called “402” permits under the Clean Water Act dealing with discharge of water from mining or other operations—stem from a 2009 memorandum between the U.S. Army Corps of Engineers, Environmental Protection Agency and Department of the Interior that dealt with a review of mountaintop mining. Today, strip mine operations in Kentucky and five other Appalachian states are required to follow much tougher permitting procedures than other states.

Unhappy with the situation, coal groups and even states are showing their opposition to the EPA. Currently, litigation against the guidance has been filed by the National Mining Association and, as of yesterday, the state of West Virginia.

Responding to what Scott called a “sudden shift” in the permit process, Committee Co-Chair Rep. Jim Gooch, D-Providence, expressed concern.

“It greatly concerns me and I’m sure members of this committee,” said Gooch.

It also concerns the Kentucky Coal Association, who is a voice for the more than 17,000 coal miners in the state. Lloyd Cress, the association’s legal counsel, said the process requires mine operations to apply for 402 “individual” permits rather than “general” permits over which the federal government has less authority.

“This is an unprecedented intrusion by the federal government into the state’s ability to run their authorized Clean Water Act programs,” said Cress. “I don’t think you will find any other instance from the Clean Water Act in which the federal government has so intruded upon a function it has delegated a state to carry out.”

Col. Keith Landry of the Louisville District of the Army Corps of Engineers, which has played a role in permitting changes under section 404 of the Clean Water Act by suspending general 404 permits for Kentucky and five other Appalachian states in June, also appeared before the committee. Section 404 of the Act deals with the effect of waste water discharge on streams and watersheds.

Continued on page 3

Finance reform, from page 1

Vice said, with new requirements designed to eliminate the predatory loans that helped spur the recent financial crisis.

Among the prohibited actions are steering, where a borrower is directed toward a financial product that may not be suitable for them, but which results in more money for the broker; discouraging borrowers from seeking better terms with another lender; and misstating the borrower’s credit history.

Lenders must also consider the borrower’s ability to pay back the full term of the mortgage, rather than the more limited time frame many used to issue adjustable-rate mortgages or interest-only loans. A violation on one of these fronts could allow a borrower to avoid foreclosure, Vice said.

In addition, he noted, lenders must use independent appraisers in measuring the value of any mortgaged property, and lenders will not be allowed to simply sell off all

of their loans. Instead, they will be required to retain a portion of those loans and cannot hedge that risk, requiring them to have some “skin in the game,” Vice said.

The final rules will help determine who is covered by them, Vice said.

For example, how involved a mobile home company is in completing the paperwork for the financial assistance could determine whether they are covered.

China outpaces U.S. in carbon emissions

by Rebecca Mullins Hanchett
LRC Public Information

LEXINGTON—Anyone who thinks the U.S. is the world’s largest emitter of carbon dioxide and other greenhouse gases might want to think again.

China became the world’s largest emitter of greenhouse gases in 2007, a coal company executive told members of the General Assembly’s Special Subcommittee on Energy at Spindletop Hall on Oct. 22. Quoting a University of Texas study, Arch Coal chairman and CEO Steve Leer said China has significantly outpaced the U.S. in greenhouse emissions since achieving its new world status three years ago.

The Pacific Rim nation has also significantly increased its energy usage—including use of coal.

According to the Texas study, China consumes more coal today than the U.S., Europe and Japan combined—a growth in resources that is mirrored by what the study calls China’s “unmatched” economic growth since 1960. Just last year, Leer said, China used four percent more energy than the U.S.

“What you see China doing right now—I call it the colonization of the world,” Leer told lawmakers.

Leer said the focus of China and India—which are home to more than 2 billion of the world’s estimated 6.8 billion people—is to become more developed “and they’re doing it,” he said.

Helping them do it, for a few reasons shared by Leer, is coal.

One reason is coal’s abundance, said Leer, who told lawmakers that “coal should outlast both (natural) gas supplies and oil reserves by more than three times” at current production and reserve levels. Coal is also a secure source of fuel and is widely available.

Because of these and other attributes, countries like China, India, and nations elsewhere are expected to add 396 gigawatts of coal-fired power over the next five years to meet their electricity needs. It will take more than 1 billion tons of coal to fuel that capacity, Leer said, which includes 11 new coal-fired plants coming online here in the U.S.

Speaking of the U.S, Leer said coal is being burned cleaner in the U.S. today than it was decades ago, and he expects it to burn even cleaner (or with less emissions) in the future.

“We’ve tripled the use of coal in the U.S. since 1970, yet emissions are down about 60 percent of what they were in 1970,” said Leer. Clean coal technologies now being developed will improve percentages even further with “time and funding” he said.

In Kentucky, where coal mining is a top industry and coal a major fuel source, Leer said closing coal plants due to increasing regulation “would mean far fewer jobs and dramatically higher power prices”.

Energy subcommittee Co-Chair Rep. Keith Hall, D-Phelps, thanked Leer for lending his expertise as CEO of the second largest coal producer in the U.S. to Kentucky lawmakers by speaking to them about current coal issues.

“We know that you have a heavy footprint,” he told Leer, jokingly.

House Majority Floor Leader Rocky Adkins, D-Sandy Hook, was disappointed that only 11 of the more than 200 new coal-fired power plants coming online worldwide by 2015 will be built in the U.S. Building plants helps Americans, he explained.

“We can meet the energy demands of the future,” said Adkins.

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Coal permits, from page 2

Since he took command of his district in 2008, Col. Landry said the number of 404 permits issued for coal operations per year have increased. The number of permits issued between 10 and 15 a year on average before he took command, but 43 permits have been issued for coal operations since, said Col. Landry.

Thirteen of the permits have been in West Kentucky, 30 in East Kentucky.

“If we continue to work through the contentious issues, the people who benefit most will be the constituents of

this great Commonwealth and the nation,” said the colonel.

Rep. Stan Lee, R-Lexington, expressed his concern that the law be followed in permitting matters to avoid what he said appears to be a long-term goal of “total evisceration of coal in the Commonwealth of Kentucky.”

“There are due process issues here, as well as equal protection (concerns),” said Lee.

Gooch said some action might also be taken in the next legislative session, which begins in January.

Locks, dams critical to state’s future

by Chuck Truesdell
LRC Public Information

LOUISVILLE — Expansion and repairs to Kentucky’s locks and dams will help the state’s economy take advantage of worldwide changes, a panel of lawmakers was told on Oct. 1.

The Interim Joint Committee on Transportation, meeting in Louisville to get a closer look at the state’s river traffic needs, heard from the U.S. Army Corps of Engineers regarding the future of what Colonel Keith Landry called “the waterborne interstate.”

The expansion of the Panama Canal, due for completion in 2014, will mean fewer ships dropping their cargo on the west coast and more crossing into the Gulf of Mexico and emptying at ports there, said Landry, District Commander of the Corps’ Louisville District. As a result, there will be more traffic on the Mississippi, Ohio, and their tributaries.

The Department of Homeland Security puts an emphasis on economic impact along with other factors when discussing what to protect, Col. Landry said, with river traffic contributing greatly to the nation’s commerce.

The recently completed 10-year, \$429 million expansion of the McAlpine Locks and Dam in downtown Louisville will help boost river traffic and make it safer, Col. Landry said. The locks now consist of dual 1200-foot channels, allowing larger tows and barges through rather than forcing them to send through part of their cargo at a time, slowing down commerce and raising prices.

Both the Markland Locks and Dam in Gallatin County and the Greenup Locks and Dam near Ashland have seen repairs in the last few years due to their gates being damaged, with river traffic slowing down because the auxiliary gates were shorter. “We had 10 to 15 miles of barges on both sides of the lock,” said Rep. Tanya Pullin, D-South Shore, who represents Greenup County. As officials were questioned regarding redundancies built into the system to help prevent problems, “perhaps the best redundancy is two 1200-foot chambers,” she noted.

Following the meeting, legislators took a tour of the McAlpine facility, where Col. Landry pointed out how fragile certain aspects of the system were. “No matter how robust and reliable our system has been

in the past, it doesn’t take a lot to take it out of service,” said Gene Dowell, the Corps’ Louisville District locks and dam operations manager. In the case of Markland Locks and Dam, he said, a single solenoid valve malfunctioned, leading to a 155-day shutdown of one lock and \$9.3 million lost to industry.

The Department of Homeland Security puts an emphasis on economic impact along with other factors when discussing what to protect, Col. Landry said, with river traffic contributing greatly to the nation’s commerce. One of the reasons coal-fired electricity is so inexpensive, he noted, is because of the lower costs of transporting coal on the river. The locks and dams on the Ohio River alone support 16,000 jobs, he said.

The six existing Kentucky dams, along with the two building built, also provide substantial hydroelectric power, Col. Landry said. The McAlpine dam alone produces enough energy to power the city of Paducah for an entire year.

2011 Session Calendar

2011 REGULAR SESSION CALENDAR
(Approved by LRC Co-Chairs 9/1/10)

JANUARY – PART I

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4 Part I Convenes (1)	5 (2)	6 (3)	7 (4)	8
9	10	11	12	13	14	15
16	17 Martin Luther King, Jr. Day	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Denotes break between Parts I and II. Bill drafts may be requested during this period for introduction when Part II convenes.

FEBRUARY – PART II

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Part II Convenes (5)	2 (6)	3 (7)	4 Last day for new bill requests (8)	5
6	7 (9)	8 (10)	9 (11)	10 (12)	11 Last day for new Senate bills (13)	12
13	14 Last day for new House bills (14)	15 (15)	16 (16)	17 (17)	18 (18)	19
20	21 President's Day HOLIDAY	22 (19)	23 (20)	24 (21)	25 (22)	26
27	28 (23)					1

MARCH

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4 Commence (27)	5
6	7 Commence (28)	8 VETO	9 VETO	10 VETO	11 VETO	12 VETO
13	14 VETO	15 VETO	16 VETO	17 VETO	18 VETO	19
20	21	22 SINE DIE (29)	23 (30)	24	25	26
27	28	29	30	31		



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INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 3rd Meeting of the 2010 Interim

September 8, 2010

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Agriculture was held on Wednesday, September 8, 2010, at 9:00 AM, at the Schoch Community Center, Adairville, Kentucky. Representative Tom McKee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David Givens, Co-Chair; Representative Tom McKee, Co-Chair; Senator Joey Pendleton; Representatives Johnny Bell, John "Bam" Carney, James R. Comer Jr., C. B. Embry Jr., Charlie Hoffman, Martha Jane King, Terry Mills, Brad Montell, Fred Nesler, Sannie Overly, Don Pasley, Steven Rudy, Kent Stevens, and Wilson Stone.

Guests: Representative John Will Stacy; Representative Jody Richards; Lee Robey, Robey Dairy Farm; Don Halcomb and Sam Halcomb, Walnut Grove Farms; John W. McCauley, State Executive Director, Ky. Farm Service Agency; Tom Harned, President, Logan County Economic Alliance for Development; Francis Brown, PACE Board; and Maury Cox, Kentucky Dairy Development Council.

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

Presentation on Miscanthus Test Plots

Mr. Sam Halcomb and Mr. Don Halcomb, Walnut Grove Farms, discussed changes in the future of the family farm and their thoughts on the potential for biomass to be a sustainable source for fuel. They were joined by representatives from Mendel BioEnergy Seeds. The Halcombs stated that their interest in biomass stems from a desire to enter an industry that is new and growing. They discussed some of the opportunities that biomass and biofuels offer, such as corn ethanol, cellulosic ethanol, and biodiesel. They also discussed some of their concerns about the industry, such as the lack of consensus at the federal level as to the future of biomass and biofuels.

The Halcombs stated that Kentucky has 52 coal-fired power plants that are energy intensive, and we

must be ready to meet the demand with renewable sources. The most feasible source of renewable power in Kentucky was cellulose (forestry, crop residue collection, and dedicated energy crops). Research from the University of Kentucky projects that the biomass industry would generate \$3.4 billion in addition to the current \$4.3 billion agricultural industry and could generate 10,000 new jobs.

In response to questions about miscanthus, the Halcombs and Mendel BioEnergy Seeds representatives explained that they preferred miscanthus over switchgrass because miscanthus was either generating its own nitrogen or was absorbing it more efficiently. They were not aware of any negative bi-products of miscanthus, and that they anticipate that miscanthus fields can yield 10-14 dry tons per acre. Miscanthus is rolled into 4x3 foot square bales and grows until a killing frost.

When asked about energy efficiency, the Halcombs estimated that the conversion rate between coal and biomass is 80%.

Robey Dairy Farms

Mr. Lee Robey, Robey Dairy Farms, stated that there are less than 1,000 dairy farms left in Kentucky, and that a primary factor limiting increased milk production is the difficulty getting financing to upgrade dairy facilities. His dairy parlor operates 22 hours a day, milking 2,000 cows three times per day.

Mr. Robey also discussed the utilization of manure, which contains a large amount of nutrients. He can fertilize up to 2,000 acres of cropland by injecting manure on his corn crop. He also has implemented a dead animal composting system on his farm, since Griffin Industries no longer picks up dead animals.

In response to questions, Mr. Robey stated that dairy farmers have two options for selling their milk; through a co-op or directly to a processor. He also noted that farmers have very few options as to where to sell their milk, with Dean Foods controlling most of the milk market. Maury Cox of the Kentucky Dairy Development Council stated that there are between 200 and 300 independent producers, and that the decline of dairy farms appears to be leveling off.

There being no further questions, the committee adjourned to tour Walnut Grove Farms, where experimental plots of miscanthus are being grown, and Robey Dairy Farms.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 2nd Meeting of the 2010 Interim

September 23, 2010

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 23, 2010, 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 Tom Buford, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Ray S. Jones II, R.J. Palmer II, Joey Pendleton, Brandon Smith, Robert Stivers II, Gary Tapp, Elizabeth Tori, and Jack Westwood; Representatives Royce W. Adams, Dwight D. Butler, Jesse Crenshaw, Mike Denham, Bob M. DeWeese, Danny Ford, Derrick Graham, Keith Hall, Jimmie Lee, Reginald Meeks, Harry Moberly Jr., Fred Nesler, Sannie Overly, Don Pasley, Marie Rader, Jody Richards, Arnold Simpson, Tommy Thompson, Tommy Turner, Jim Wayne, Alecia Webb-Edgington, Ron Weston, and Brent Yonts.

Guests: Mr. Revis James, Director, Energy Technology Assessment Center, EPRI; Secretary Nikki Jackson, Kentucky Personnel Cabinet; and Commissioner Fred Nelson, Department of Employee Insurance.

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

Representative Lee moved to adopt the minutes from the previous meeting as written. The motion was seconded by Representative Simpson. The motion carried by voice vote.

The agenda consisted of testimony regarding the Electric Power Research Institute (EPRI) prism/MERGE study concerning CO2 emissions. Also the Personnel Cabinet provided an update concerning state employee health insurance for 2011, and the status employee reductions and fur-

loughs.

EPRI Prism/MERGE study of the economic impact of CO2 emissions

Mr. Revis James, Director of the Energy Technology Assessment Center for EPRI presented an energy and economic analysis of carbon storage and creating a low carbon future. Mr. James explained the study, stating that the Prism study analyzed the effects of potential reductions in electric sector CO2 emissions, based on assumptions of feasible technology performance and deployment of advancements. Regional economic impacts were also studied and reported under various scenarios. The MERGE study analyzed the impact of expected CO2 policy, technology costs, and future technology on the United States economy.

In the Prism study various strategies and technologies were analyzed, including implementing energy efficiencies, and the increased use of alternatives such as renewable, nuclear, carbon storage, electric vehicles, and emerging electro-technologies. The basic results showed that as additional alternatives are implemented, carbon emissions decline. The Prism 2.0 model looked at the energy production blend from 2010 through 2050, based upon future carbon emission standards. The model showed a growth in efficiencies and renewable generation sources, and it also illustrated the need for a managed transition for the existing coal generators. This time frame also shows slow growth in wind generation, while nuclear generation and carbon capture and storage technologies expand. He discussed regional generation mixes, stating that in the model the south region, of which Kentucky is part, showed a significant decrease in coal usage and an increase in new nuclear generation capacity.

The MERGE energy-economic analysis model focused on the effects of greenhouse gas regulation, and costs of energy resources and technologies on the United States' economy. Mr. James discussed several different scenarios which show the probable decrease in coal consumption to meet future CO2 emission standards.

In response to a question from Representative Wayne, Mr. James stated that EPRI is funded by almost all investor owned, cooperative, and public electric companies, and he emphasized that EPRI is not a lobbying group. He also discussed the costs related to utilizing solar energy.

In response to comments and a question from Representative Hall,

Mr. James discussed all elements that effect electricity costs to the consumer. The MERGE model reflected a 50% increase in electricity production costs between 2012 and 2050. Cost to the consumer should also be expected to rise.

In response to a question from Senator Jones, Mr. James stated there are no supply difficulties for uranium and that most of the imports of uranium into the United States come from Australia and Canada. He also discussed various methods of nuclear energy production using uranium as fuel stock.

Personnel Cabinet: Furloughs and Biennial Personnel Reductions/Restrictions

Secretary Nikki Jackson of the Kentucky Personnel Cabinet discussed state employee furloughs and personnel reductions and restrictions which are being implemented by the Cabinet. She stated the furlough implementation goals are to achieve budget savings to avoid layoffs, to honor HB 1 obligations, to provide equitable and transparent administration, and to minimize the impact to the public. She discussed the Cabinet's legal obligations as set forth in HB

1 and the actions being taken by the Cabinet to comply. She stated that the three designated furlough days have been planned in conjunction with existing state holidays. Also, non-designated days are expected to be staggered which will allow for limited closures of state offices. Secretary Jackson then discussed personnel restrictions and reductions. She stated that the Cabinet will meet the required expenditure reductions of \$131 million, which will include an estimated \$5 million reduction of non-merit personnel costs.

In response to a question from Representative Webb-Edgington, Secretary Jackson explained the Block 50 process. Managers are being asked to encourage employees approaching Block 50 eligibility to take compensatory time if possible.

Several members voices their displeasure that the administration has allowed the public to believe it was the legislature that conceived the furlough budget reduction scheme.

In response to a question from Representative Graham, Secretary Jackson stated that the Cabinet will provide the committee with the number of state employees who can be classified as "double dippers".

Representative Meeks asked for

the Cabinet to provide a number of all classified, non-classified, merit and non-merit employees that will be involved in the furloughs.

In response to a question from Representative Rand, Secretary Jackson stated the Cabinet has not yet produced a furlough plan for 2012.

Kentucky State Employee Health Insurance for 2011

Commissioner Fred Nelson of the Department of Employee Insurance addressed the committee regarding changes in the 2011 health insurance plan. He discussed various challenges faced while developing the 2011 plan, which included the state's budget shortfalls, continued health plan inflation, and federal health care reform mandates. He discussed the plan year 2011 principles and goals as approved by the Kentucky Group Health Insurance Board, then he provided a basic outline of the employee health insurance plans to be offered for 2011. Commissioner Nelson next discussed the 2011 plan year open enrollment, set to begin October 11, 2010. Employee benefit fairs will be held throughout the state, along with health fairs to be held in seven locations statewide. One change in open enrollment is that employees will be required to use the Kentucky Employees Health Plan (KEHP) Benefits Analyzer, which is an online tool designed to help members select the appropriate insurance for them based on their healthcare needs and finances. He also discussed various wellness efforts implemented by KEHP.

In response to a question from Representative Graham, Commissioner Nelson described how the benefit analyzer will be used by employees during open enrollment.

In response to questions from Senator Westwood, Commissioner Nelson replied that to comply with federal law, the actual premium for coverage is the smoker rate. Non-smoker rates are the actual cost of the coverage minus the non-smoker incentives. He stated that the 2012 insurance plan has not been finalized, and with the new federal requirements, the plan will need to be analyzed again before rates can be set.

Being no further business, the meeting was adjourned at 3:20 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Postsecondary Education
Minutes of the 2nd Meeting of the 2010 Interim
September 23, 2010

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 23, 2010, at 10:00 AM, in Room 154 of the Capitol Annex. This was a joint meeting with the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue. Senator Vernie McGaha, Chair, called the meeting to order, and the secretary called the roll and the minutes from the July 22, 2010 meeting were approved.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Arnold Simpson, Co-Chair; Senator Ken Winters; Representatives Jim DeCesare, Kelly Flood, Melvin B. Henley, Reginald Meeks, Harry Moberly Jr., Jody Richards, and Carl Rollins II.

Guests: Dr. Robert King, President of the Council on Postsecondary Education; Dr. John Hayek, Sr. Vice President of Finance, Planning and Performance for the Council on Postsecondary Education; Dr. Bill Payne, Finance Senior Associate for the Council on Postsecondary Education; Sherron Jackson, Assistant Vice President of Equal Employment Opportunity and Finance; Dr. Terry Holliday, Commissioner for the Kentucky Department of Education; Hiren Desai, Associate Commissioner of Administration and Support for the Kentucky Department of Education; Kay Kennedy, Director for the Division of District Support for the Kentucky Department of Education; Beth Patrick, Morehead State University; Clyde Caudill, Jefferson County Public Schools and Kentucky Association of School Administrators; Susan Weston, Prichard Committee; Jim Thompson, Education and Workforce Development Cabinet, and Lori Davis, Kentucky Community and Technical College System.

LRC Staff: Greg Rush, Tracy Goff-Herman, Tom Willis, Linda Ellis and Christina Williams.

Update on American Recovery and Reinvestment Act (ARRA) funding

Dr. King updated the committee on the status of ARRA funding for the Council on Postsecondary Educa-

tion (CPE). No questions were asked following the update.

Discussion of Council on Postsecondary Education Facilities Study

Dr. King, Dr. Hayek, and Dr. Payne utilized a PowerPoint presentation to discuss the Council on Postsecondary Education Facilities Study.

In response to a question asked by Representative Meeks concerning the Council's request from the General Assembly, Dr. King stated in the FY 2010 budget cycle the Council was reluctant to request any funding because of the respect they had for the state's economic situation. However, Dr. King stated the Council was strongly encouraged to request money for new buildings, renovation and renewal as well as technology needs. The focus has been primarily on new buildings thus far and the focus should be more balanced towards renovation of existing buildings as well.

Mr. Jackson stated in the 2008 Session of the General Assembly the Council requested a \$100 million appropriation for capital renewal and asset preservation. The \$100 million that was requested in the 2008 session was not authorized or funded. The Council received \$13.9 million to use for renewal and preservation and that amount was carried over from the 2006 Session of the General Assembly from an amount that was vetoed by Governor Fletcher. The Council's recommendation included renovations of several facilities and campuses that were based on results of the facilities study. In the 2010 Session of the General Assembly, the Council requested \$100 million once again to address asset preservation and several renovations. The Council was unable to receive any funding for Capital Construction for the 2010-2012 Biennial Budget.

Representative Rollins pointed out that the facilities study was actually a subset of the VFA incorporated study therefore when Dr. King stated the study covered 83 percent of facilities, it was in fact only 62 percent. Dr. King stated that was correct and he misspoke.

Representative Simpson stated he would be interested in receiving a copy of the facilities study. Dr. King stated the study was available on the website.

Representative Simpson stated in the 2010 session, the requests that were made by most campuses indicated they wanted new buildings as opposed to renovations because the buildings were approximately 30 years

of age or older. The campus buildings compared to buildings in other parts of the world, such as Europe, are in reality not that old. Buildings that are approximately 30 years in age are not very old buildings. The question that must be asked is which is more cost effective building a new building or renovating the existing one. He also asked if there had been a study to determine which would be more cost effective. Dr. King stated he believed in most instances, but not all, that kind of assessment needs to be made. The outside structure of most buildings are built to last longer than 30 years; however, the inside systems such as electrical systems, HVAC systems, and roofing systems have much shorter lives. Therefore, a 30 year expected life for a building is reasonable.

Dr. King stated a concern that has arisen in terms of budgeting is the ongoing maintenance and operation costs of a building. When a new building is built; maintenance and operation costs are being added to the base operating budget. However, when renovating an existing building, maintenance and operating costs are already being spent on that building. By renovating, maintenance and operation costs are not added and in some instances the maintenance and operation cost can even be reduced by installing more energy efficient equipment during the renovation.

In response to a question from Representative Simpson, Dr. King stated that in the future there will likely not be as great of a need for classroom space on campuses because of the increasing interest in technology and internet classrooms. If the need for campus classrooms decreases in the future, it would be a major cost saver.

In response to a question asked by Chairman McGaha, Mr. Jackson stated he would have liked to have seen a marketing plan included in the facilities study. A marketing plan was implemented and became a success in North Carolina to excite citizens and the General Assembly about funding of the study and the study outcome.

In response to an inquiry made by Representative DeCesare concerning construction of new buildings versus renovation in the study, Mr. Jackson stated the study has found that the cost of renovating a facility is at approximately 75 percent to 80 percent of the cost of constructing a new facility.

Representative DeCesare asked if

the cost of dealing with toxins such as asbestos in older buildings had been considered. Mr. Jackson stated in the late 1980s and early 1990s, the General Assembly provided assistance to the universities and other state owned facilities to deal with any asbestos that might be in the facilities. A majority of the toxins have either been removed or encapsulated. During the encapsulation a monitoring system was put in place to alert the occupants if the encapsulation has deteriorated to the point of exposure. If the monitoring system alerts the occupants, then the toxins will have to be removed.

Representative Henley stated he wanted to caution citizens of Kentucky to keep in mind the types of buildings that are needed in each circumstance. Science, technology, and engineering buildings and the needs of renovation versus new construction in those buildings are completely different from liberal arts or college of business buildings. Liberal arts or college of business buildings need less hands on and laboratory experience, whereas in a science, technology, and/or engineering building, that type of experience is a necessity. The final product for each different type of building needs to be taken into consideration.

Senator Winters referred to the 717 buildings listed as reviewed in the VFA and asked if the 141 listed as education and general facilities (E and G facilities) constitutes the bulk of all E and G facilities. Dr. King stated the 717 refers to the total of the education and general facilities on all the campuses. The 141 buildings are a subset of the 717 buildings reviewed. Senator Winters asked how the 141 buildings were pulled away from the 717 total. Mr. Jackson stated the 141 buildings in the subset are buildings that were constructed before 1965 and the facilities that were used for research. The Council asked institutions to identify those among the E and G facilities so they could analyze if the facility was still in use, if it met the requirements of functionality, if it was fit to be used in the manner it was meant to be used, or if it needed to be renovated in order to be used effectively and efficiently, or demolished and reconstructed. If the facility were a research facility, they needed to know if the laboratories and laboratory equipment were adequate enough to continue to be used in competitive research. The age of the buildings and what they were being used for were the primary

characteristics in setting apart those 141 buildings.

Representative Moberly asked if facilities are being analyzed on their deferred maintenance programs, energy efficiency programs, and the overall maintenance of facilities before a request is made to the General Assembly. Mr. Jackson stated as part of the Council's review process for making capital projects recommendations to the General Assembly, an analysis is done that includes deferred maintenance and other efficiency programs that are being implemented on the campuses.

Representative Moberly stated he agreed with Representative Henley's statement concerning the different types of buildings and the different needs each of those buildings. Some may be better suited for renovation, while others may be better off with new construction depending on what the buildings intended use is.

Representative DeCesare asked if the study took into consideration the energy bill passed in the General Assembly that stated any construction projects that receive 50 percent or more of their funding from the state have to meet high performance standards developed by the High Performance Advisory Committee. Mr. Jackson stated the study was completed before the 2008 session in which that bill was passed. That committee constructed a set of guidelines and the postsecondary institutions were included in the workgroup that helped develop those guidelines. The postsecondary institutions fully understand the guidelines that were set in place.

Update on American Recovery and Reinvestment Act (ARRA) funding

Dr. Holliday, Hiren Desai and Kay Kennedy updated the committee on the status of ARRA funding for the Kentucky Department of Education.

Representative Sims thanked Dr. Holliday for a great presentation.

Representative Moberly asked if the state fiscal stabilization funds were used to backfill when general funds are reduced. Representative Moberly also asked what has been done on the federal level about replacing some of the primary and secondary funds. Dr. Holliday stated they did a webinar for superintendents on the recently enacted Edu-jobs program. Kentucky received approximately \$135 million to help school districts save teachers jobs in FY 2011 and FY 2012. He will provide the committee with that information by individual school district on

how much each district received. He strongly advised the districts to use the funds for Senate Bill 1 implementation purposes, to help with college career readiness, and professional career development.

Representative Moberly asked what requirements Kentucky did not meet for the Race to the Top application. Dr. Holliday stated Kentucky was 28 points short of being able to receive the funding from Race to the Top. He stated of those 28 points, Kentucky received zero points for charter schools and Kentucky was not as strong as preferred on teacher evaluation.

Chairman McGaha asked if any Education Jobs Fund money will be used to implement Senate Bill 1. Dr. Holliday stated the Department cannot require districts to spend the money a certain way, but they are strongly encouraging each district to use a portion of the funds for implementing Senate Bill 1.

Senator Winters asked if there was anything the General Assembly could do to help implement the use of Senate Bill 1 funds. Dr. Holliday stated the best thing the members of the General Assembly could do is to talk to their district superintendents and encourage them to use the funds for implementing Senate Bill 1. He also suggested having letters from the leadership of the House, Senate, and Governor's Office sent to superintendents to strongly suggest also using Title II funds for the purpose of implementing Senate Bill 1.

Senator Winters made a motion for members to communicate with their district superintendents concerning the use of Title II funds for the implementation of Senate Bill 1. The motion was seconded and approved.

A second motion was made by Senator Winters to request the leadership of both the House and Senate, along with the Governor's Office, to communicate with superintendents concerning the use of Title II funds for the implementation of Senate Bill 1. The motion was seconded and approved.

Dr. Holliday referred members to a document with a summary of each school district's school calendar.

Representative DeCesare stated in reference to the change in original instructional days in schools, that some of those changes are double digit changes. He asked if this included snow and flu days. Dr. Holliday stated that could be the case; however, in some instances it could

be schools using an innovative calendar. If the schools had 170 days, but 1062 hours, they still get automatic approval and anything below 170 days has to get approved as an innovative Calendar.

Representative DeCesare asked Dr. Holliday what his opinion was on the effectiveness in terms of the quality of instruction in adding 10 or 15 minutes per day of instructional time. Dr. Holliday stated a few research studies have indicated that adding 15 minutes to an instructional day has limited impact, and adding 30 minutes to an hour tend to have more impact. He has not seen the studies for Kentucky. The Department will report the districts that have the innovative calendar and the impact on student learning outcomes by the first of November.

Senator Winters stated when a school has dropped two days off of the school year calendar then they must increase the number of hours to compensate for that loss. If one day of a calendar is taken out and the equivalent of that day added back in minutes added to other days, the productivity amount in 10 minutes added per day might amount to 2 ½ or 3 minutes per day. In middle and high school, 2 ½ to 3 minutes per day of productivity time might equate to 30 seconds per class period. Senator Winters stated 30 seconds per class period is not worth the money it costs to run the schools per day. He has a concern about the number of hours lost and trying to make that equate to an effective instructional day.

Representative Moberly stated he agreed with Senator Winter's previous statement. There was a reason for originally adding those two instructional days and making sure those days were full days. The state has backtracked to a point where he does not feel those two days have any value at all unless it is for giving teachers additional salary. The state has gone backward in the last few years on this issue.

In response to a question asked by Representative Meeks concerning the latest test scores in Jefferson County Schools, Dr. Holliday stated the dollars that are spent in Kentucky actually have a slight negative correlation to learning outcomes. Poverty is the greatest predictor of student learning outcomes. Jefferson County has 10,000 homeless children and approximately 300 children within Jefferson County move from school to school every day.

Representative Meeks stated until the state gets serious about helping the poverty issue and addressing the specific needs in each district, the poverty and learning outcome correlation will not improve. If the poverty issue and specific needs are addressed, it will not only increase scores but better the quality of life for all parties involved. It disturbed him to hear that the dollars that are spent in Kentucky actually have a negative correlation on learning outcomes.

Representative Meeks asked Dr. Holliday to further explain the concept of the negative correlation and suggest any solutions to the issue. Dr. Holliday stated there is a correlation chart of 174 districts and what they spend per pupil compared to the percent of students that are proficient in reading and math. That chart shows a slight negative correlation between the two. The General Assembly has led the way to helping solve this issue by enacting Senate Bill 1 to help correct the problem. The Department is working to raise standards. The Department put out the first college readiness report which gives a much better measure of the impact of the school district and whether they are preparing children for the future, college and career readiness. The state board will adopt an accountability plan in December that will make sure the funding is tied to learning results and consequences are tied to decreasing achievement gaps.

Representative Meeks stated he was involved in a group that met with people out of Jefferson County and they shared information that he would like to know if Dr. Holliday agrees with. Representative Meeks asked in the Race to the Top funding proposal, did Kentucky do better or worse this year than the previous proposal. Dr. Holliday stated this year was approximately 4 points below the previous submission but the interview portion of the latest submission had improved from the previous one. Representative Meeks stated he had heard a suggestion that national politics were being played in the Race to the Top applications. Dr. Holliday stated he saw no evidence of that.

Discussion of Kentucky Department of Education Facilities Study

Hiren Desai discussed the Kentucky Department of Education Facilities Study.

Representative DeCesare stated that facilities management has serious issues that need to be addressed. He is not pleased with the person-

nel changes that have been made because there is no one that is heading facilities management that has educational credentials or have even been employed by a school district in a facilities management position. Across the state there is not a lot being accomplished because of the lack of experience in that particular area. BG 1 applications are being held over 60 days and that has to stop. School districts want to move forward with their construction projects and the Department is holding them up.

Dr. Holliday stated he has heard the same concerns and has made those concerns known. Personnel changes have been made and he would alert the committee to that. The Department has had 17 percent budget cuts in the last two years and that staff has been reduced by 40 percent since FY 2000. He eliminated a Deputy Commissioner position and has gone from eight associates to six. He went from 25 Directors to 16, so prioritization and streamlining is being done.

Representative DeCesare stated he believed unfortunately the wrong people were eliminated. Dr. Holliday stated he disagreed. There are 15 regulation employees and the Department seems to be way too regulation oriented. He has asked a group to come together quickly to tell them which regulations they might be able to eliminate to speed the process up but still make sure there is good quality construction occurring. He is aware of that issue. He is going to hire the right people to do the right work and the Department is going to cut back on regulations.

Representative DeCesare asked how long the process will take for that to occur. Dr. Holliday stated he will have the State Board of Education recommendation by the first of the year.

Representative DeCesare stated some statutes may need to be changed as well. For instance, the Capital Funds Contingency for non-fixed equipment, except for desks and chairs, may need to be changed. Schools are built and they need carts, lunchroom tables, and other movable items in addition to desks and chairs. There needs to be more decision making by local school districts.

Hiren Desai stated he would like to remove the personnel aspect from the situation. Regulations that the Department have in place have been in place for a number of years and not because of a personnel change made two months ago. He has not

seen a direct correlation between the reduction in personnel and the bureaucracy that is in place.

Rep. DeCesare stated it is important to have someone in facilities who knows about education construction and has experience in that area.

Representative Moberly referenced the discussion of Jefferson County schools, poverty, and low academic achievement. He is unhappy that poverty is being used as a reason for students not achieving. He has seen schools with high poverty rates that have had the right strategies, the right leadership, and the right dedication to move the students forward. Jefferson County has problems other than poverty that need to be addressed. Poverty should never be an excuse and he does not agree with anyone that makes the correlation between low scores and poverty. Dr. Holliday stated he did not use poverty as an excuse for Jefferson County but stated poverty is still the strongest predictor in student learning. He wanted to fix that issue. Representative Moberly stated a correct strategy is needed to move the students forward in high poverty areas.

Update on School District Issues

Dr. Holliday updated the committee on school district issues such as end of the year fund balances, current year tax levies, teacher salaries, and school calendars.

Representative Miller stated he has had experience in dealing with homeless children and it is hard to know where they are or what they are doing; therefore, dealing with 10,000 homeless children in Jefferson County must be difficult. This is a big problem.

Chairman McGaha thanked the members and guests for attending the meeting and adjourned the meeting at 11:58 A.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Primary and Secondary Education Minutes of the 1st Meeting of the 2010 Interim

July 22, 2010

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, July 22, 2010, at 10:00 AM, in Room 154 of the Capitol Annex. It was a joint meeting with the Budget Review Subcommittee on Post-secondary Education of the Interim

Joint Committee on Appropriations and Revenue. Representative Tommy Thompson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Arnold Simpson, Co-Chair; Representative Tommy Thompson, Co-Chair; Senator Tim Shaughnessy; Representatives Ted Edmonds, Reginald Meeks, Jody Richards, Carl Rollins II, Kevin Sinnette, and Tommy Turner.

Guests: Jonathan Lowe, Jefferson County Public Schools; Jim Thompson, Education and Workforce Development Cabinet; Terry Holliday, Commissioner, Department of Education; Hiren Desai, Associate Commissioner of Administration and Support, Department of Education; and, Kay Kennedy, Director, Division of District Support, Department of Education.

LRC Staff: Tom Willis, Tracy Goff Herman, Greg Rush, Linda Ellis, and Marlene Rutherford.

Mr. Desai and Ms. Kennedy provided an update on the funding for the Read to Achieve (RTA) and Math Achievement (MA) programs; local district use of capital funds for operating purposes; the status of the review of the classification of primary and secondary school buildings; and the status of Category 5 facility projects.

Read to Achieve and Math Achievement – Funding for 2009-1010 and 2010-2011

Mr. Desai provided a summary of the Read to Achieve (RTA) and Math Achievement (MA) programs. He said that during the last month the department had talked with many school superintendents and finance officers at the district level and there was some confusion on how the funding would work this year on RTA and MA programs. Hopefully, those concerns had been addressed since the RTA and MA program funding had not been reduced. For fiscal year 2011, the total line-item for funding was divided by the number of schools, and the schools were given a maximum amount of funding. In fiscal year 2010, the department took \$1.5 million from the line-item allotment for RTA to pay for a third-party assessment of the program, which through the bid process was awarded to the University of Indiana. After the \$1.5 million was taken from the allotment, districts were reimbursed for fifty percent of their costs for the previous year and fifty percent for

the costs for this year. Therefore, in FY 2010 districts were given a total of \$60,000 of which \$30,000 was for reimbursement for the prior year and \$30,000 for FY 2010. The department also committed to the districts that it would reimburse for FY 2011 the additional \$30,000 of their FY 2010 costs. Each year the department has relied on a carryforward which was not part of the line-item appropriation but funding from the prior year which districts had not claimed. This has caused complications in the program for the last few years. If a district did not claim reimbursement of the amount appropriated for each school, the surplus would carry forward into the next year and would be divided between the schools for that year. In FY 2010 the carryforward ended and the department reimbursed districts for FY 2010 expenditures. After reimbursement, \$717,000 lapsed back to the General Fund. The department has advised the districts that \$30,000 would be paid out of the FY 2011 allotment for FY 2010 in the first quarter and the balance of funding of \$27,500 for FY 2011. Mr. Desai indicated that in FY 2011 districts would be given \$27,500 for expenditures and in FY 2012 the department would use the allotment for that year to reimburse FY 2011 expenditures. The department has addressed concerns from superintendents and district finance officers by providing the ability to use FY 2012 funding to pay for FY 2011 expenses and also allowed flexibility in the RTA and MA funding rules so districts may use local funds for part of the teacher's salary but have more flexibility or be able to re-direct the work of the teacher to other instructional activities.

Mr. Desai pointed out that when this program began the intent was to have schools funded for five years and new schools would participate and the old schools would roll off but this was never accomplished. There are 326 schools in the RTA program and 112 in the MA program. None of the schools have rolled off and the same schools continue to be funded. In FY 2011 the department will continue to provide funding. He also noted that the contract with the University of Indiana to perform an assessment of the program has been canceled for FY 2011 so that all the money for the program will be given to the school districts.

In response to questions by Representative Thompson, Mr. Desai stated that the \$60,000 total fund-

ing for each of the 326 schools has been frozen since 2006. It was the hope of the department that as the RTA program was funded at higher appropriation levels more schools would be brought in, but there have not been any new schools brought into the program. There is no anticipation that new schools will come into the program in FY 2011. He said that some superintendents are still considering whether they will fund half of the teacher position from local funds and if that is done, they may choose not to receive the funding in 2012 which may allow for more monies available for additional schools to be brought into the program. Mr. Desai also indicated that some districts that historically had not done so in the past requested reimbursement at the end of this fiscal year. In the MA program, so many districts drew money down for expenditures that there was no money left to pay for MA and monies were used from the FY 2011 allotment to pay for more than fifty percent of the allotment for 2010. He also pointed out that there is a cutoff date to request funds for expenditures after the close of a fiscal year.

Local District Use of Capital Funds for Operating Purposes

Ms. Kennedy discussed the local district use of capital funds for operating purposes. She stated that districts were allowed to request use of capital outlay for operating expenses for FY 2010 and that during the 2009-2010 school year, requests were of such a nature that there was very little impact to the actual capital project funding. For capital outlay the approval process was lenient to allow the districts to receive the operating funds. The department developed stringent guidelines for requesting the use of capital funds for FY 2011 and FY 2012. House Bill 1, passed by the 2010 Extraordinary Session of the General Assembly, allowed flexibility in the use of all local district capital funds without forfeiting the district's eligibility to participate in the School Facilities Construction Commission (SFCC) program. Districts that meet certain criteria outlined in those guidelines may request the use of any capital funds for general operating expenses. The process becomes more involved because the department not only has to consider capital outlay funds, but construction funds and SFCC funds. A Capital Funds Request Form has also been developed by the department that districts need to complete

in order to consider how those funds will impact the district's total financial picture relative to other capital projects.

In response to a request for clarification by Representative Meeks, Ms. Kennedy pointed out that there are three different funds in the capital outlay area: capital outlay; building fund monies; and, construction funds specific to projects. The capital outlay funds come directly from the SEEK allocation at \$100 per student. Those funds were designated in FY 2010 to be used for general operating expenses. In FY 2011, the concept expanded to the building fund monies that come directly from the Facilities Support Program of Kentucky (FSPK), facilities nickel, and the construction fund from which funds are allotted when construction begins on particular projects. She also indicated that the department considers the capital needs for a particular district. Before a district requests the use of capital funds they are asked to consider four items in the guidelines: 1) whether the district has school facilities classified as a Category 5 on the May 18, 2010 list; 2) whether the district has school facilities classified as Category 4 or 5; 3) whether the district currently has a project in whole or in part which is funded with urgent-need funds; and, 4) whether the district is using 80 percent or less of its capital outlay for debt service payments. The department reviews information submitted by the districts with its information in the facility plans and in the annual financial reports. Ms. Kennedy stated that the department had received requests from eleven districts that have indicated an interest in utilizing funds in this manner for the upcoming year.

Status of the Review of the Classification of Primary and Secondary School Buildings (HB 1 2010 Extraordinary Session)

Ms. Kennedy pointed out that the General Assembly allocated \$2.5 million to review the classification of primary and secondary school buildings and that the department is considering this review as a capital project. The RFP is on target to be issued in January 2011, with implementation by July 1, 2011. She said that the RFP will seek to procure services from a third-party vendor to perform the review as well as make recommendations for procurement of a software system that will allow the department to maintain the rating and evaluation system of the district

facilities.

Members of the Committee were concerned about any role that school districts may have in the review and recommendation in classifying school buildings in their districts and emphasized that review of all buildings in all counties needs to be done objectively and with consistency and that the same guidelines should be utilized in all districts for the evaluation. Ms. Kennedy stated it was the intention of the department to solicit the services of a vendor to provide the department with data, adding that typically within a RFP a limit is placed on subcontracts. The department wants a fair and objective evaluation. The department's concern is to have data that can be maintained over time that continues the objective look at the facilities and how they change over time.

In response to comments and questions by Representative Meeks concerning the Capital Outlay Requests for FY 2010, Ms. Kennedy stated that the percentage column is for comparison and describes the ratio of what was requested by the district in 2009-10 to the actual 2009-10 allocation. It does not take into consideration any previous balance in the account which may have reflected more money available. She cautioned the committee that the amounts reflected in the information that the districts have requested have not been confirmed by the final year-end financial reports. What the districts have actually spent in FY 2010 would not be verified until later in the school year when reviewed by the department.

Ms. Kennedy responded to questions asked by Representative Sims, stating that when districts go through their planning process they evaluate different parts of a school building such as the roof, heating and cooling, or flooring, and as those areas are renovated over time it does impact the overall categorization of the building. A district may have an old building but as renovations and upgrades have been done within the building, the building itself is not categorized at a higher number. The district does perform a regularly scheduled planning process which includes evaluation by their local architect for information on the different areas of the building that do contribute to the final categorization number.

In response to questions posed by Representative Miller, Ms. Kennedy indicated that gymnasiums would be

included in the evaluations as they are a part of the facility plan. District facility planning includes a local planning committee composed of central office staff, parents, board members, etc. who approve the plan. As the district proposes projects they are weighed against the plan. If a project has not been prioritized in the community, the department weighs that project against the facility plan and works with the district to make sure it is addressing the highest needs first.

Responding to a question posed by Representative Rollins, Ms. Kennedy indicated it was her understanding that an architect performs the evaluation, whether on staff with the district or an architectural firm hired by a district. At this time there is no provision for the department to perform an evaluation. Ms. Kennedy indicated that the department understands very clearly the concerns of the committee and as the RFP is being written the department would want a vendor to respond as to how they could create an objective evaluation system or process across the state. She indicated that the department will balance as best it can the control and uniformity in the evaluations of all school buildings.

In response to comments by Senator McGaha as to how many vendors would be used, Mr. Desai stated that it would depend on the capacity of the vendor(s) to perform the work across the state. The department prefers to obtain a single vendor who would use the same criteria across the state but at this time it is unknown how many vendors the department will be able to obtain. The department wants the evaluations to be consistent and objective so the department can make decisions and not have local district involvement. Ms. Kennedy stated the importance of quality control measures included in the process that would allow a review of the evaluation for consistency. She also indicated that a software vendor would be separate from a vendor that would perform the evaluation but both components could be included in a single RFP to streamline the process and allow vendors to bid on separate or both items.

There was discussion of information systems personnel developing the software to maintain the rating and evaluation system of district facilities. Ms. Kennedy stated that any decision to purchase versus build a system is a cost benefit analysis. An in-house design/build process would

lengthen the time to create the system. If there is software available that meets the needs, even though it may need to be customized, may be more cost effective because of the time factor.

Senator Shaughnessy stated that he felt it important that the Committee not lose sight of the way in which various districts participate at the local level in terms of funding. Some communities at the local level have not contributed to the same extent as others. Representative Richards commented that there is a perceived lack of fairness in how schools are evaluated and would hope that before the process advances too far that the department would provide a report on how the process is progressing so the Committee can determine that the districts are treated equitably and fairly. Representative Stevens echoed the comments made by Senator Shaughnessy and Representative Richards and emphasized that there needs to be consistency and all schools districts should be evaluated by the same guidelines.

Representative Rollins noted that the taxable property or revenue streams are more available in some districts, and some local districts cannot raise the money necessary to update, build, or replace Category 5 schools.

In summary, Chair Thompson indicated that this is a very important topic with the Committee and Legislature, and urged the department to consider accelerating the RFP and issuing it before the January target date, and that the Committee on Postsecondary Education (CPE) model be reviewed and considered. The objective is to have a firm perform an analysis on standard criteria and a creditable ranking of the conditions of all the schools in the state.

Status of Category 5 Facility Projects (HB 1 2010 Extraordinary Session)

In order to be eligible for Category 5 funding, a school district must have had a school facility classified as a Category 5 on May 18, 2010, which was identified in the 2010 Extraordinary Session. Ms. Kennedy updated the Committee on the progress of those districts in addressing their facilities needs. She explained the second nickel and project status reflected on the project update list provided to the Committee. Levying a second nickel is a process that goes through a normal tax levy process that is overseen by the department each year. Once assessments are received

by the Department of Revenue, the Department of Education issues back to the districts their tax options for the upcoming year. She noted that the taxation process is just beginning for the districts with classified facilities on May 18, 2010 that have the authority to levy the second nickel. A district must levy a second nickel before status equalization can occur. She brought to the Committee's attention correspondence sent to the Category 5 facility projects districts setting out guidelines on how to get funding for their Category 5 projects, the process to follow in order to levy their second nickel, and a summary of the Category 5 facility projects list which was considered by the General Assembly during the 2010 Extraordinary Session. She said the department will also be sending an e-mail (draft provided) as part of its normal tax levy process so the district will further understand the options they have to levy the second nickel for funding the Category 5 facilities.

In response to a question by Chair Thompson, Ms. Kennedy indicated that the schools on the Category 5 list must first levy the second nickel in order to be eligible for the equalization. She also pointed out that there are some attractive funding options available with the Qualified School Construction Bonds (QSCBs), the Qualified Zone Academy Bonds (QZABs), and the Build America Bonds (BABs), which the fiscal managers will be working with the districts to take advantage of those funding options. Chair Thompson stated that it is important that the districts have some equity in the process and that the second nickel is important. He said the Committee looks forward to updates on how the process is progressing.

Chair Thompson requested a brief explanation of restructuring within the department. Mr. Desai stated that furloughing of employees is being handled by the Personnel Cabinet, adding that the furloughs will not affect school district employees. The department is working with the cabinet to identify time frames that the department can furlough employees with the least impact on school districts. He said that the department is now working under a new organizational structure and that information would be shared with Committee members and staff at a later date. He said that the department was reorganized to focus on Senate Bill 1 as a priority and to reduce costs in response to budget

reductions. The department is flattening the organization, reducing the number of managers from 35 to 23, abolishing the two deputy commissioner positions (the department is considering having a chief of staff to assist the commissioner), reducing the number of eight associate commissioners to six, and reducing the number of directors from 24 to 16. All are non-merit reductions, and no merit employees would be affected. He said that duties and responsibilities may need to be further redirected to focus on Senate Bill 1.

In response to a question by Chair Thompson concerning the Race to the Top competition, Mr. Desai said that hopefully the department would know the state's status by the end of July and would update the Committee.

In earlier discussions about the lapsing of RTA and MA funds, Chair Thompson asked if there were other any other programs that did not request all funds which would then lapse to the General Fund. Mr. Desai said that there was some money left in the health insurance and life insurance funds that lapsed.

Representative Richards noted that there is a disparity in math funds being spent. Mr. Desai said that the funding received for RTA is under \$20 million per year and the funding for MA is under \$6 million per year. Both programs are important and the department would like to see both funded at higher levels; however, historically those programs have been funded at those levels. He pointed out that in 2008 funding for RTA was at about \$23 million and MA was at \$7 million, but as a result of budget reductions the funding levels are lower. Representative Stevens noted that improving math skills of students relates to the ability of students to be able to read and it is not as big a disparity as it appears.

There being no further business before the Committee, the meeting was adjourned at 11:30 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Primary and Secondary Education Minutes of the 2nd Meeting of the 2010 Interim

September 23, 2010

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations

and Revenue was held on Thursday, September 23, 2010, at 10:00 AM, in Room 154 of the Capitol Annex. This was a joint meeting with the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue. Senator Vernie McGaha, Chair, called the meeting to order, the secretary called the roll and the minutes from the July 22, 2010 meeting were approved.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Tommy Thompson, Co-Chair; Senator Ken Winters; Representatives Ted Edmonds, Charles Miller, Carl Rollins II, Dottie Sims, and Kent Stevens.

Guests: Dr. Robert King, President of the Council on Postsecondary Education; Dr. John Hayek, Sr. Vice President of Finance, Planning and Performance for the Council on Postsecondary Education; Dr. Bill Payne, Finance Senior Associate for the Council on Postsecondary Education; Sherron Jackson, Assistant Vice President of Equal Employment Opportunity and Finance; Dr. Terry Holliday, Commissioner for the Kentucky Department of Education; Hiren Desai, Associate Commissioner of Administration and Support for the Kentucky Department of Education; Kay Kennedy, Director for the Division of District Support for the Kentucky Department of Education; Beth Patrick, Morehead State University; Clyde Caudill, Jefferson County Public Schools and Kentucky Association of School Administrators; Susan Weston, Prichard Committee; Jim Thompson, Education and Workforce Development Cabinet, and Lori Davis, Kentucky Community and Technical College System.

LRC Staff: Greg Rush, Tracy Goff-Herman, Tom Willis, Linda Ellis and Christina Williams.

Update on American Recovery and Reinvestment Act (ARRA) funding

Dr. King updated the committee on the status of ARRA funding for the Council on Postsecondary Education (CPE). No questions were asked following the update.

Discussion of Council on Postsecondary Education Facilities Study

Dr. King, Dr. Hayek, and Dr. Payne utilized a PowerPoint presentation to discuss the Council on Postsecondary Education Facilities Study.

In response to a question asked by Representative Meeks concerning the Council's request from the General Assembly, Dr. King stated in the FY 2010 budget cycle the Council

was reluctant to request any funding because of the respect they had for the state's economic situation. However, Dr. King stated the Council was strongly encouraged to request money for new buildings, renovation and renewal as well as technology needs. The focus has been primarily on new buildings thus far and the focus should be more balanced towards renovation of existing buildings as well.

Mr. Jackson stated in the 2008 Session of the General Assembly the Council requested a \$100 million appropriation for capital renewal and asset preservation. The \$100 million that was requested in the 2008 session was not authorized or funded. The Council received \$13.9 million to use for renewal and preservation and that amount was carried over from the 2006 Session of the General Assembly from an amount that was vetoed by Governor Fletcher. The Council's recommendation included renovations of several facilities and campuses that were based on results of the facilities study. In the 2010 Session of the General Assembly, the Council requested \$100 million once again to address asset preservation and several renovations. The Council was unable to receive any funding for Capital Construction for the 2010-2012 Biennial Budget.

Representative Rollins pointed out that the facilities study was actually a subset of the VFA incorporated study therefore when Dr. King stated the study covered 83 percent of facilities, it was in fact only 62 percent. Dr. King stated that was correct and he misspoke.

Representative Simpson stated he would be interested in receiving a copy of the facilities study. Dr. King stated the study was available on the website.

Representative Simpson stated in the 2010 session, the requests that were made by most campuses indicated they wanted new buildings as opposed to renovations because the buildings were approximately 30 years of age or older. The campus buildings compared to buildings in other parts of the world, such as Europe, are in reality not that old. Buildings that are approximately 30 years in age are not very old buildings. The question that must be asked is which is more cost effective building a new building or renovating the existing one. He also asked if there had been a study to determine which would be more cost effective. Dr. King stated he believed in most instances, but not all,

that kind of assessment needs to be made. The outside structure of most buildings are built to last longer than 30 years; however, the inside systems such as electrical systems, HVAC systems, and roofing systems have much shorter lives. Therefore, a 30 year expected life for a building is reasonable.

Dr. King stated a concern that has arisen in terms of budgeting is the ongoing maintenance and operation costs of a building. When a new building is built; maintenance and operation costs are being added to the base operating budget. However, when renovating an existing building, maintenance and operating costs are already being spent on that building. By renovating, maintenance and operation costs are not added and in some instances the maintenance and operation cost can even be reduced by installing more energy efficient equipment during the renovation.

In response to a question from Representative Simpson, Dr. King stated that in the future there will likely not be as great of a need for classroom space on campuses because of the increasing interest in technology and internet classrooms. If the need for campus classrooms decreases in the future, it would be a major cost saver.

In response to a question asked by Chairman McGaha, Mr. Jackson stated he would have liked to have seen a marketing plan included in the facilities study. A marketing plan was implemented and became a success in North Carolina to excite citizens and the General Assembly about funding of the study and the study outcome.

In response to an inquiry made by Representative DeCesare concerning construction of new buildings versus renovation in the study, Mr. Jackson stated the study has found that the cost of renovating a facility is at approximately 75 percent to 80 percent of the cost of constructing a new facility.

Representative DeCesare asked if the cost of dealing with toxins such as asbestos in older buildings had been considered. Mr. Jackson stated in the late 1980s and early 1990s, the General Assembly provided assistance to the universities and other state owned facilities to deal with any asbestos that might be in the facilities. A majority of the toxins have either been removed or encapsulated. During the encapsulation a monitoring system was put in place to alert the occupants if the encapsulation has

deteriorated to the point of exposure. If the monitoring system alerts the occupants, then the toxins will have to be removed.

Representative Henley stated he wanted to caution citizens of Kentucky to keep in mind the types of buildings that are needed in each circumstance. Science, technology, and engineering buildings and the needs of renovation versus new construction in those buildings are completely different from liberal arts or college of business buildings. Liberal arts or college of business buildings need less hands on and laboratory experience, whereas in a science, technology, and/or engineering building, that type of experience is a necessity. The final product for each different type of building needs to be taken into consideration.

Senator Winters referred to the 717 buildings listed as reviewed in the VFA and asked if the 141 listed as education and general facilities (E and G facilities) constitutes the bulk of all E and G facilities. Dr. King stated the 717 refers to the total of the education and general facilities on all the campuses. The 141 buildings are a subset of the 717 buildings reviewed. Senator Winters asked how the 141 buildings were pulled away from the 717 total. Mr. Jackson stated the 141 buildings in the subset are buildings that were constructed before 1965 and the facilities that were used for research. The Council asked institutions to identify those among the E and G facilities so they could analyze if the facility was still in use, if it met the requirements of functionality, if it was fit to be used in the manner it was meant to be used, or if it needed to be renovated in order to be used effectively and efficiently, or demolished and reconstructed. If the facility were a research facility, they needed to know if the laboratories and laboratory equipment were adequate enough to continue to be used in competitive research. The age of the buildings and what they were being used for were the primary characteristics in setting apart those 141 buildings.

Representative Moberly asked if facilities are being analyzed on their deferred maintenance programs, energy efficiency programs, and the overall maintenance of facilities before a request is made to the General Assembly. Mr. Jackson stated as part of the Council's review process for making capital projects recommendations to the General Assembly, an analysis is done that includes deferred maintenance

and other efficiency programs that are being implemented on the campuses.

Representative Moberly stated he agreed with Representative Henley's statement concerning the different types of buildings and the different needs each of those buildings. Some may be better suited for renovation, while others may be better off with new construction depending on what the buildings intended use is.

Representative DeCesare asked if the study took into consideration the energy bill passed in the General Assembly that stated any construction projects that receive 50 percent or more of their funding from the state have to meet high performance standards developed by the High Performance Advisory Committee. Mr. Jackson stated the study was completed before the 2008 session in which that bill was passed. That committee constructed a set of guidelines and the postsecondary institutions were included in the workgroup that helped develop those guidelines. The postsecondary institutions fully understand the guidelines that were set in place.

Update on American Recovery and Reinvestment Act (ARRA) funding

Dr. Holliday, Hiren Desai and Kay Kennedy updated the committee on the status of ARRA funding for the Kentucky Department of Education.

Representative Sims thanked Dr. Holliday for a great presentation.

Representative Moberly asked if the state fiscal stabilization funds were used to backfill when general funds are reduced. Representative Moberly also asked what has been done on the federal level about replacing some of the primary and secondary funds. Dr. Holliday stated they did a webinar for superintendents on the recently enacted Edujobs program. Kentucky received approximately \$135 million to help school districts save teachers jobs in FY 2011 and FY 2012. He will provide the committee with that information by individual school district on how much each district received. He strongly advised the districts to use the funds for Senate Bill 1 implementation purposes, to help with college career readiness, and professional career development.

Representative Moberly asked what requirements Kentucky did not meet for the Race to the Top application. Dr. Holliday stated Kentucky was 28 points short of being able to receive the funding from Race to the Top. He stated of those 28 points,

Kentucky received zero points for charter schools and Kentucky was not as strong as preferred on teacher evaluation.

Chairman McGaha asked if any Education Jobs Fund money will be used to implement Senate Bill 1. Dr. Holliday stated the Department cannot require districts to spend the money a certain way, but they are strongly encouraging each district to use a portion of the funds for implementing Senate Bill 1.

Senator Winters asked if there was anything the General Assembly could do to help implement the use of Senate Bill 1 funds. Dr. Holliday stated the best thing the members of the General Assembly could do is to talk to their district superintendents and encourage them to use the funds for implementing Senate Bill 1. He also suggested having letters from the leadership of the House, Senate, and Governor's Office sent to superintendents to strongly suggest also using Title II funds for the purpose of implementing Senate Bill 1.

Senator Winters made a motion for members to communicate with their district superintendents concerning the use of Title II funds for the implementation of Senate Bill 1. The motion was seconded and approved.

A second motion was made by Senator Winters to request the leadership of both the House and Senate, along with the Governor's Office, to communicate with superintendents concerning the use of Title II funds for the implementation of Senate Bill 1. The motion was seconded and approved.

Dr. Holliday referred members to a document with a summary of each school district's school calendar.

Representative DeCesare stated in reference to the change in original instructional days in schools, that some of those changes are double digit changes. He asked if this included snow and flu days. Dr. Holliday stated that could be the case; however, in some instances it could be schools using an innovative calendar. If the schools had 170 days, but 1062 hours, they still get automatic approval and anything below 170 days has to get approved as an innovative Calendar.

Representative DeCesare asked Dr. Holliday what his opinion was on the effectiveness in terms of the quality of instruction in adding 10 or 15 minutes per day of instructional time. Dr. Holliday stated a few research studies have indicated that

adding 15 minutes to an instructional day has limited impact, and adding 30 minutes to an hour tend to have more impact. He has not seen the studies for Kentucky. The Department will report the districts that have the innovative calendar and the impact on student learning outcomes by the first of November.

Senator Winters stated when a school has dropped two days off of the school year calendar then they must increase the number of hours to compensate for that loss. If one day of a calendar is taken out and the equivalent of that day added back in minutes added to other days, the productivity amount in 10 minutes added per day might amount to 2 ½ or 3 minutes per day. In middle and high school, 2 ½ to 3 minutes per day of productivity time might equate to 30 seconds per class period. Senator Winters stated 30 seconds per class period is not worth the money it costs to run the schools per day. He has a concern about the number of hours lost and trying to make that equate to an effective instructional day.

Representative Moberly stated he agreed with Senator Winter's previous statement. There was a reason for originally adding those two instructional days and making sure those days were full days. The state has backtracked to a point where he does not feel those two days have any value at all unless it is for giving teachers additional salary. The state has gone backward in the last few years on this issue.

In response to a question asked by Representative Meeks concerning the latest test scores in Jefferson County Schools, Dr. Holliday stated the dollars that are spent in Kentucky actually have a slight negative correlation to learning outcomes. Poverty is the greatest predictor of student learning outcomes. Jefferson County has 10,000 homeless children and approximately 300 children within Jefferson County move from school to school every day.

Representative Meeks stated until the state gets serious about helping the poverty issue and addressing the specific needs in each district, the poverty and learning outcome correlation will not improve. If the poverty issue and specific needs are addressed, it will not only increase scores but better the quality of life for all parties involved. It disturbed him to hear that the dollars that are spent in Kentucky actually have a negative correlation on learning out-

comes.

Representative Meeks asked Dr. Holliday to further explain the concept of the negative correlation and suggest any solutions to the issue. Dr. Holliday stated there is a correlation chart of 174 districts and what they spend per pupil compared to the percent of students that are proficient in reading and math. That chart shows a slight negative correlation between the two. The General Assembly has led the way to helping solve this issue by enacting Senate Bill 1 to help correct the problem. The Department is working to raise standards. The Department put out the first college readiness report which gives a much better measure of the impact of the school district and whether they are preparing children for the future, college and career readiness. The state board will adopt an accountability plan in December that will make sure the funding is tied to learning results and consequences are tied to decreasing achievement gaps.

Representative Meeks stated he was involved in a group that met with people out of Jefferson County and they shared information that he would like to know if Dr. Holliday agrees with. Representative Meeks asked in the Race to the Top funding proposal, did Kentucky do better or worse this year than the previous proposal. Dr. Holliday stated this year was approximately 4 points below the previous submission but the interview portion of the latest submission had improved from the previous one. Representative Meeks stated he had heard a suggestion that national politics were being played in the Race to the Top applications. Dr. Holliday stated he saw no evidence of that.

Discussion of Kentucky Department of Education Facilities Study

Hiren Desai discussed the Kentucky Department of Education Facilities Study.

Representative DeCesare stated that facilities management has serious issues that need to be addressed. He is not pleased with the personnel changes that have been made because there is no one that is heading facilities management that has educational credentials or have even been employed by a school district in a facilities management position. Across the state there is not a lot being accomplished because of the lack of experience in that particular area. BG 1 applications are being held over 60 days and that has to stop. School districts want to move forward with their construction projects and the

Department is holding them up.

Dr. Holliday stated he has heard the same concerns and has made those concerns known. Personnel changes have been made and he would alert the committee to that. The Department has had 17 percent budget cuts in the last two years and that staff has been reduced by 40 percent since FY 2000. He eliminated a Deputy Commissioner position and has gone from eight associates to six. He went from 25 Directors to 16, so prioritization and streamlining is being done.

Representative DeCesare stated he believed unfortunately the wrong people were eliminated. Dr. Holliday stated he disagreed. There are 15 regulation employees and the Department seems to be way too regulation oriented. He has asked a group to come together quickly to tell them which regulations they might be able to eliminate to speed the process up but still make sure there is good quality construction occurring. He is aware of that issue. He is going to hire the right people to do the right work and the Department is going to cut back on regulations.

Representative DeCesare asked how long the process will take for that to occur. Dr. Holliday stated he will have the State Board of Education recommendation by the first of the year.

Representative DeCesare stated some statutes may need to be changed as well. For instance, the Capital Funds Contingency for non-fixed equipment, except for desks and chairs, may need to be changed. Schools are built and they need carts, lunchroom tables, and other movable items in addition to desks and chairs. There needs to be more decision making by local school districts.

Hiren Desai stated he would like to remove the personnel aspect from the situation. Regulations that the Department have in place have been in place for a number of years and not because of a personnel change made two months ago. He has not seen a direct correlation between the reduction in personnel and the bureaucracy that is in place.

Rep. DeCesare stated it is important to have someone in facilities who knows about education construction and has experience in that area.

Representative Moberly referenced the discussion of Jefferson County schools, poverty, and low academic achievement. He is unhappy that poverty is being used as a reason for students not achieving. He has seen

schools with high poverty rates that have had the right strategies, the right leadership, and the right dedication to move the students forward. Jefferson County has problems other than poverty that need to be addressed. Poverty should never be an excuse and he does not agree with anyone that makes the correlation between low scores and poverty. Dr. Holliday stated he did not use poverty as an excuse for Jefferson County but stated poverty is still the strongest predictor in student learning. He wanted to fix that issue. Representative Moberly stated a correct strategy is needed to move the students forward in high poverty areas.

Update on School District Issues

Dr. Holliday updated the committee on school district issues such as end of the year fund balances, current year tax levies, teacher salaries, and school calendars.

Representative Miller stated he has had experience in dealing with homeless children and it is hard to know where they are or what they are doing; therefore, dealing with 10,000 homeless children in Jefferson County must be difficult. This is a big problem.

Chairman McGaha thanked the members and guests for attending the meeting and adjourned the meeting at 11:58 A.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Primary and Secondary Education Minutes of the 2nd Meeting of the 2010 Interim

September 23, 2010

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 23, 2010, at 10:00 AM, in Room 154 of the Capitol Annex. This was a joint meeting with the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue. Senator Vernie McGaha, Chair, called the meeting to order, the secretary called the roll and the minutes from the July 22, 2010 meeting were approved.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Tommy Thompson, Co-Chair; Senator Ken Winters; Representatives Ted Edmonds, Charles Miller, Carl Rollins II, Dottie Sims, and Kent Stevens.

Guests: Dr. Robert King, President of the Council on Postsecondary Education; Dr. John Hayek, Sr. Vice President of Finance, Planning and Performance for the Council on Postsecondary Education; Dr. Bill Payne, Finance Senior Associate for the Council on Postsecondary Education; Sherron Jackson, Assistant Vice President of Equal Employment Opportunity and Finance; Dr. Terry Holliday, Commissioner for the Kentucky Department of Education; Hiren Desai, Associate Commissioner of Administration and Support for the Kentucky Department of Education; Kay Kennedy, Director for the Division of District Support for the Kentucky Department of Education; Beth Patrick, Morehead State University; Clyde Caudill, Jefferson County Public Schools and Kentucky Association of School Administrators; Susan Weston, Prichard Committee; Jim Thompson, Education and Workforce Development Cabinet, and Lori Davis, Kentucky Community and Technical College System.

LRC Staff: Greg Rush, Tracy Goff-Herman, Tom Willis, Linda Ellis and Christina Williams.

Update on American Recovery and Reinvestment Act (ARRA) funding

Dr. King updated the committee on the status of ARRA funding for the Council on Postsecondary Education (CPE). No questions were asked following the update.

Discussion of Council on Postsecondary Education Facilities Study

Dr. King, Dr. Hayek, and Dr. Payne utilized a PowerPoint presentation to discuss the Council on Postsecondary Education Facilities Study.

In response to a question asked by Representative Meeks concerning the Council's request from the General Assembly, Dr. King stated in the FY 2010 budget cycle the Council was reluctant to request any funding because of the respect they had for the state's economic situation. However, Dr. King stated the Council was strongly encouraged to request money for new buildings, renovation and renewal as well as technology needs. The focus has been primarily on new buildings thus far and the focus should be more balanced towards renovation of existing buildings as well.

Mr. Jackson stated in the 2008 Session of the General Assembly the Council requested a \$100 million appropriation for capital renewal and asset preservation. The \$100 million that was requested in the 2008 session was not authorized or funded.

The Council received \$13.9 million to use for renewal and preservation and that amount was carried over from the 2006 Session of the General Assembly from an amount that was vetoed by Governor Fletcher. The Council's recommendation included renovations of several facilities and campuses that were based on results of the facilities study. In the 2010 Session of the General Assembly, the Council requested \$100 million once again to address asset preservation and several renovations. The Council was unable to receive any funding for Capital Construction for the 2010-2012 Biennial Budget.

Representative Rollins pointed out that the facilities study was actually a subset of the VFA incorporated study therefore when Dr. King stated the study covered 83 percent of facilities, it was in fact only 62 percent. Dr. King stated that was correct and he misspoke.

Representative Simpson stated he would be interested in receiving a copy of the facilities study. Dr. King stated the study was available on the website.

Representative Simpson stated in the 2010 session, the requests that were made by most campuses indicated they wanted new buildings as opposed to renovations because the buildings were approximately 30 years of age or older. The campus buildings compared to buildings in other parts of the world, such as Europe, are in reality not that old. Buildings that are approximately 30 years in age are not very old buildings. The question that must be asked is which is more cost effective building a new building or renovating the existing one. He also asked if there had been a study to determine which would be more cost effective. Dr. King stated he believed in most instances, but not all, that kind of assessment needs to be made. The outside structure of most buildings are built to last longer than 30 years; however, the inside systems such as electrical systems, HVAC systems, and roofing systems have much shorter lives. Therefore, a 30 year expected life for a building is reasonable.

Dr. King stated a concern that has arisen in terms of budgeting is the ongoing maintenance and operation costs of a building. When a new building is built; maintenance and operation costs are being added to the base operating budget. However, when renovating an existing building, maintenance and operating costs are already being spent on that build-

ing. By renovating, maintenance and operation costs are not added and in some instances the maintenance and operation cost can even be reduced by installing more energy efficient equipment during the renovation.

In response to a question from Representative Simpson, Dr. King stated that in the future there will likely not be as great of a need for classroom space on campuses because of the increasing interest in technology and internet classrooms. If the need for campus classrooms decreases in the future, it would be a major cost saver.

In response to a question asked by Chairman McGaha, Mr. Jackson stated he would have liked to have seen a marketing plan included in the facilities study. A marketing plan was implemented and became a success in North Carolina to excite citizens and the General Assembly about funding of the study and the study outcome.

In response to an inquiry made by Representative DeCesare concerning construction of new buildings versus renovation in the study, Mr. Jackson stated the study has found that the cost of renovating a facility is at approximately 75 percent to 80 percent of the cost of constructing a new facility.

Representative DeCesare asked if the cost of dealing with toxins such as asbestos in older buildings had been considered. Mr. Jackson stated in the late 1980s and early 1990s, the General Assembly provided assistance to the universities and other state owned facilities to deal with any asbestos that might be in the facilities. A majority of the toxins have either been removed or encapsulated. During the encapsulation a monitoring system was put in place to alert the occupants if the encapsulation has deteriorated to the point of exposure. If the monitoring system alerts the occupants, then the toxins will have to be removed.

Representative Henley stated he wanted to caution citizens of Kentucky to keep in mind the types of buildings that are needed in each circumstance. Science, technology, and engineering buildings and the needs of renovation versus new construction in those buildings are completely different from liberal arts or college of business buildings. Liberal arts or college of business buildings need less hands on and laboratory experience, whereas in a science, technology, and/or engineering building, that type of experience is a necessity. The

final product for each different type of building needs to be taken into consideration.

Senator Winters referred to the 717 buildings listed as reviewed in the VFA and asked if the 141 listed as education and general facilities (E and G facilities) constitutes the bulk of all E and G facilities. Dr. King stated the 717 refers to the total of the education and general facilities on all the campuses. The 141 buildings are a subset of the 717 buildings reviewed. Senator Winters asked how the 141 buildings were pulled away from the 717 total. Mr. Jackson stated the 141 buildings in the subset are buildings that were constructed before 1965 and the facilities that were used for research. The Council asked institutions to identify those among the E and G facilities so they could analyze if the facility was still in use, if it met the requirements of functionality, if it was fit to be used in the manner it was meant to be used, or if it needed to be renovated in order to be used effectively and efficiently, or demolished and reconstructed. If the facility were a research facility, they needed to know if the laboratories and laboratory equipment were adequate enough to continue to be used in competitive research. The age of the buildings and what they were being used for were the primary characteristics in setting apart those 141 buildings.

Representative Moberly asked if facilities are being analyzed on their deferred maintenance programs, energy efficiency programs, and the overall maintenance of facilities before a request is made to the General Assembly. Mr. Jackson stated as part of the Council's review process for making capital projects recommendations to the General Assembly, an analysis is done that includes deferred maintenance and other efficiency programs that are being implemented on the campuses.

Representative Moberly stated he agreed with Representative Henley's statement concerning the different types of buildings and the different needs each of those buildings. Some may be better suited for renovation, while others may be better off with new construction depending on what the buildings intended use is.

Representative DeCesare asked if the study took into consideration the energy bill passed in the General Assembly that stated any construction projects that receive 50 percent or more of their funding from the state have to meet high performance stan-

dards developed by the High Performance Advisory Committee. Mr. Jackson stated the study was completed before the 2008 session in which that bill was passed. That committee constructed a set of guidelines and the postsecondary institutions were included in the workgroup that helped develop those guidelines. The postsecondary institutions fully understand the guidelines that were set in place.

Update on American Recovery and Reinvestment Act (ARRA) funding

Dr. Holliday, Hiren Desai and Kay Kennedy updated the committee on the status of ARRA funding for the Kentucky Department of Education.

Representative Sims thanked Dr. Holliday for a great presentation.

Representative Moberly asked if the state fiscal stabilization funds were used to backfill when general funds are reduced. Representative Moberly also asked what has been done on the federal level about replacing some of the primary and secondary funds. Dr. Holliday stated they did a webinar for superintendents on the recently enacted Edjobs program. Kentucky received approximately \$135 million to help school districts save teachers jobs in FY 2011 and FY 2012. He will provide the committee with that information by individual school district on how much each district received. He strongly advised the districts to use the funds for Senate Bill 1 implementation purposes, to help with college career readiness, and professional career development.

Representative Moberly asked what requirements Kentucky did not meet for the Race to the Top application. Dr. Holliday stated Kentucky was 28 points short of being able to receive the funding from Race to the Top. He stated of those 28 points, Kentucky received zero points for charter schools and Kentucky was not as strong as preferred on teacher evaluation.

Chairman McGaha asked if any Education Jobs Fund money will be used to implement Senate Bill 1. Dr. Holliday stated the Department cannot require districts to spend the money a certain way, but they are strongly encouraging each district to use a portion of the funds for implementing Senate Bill 1.

Senator Winters asked if there was anything the General Assembly could do to help implement the use of Senate Bill 1 funds. Dr. Holliday stated the best thing the members of the General Assembly could do is to

talk to their district superintendents and encourage them to use the funds for implementing Senate Bill 1. He also suggested having letters from the leadership of the House, Senate, and Governor's Office sent to superintendents to strongly suggest also using Title II funds for the purpose of implementing Senate Bill 1.

Senator Winters made a motion for members to communicate with their district superintendents concerning the use of Title II funds for the implementation of Senate Bill 1. The motion was seconded and approved.

A second motion was made by Senator Winters to request the leadership of both the House and Senate, along with the Governor's Office, to communicate with superintendents concerning the use of Title II funds for the implementation of Senate Bill 1. The motion was seconded and approved.

Dr. Holliday referred members to a document with a summary of each school district's school calendar.

Representative DeCesare stated in reference to the change in original instructional days in schools, that some of those changes are double digit changes. He asked if this included snow and flu days. Dr. Holliday stated that could be the case; however, in some instances it could be schools using an innovative calendar. If the schools had 170 days, but 1062 hours, they still get automatic approval and anything below 170 days has to get approved as an innovative Calendar.

Representative DeCesare asked Dr. Holliday what his opinion was on the effectiveness in terms of the quality of instruction in adding 10 or 15 minutes per day of instructional time. Dr. Holliday stated a few research studies have indicated that adding 15 minutes to an instructional day has limited impact, and adding 30 minutes to an hour tend to have more impact. He has not seen the studies for Kentucky. The Department will report the districts that have the innovative calendar and the impact on student learning outcomes by the first of November.

Senator Winters stated when a school has dropped two days off of the school year calendar then they must increase the number of hours to compensate for that loss. If one day of a calendar is taken out and the equivalent of that day added back in minutes added to other days, the productivity amount in 10 minutes added per day might amount to 2 ½

or 3 minutes per day. In middle and high school, 2 ½ to 3 minutes per day of productivity time might equate to 30 seconds per class period. Senator Winters stated 30 seconds per class period is not worth the money it costs to run the schools per day. He has a concern about the number of hours lost and trying to make that equate to an effective instructional day.

Representative Moberly stated he agreed with Senator Winter's previous statement. There was a reason for originally adding those two instructional days and making sure those days were full days. The state has backtracked to a point where he does not feel those two days have any value at all unless it is for giving teachers additional salary. The state has gone backward in the last few years on this issue.

In response to a question asked by Representative Meeks concerning the latest test scores in Jefferson County Schools, Dr. Holliday stated the dollars that are spent in Kentucky actually have a slight negative correlation to learning outcomes. Poverty is the greatest predictor of student learning outcomes. Jefferson County has 10,000 homeless children and approximately 300 children within Jefferson County move from school to school every day.

Representative Meeks stated until the state gets serious about helping the poverty issue and addressing the specific needs in each district, the poverty and learning outcome correlation will not improve. If the poverty issue and specific needs are addressed, it will not only increase scores but better the quality of life for all parties involved. It disturbed him to hear that the dollars that are spent in Kentucky actually have a negative correlation on learning outcomes.

Representative Meeks asked Dr. Holliday to further explain the concept of the negative correlation and suggest any solutions to the issue. Dr. Holliday stated there is a correlation chart of 174 districts and what they spend per pupil compared to the percent of students that are proficient in reading and math. That chart shows a slight negative correlation between the two. The General Assembly has led the way to helping solve this issue by enacting Senate Bill 1 to help correct the problem. The Department is working to raise standards. The Department put out the first college readiness report which gives a much better measure of the impact of the

school district and whether they are preparing children for the future, college and career readiness. The state board will adopt an accountability plan in December that will make sure the funding is tied to learning results and consequences are tied to decreasing achievement gaps.

Representative Meeks stated he was involved in a group that met with people out of Jefferson County and they shared information that he would like to know if Dr. Holliday agrees with. Representative Meeks asked in the Race to the Top funding proposal, did Kentucky do better or worse this year than the previous proposal. Dr. Holliday stated this year was approximately 4 points below the previous submission but the interview portion of the latest submission had improved from the previous one. Representative Meeks stated he had heard a suggestion that national politics were being played in the Race to the Top applications. Dr. Holliday stated he saw no evidence of that.

Discussion of Kentucky Department of Education Facilities Study

Hiren Desai discussed the Kentucky Department of Education Facilities Study.

Representative DeCesare stated that facilities management has serious issues that need to be addressed. He is not pleased with the personnel changes that have been made because there is no one that is heading facilities management that has educational credentials or have even been employed by a school district in a facilities management position. Across the state there is not a lot being accomplished because of the lack of experience in that particular area. BG 1 applications are being held over 60 days and that has to stop. School districts want to move forward with their construction projects and the Department is holding them up.

Dr. Holliday stated he has heard the same concerns and has made those concerns known. Personnel changes have been made and he would alert the committee to that. The Department has had 17 percent budget cuts in the last two years and that staff has been reduced by 40 percent since FY 2000. He eliminated a Deputy Commissioner position and has gone from eight associates to six. He went from 25 Directors to 16, so prioritization and streamlining is being done.

Representative DeCesare stated he believed unfortunately the wrong people were eliminated. Dr. Holliday stated he disagreed. There are 15

regulation employees and the Department seems to be way too regulation oriented. He has asked a group to come together quickly to tell them which regulations they might be able to eliminate to speed the process up but still make sure there is good quality construction occurring. He is aware of that issue. He is going to hire the right people to do the right work and the Department is going to cut back on regulations.

Representative DeCesare asked how long the process will take for that to occur. Dr. Holliday stated he will have the State Board of Education recommendation by the first of the year.

Representative DeCesare stated some statutes may need to be changed as well. For instance, the Capital Funds Contingency for non-fixed equipment, except for desks and chairs, may need to be changed. Schools are built and they need carts, lunchroom tables, and other movable items in addition to desks and chairs. There needs to be more decision making by local school districts.

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Rep. DeCesare stated it is important to have someone in facilities who knows about education construction and has experience in that area.

Representative Moberly referenced the discussion of Jefferson County schools, poverty, and low academic achievement. He is unhappy that poverty is being used as a reason for students not achieving. He has seen schools with high poverty rates that have had the right strategies, the right leadership, and the right dedication to move the students forward. Jefferson County has problems other than poverty that need to be addressed. Poverty should never be an excuse and he does not agree with anyone that makes the correlation between low scores and poverty. Dr. Holliday stated he did not use poverty as an excuse for Jefferson County but stated poverty is still the strongest predictor in student learning. He wanted to fix that issue. Representative Moberly stated a correct strategy is needed to move the students forward in high poverty areas.

Update on School District Issues

Dr. Holliday updated the committee on school district issues such as end of the year fund balances, current year tax levies, teacher salaries, and school calendars.

Representative Miller stated he has had experience in dealing with homeless children and it is hard to know where they are or what they are doing; therefore, dealing with 10,000 homeless children in Jefferson County must be difficult. This is a big problem.

Chairman McGaha thanked the members and guests for attending the meeting and adjourned the meeting at 11:58 A.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Transportation

Minutes of the 2nd Meeting of the 2010 Interim

September 23, 2010

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 23, 2010, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Chair; Representative Sannie Overly, Co-Chair; Representatives Eddie Ballard, James R. Comer Jr., Tim Couch, Danny Ford, Jim Gooch Jr., Keith Hall, Don Pasley, and Ron Weston.

Guests: Mike Hancock, Cabinet Secretary; Russ Romine, Executive Advisor to the Cabinet Secretary; Tammy Branham, Executive Director, Office of Budget and Fiscal Management; Boyd Sigler, Director, Department of Transportation Safety; Jeff Wolfe, Director, Department of Highways, Office of Traffic Operations, Transportation Cabinet.

LRC Staff: L. Bart Hardin, Stewart Willis, Stephanie Craycraft, and Spring Emerson.

Chairman Higdon requested a motion to approve the minutes of the July 22, 2010 meeting. A motion was made by Representative Hall, seconded by Representative Ford, and the minutes were approved without objection. Chairman Higdon then invited Secretary Hancock and representatives of the Transportation Cabinet to provide an update of the Revenue Sharing Program, the Highway Construction Contingency

Account, Highway Safety Programs, and the Federal Aid Highway Construction Program.

FY 2011 Revenue Sharing Program

Ms. Branham provided a brief overview and update of the Revenue Sharing Program for fiscal year 2011. She explained that the Revenue Sharing Program was based upon 48.2 percent of the motor fuels revenue estimate, with the balance going to support road fund operations. The Revenue Sharing Program contains three components: the County Road Aid Program, the Rural Secondary Program, and the Municipal Aid Program. Based on revenue estimates, the County Road Aid Program receives 18.3 percent, the Rural Secondary Program receives 22.2 percent, and the Municipal Aid Program receives 7.7 percent of the Revenue Sharing Program. Those percentages equate to \$112.2 million, \$136 million, and \$47.2 million, respectively, as indicated in fiscal year 2011 based on revenue estimates. Ms. Branham stated that once the fiscal year was closed, those numbers would be changed to reflect actual revenues.

Ms. Branham explained that County Road Aid funds were distributed in three components. Sixty percent of the funds were distributed around the first of August, thirty percent of the funds distributed in February/March, and the remaining funds distributed at the close of the fiscal year, based on actual revenues. There is an emergency fund set aside for the counties that participate in the Co-Op Program.

Ms. Branham stated the Municipal Aid Program was very similar with the Co-Ops and Non Co-Ops, and an emergency fund set aside for those municipalities participating in the Co-Op Program.

Ms. Branham explained the largest component of the Revenue Sharing Program was the Rural Secondary Program. An undistributed emergency account of ten percent was set aside, based upon revenue estimates. Of that ten percent, six percent would be used for the emergency, three percent for administration, and the balance would be divided among the Rural Secondary Maintenance and Construction accounts.

Chairman Higdon requested verification that the Motor Fuels Tax had been frozen at two cents for County and Rural Secondary roads, which had been anticipated to generate approximately \$70 million, and Ms. Branham stated that it had been frozen at 2.1 cents. She explained that

before the split was made between Revenue Sharing and Road Fund Operations, \$67.2 million was withheld in anticipation of the 2.1 cents generating that amount. Chairman Higdon wondered how much had been increased for counties alone. Ms. Branham stated that the County Road Aid Program budget was estimated at \$106 million, if the county was participating in the Co-Op program. If not participating in the Co-Op, the county would receive only \$2.6 million. She indicated a breakdown by county would be provided to the committee at a later date.

Representative Overly inquired about the schedule by which the counties receive the funds; if the cabinet is on schedule this year; and, if the counties had received the funds they need and expect to receive for resurfacing and other projects. Ms. Branham explained that County Road Aid funds were distributed in three components. Sixty percent of the funds were distributed around the first of August, thirty percent of the funds distributed in February/March, and the remaining funds distributed at the close of the fiscal year, based on actual revenues.

Highway Construction Contingency Account

Ms. Branham gave a brief overview and update of the Highway Construction Contingency Account. She provided slides showing comparisons of its annual budgets as well as encumbrances and expenditures from FY2005 through FY2012. There were no questions.

Highway Safety Programs and Traffic Operations

Secretary Hancock invited Mr. Sigler and Mr. Wolfe to come forward and provide a brief overview and update of Highway Safety Programs and Traffic Operations. They work together to develop and implement the Cabinet's federally required Highway Safety Improvement Plan, with Mr. Sigler dealing with Education and Enforcement, and Mr. Wolfe dealing with Engineering.

Representative Weston encouraged his peers in the Legislature to pursue the issue of cell phone usage for drivers of all ages. He commented that during his frequent travels, he noticed at least ninety percent of all drivers are using cell phones while driving. He then inquired about formerly low-volume narrow roadways that are being used heavily now, with no shoulders, and utility poles very close to the roads, and asked what could be done to speed up the

work due to safety issues as a result of rapid growth. Secretary Hancock stated that was a very real concern in Kentucky, and even more so in those urban areas where congestion is occurring on roads that previously were low-volume rural roads. He said when the roads were built many years ago, the speed of travel and level of use we see today was probably not contemplated at that time, which presents a real problem for us now. He said there is no easy fix due to the length of the roads and major improvements would be required, resulting in the Cabinet looking for other measures to make sure people utilize those roads efficiently and safely. Representative Weston stated that in some cases, the citizens are taking their lives in their hands when they go out to their mailboxes on the edge of the pavement, with deep ditches only a step away. He expressed his concern that those issues be prioritized. Secretary Hancock stated that statistics are used to determine where Road Safety Audits would be utilized to look at road conditions. Mr. Wolfe explained that Road Safety Audits consist of multidisciplinary experts who review crash data for areas requiring attention. He said the crash data was not meant to limit the counter-measures that would be applied. He gave the example of a tree being six inches from the roadway. If there had not been any crashes, it would not show as a problem in that area; however, the correct counter-measure to use in that case would be to remove the tree to prevent problems.

In response to a question from Representative Ballard regarding how the number of miles driven on a highway affects the number of fatalities, Mr. Sigler said the affect was significant, adding that more fatalities occur on rural roadways. He said the rate of fatalities in Kentucky had decreased due to the decrease in road usage as a result of the economic downturn. Representative Pasley inquired about numbers of fatalities resulting from motorcycle crashes. Mr. Sigler said that information would be provided to the committee at a later date. Representative Pasley asked if the trend was decreasing. Mr. Sigler said the trend had risen in the previous few years, but last year the trend actually decreased. Secretary Hancock attributed that to the fact that many new motorcycle users tend to be older and wiser regarding highway safety issues. Representative Pasley asked if rumble strips

were designed with cyclists in mind. Mr. Wolfe replied that rumble strips would not be a problem as long as riders were aware of them. Secretary Hancock stated that during resurfacing, diamond-ground surfaces were a problem for cyclists. This was an area of concern in the past and will be addressed in the Highway Safety Program.

Representative Hall inquired about County Road Aid Emergency Funds, and asked if those funds were just for county roads. He also inquired about Rural Secondary Emergency Funds, and asked if those funds were for state roads. Ms. Branham explained there were three separate accounts; County Road Aid for county roads, Municipal Road Aid for those municipalities that participate in the Co-Op Program, and Rural Secondary Road Aid for county or rural secondary routes. Representative Hall requested an explanation of how road aid emergency funds were used to assist in flooded areas such as Pike County. Ms. Branham explained that the CB04 Program - RS Maintenance funds were used to credit the Project Development and Preservation Fund (Maintenance and Operations) which is set aside by county for those types of situations, where a disaster has been declared and the Federal Emergency Management Agency (FEMA) is participating.

Federal Aid Highway Construction Program

Secretary Hancock provided a brief overview and update of the Federal Aid Highway Construction Program. He stated that in the past couple of years, Congress had struggled with the reauthorization of the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which has created many problems, not the least of which is the actual fiscal sustainability of the Highway Trust Fund. The lack of a federal authorization act makes it extremely difficult to plan at the state level. He continued by explaining the federal-aid highway authorizations by phase for the 2010-2012 Enacted Biennial Highway Plan, with a total of 63 authorized projects representing a total of \$308.2 million. Secretary Hancock also explained the GARVEE Bond Debt Service Schedule.

Representative Couch inquired about the amount of federal funds received in the current biennium as compared to the previous biennium. Secretary Hancock stated that approximately \$650 million is the typi-

cal range of dollars received each year from the Federal Highway Trust Fund for project obligations, which includes Appalachian Highway funds.

In response to a question from Representative Couch, Secretary Hancock stated that these federal funds were separate from the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In response to a question from Representative Overly, Secretary Hancock stated that all stimulus projects have been let. Mr. Romine provided an explanation of how ARRA stimulus funds are applied to projects.

In response to an inquiry from Representative Overly regarding Metropolitan Planning Organizations (MPO) projects, Mr. Romine stated that the deadline would be met, the funds would be fully utilized, and any unused funds would be re-obligated to other stimulus projects. Representative Overly asked if Kentucky would receive more stimulus dollars resulting from other states not utilizing their ARRA funds. Mr. Romine answered that any unused ARRA funds returned to the federal government would not be reallocated or redistributed, but would revert back to the US Treasury.

Representative Overly asked if the authorized projects listed were currently being constructed. Secretary Hancock replied that those projects were either being built or were in the letting process and would be awarded soon. He explained that when a project has been authorized it is active, either being let, or awarded, or actually under construction. Representative Overly asked if the \$308 million included all funding categories from the federal government, and Secretary Hancock replied yes.

Representative Overly inquired about funds from 2009 and 2010 bonds and the respective authorized project totals. Secretary Hancock explained that the first round of BRAC bonds represents \$44.9 million in authorized projects, and the second issue of BRAC bonds represents \$8.9 million currently in motion. The first SPB bond issue represents \$206 million, and the second SPB bond issue represents \$11 million in obligated funds for authorized projects. The four bond issues total approximately \$271 million in activity thus far.

In response to an inquiry from Representative Overly, Ms. Branham gave an update on the motor fuels usage tax. She stated that they were on track with the motor fuels estimate for this point in the fiscal year.

Chairman Higdon expressed his concern regarding the affects of electric cars on revenues. Secretary Hancock agreed that the future of fueling vehicles with non-fossil fuels would definitely affect the revenue base. Chairman Higdon asked if the Cabinet was drafting a solution to present to the General Assembly to address the issue. Secretary Hancock stated that it would be difficult to solve on our own, and there would have to be a top-down approach at the federal level for the states.

In response to an inquiry from Chairman Higdon regarding the status of budget line-items, Secretary Hancock stated that there had been seven items identified in the Transportation Budget for Highway Contingency Account Funding. He said \$350,000 had been included for the Northern Kentucky Port Authority, and discussions were underway to address some issues relating to the project. Policies were being developed for the \$2 million matching funds for the Shortline Railroad Assistance Fund regarding how railroad companies need to apply in a fair and equitable manner. The Farnsley-Morman Landing, the Violet Road Sidewalk Repair, the Lincoln River Greenway Walking Trail, and the Providence-Webster County Airport Improvement projects have not yet been considered with great detail. There is \$2 million in each fiscal year allocated to the 21st Century Parks Project in Louisville; however, it is preferred that the project be funded through the Transportation Enhancement Category.

Chairman Higdon thanked the representatives of the Transportation Cabinet for the valuable information they provided. There being no further questions, he called for a motion to adjourn. The motion was made by Representative Ford, seconded by Representative Pasley, and the meeting was adjourned at 11:30 AM without objection.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 1st Meeting of the 2010 Interim

August 24, 2010

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, August 24, 2010, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Jeff Greer, Chair, called the meeting to order, and the secretary called the

roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Representative Jeff Greer, Co-Chair; Senators Julian M. Carroll, Julie Denton, Gerald A. Neal, Dorsey Ridley, John Schickel, Dan "Malano" Seum, and Brandon Smith; Representatives Dwight D. Butler, James R. Comer Jr., Ron Crimm, Robert R. Damron, Mike Denham, Ted Edmonds, Tim Firkins, Jim Gooch Jr., Mike Harmon, Dennis Horlander, Brent Housman, Dennis Keene, Adam Koenig, Brad Montell, Sannie Overly, Jody Richards, Arnold Simpson, Kevin Sinnette, Wilson Stone, John Tilley, Ken Upchurch, and David Watkins.

Guests: Sharon Clark, Commissioner, Bill Nold, Director, Life and Health, and D J Wasson, Legislative Liaison, with the Department of Insurance.

LRC Staff: Rhonda Franklin, Jens Fugal, Emily Bottoms, and Jamie Griffin. Representative Jimmie Lee attended at the Chairman Greer's request.

Discussion of Health Care Reform

Sharon Clark, Commissioner, Department of Insurance, gave the committee an overview of the Patient Protection and Affordable Care Act (PPACA) (Pub. L. 111-148), the federal health insurance reform and state implementation. Commissioner Clark stated that implementation will be coordinated through the Governor's Office. The Department of Insurance has formed seven working teams within the department and divided the federal legislation into seven areas: High Risk Pool; Insurer Oversight; Grants; Public Relations and Consumer Assistance; Administrative Support; Exchanges; and Legislation and Regulations. The U.S. Department of Health and Human Services issued a decision timeline for a temporary high risk pool operation of April 30, 2010. The Department of Insurance provided the necessary information to the Governor's Office on April 9th. On April 29, 2010, Kentucky expressed its interest to Health and Human Services in operating a high risk pool, but identified several areas needing additional information assurances. On May 10, 2010, Kentucky received the solicitation for state operation of the risk pool. Commissioner Clark stated that with continued concerns the Department recommended to the Governor on May 17, 2010, that Kentucky opt for the operation of the temporary high risk pool by the federal government. The federal gov-

ernment operates the Pre-Existing Condition Insurance Plan (PCIP) in Kentucky, administered by the Government Employees Health Association (GEHA). It was operational July 1, 2010; members will transition to the exchange in January 2014. To be eligible for the plan, a person must be a United States citizen or national of the United States or lawfully present in the United States, uninsured for at least 6 months or have had a problem getting insurance due to a pre-existing condition. Rates must be set at the standard market rate and adjusted community rating with maximum variation for age of 4:1. The coverage will have no pre-existing condition exclusions; cover at least 65% of total allowed costs and the out-of-pocket limit no greater than the limit for high deductible plans. If people like the health plan they currently have, they can keep it. Grandfathered plans can raise premiums to reasonably keep pace with health care costs, make some changes in benefits, increase deductibles and other out-of-pocket costs within limits and continue to enroll new employees and new family members.

Commissioner Clark pointed out the immediate market reforms that will apply to all plans: rate review and medical loss ratios; prohibition on lifetime benefit limits; allowance of restricted annual limits for essential benefits; prohibition on rescissions; extension of dependent coverage until age 26; and uniform explanation of coverage documents and standardized definitions. Market reforms that will apply to new plans that are not grandfathered in will include: coverage of preventive health services without cost sharing; internal and external appeal processes; coverage for emergency services at in-network cost-sharing levels with no prior authorization; selection of primary care provider of choice; prohibition on requiring referral for obstetrical or gynecological care; and health plan disclosure and transparency requirements. There are still major issues pending guidance from Federal Health and Human Services such as the rate review process; medical loss ratio; and uniform explanation of coverage documents and standardized definitions.

Kentucky was awarded a \$1 million dollar Premium Review Grant on August 16, 2010, and must send an acceptance letter by September 13, 2010. A total of \$250 million dollars will be distributed over 5 years to assist in the rate review activities.

Kentucky has proposed several ways to use the grant funds, such as increase in categories of data required to be filed, increase in the amount of data, development of publications to explain the rate review process and also to conduct surveys and hold open meetings for consumers. About \$30 million dollars in grants will be available to states to establish and operate offices of health insurance consumer assistance or health insurance ombudsman programs. Commissioner Clark stated that \$1 million dollars in grant funds will be available to states for planning and activities related to establishment of an exchange program. The Department of Insurance and the Cabinet for Family Services are working collaboratively on a grant application at this time with a due date of September 1, 2010. She stated that www.healthcare.gov is a web site through which individuals and small businesses may identify affordable health insurance coverage. The Department of Insurance will be hiring 8 additional staff in order to implement these programs. Positions will be Federally Funded Time Limited positions and the filling of the positions will be based upon grant awards to Kentucky. The agent's role across the state is critical in this process and the Department of Insurance will be available to agents for any questions that may arise. Commissioner Clark stated that D J Wasson, Legislative Liaison for the Department of Insurance, has compared Kentucky's existing laws and administrative regulations with the consumer protections in the federal health insurance laws and the Department of Insurance will be making recommendations for legislative changes needed in the 2011 Regular Session to conform Kentucky's specific insurance laws to the federal provisions.

In response to a question from Senator Buford, who asked if the current Kentucky mandates will remain in place or are they in jeopardy, Bill Nold, Director, Life and Health Division, Department of Insurance, stated that the federal plan has not defined mandates yet, but, that it is possible they will add to existing Kentucky mandates, and Kentucky could go beyond the federal mandate listing, but, would be responsible for the cost.

In response to a question from Senator Buford, who asked how the 8 new Federally Funded Time Limited positions would be funded and when they would terminate those

positions, Commissioner Sharon Clark stated that the position will be funded by grant money and when the grant money is depleted the positions will end.

In response to a question from Representative Brad Montell, who asked if the private insurance companies will survive this change, Bill Nold stated that he feels they will survive and still make money.

Representative Bob Damron stated that he believes the General Assembly will be able to pass the legislation that the Department of Insurance needs to comply with the new federal legislation in the 2011 Regular Session. Commissioner Sharon Clark stated that she only wants what is best for the citizens of Kentucky.

Representative Jimmie Lee stated that he was very glad to be invited by Representative Jeff Greer, Chairman, to today's meeting. He stated that he feels that it is extremely important for the legislation to be passed in the 2011 Regular Session in order for the framework to be in place to move forward.

Representative Jeff Greer stated that he feels the committee will do everything possible to give the citizens of Kentucky the best choice of coverage and affordability.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 2nd Meeting of the 2010 Interim

September 28, 2010

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, September 28, 2010, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Tom Buford, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Senators Julian M. Carroll, Julie Denton, Mike Reynolds, Dorsey Ridley, Dan "Malano" Seum, and Brandon Smith; Representatives Dwight D. Butler, James R. Comer Jr., Will Coursey, Ron Crimm, Robert R. Damron, Mike Denham, Ted Edmonds, Tim Firkins, Joseph M. Fischer, Danny Ford, Jim Gooch Jr., Mike Harmon, Dennis Horlander, Dennis Keene, Adam Koenig, Brad Montell, Sannie Overly, Steve Riggs, Arnold Simpson, Wilson Stone, Tommy Thompson, and Ken Upchurch.

Guests: Charles Vice, Commis-

sioner, Department of Financial Institutions.

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

There was a motion made by Senator Denton, seconded by Representative Crimm to approve the minutes of the August 24, 2010, meeting minutes.

Discussion regarding the Dodd-Frank Regulatory Reform Act

Charles Vice, Commissioner, Department of Financial Institutions, stated that the Dodd-Frank Regulatory Reform Act has prompted several regulatory changes such as: the development of the Bureau of Consumer Financial Protection (BCFP); mortgage provisions; Systemic Risk and Resolution Authority; and FDIC Insurance. These changes will impact consumers by permanently increasing deposit insurance limits and by allowing banks to pay interest on demand deposits. The impact on consumer choice and credit availability is undetermined at this time with the establishment of the Bureau of Consumer Financial Protection. The pass-through of regulatory costs on credit availability and prices of products is also unknown at this time. The Bureau of Consumer Financial Protection will be housed within the Federal Reserve, but will be independent and contain seven units. The Bureau Director will be appointed by the President. Entities covered by the Bureau will be individuals or entities engaged in offering or providing consumer financial products and services. It will be the primary rulemaking authority for fifteen consumer protection acts. Excluded entities include merchants, retailers, sellers of non-financial goods, realtors, manufactured and modular home retailers, tax preparers, attorneys, persons regulated by state insurance regulators, persons regulated by state securities regulators, persons regulated by the Securities Exchange Commission, Commodity Futures Trading Commission, Farm Credit Services, employee benefit plans, and auto dealers.

The Bureau will supervise banks. For banks with assets of more than \$10 billion, the Bureau will have direct and primary authority to examine for compliance. The Bureau will establish an agreement with state chartered banks for joint and coordinated examination in conjunction with state regulators. The bureau will have no direct or primary examination authority of banks with assets of \$10 billion or less. He stated that

the Bureau will have “ride-along” authority on a sampling basis. The non-depositories subject to supervision and examination will include mortgage related businesses, payday lenders, private student loan providers, and other larger non-depository financial service providers. The Bureau will assume responsibilities for mortgage loan origination standards, minimum standards for mortgages, high-cost mortgages and mortgage servicing.

Commissioner Vice reviewed the penalties and prohibited practices. He stated that the state will be responsible for maintaining a database of appraisal management companies. States will have 36 months to comply with the final federal rule. There will be many new requirements and new costs that will impact the financial system. The Financial Stability Oversight Council was established on July 20, 2010, immediately upon enactment. Funding for the council comes through the Office of Financial Research. The Council will be responsible for monitoring and market oversight. It will promote market discipline and identify gaps in regulation.

In response to a question from Representative Bob Damron, Commissioner Vice stated the Bureau would have oversight mortgage loans that stay with the original financial institution. Commissioner Vice stated that he would provide a detailed summary of the Dodd-Frank Act to staff to distribute to committee members.

Representative Mike Denham stated he is very concerned regarding the implementation process for the community banks. Commissioner Vice stated that the Department of Financial Institutions is committed to keeping a good working relationship with the banks as well as federal regulators through this process. Senator Tom Buford stated that the Department of Financial Institutions should coordinate with the Kentucky Bankers Association to answer some of the community banks’ concerns.

With no further business, the meeting adjourned at 11:15 a.m.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 4th Meeting of the 2010 Interim
September 16, 2010

Call to Order and Roll Call

The 4th meeting of the Interim

Joint Committee on Economic Development and Tourism was held on Thursday, September 16, 2010, at 10:00 AM CDT, at the Julian Carroll Convention Center, Paducah. Representative Eddie Ballard, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Eddie Ballard, Co-Chair; Senators Denise Harper Angel, Gary Tapp, Robin L. Webb, and Ken Winters; Representatives Will Coursey, Bob M. DeWeese, Myron Dossett, Ted Edmonds, Jim Gooch Jr., Mike Harmon, Melvin B. Henley, Martha Jane King, Adam Koenig, Terry Mills, Tim Moore, and Fred Nesler.

Legislative Guests: Senator Robert “Bob” Leeper and Representative Brent Housman.

Guests: Gayle Kaler, Paducah Mayor Pro Tem; Steve Doolittle, Downtown and LowerTown Development Director; Mary Hammond, Executive Director, Paducah Convention and Visitors Bureau; Dr. Barbara Veazey, President, West Kentucky Community and Technical College; and Sam Wright, Board Vice Chair, EntrePaducah.

LRC Staff: John Buckner, Lou DiBiasi, Karen Armstrong-Cummings, and Dawn Johnson.

LowerTown Artist Program

Senator Leeper and Representative Housman welcomed committee members to Paducah and the downtown arts district.

Mayor Pro Tem Kaler welcomed committee members to Paducah and gave a brief overview of the LowerTown Artist Program. It began as a grassroots movement that was conceived as an effort to fight area drug problems and slumlord housing conditions. Many of the LowerTown district historic homes had fallen into disrepair. A local artist and member of the LowerTown Neighborhood Association suggested an artist relocation program. Along with city officials and then-Mayor Albert Jones, the relocation program was created. Thus far, \$30 million has been invested in the program and Paducah has become a national model.

Mr. Steve Doolittle, Downtown and LowerTown Development Director, explained that like many cities in the United States, inner-city Paducah was in need of investment. Although state and federal revitalization tools were available, Paducah chose not to use them. While the programs available were well intentioned, many

were in the form of housing assistance that committee members felt perpetuated poverty. Due to the large size of many of the structures, the typical \$1 million grant would not go very far. By 2000, over 50 percent of the LowerTown area residents were in poverty, 70 percent of the structures were renter-occupied, and the vast majority of the structures were dilapidated. Unemployment was 17 percent and per capita income was less than \$9,000. To turn things around, city officials and area residents decided to target artists, galleries, and arts programs because of the ideal living and workspace the area and structures offered. Zoning flexibility, the Kentucky Renaissance Program, and private funding were some of the tools used. The program created over 70 permanent jobs as well as numerous temporary construction jobs. Every dollar invested by the city saw an \$11 return in private investment. Mr. Doolittle said the program has energized the entire community and has become a nationwide model.

Mary Hammond, Executive Director of the Paducah Convention and Visitors Bureau, said projects like the National Quilt Museum and the Luther F. Carson Four Rivers Center have helped revitalize downtown Paducah. Quilters account for 75 percent of visitor inquiries received. Arts and crafts are a part of the creative economy. With the success of the LowerTown Artist Program, Paducah had to change the way it did business. By participating in the Tourism Cabinet’s Tourism Incentive Marketing Plan, Paducah was able to double its marketing budget. Paducah partnered with other cities including Lexington, Elizabethtown, and Shepherdsville to place ads in publications like the Chicago Tribune, Architectural Digest, and Chicago’s Grant Park Music Festival brochure.

Ms. Hammond explained that with the downturn in the economy people are buying less art, but the Paducah School of Art has seen increased enrollment. The Paducah School of Art is recruiting students from as far away as Shenzhen, China.

Ms. Hammond said Paducah has applied to become a member of the United Nations Educational, Scientific and Cultural Organization (UNESCO) Creative Cities Network as an arts and crafts/fiber arts location. There are 25 cities in the network worldwide with two in the United States—Iowa City for literature and Santa Fe for the arts.

Sam Wright, Board Vice Chair

with EntrePaducah, explained that EntrePaducah is a local nonprofit business advocacy group that focuses on entrepreneurialism. In 2007, local business leaders formed a think-tank to study local economic development. They determined there was a need for a greater emphasis on small business support and development. An advisory board was created to establish an entity to focus on serving start-ups and existing small businesses. The following year EntrePaducah was created. The organization recruits, guides, and retains entrepreneurs involved with startup businesses and existing businesses. It helps with business plans and marketing suggestions, and it provides a connection with local investors and mentors. While a majority of clients consist of retail and service businesses, last year 20 percent were from the medical, medical technology, and manufacturing industry. The organization recently received an Innovator Award from the Southern Growth Policy Board for assisting small businesses facing challenges due to the economic downturn. EntrePaducah has also focused on industry-specific workshops including the region's art industry, and it has partnered with the Kentucky Arts Council to host a symposium on the essentials for a strong art business. Mr. Wright said EntrePaducah stands ready to promote economic development regardless of the industry.

Dr. Barbara Veazey, President of West Kentucky Community and Technical College, said Kentucky's community colleges are deeply involved in economic development and regional growth. Approximately five years ago, the college was approached about developing an arts school in Paducah. After a year of studying the issue, the college decided the school would be successful and the development of the Paducah School of Art began. The city purchased a 50,000 square foot warehouse and in 2007 a director was hired. In 2008, property on Broadway was leased and classes began. In just two years, enrollment has grown from 130 to 369 students. Dr. Veazey said the college is committed to the arts school and they are considering expanding into another facility to offer more workshops and to sponsor out-of-town guest artists and international students.

Senator Webb noted that she has been visiting Paducah for many years and commended the city on the arts district program.

Representative Nesler thanked the

presenters for their work with the LowerTown Artist Program.

Responding to Co-Chair Ballard's question, Ms. Hammond said the closing of Executive Inn has affected conventions but there are still many local events held at the convention center. Occupancy rates at other hotels are at 80 percent, mostly because of local construction. She said leisure tourism is bringing many international visitors. Ms. Hammond said a convention center hotel would help increase tourism. Mr. Doolittle added that in the last three years, five new hotels have been built near the interstate.

Responding to Co-Chair Ballard's question, Mr. Doolittle said riverboat gambling has affected Paducah immensely. He said McCracken County is the northernmost ice free water port in the United States. Every major barge company in the U.S. has a presence in Paducah with many building new headquarters in the area.

Responding to Co-Chair Kerr's question, Dr. Veazey said there are plans to expand the art school to include film studies and production, but space and funding are needed.

Senator Winters noted that the reorganization of the community and technical college system has allowed them to respond to community needs more readily, and he recognized the work of the college.

There being no further business, the meeting adjourned at 11:05 AM CDT.

Following the meeting, the committee toured the LowerTown artist district.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 4th Meeting of the 2010 Interim

September 13, 2010

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Education was held on Monday, September 13, 2010, at 1:30 PM, CDT, at the South Warren High School, Warren County. Representative Carl Rollins II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ken Winters, Co-Chair; Representative Carl Rollins II, Co-Chair; Senators Walter Blevins Jr., David Givens, Alice Forgy Kerr, Vernie McGaha, R.J. Palmer II, Elizabeth Tori, and Jack Westwood; Representatives Linda Belcher, John "Bam" Carney, Leslie Combs, Jim DeCesare, C. B. Embry Jr., Jim Glenn,

Derrick Graham, Jeff Greer, Reginald Meeks, Harry Moberly Jr., Jody Richards, Tom Riner, Charles Siler, Wilson Stone, and Addia Wuchner.

Guest Legislator: Senator Mike Reynolds

Guests: Clyde Caudill, Legislative Liaison, Kentucky Association of School Administrators; Kevin Brown, General Counsel, Kentucky Department of Education; and Commissioner Bruce Wilkerson, City of Bowling Green.

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

Approval of the August 9, 2010, Minutes

Representative Richards made a motion to approve the minutes of the August 9, 2010, meeting. Representative Carney seconded the motion and the motion was approved by voice vote.

Special Resolution in Honor of Dr. Robert Sexton

Representative Rollins read an Interim Joint Committee on Education resolution in its entirety honoring and memorializing Dr. Robert Sexton, who directed the Prichard Committee for Academic Excellence from its inception in 1983, for his many contributions to and advocacy for Kentucky's children and their education. Upon motion by Representative Siler, seconded by Representative Glenn, the resolution was approved by voice vote. The resolution will be mailed to Dr. Sexton's widow.

Special Recognitions

Representative Richards welcomed the committee members and guests to the Warren County area and recognized the following Warren County officials: Sheriff Jerry Gaines, County Judge Executive Mike Buchanon, and PVA Bob Branstetter. Representative DeCesare recognized Phyllis Causey, who works in Congressman Brett Guthrie's Bowling Green office; City Commissioner Bruce Wilkerson; and Senator Mike Reynolds. Representative Greer recognized Kenny Stanfield from Meade County, who was the project architect for the South Warren Middle and High School complex.

School Facilities Program Planning and Designs for Warren County Schools

The presentation was given by Mr. Tim Murley, Superintendent, and Ms. Joanie Hendricks, Public Relations Coordinator, Warren County Schools. A copy of the PowerPoint slides and other information was provided to

committee members.

Ms. Hendricks said that Warren County is a growth district with an average increase in enrollment of 300 students each year. Approximately half of the students qualify for free or reduced lunches and 10 percent of the students are Limited English Proficient (LEP), with 36 different languages being spoken. A large number of the LEP students are referred through the international refugee center in Bowling Green and the school system currently has 18 percent of the state's refugee student population.

Ms. Hendricks said that energy efficient measures initiated in the district's existing facilities has resulted in a savings of \$5.4 million to date and all new construction is designed to be energy cost effective. Some of the measures taken to reduce energy costs in existing buildings included using a centralized computer system to control heating, ventilation, and air conditioning (HVAC) systems; employing energy manager Jay Wilson, who has completed audits to identify other energy saving techniques, such as using biofuel to operate buses and purchasing hybrid buses for long-term savings; and the adoption of an energy management conservation policy suggested by Energy Education, Inc. During the first year of implementation of these measures, the district realized a savings of over \$560,000, and last year realized a savings of close to one million dollars. The savings realized from reduction in energy costs has helped the district fund additional teacher positions and meet other educational needs.

Ms. Hendricks said that energy efficiency design began when Alvaton Elementary was being constructed in 2005. Alvaton was the first building in Kentucky made of Insulated Concrete Form (ICF) blocks, which provides triple the amount of insulation most buildings feature and is cost and energy efficient. The South Warren Middle and High School campus buildings are also built with ICF blocks. Other features in Alvaton include the use of geothermal wells to heat and cool the building, motion-sensing lights, and HVAC controls with sensors that automatically adjust based on student presence. The energy efficient design for Alvaton Elementary has resulted in an energy consumption of 36 KTBU's (energy units) per square foot versus a national average for schools of 76 KTBU's per square foot. The next school

constructed using even more energy efficient techniques was Plano Elementary School and it is currently the most energy efficient school in the state using only 28 KTBUs per square foot.

Student population growth again required construction of two new schools, Richardsville Elementary, scheduled to open later in 2010, and Bristow Elementary. Both schools are classified as net zero energy schools. The energy saving components in these schools include using convection and steam cooking and other energy efficient appliances and equipment in the kitchen areas, maximizing sunlight usage through clerestory windows and solar tubes, and classroom and common space energy designs. Also laptop and iPad carts are used in the computer labs and the devices are charged using solar energy. The roof of Richardsville Elementary is covered with solar panels funded by a \$1.4 million grant from the American Recovery and Reinvestment Act (ARRA). The energy produced by the solar panels is then sold to the Tennessee Valley Authority (TVA) at a premium rate of 22 cents per kilowatt hour, which offsets the operational energy costs making the building "energy neutral." Other features in both schools are nanogel translucent windows and bamboo flooring. It is anticipated that the new Richardsville Elementary School will only consume 18 KTBUs per square foot.

Ms. Hendricks said that the state-of-the-art energy designs and equipment provides a hands-on learning environment for students. Hallways have energy related themes and various instruments are located throughout the schools showing energy consumption and related processes and data. Also each school in the district will have an energy team to monitor consumption and perform efficiency audits with a focus on increasing student energy awareness and future energy leaders.

Ms. Hendricks said that many of the same energy-saving initiatives were used to construct South Warren Middle and High School, which opened in August 2010. Although the school complex is not a net zero facility, it is the largest ICF building in the nation. A new elementary school is also being built in the county which will have the capability of being a net zero usage school. She said the district has received many state and national awards for effective energy designs and 13 of the 19 schools

in the district are currently Energy Star rated. Ms. Hendricks showed a brief video of students and staff at Richardsville Elementary explaining the energy concepts and design and displaying school pride.

In response to a question from Representative Stone, Mr. Murley said the cost of constructing a net zero energy efficient school compared to traditional construction is very close and that any additional cost during the construction phase is quickly recovered through energy savings. He said the ICF design not only conserves energy but also adds structural strength and gave as an example that the auditorium in which the meeting was being held also serves as a tornado shelter. Representative DeCesare said energy design construction generally increases upfront costs by one percent (1 percent) which may be returned tenfold in energy savings. He said that both the Warren County and Bowling Green Independent districts are leading the nation in building and creating green schools.

In response to a question from Representative Richards, Mr. Murley said that insulating concrete forms (ICF) are hollow foam blocks which are stacked into the shape of the exterior walls of a building, reinforced with steel rebar, and then filled with concrete and covered with normal construction materials. Representative DeCesare said the ICF construction also reduces insurance rates.

"Energy Managers Project"

Ms. Shannon Pratt Stiglitz, Assistant Director, Government Relations, Kentucky School Boards Association, introduced Ron Willhite, Director of Energy for the Kentucky School Boards Association, and said that he has an extensive background in energy management. She said he would provide information on the School Energy Managers Project (SEMP). A copy of the PowerPoint presentation and other related information was provided to committee members.

Mr. Willhite said that 2008 House Bill 2, enacted as KRS 160.325, directed all school districts to reduce rising energy costs and enroll in the Kentucky Energy Efficient Program for Schools (KEEPS) by January 1, 2010. The legislation also requires that the Kentucky Pollution Prevention Center report on the status of the development of energy management plans by boards of education and the anticipated savings to be achieved by December 1, 2011. He said that the Energy in Education Collaborative is spearheaded by the Department

for Energy Development & Independence. Other agencies involved in the collaborative include the Kentucky School Boards Association, as administrator of the School Energy Managers Project; the Kentucky Pollution Prevention Center at University of Louisville's Speed School of Engineering as administrator of the KEEPS program; the National Energy Education Development Project; and the Kentucky Green & Healthy Schools coalition.

Mr. Willhite said the purpose of SEMP, which is funded by a \$5.05 million grant from the US Department of Energy, is to reduce school energy consumption and operating expenses and to employ fulltime energy managers in the school districts. The energy managers are to establish district energy teams to analyze energy use, make recommendations on how to reduce energy consumption, set energy efficiency goals, educate staff and students, and implement other energy saving measures. The KEEPS program, in which all 174 school districts have enrolled, will provide technical expertise and energy management assistance to the districts. The Kentucky Green and Healthy Schools Program and the Kentucky National Energy Education Development Project will provide energy education to Kentucky students and teachers to increase understanding of scientific, economic, and environmental impacts of energy.

Mr. Willhite said that SEMP funding will pay 75 percent of each school district's energy manager's salary and related costs the first year and 50 percent the second year. It is anticipated that after the second year, savings realized from energy efficiency measures will then allow the districts to pay the salary and related costs for the energy manager. He said some districts including Warren, Kenton, and Hardin County already have fulltime energy managers and may use funds to hire full time energy curriculum coordinators. Funds allocated to the schools may also be used for professional development, tracking software, instructional tools, and related energy programs and technology.

Mr. Willhite said that 14 of the 174 districts already employ energy managers. He said since many districts do not have enough facilities to justify hiring a full time energy manager, a model was developed where districts could share an energy manager and currently 29 partnerships have been established. Also, Green

River Educational Cooperative is actually employing the energy manager for the districts in its area. A map was provided showing the various districts and partnerships participating in the SEMP project. Mr. Willhite said that 36 new energy managers began work in the various partnerships on July 1, 2010, so 145 of the 174 Kentucky schools districts now have full-time or partnership energy managers, encompassing 1000 schools.

In response to a question from Representative Graham, Mr. Willhite said the Franklin County district does not participate in the SEMP project at this time. Ms. Stiglitz said it is not a mandated project, that some districts are concerned about continuing costs, and some districts also utilize other resources to help with energy management.

In response to a question from Representative Stone, Mr. Willhite said that the initial focus of the energy project has been on gas and electricity usage but that transportation costs and water consumption certainly needs to be addressed in the future.

In response to a question from Representative Wuchner, Mr. Willhite said only one or two of the partnership energy managers had been certified in energy management although all of them have a college degree and selection was based on education and experience.

Representative DeCesare said that he and Representative Mary Lou Marzian attended a meeting in Washington, along with other state legislators, of the US Green Building Council to discuss "green" schools. As a result of those discussions, the US Green Building Council published a book, funded by the Turner Foundation, entitled "Greening Our Schools" to serve as a legislator's guide to best policy practices in energy conservation. He said the book was unveiled at the recent National Conference of State Legislators meeting in Louisville and is being made available to all legislators throughout the states. Each member of the committee received one of the books.

Other Business

Representative Rollins thanked Mr. Murley and his staff for their hospitality and presentations and complimented them on their facilities.

Representative Rollins announced that the next meeting of the committee will be on Monday, October 11, at the Green County Area Technology Center/Green County High School

with a detailed discussion of career and technical education.

Adjournment

There being no further business to discuss, the meeting adjourned at 3:00 PM, CDT.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 5th Meeting of the 2010 Interim

October 11, 2010

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Education was held on Monday, October 11, 2010, at 12:30 PM, in the Media Center at Green County High School. Senator Ken Winters, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ken Winters, Co-Chair; Representative Carl Rollins II, Co-Chair; Senators Walter Blevins Jr., David Givens, Jimmy Higdon, Alice Forgy Kerr, Vernie McGaha, R.J. Palmer II, Tim Shaughnessy, Elizabeth Tori, and Jack Westwood; Representatives John "Bam" Carney, Jim DeCesare, Ted Edmonds, C. B. Embry Jr., Bill Farmer, Jim Glenn, Derrick Graham, Reginald Meeks, Harry Moberly Jr., Jody Richards, Tom Riner, Charles Siler, Wilson Stone, Addia Wuchner, and Jill York.

Guests: Beth Brinly, Commissioner, Department for Workforce Investment; Lynn Givens, Green County teacher and wife of Senator David Givens; Mary Ann Blaydes Baron, Green County Judge Executive; Lisle Cheatham, Greensburg Mayor; Clyde Caudill, Legislative Liaison, Kentucky Association of School Administrators; Lori Davis, Legislative Liaison, Kentucky Community and Technical College System (KCTCS); Jay Box, Chancellor, KCTCS; Bob Tarvin, Executive Director, School Facilities Construction Commission; Tracy Herman, Legislative Liaison, Kentucky Department of Education (KDE); Kevin Brown, KDE General Counsel; Marcie Lowe, Education Professional Standards Board; and Roger Dan, retired educator.

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

Welcome and Recognitions

Senator David Givens welcomed the members and guests to Green County and introduced his wife Lynn, who is a teacher at Green County High School, and local officials Mary Ann Blaydes Baron, Green County

Judge Executive; and Lisle Cheatham, Greensburg Mayor. Representative Richards congratulated the members of the Green County High School Girls Golf Team on recently winning state high school golf championship.

Approval of Minutes

Upon motion by Senator McGaha, seconded by Senator Kerr, the minutes of the September 13, 2010, meeting was approved by voice vote.

Overview of Green County Schools

Superintendent Marshall Lowe, Assistant Superintendent Jim Frank, and Board Chair Marcy Goff gave an overview of the Green County School District.

Mr. Lowe commented on the importance of teamwork between board members, faculty and community leaders to ensure that the education needs of Green County's students are being met. Ms. Goff introduced the members and coach of the 2010 Girls State Championship Golf Team. She expressed her commitment to ensuring a quality education for Green County students.

Mr. Frank said that Green County has approximately 1700 students. The high school was built in the 1970s and a new intermediate school recently opened that was funded by an urgent needs appropriation provided by the legislature. He said there is little industry in the area and the district operates on a limited tax basis so any funding beyond regularly appropriated monies is extremely helpful. The latest upgrade was a new weight lifting and physical training facility in the high school.

Career and Technical Education in Green County High School

James Bonta, the high school agriculture teacher, gave a presentation on the importance of career and technical education, especially as it relates to agricultural activities. Committee members were provided a copy of his PowerPoint presentation. He said that although 1.7 percent of the United States workforce actually works in the farming industry, overall 18 percent of the workforce is employed in agricultural related fields. Kentucky farms export over \$1 million each year in agriculture products, with the top five products being chickens, horses, cattle, tobacco, and corn. The three components of the school's agriculture program are various aspects of agriculture, such as animal technology, agriscience, forestry, and others, which includes hands-on training; segments related to science, math, reading, writing,

and career preparation; and skills training in leadership, money management, teamwork, conservation, and civics. Students also participate in the Supervised Agricultural Experience Program (SAEP) in which each student selects a project, such as raising cattle or other animals; raising crops or gardens; or working in restaurants, banks, or greenhouses. Written documentation is required to show progress. Green County has 120 members in its Future Farmers of America (FFA) club. The statewide FFA membership is 14,500 and nationwide is over 520,000 students. Green County students may also elect to participate in dual credit courses offered through the University of Kentucky in animal science, plant science, agribusiness, and environmental resource management; and in Introduction to Agriculture Education through Murray State University. Students may also participate in skill standard testing for career and technical education with six state universities to earn up to six credit hours in animal production, crop production, horticulture, or agribusiness. Mr. Bonta said that classes offered in the agriculture program incorporate various math, reading, and science skills, and data has shown that overall students who have taken two or more vocational classes score higher on ACT examinations.

Stacy Skaggs, who teaches Family and Consumer Science, also commented on the importance of career and technical education. She said her own participation in the Family Career and Community Leaders of America (FCCLA) organization, formerly Future Homemakers of America, was instrumental in improving her leadership skills and led her to become a career and technical education teacher. She provides instruction on proper diet, clothing, budgeting, parenting, marriage, and building self-esteem. Students in her class participate in a child care services program where they may earn a certification in the child care services that enables them to become immediately employable in the child care industry. The students may also earn up to nine hours toward a child development associate degree or other related fields. An articulation agreement with Western Kentucky University for dual credit has been established and agreements with other universities are being explored.

Leadership Development through Career and Technical Education Student Organizations

Courtney Turner and Samuel Janes, Green County High School students, provided comments on how student organizations have benefitted them. Regis Pearson, who had assisted with the morning tours of the Green County Area Technology Center, was also recognized.

Ms. Turner said that she is vice-president of Green County's FCCLA Club and that her involvement in the club helped her overcome shyness and build confidence so that she is now a leader in her school and community. The club participates in many community improvement activities and members may individually compete in STAR (Students Taking Action with Recognition) events, where they are recognized for proficiency and achievement in chapter and individual projects, leadership skills, and career preparation activities.

Mr. Janes said he is currently FFA chapter president and regional reporter. He said that FFA focuses on premier leadership, personal growth, and career success. His involvement allowed him to step out of his comfort zone to become a leader and communicator. Members participate in state and national conventions and are active in community improvement projects. Representative Carney said that many legislators had participated in FFA and could attest to its impact on leadership skills.

Transforming Career and Technical Education in Kentucky

Senator Winters said that he is serving on the Governor's Task Force for Transforming Education in Kentucky and its report will include several recommendations on career and technical education.

Deborah Anderson, Supervisor, College and Career Readiness Branch, Kentucky Department of Education; and John Marks, Executive Director, Office of Career and Technical Education, Education and Workforce Development Cabinet, gave a joint presentation to the committee. Committee members were provided a copy of the PowerPoint presentation and other related information.

Career and technical education (CTE) is provided in Kentucky by local school districts with oversight from KDE, the KY Tech system administered through the Office of Career and Technical Education, and KCTCS. Approximately 66 percent of high school students are enrolled in CTE programs and a few courses are also offered at the middle school level. CTE programs include agriculture, business, communications,

construction, family consumer sciences/human services, health science, information technology, manufacturing, marketing, transportation, and engineering technology.

Prior to 1988, all CTE programs were located in local and state operated secondary and postsecondary schools. KDE was responsible for policy and program standards development, management operations, and reporting of the Carl D. Perkins federal grant monies. Through various legislative action and executive orders, primary responsibility for career and technical education changed several times from 1988 to the present. Currently, the Office of Career and Technical Education oversees the 54 KY Tech area technology centers (ATCs). A proposed KDE reorganization, which is pending approval by Governor Beshear, will relocate KDE's Division for Career and Technical Education to the Branch for College and Career Readiness, Office of Next Generation Learners, Division of Program Standards.

Ms. Anderson said that statistics show that career and technical education helps connect student academic learning to real world concepts with hands-on activities and keeps them focused on a career path that tends to lead to higher college completion rates. It enables students to develop relationships with experts in various fields and students may spend as much as 25 percent of their high school experience in a career and technical education program. They also have accelerated learning opportunities through dual credit and articulation agreements. Students need academic skills, technical skills and knowledge, and employability skills to be ready for college or the workforce. CTE students take academic tests, such as ACT; performance-based assessments, such as WorkKeys; unique industry certification examinations; and the Kentucky Occupational Skill Standards Assessment (KOSSA). They complete a sequence of courses in a concentrated area of study; earn academic and technical credentials; experience leadership activities, such as FFA or SkillsUSA, among others; and successfully transition into postsecondary education, the workforce, or the military. Ms. Anderson said that KDE tracked the CATS academic index of students between 2000-2008 who actively participated in a CTE program of studies and found that every year CTE students out performed and moved ahead faster than students

not participating.

Mr. Marks discussed the industry certifications that CTE students can achieve in a specific program area, including nursing, welding, automotive and others. The certification assures industries that the students are prepared for the workforce in the area of study. CTE organizations are co-curricular and embedded so students develop leadership and technical skills in addition to employability skills. Ms. Anderson said that the career and technical student organization is a requirement in the basic program standards for CTE by policy through the Kentucky Board of Education. Approximately 45,000 Kentucky high school students are involved in one of the CTE organizations.

Mr. Marks said that his office has worked with KCTCS on articulation and dual credit agreements for the KY Tech ATCs. He said the "Close the Deal" project funded by the Kentucky College Access Network has been extremely beneficial in helping students and parents understand the dual credit process and how to transfer the credits to higher education institutions. KY Tech teachers are postsecondary accredited faculty or adjunct faculty accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. An aligned secondary-postsecondary curriculum is used in KY Tech. Also, the AmeriCorp Project is funding 13 counselors who travel to KY Tech schools to assist students with career and postsecondary education planning.

Ms. Anderson said that the curriculum for CTE programs is constantly being changed and revised to meet current business and industry standards. KDE is currently working with a 12-state consortium of the Southern Regional Education Board's High Schools That Work program to create new curriculum in career areas that are emerging. Economic development personnel in the different states are involved in the process. With assistance from Northern Kentucky University, KDE will develop a four-course sequence in the informatics academic field. The courses will be project-based so students stay continuously engaged; teacher professional development will be necessary; and end-of-course assessments will be developed to validate student learning. Funding has been provided for developing a transitional program of study in career and technical education that begins in middle school and carries through to postsecond-

ary institutions. KDE currently has nine courses mapped to meet academic required course work and continues to explore ways to integrate CTE courses that are rich in math, science, and other academic content areas to count as academic credit.

Some of the challenges in career and technical education include ensuring the availability of career counselors and promoting CTE as an interdisciplinary approach to high school instruction. Budget reductions have made it difficult to maintain CTE teaching positions; provide adequate professional development; and supply and equip CTE classrooms. Teacher certification and highly qualified educator requirements also creates challenges since some of the CTE teachers are in-service teachers from an occupational area. KDE is hoping to find a way to certify in-service teachers or ways to allow their students to earn academic credit. Mr. Marks said providing instruction for CTE students in shared centers is often difficult because of varying school calendars, daily schedules, and transportation issues.

Mr. Marks said that the KY Tech System of Schools is the only Southern Association of Colleges and Schools and Council on Accreditation and School Improvement (SACS CASI) accredited technical education school program in the United States. The Office of Career and Technical Education provides program oversight of KY Tech. There are currently 54 Ky Tech Area Technology Centers with 21,000 students enrolled from 127 school districts with an overall \$40 million budget. The Office of Career and Technical Education also staffs the CTE programs in Kentucky's juvenile justice facilities. The instructional personnel system is governed by KRS Chapter 151B and classified staff is governed by KRS Chapter 18A. The division also distributes and provides reporting on the \$20 million Perkins federal grant. The office of CTE has specialized consultants in various occupational disciplines, such as health, transportation, information technology, and others, and provides statewide leadership for various student organizations. The office also manages the Technology Education Data System (TEDS) and the New Teacher Institute (NTI), and provides other services to ensure program and student success in the Ky Tech system.

Ms. Anderson said in addition to KY Tech, CTE programs have a total student enrollment of 122,727 in

234 high schools, 18 middle schools, and 44 locally operated centers or departments. The KDE Branch for College and Career Readiness has central office staff in Frankfort and also staffs a FFA Leadership Training Center in Hardinsburg. The Branch for College and Career Readiness provides policy development and oversight of all secondary CTE providers, reviews and approves yearly plans submitted by local school districts for Perkins grant funding, and monitors the \$7 million program budget. The office provides technical support and statewide leadership including professional development training and support for CTE teachers. The CTE high school program is funded by SEEK and federal Perkins allocations; middle schools use SEEK dollars; and locally operated centers use SEEK, other General Fund allocated monies, and Perkins funding. CTE programs are expanding across the state with districts building their own facilities, including new facilities in Jessamine, Scott, Hopkins, and Grant counties.

In response to questions from Representative Rollins, Mr. Marks said that a program assessment using 17 standards is completed every 24 months in the KY Tech ATCs. Enrollments in the programs are constantly monitored and sometimes programs with low enrollments are retired and new programs are developed to meet industry needs. Ms. Anderson said that 2,000 students who graduated last year earned industry certifications. Industry certifications are proprietary and all of the industries do not report their data to KDE. Mr. Marks said that Perkins funding can be used to pay for students to take certification tests. Also, all students are tested using either the Kentucky Occupational Skill Standards test or industry certification tests. Some programs areas do not have an industry certification for students.

In response to a question from Senator Winters about distribution of Perkins funding, Mr. Marks said distribution of funds is based on enrollment and poverty level of the counties where the programs are located. KY Tech receives about \$1.7 million of the \$20 million of Perkins funding, with the remainder funding school districts and KCTCS programs.

In response to questions from Representative Carney regarding graduation requirements, Ms. Anderson said that efforts are being made to integrate academics and career and technical education as interdisciplinary course work is developed.

She said a construction geometry class has been developed and others are being considered to enhance technical education programs. Senator Winters said that credits for a construction geometry class would not be recognized as valid credits for higher education institutions and he encouraged the use of consistent titles and class work to ensure the validity of the credits. Ms. Anderson said that the terminology related to construction is only being used in technical education classes and the credit for the course in the Infinite Campus system would be identified only as geometry.

In response to a question from Representative Riner, Mr. Marks said that career counselors are not available for at risk students and others who have graduated from high school.

Representative Wuchner requested that information be made available to committee members on the number of CTE students who took dual credit courses that went on to a postsecondary education institution and on the number of students who entered the career field with appropriate skills and their earnings related to the career. Ms. Anderson said the department is exploring ways to track students following graduation. A few local districts with best practices have provided data showing that 30 percent of the students with dual credit have enrolled in KCTCS institutions. Mr. Marks said information is maintained in the Technology Education Database System on college transfer, career transfer, military enlistment, and graduation rates for KY Tech students.

In response to a question from Senator Shaughnessy, Ms. Anderson said that Kentucky is developing courses on informatics and the other states involved in the SREB/HSTW project will develop four course sequences in other program areas. The courses include creating the digital world, building the digital world, managing the digital world, and all things digital, which will be the types of skills students will need in the area of information technology to be marketable in many career areas or industries. The first two courses will be piloted in the fall of 2011 with at least 10 to 20 schools participating and the final two courses will be piloted the following year.

In response to a question for Representative Stone, Ms. Anderson said that locally owned and operated technology centers are the trend

because there is no funding available at the state level. She said local districts, such as Hopkins and Grant Counties, have set up programs that correspond with existing or planned industry in their respective communities. Mr. Marks said that in the past the legislature provided funding for various programs in different areas of the state based on industry need assessments, including those in Pulaski County, Butler County, and Bowling Green.

In response to a question from Representative Carney about why some students with dual credits enroll more frequently in one community college versus another, Mr. Marks said that CTE program staff may work more with certain community colleges based on location and the programs of study offered at the colleges. Dr. Jay Box, Chancellor for KCTCS, said that when a high school student transcript includes a dual credit offered by a KCTCS college, it will be accepted at any KCTCS college offering the course of study. He said matriculation is the appropriate terminology for when the student graduates from high school and attends a higher education facility.

In response to a question from Senator Givens about program reviews and career readiness, Ms. Anderson said that program reviews will help to focus district attention on the importance of CTE programs and schools will be required to show evidence of deeply embedding a fully functional career studies program into the culture of the school. Mr. Marks said an effective measure would be to track a student over a three to five year period to find out if the student actually attended college, became employed in their field of study, or enlisted in the military. Senator Givens agreed that the effective measure would be if five years post graduation the student was earning a living and that the salaries of teachers and administrators could be tied to student success.

Senator Winters said that previously teachers in public schools received a \$3,000 raise but because of budgetary language teachers of career and technical education did not receive the raise, which required correction by legislative action. He said there was also a stipend available to National Board certified teachers that did not include CTE teaching positions and legislative action was again necessary to correct the situation. The furlough issues have also been controversial. Senator Win-

ters said he plans to ensure that all Kentucky students are served in the best way possible. He recognized Mike Stone, Executive Director of the Kentucky Association of Career and Technical Education, and said that the association will be working with the Kentucky Board of Education to move career and technical education forward.

Review of Administrative Regulation

Kevin Brown, General Counsel for the Kentucky Department of Education, said that Regulation 702 KAR 7:130 relates to approval of innovative school calendars. He said the regulation was amended in response to budget language in the 2010 Special Session that required the establishment of an approval process by the commissioner for innovative alternative school calendars. An innovative alternative school calendar was defined in the amended regulation as a school calendar that contains less than 176 six-hour instructional days, although it must contain a minimum of 1,062 hours. Thirty-nine districts currently use an innovative alternative school calendar, which have been approved by the commissioner. There were no questions regarding the regulation.

Next Meeting Date

The next meeting will be held in Frankfort on Monday, November 8, 2010.

Adjournment

There being no further business to discuss, the meeting adjourned at 3:00 PM, CDT.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 3rd Meeting of the 2010 Interim

September 13, 2010

Call to Order and Roll Call

The third meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, September 13, 2010, at 10:30 AM, CDT, at the South Warren High School in Warren County. Senator Vernie McGaha, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Senators Walter Blevins Jr., David Givens, and Jack Westwood; Representatives John "Bam" Carney, Carl Rollins II, Wilson Stone, and Jill York.

Guests: Brian Womack and Johna

Rodgers, Green River Regional Educational Cooperative.

LRC Staff: Janet Stevens, Henry Smith, and Janet Oliver.

Presentation: Warren County Schools' Arts and Humanities Programs

Senator McGaha said that September 12-18 was designated as "Arts in Education Week" and, having been a band teacher, he was very interested in hearing about Warren County's art programs. Ms. Kathy Goff, Assistant Superintendent, Warren County Schools, provided an overview of the various Arts and Humanities activities offered throughout the school district. A handout was provided to the subcommittee members to supplement her presentation.

Ms. Goff said that Warren County Public Schools consists of thirteen elementary schools, four middle schools, four high schools, and four alternative programs with a current year total enrollment of 13,948 students. All of the schools have music teachers, all of the middle and high schools have full time art teachers, and itinerant teachers holding master degrees in art provide instruction for elementary school students. Drama classes are provided in the classroom; dance core content is covered in music and physical education classes; all schools in the district have student choirs; the high schools have marching bands; and all schools have concert bands. A completed curriculum guide is used by all Arts and Humanities teachers in the district. Ms. Goff said many of the teachers have received Kentucky Music Educators Association Teacher of the Year awards.

Ms. Goff said goals of the art education program include exposing students to the visual arts; to different media, such as clay, weaving, wire sculpture, and painting; to the different purposes and meaning of art; and to various artists and cultures. The art teachers participate in various state and national conferences and develop and participate in professional development activities. Student art work is displayed throughout the district and community and is entered in various regional and state contests. The district applies for various grants to supplement funding for the arts and participates in a mentoring program with Western Kentucky University (WKU) for future art teachers. Students also participate in community festivals and projects, paint murals in the schools and community, create digital art, compose music with

computer programs, and perform in musicals and plays.

Ms. Goff said Warren County has about a 10 percent Limited English Proficiency (LEP) population and the district has over 1300 LEP students. The district conducts a six-week summer language and literacy camp for the LEP students in grades 4-8 to help them overcome language barriers and to expose them to the Arts and Humanities curriculum.

Ms. Goff said that the district partnered with WKU's Department of Music in the 2003-2004 school year to start an elementary strings program. Interest in the program has grown so rapidly that a full-time district strings teacher was employed in 2010-2011 to serve 100 students in 10 different schools participating in the strings program. Some of the students are performing with various orchestras throughout the state and many students are so interested that they take private lessons outside the school.

Ms. Goff said the success of the Arts and Humanities program in the Warren County Schools can be attributed to outstanding teachers, school leadership, and parental and community support. She said the only frustration is the inability to assess and measure the exemplary progress being made by the district in the program.

In response to a question from Senator McGaha, Ms. Goff said that all students in the district attend various art classes and each student is in various art classes an average of 1½ to 2 hours each week during the regular school day and many students also participate in after school programs.

In response to a question from Representative Carney, Ms. Goff said that transportation for after school activities is generally provided by the district, although parents sometimes need to transport their children.

In response to questions from Representative Rollins, Ms. Goff said that the art teachers and sometimes other faculty devote countless hours beyond the normal school day to help students prepare for plays and other art activities; art teachers also meet after school to collaborate and share ideas for teaching, which is part of their professional development; and elementary school students pay a small tuition to participate in the strings program, but that the district is purchasing additional stringed instruments as funding becomes available. Ms. Goff said high school stu-

dents may elect to take other career path courses instead of art and music classes once they have met their Arts and Humanities requirements. She said that Warren County was not a Kentucky Department of Education (KDE) pilot district for program reviews in Arts and Humanities.

Representative Stone asked for more information on the itinerant personnel and program reviews. Ms. Goff responded that most of the elementary school art teachers are itinerant and a new itinerant art teacher was hired during the current school year because of increased student enrollment. She said it is difficult to measure a student's knowledge in Arts and Humanities using a paper and pencil test so program review is the better measurement. Senator McGaha agreed that the arts are performance-based programs.

Senator Westwood said he understands the frustration that art teachers must feel when there is no measurement to show their exemplary teaching skills but that often students interested in the arts have higher scores in other academic areas. He said Arts and Humanities were thoroughly discussed during the implementation of Senate Bill 1 (2009) and it was decided that program reviews would be the best measurement of progress. In response to a question from Senator Westwood about the arts curriculum map, Ms. Goff said it is designed to integrate the core content and to ensure that all of the teachers are following a map so that the standards being taught are consistent throughout the district.

In response to questions from Senator Givens, Ms. Goff said that transportation is provided for the LEP students who attend the summer language and literacy camp and that all costs for attending the camp are funded by the district. The district has been conducting the summer camp for approximately five to six years and students are referred by the district elementary and middle schools. Lack of funding prevents expanding the program to LEP students in high school. Mr. Tim Murley, Superintendent, Warren County Schools, said that the county has a refugee center and 18 percent of all refugees in the state live in Warren County. Approximately 400 of the 1000 student enrollment increase over the last three years can be attributed to the refugee population, which has created unique challenges for the district.

In response to a question from Representative Carney, Ms. Goff said that all middle school students receive instruction in art, music, and physical education.

Senator Blevins said it his belief that students who participate in music and art programs also improve their performance in academic areas and he complimented the faculty on their dedication to the arts.

Representative York asked if students seem more engaged in one particular art media, such as music versus visual art. Ms. Goff said there are student strengths and interests in all of the programs due to outstanding teachers and active parental and community involvement. Representative York complimented the faculty on their community outreach activities.

In response to a question from Senator McGaha, Mr. Murley said the music room in which the meeting was being held was a high school music room and that an identical music room was located in the middle school building. Ms. Goff said the South Warren Middle and High School only share the auditorium and kitchen.

In response to a question from Representative Carney, Mr. Murley said that the close proximity of middle and high school students on the South Warren campus has not created any significant problems. Some of the middle school students are allowed to take certain high school courses and gifted high school students are provided dual credit opportunities with the local technical school and WKU.

In response to a question from Senator Givens about growth in the district, Mr. Murley said that enrollment continues to increase each year with 378 additional student enrollments in the current year. He said the Bowling Green area has not been as severely impacted economically as other areas of the state, which may attribute to continuing growth in school enrollment. He said 400 out of the last 1000 students enrolled were LEP and are at all age groups and academic levels. He said No Child Left Behind criterion does not adequately reflect all of the characteristics of a growth district, such as the LEP population. Ms. Goff added that the district has students speaking many different languages and new LEP students are constantly being enrolled creating unique challenges for the district.

Senator McGaha asked if the

Bowling Green Independent School System is experiencing the same rate of growth, to which Mr. Murley replied that the system probably experienced similar patterns, although the population growth in the county has now greatly increased because of building space.

Representative Stone said he is aware that the refugee population has created special issues, such as acceptance of the various nationalities and language barriers. Mr. Murley said one example is that the district is currently printing its handbook in six different languages at a cost of \$25,000 per printing.

In response to a question from Senator Westwood, Ms. Goff said that staff, including interpreters, in the Family Resource Centers assist with ensuring that LEP students have received the necessary inoculations and that their health and medical needs are being met.

Senator McGaha expressed gratitude to the faculty for their commitment to Arts and Humanities in the Warren County School System.

Other Business

Senator McGaha announced that only the full Interim Joint Committee on Education would meet in October and the meeting will be held at the Green County Area Technology Center/Green County High School in Greensburg.

Adjournment

There being no further business to discuss, the meeting adjourned at 11:30 AM, CDT.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Postsecondary Education

Minutes of the 3rd Meeting of the 2010 Interim

September 13, 2010

Call to Order and Roll Call

The third meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, September 13, 2010, at 10:30 AM, in the Auditorium Stage at South Warren High School in Bowling Green, Kentucky. Senator Alice Forgry Kerr, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgry Kerr, Co-Chair; Representative Leslie Combs, Co-Chair; Senators R.J. Palmer II and Ken Winters; Representatives Jim DeCesare, C. B. Embry Jr., Jim Glenn, Jody Richards, Tom Riner, Charles Siler, and Addia Wuchner.

Guests: Clyde Caudill, Kentucky Association of School Administrators and Jefferson County Public Schools.

LRC Staff: Kenneth Warlick, Sandy Deaton, and Lisa W. Moore.

Approval of Minutes

Representative Siler made the motion to approve the minutes of the August 9, 2010, minutes and Representative Combs seconded the motion. The minutes were approved by voice vote.

Applied Research and Technology Program, Program of Distinction

Ms. Robbin Taylor, Vice President of Public Affairs, Western Kentucky University (WKU), said the Post-secondary Education Improvement Act of 1997 challenged Kentucky's public universities to be engaged in their communities and to promote economic development within their regions. The comprehensive universities were also directed to become nationally recognized in at least one program of distinction or one applied research program.

WKU has created an academic program of distinction and an applied research program. She said the 21st century media program at WKU's School of Journalism and Broadcasting is one program of distinction. The WKU School of Journalism and Broadcasting has consistently been recognized as top in the nation by the William Randolph Hearst Foundation. Ms. Taylor introduced Dr. Gordon Bayliss, Vice President of Research, WKU, to inform members about the Applied Research and Technology Program (ARTP), which is WKU's other program of distinction.

Dr. Bayliss said there is a high value associated with a college education. He said higher salaries are correlated to achieving higher degrees and people with college degrees are more likely than less well educated individuals to remain employed during periods of economic turndown. High school dropouts account for the highest percentage of the unemployed.

Dr. Bayliss said WKU is aspiring to be a new comprehensive university. A new comprehensive university consists of teaching content (traditional), teaching process (research experience), and the teaching of evaluation (current research issues). He said these approaches will prepare WKU's graduates for a society with rapidly changing information.

Dr. Bayliss said the Applied Research and Technology Program (ARTP) is comprised of 13 centers and institutes: Advanced Materials

Institute; Agricultural Research and Education; Applied Physics Institute; Architectural and Manufacturing Science; Bioinformatics; Biotechnology; Biodiversity; Engineering Services; Environmental Research; Institute for Astrophysics and Space Science; Institute for Combustion Science and Environmental Technology; and Kentucky Climate Center. He said the Applied Physics Institute (API) is a very dynamic part of the ARTP and research and teaching are completely integrated. He said graduate and undergraduate students learn cutting edge research techniques and learn to evaluate and take part in state of the art research. Dr. Bayliss described numerous projects within the API and a detailed list can be found in the meeting folder located in the Legislative Research Commission (LRC) library.

Dr. Bayliss said the Department of Homeland Security has been mandated the enormous task of checking all incoming shipping containers that arrive in the United States. A variant of the non-destructive testing approach can be used to "scan" shipping containers. He said it is currently unknown if this is even possible because scanners such as those using neutrons produce data that is hard to interpret. WKU is working on a prototype alternative.

In response to a question from Representative DeCesare, Dr. Bayliss said the piece of equipment currently does not produce real-time results, but within API, a faculty member has developed a new approach that may automate (or semi-automate) the scanning of shipping containers and gets very close to real-time results. He said WKU has begun the process of filing a patent on this potentially very valuable invention and most information is deemed classified.

Dr. Bayliss said API is working on another defense project called cyber-defense. He said cyber warfare is a term for attacks on computers from other countries and is cause for national and commercial security concerns. He said students are involved in research that involves daily internet traffic in the exabyte range. He said there is real need to respond to attacks in near real-time in order to prevent losses, identify attackers, and find attackers. He said these problems can be very difficult because senders can hide where they send the messages from.

Dr. Bayliss said classified research is being conducted in retrospective analysis to develop new algorithms

based on machine-learning and to test new algorithms. He said this process involves human and computer assisted analysis. He said he does not have the security clearance to explain the intricate details of this process as this is a high security operation.

Dr. Bayliss said students are involved in applied research, such as that exemplified by work done in API. He said this provides invaluable learning about how new knowledge is created, and how new knowledge is assessed. The integration of research into teaching will be ever more crucial in the future as information is changing at a rapid pace. The Department of Defense is concerned that universities are not producing enough math and computer science graduates to work on defense projects.

Dr. Bayliss said a comprehensive university needs to instill in graduates that their lives should be about serving their communities, the commonwealth, and the nation. He said it is crucial that engagement with the community is integrated with teaching. He said the ARTP is making sure that students are involved in projects that directly serve the community and the commonwealth. A good example of this is the Kentucky Mesonet, built and run within the Kentucky Climate Center of the ARTP. He said students are involved in a project that provides public service to the entire commonwealth, and entails complex political interactions with communities, as well as practical skills. The project focuses on providing real-time data on the climate. He noted some of the data is utilized in local weather forecasts across the state.

In response to a question from Representative Glenn, Dr. Bayliss said WKU is including undergraduate students in the research experience. He included high school students in his research lab in North Carolina. In response to a question from Representative DeCesare, Dr. Bayliss said the Gatton Math and Science Academy students are included in the research projects. Representative Richards said the Gatton students are excited to be linked to major research and it helps their resumes when applying to universities.

In response to a question from Representative Riner, Dr. Bayliss said math and computer science graduates in Kentucky can be linked to jobs with the National Department of Defense. He said any student that

has contact with the cyber-defense lab realizes the opportunity for a job upon graduation. Ms. Taylor said the cyber-defense lab is looking at WKU graduates to fill positions and 25 WKU graduates have already been hired.

Dr. Bayliss said WKU needs to integrate research with the economic development in the region. He said the Institute for Combustion Science and Environmental Technology (ICSET) is focusing on key challenges for the commonwealth, the nation, and the planet such as energy sustainment, mercury pollution, carbon dioxide emission, and biological waste. ICSET is a world-class facility actively creating solutions to these problems. The solutions, which are typically patentable, have enormous economic value.

In response to a question from Senator Kerr, Dr. Bayliss said a problem with coal is that it contains mercury. He said federal guidelines target a 90 percent reduction in mercury emissions and this is a very tough standard. He said activated carbon can be injected into flu gasses, but it is very expensive. He said ICSET has an invention that is less expensive and as effective as carbon, and a patent will be issued in about two weeks. He noted this could be a huge economic factor for WKU.

In response to a question from Representative Combs, Dr. Bayliss said the classified invention would solve the problem of mercury pollution if deployed. Representative Combs said that is good news for the coal business.

Dr. Bayliss said another problem with burning coal is nitrous and nitric oxide pollution. This pollution is a major cause of smog and contributes to acid rain. He said WKU is working on a patent to burn coal without nitrogen present.

Dr. Bayliss said a solution to climate change is to capture carbon dioxide and not allow it to be released into the atmosphere. He said carbon sequestration may be 15-20 years away, but WKU is working on generating the same power with less coal, while producing less carbon dioxide. He noted INSET is working on novel approaches to increasing efficiency.

Dr. Bayliss said WKU is not striving to be a Research I university, nor is it just a comprehensive university. His vision is for WKU to create something special and be a research intensive, or "R2" university such as schools in surrounding states. He

said Missouri, Illinois, Indiana, Ohio, Virginia, and Tennessee have the “three types of university” model, while Kentucky and West Virginia are the two states with only two types of state universities.

In response to a question from Representative DeCesare, Ms. Taylor said the most important criteria for a “R2” university is to offer a number of doctoral programs. She noted Middle Tennessee State offers six different doctoral degrees. She suggested the Kentucky General Assembly could change the statute to allow the Council on Postsecondary Education (CPE) to approve new doctoral programs at “R2” universities in Kentucky in order to streamline the process. The Southern Association of Colleges and Schools (SACS) would allow WKU to offer three doctoral programs, but the General Assembly currently does not permit that. Ms. Taylor told Representative DeCesare that WKU has already began conversations with CPE about the process.

In response to a question from Representative Richards, Ms. Taylor said WKU has been approached by a group of physical therapists from western Kentucky and has received a \$650,000 commitment to start a doctor of physical therapy program. She said the University of Kentucky and Bellarmine are currently the only two universities that offer a doctorate program in physical therapy. She said WKU will be asking the General Assembly for approval for this program in the near future. If denied, WKU will be returning \$650,000 in private donations.

In response to a question from Representative Combs, Ms. Taylor said SACS currently allows WKU to offer three doctoral programs in any area as long as WKU has the need and the financial means to support it. She said the state law is what prohibits offering the programs without obtaining permission from the General Assembly.

With no further business before the committee, the meeting adjourned at 11:30 a.m.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 4th Meeting of the 2010 Interim

September 17, 2010

Call to Order and Roll Call

The 4th meeting of the Special Subcommittee on Energy was held on Friday, September 17, 2010, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Senators David E. Boswell, Ray S. Jones II, Bob Leeper, John Schickel, Katie Kratz Stine, Robert Stivers II, Gary Tapp, and Johnny Ray Turner; Representatives Eddie Ballard, Dwight D. Butler, Leslie Combs, Tim Couch, Jim Gooch Jr., Thomas Kerr, Martha Jane King, Lonnie Napier, Fred Nesler, Sannie Overly, Tom Riner, Fitz Steele, and Brent Yonts.

Guests: Ron Willhite, School Energy Managers Project (SEMP) Director, Kentucky School Boards Association; Bill Scott, Executive Director, Kentucky School Boards Association; Cam Metcalf, Executive Director, Kentucky Energy Efficiency Program for Schools (KEEPS), University of Louisville's Kentucky Pollution Prevention Center; Jason Bailey, Research and Policy Director, Mountain Association for Community Economic Development (MACED), and Dave Kreher, People's Self Help Housing.

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

The June 18, 2010, July 16, 2010 and August 20, 2010 minutes, were approved, without objection, upon motion made by Senator Leeper and seconded by Representative Nesler.

School Energy Managers Project:

Bill Scott, Executive Director, Kentucky School Boards Association (KSBA) stated that the KSBA is a private non-profit member organization. Members consist of all of the local school boards in the Commonwealth with a membership of 870 individuals. The KSBA is the largest organization of elected officials in the Commonwealth.

Ron Willhite, School Energy Managers Project (SEMP) Director, Kentucky School Boards Association, explained that House Bill 2, enacted in 2008, required the public school districts to enroll in the Kentucky Energy Efficiency Program for Schools (KEEPS). In December 2011, the Kentucky Pollution Prevention Center

(KPPC) will begin reporting on the status of the development of energy management plans by districts and the anticipated savings.

SEMP seeks to provide a fulltime energy management person for each school district who will help to reduce energy consumption and operating expenses through assessments and education. SEMP has a partnership with the Kentucky Green and Healthy Schools Program and the Kentucky National Energy Education Development Project.

Mr. Willhite explained that SEMP funding is used to pay 75 percent of the costs of the energy manager in the first year, and then 50 percent in the second year. In the third year, SEMP hopes that the program will be self-sustained. The districts that had energy managers were offered the option of employing an Energy Curriculum Coordinator or getting additional support for their ongoing activities.

Mr. Willhite stated that Kentucky has 174 public school districts, of which 74 districts have less than four school buildings. Another 74 districts have between five and nine school buildings. Districts were asked to form partnerships to share an energy manager. Most, but not all, responded favorably to forming a partnership. He also stated that, in addition to the 14 energy managers presently employed, 36 new managers were hired on July 1, 2010. Energy managers are serving 145 of 174 public school districts (1000 school buildings). Each public school district has been asked to review and adopt an energy policy.

In response to questions from Senator Tapp, Mr. Willhite stated that it was up to each district to decide how it wanted to replace older lighting fixtures. He also said he was not sure if the UL rating would be valid if ballasts were changed from magnetic to electronic, and lamps replaced. Mr. Willhite said he would find out.

In response to questions from Senator Stine, Mr. Willhite stated that the counties who decided not to participate in the program indicated cost factors, and others felt that they had the personnel to staff the program. The energy managers would be involved with communicating with the School Facility Construction folks. As to implementing Senate Bill 132, Mr. Willhite stated that there was interest in Energy Star products, the design of schools, and the retrofit of schools seeking an Energy Star Certification.

In response to Representative Nesler, Mr. Scott stated that he would like for all of the districts to be involved. To receive funding, the district had to have an energy manager. Mr. Willhite stated that some of the districts listed in white on the map do have energy programs, such as Jefferson and Barren Counties.

In response to Senator Boswell, Senator Tapp said he was not aware of any instances of fires caused by energy efficient lamps. However, there were some manufacturers saying that if you do not retrofit, and just change out the ballast and lamps, then there is the possibility of that fixture losing its UL rating.

In response to questions from Representative Yonts, Mr. Willhite stated that there are a wide range of Energy Managers. Because of previous experience, some can move quickly to identify energy savings. Qualified people are continually educating and monitoring energy managers who do not have previous experience.

Mr. Cam Metcalf, Kentucky Pollution Prevention Center (KPPC), stated that energy costs are the largest operating expenses for school districts. Since Fiscal Year (FY) 2000, energy expenditures have increased by more than 100 percent. In FY 2008, schools spent \$183 million on energy - \$273 per student. From FY 2000-2008 the price of electricity has increased 87 percent; natural gas 113 percent; and petroleum 184 percent. KPPC is a primary resource to help businesses, industries and other organizations to develop environmentally sustainable, cost-saving solutions for improved efficiency. The Kentucky Energy Efficiency Program for Schools (KEEPS) has also been involved in training. Last year, 435 people were trained with the shared goal of improving school district energy efficiency. All districts are now enrolled in KEEPS.

Mr. Metcalf said that \$4,758,336 million in funding was obtained through the American Recovery and Reinvestment Act (ARRA) through the United States Department of Energy and the Kentucky Department for Energy Development and Independence. The goal is to create jobs and energy savings by reducing greenhouse gas emissions.

The Energy Efficiency Potential in the region and Kentucky:

Jason Bailey, Research and Policy Director, Mountain Association for Community Economic Development (MACED) stated that the Association works to create jobs and address the

challenges facing low and moderate income families in Eastern Kentucky through sustainable development. He said that MACED's work ranges from forestry, energy efficiency, policy analysis and small business development. The Association has invested approximately \$9 million in entrepreneurs in the region including child care centers, artisan businesses and small manufacturing facilities. The Association believes that Kentucky's energy policy should make energy efficiency a top priority by promoting the development of clean renewable energy.

In response to Senator Smith's questions, Mr. Bailey said the association has offices in Berea and Paintsville. In the next six months or a year, it plans to open an office in Hazard, but there is no office in Western Kentucky. The association's budget is approximately \$3 million which comes from a diverse range of sources. Approximately one-third is from earnings off income, investment earnings, and funding from private foundations and various public sources.

Mr. Bailey stated that the Association is targeting grocery stores for commercial energy efficiency by helping to provide energy audits and financial investment.

In response to Senator Brandon Smith's questions, Mr. Bailey stated that the association performs energy audits for sawmills. MACED does not have sister programs in other parts of the state.

Representative Tim Couch asked that MACED come to Clay and Leslie Counties to perform energy audits on the grocery stores.

In response to Representative Couch's questions, Mr. Bailey stated that the association has published several reports. One report looked at the economics of coal in Kentucky regarding the trends or trajectory around coal employment. The other report looked at the role of state government in the revenues that come from the coal industry as well as the public expenditures associated with the coal industry. He said the association did not do a report that looked specifically at mountaintop removal or environmental impacts.

In response to questions from Senator Ray Jones, Mr. Bailey stated that the report tried to give a more rounded view of what the tax revenues as well as the public expenditures associated with the industry were. MACED updated its 1996 study. The methodology of the report

was calculating the various tax revenues, including the severance tax, corporate and individual income taxes, property tax, and sales tax derived from the coal industry.

Mr. Bailey stated that the largest expenditures were for road repair although the methodology did not attribute all the wear and tear on any particular road to coal trucks. The idea was to deal with the roads traveled by coal trucks and attempt to estimate the portion of the damage associated with the coal truck traffic.

In response to Representative Fitz Steele, Mr. Bailey said he was not familiar with the call made from his agency to the Chamber of Commerce targeting two businesses. He said he would look into it and respond back to Representative Steele.

In conclusion, Mr. Bailey stated there are opportunities in Kentucky to ramp up energy efficiencies.

Mr. Cam Metcalf responded to previous questions regarding the replacement of ballasts. He said that the UL rating should not be voided as long as the new ballasts and lamps are UL listed and installed by an electrician.

Energy Efficiency and job creation aspects of low income house weatherization:

Mr. Dave Kreher, Executive Director, People's Self Help Housing, a community based non-profit housing organization that serves Lewis County stated that the goal is to improve the housing of families by building new energy efficient homes, and by training folks to build homes and make repairs, helping to create jobs. Over twenty-eight years, 275 new homes have been built in Lewis County in addition to repairing 550 homes. In June of this year, the organization completed a LEED certified home at the Gold level, making it the second Gold home in Kentucky.

In conclusion, Mr. Kreher stated that there is a looming crisis in the affordability of utility bills. Requests for assistance with utility bills have risen drastically in the last two winters. There is an opportunity right now for new jobs to be created in Lewis County. The organization needs trained people to help with weatherization along with more energy auditors and workers.

In response to Representative Martha Jane King, Mr. Kreher stated that the Fleming/Mason Electric Coop has the ability to pinpoint the highest energy users. According to his information, the highest users were

double-wide manufactured housing not assembled correctly. It costs approximately \$600 for an audit.

Meeting adjourned.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the 4th Meeting of the 2010 Interim

September 15, 2010

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, September 15, 2010, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Julie Denton, Co-Chair, called the meeting to order at 1:17 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Julian M. Carroll, Perry B. Clark, Joey Pendleton, Katie Kratz Stine, and Jack Westwood; Representatives Bob M. DeWeese, Brent Housman, Joni L. Jenkins, Tim Moore, Darryl T. Owens, and Addia Wuchner.

Guests: Jerry Malone, Vice President of State Solutions, Sandlot; Kathleen Hertzog, Vice President for Marketing and Communications, Availity; Dr. Polly Buckey, Regional Director, Kool Smiles; Sharon P. Turner, DDS, JD, Dean, University of Kentucky College of Dentistry; Ann L. Greenwell, DMD, MSD, Program Director, Pediatric Dental Residency Program, University of Louisville School of Dentistry; Dr. Beverly Largent, Past President and Michael R. Porter, Executive Director, Kentucky Dental Association; Brian K. Bishop, Executive Director, Kentucky Board of Dentistry; Dr. Bill Collins, Chairman, Kentucky Chapter of Remote Area Medical; Clifford Maesaka, DDS, President and CEO, Delta Dental of Kentucky; Julie McKee, DMD, and Steve Davis, MD, Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services; Bill Doll, Kentucky Medical Association; Jan Gould, Kentucky Retail Federation; Kymber Messersmith, 3 Click Solutions; Shirley Eldridge and Karen Cooke, Department for Aging and Independent Living, Cabinet for Health and Family Services; Jennifer Verheyden, Availity; Ben Keeton; Susan Matherly and Chet Mitchell, KALFA; Susan King, Kentucky Board of Dentistry; Don Ruley, Kentucky Dental Hygienists Association; Cheri Meadows, Kentucky Department of Education; Jodi Mitchell, Kentucky Voices for Health; and Sarah S. Nicholson, Kentucky Hospital Association.

tion.

LRC Staff: DeeAnn Mansfield, Miriam Fordham, Ben Payne, Jonathan Scott, Gina Rigsby, and Cindy Smith.

Subcommittee Report

A motion to accept the Health Issues and Aging Subcommittee report given by Senator Denton was made by Senator Denton, seconded by Representative Jenkins, and accepted by voice vote.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were on the agenda for consideration: 201 KAR 9:006 – repeals 201 KAR 9:005, ethical conduct, Kentucky Board of Medical Licensure; 900 KAR 5:020 – establishes the State Health Plan for facilities and services; 900 KAR 6:020 – establishes the fee schedule for certificate of need applications; and 910 KAR 1:240 – establishes the certification process for assisted-living communities. A motion to accept the referred administrative regulations was made by Senator Pendleton, seconded by Representative Owens, and accepted by voice vote.

Approval of Minutes

A motion to approve the minutes from the June 16, 2010, July 21, 2010, and August 18, 2010 meetings was made by Senator Pendleton, seconded by Senator Carroll, and approved by voice vote.

Health Information Exchange

Jerry Malone, Vice President of State Solutions, Sandlot, stated that his company enters and receives patient data and history, orders and receives laboratory and radiologic tests, prescribes medications electronically, communicates securely with other providers, sends electronic referrals, improves diagnosis and treatment decisions with access to medical history, prevents duplication of medical tests, monitors chronic conditions better, decreases dictation and transcription costs, and provides quicker care in emergency situations. An interoperable health information exchange (HIE) takes an electronic medical record and incorporates it into the patient's electronic health record. This information can be securely displayed in real time for providers throughout the community at the point of care. Physician-driven technology is more easily integrated into the practice increasing more efficient workflow.

Kathleen Hertzog, Vice President for Marketing and Communications, Availity, stated her company helps

payers save money and providers get paid. Health information exchanges provide the capability to move clinical information electronically across organizations within a region, community, or hospital system. Availity provides the infrastructure to support the development and growth of a HIE. A HIE can provide access to real-time benefits information, deliver clinically relevant information at the point of care, and enable efficient payment processes in a physician's office. Providers access the network through a web portal that centralizes health information from multiple sources for the provider to access in one place with a common, consistent presentation for ease of use. It enables physician offices to access the Availity network from within the software systems they use the most. Availity's HIE allows the physician to see if the patient is covered by a commercial health plan that should be billed prior to Medicaid, reduces Medicaid efforts to recover reimbursements made that were the responsibility of another health plan, and moves Medicaid from a third party liability model to a cost avoidance model.

In response to a question by Representative Housman, Mr. Malone stated he would provide the committee with the cost savings of a HIE.

In response to a question by Representative Owens, Mr. Malone stated that Sandlot uses up-to-date formatting to ensure the patient's medical information is correct.

In response to a question by Senator Carroll, Mr. Malone stated that there is an opt-in option for patients. There are auditing capabilities to ensure only authorized personnel have access to the medical records.

Dental Issues

Polly Buckey, Regional Dental Director, Kool Smiles, stated that Kool Smiles is dedicated to providing access to affordable, quality dental care for Kentucky families and thousands more across the nation. In 2002, Kool Smiles opened an office in Atlanta, Georgia to fulfill its mission of providing urgently needed dental care for the under-served children and their parents. Kool Smiles serves children with Medicaid in order to give them the opportunity to improve their oral health and to learn fundamental oral health care skills that will serve their overall health and wellness for the rest of their lives. If untreated, cavities and oral disease can lead to more serious and complicated issues such as poor diets, difficulty paying

attention in school, poor attendance in school, and problems with sleeping. Financial limitations should not be a barrier to quality dental care, yet based on the number of dental facilities that do not accept Medicaid patients in underserved communities across the nation, this has been the case. All the dentists in the Kool Smiles' offices have either a doctor of dental surgery (DDS) or a doctor of dental medicine (DMD) degree and must pass a rigorous screening process before joining the organization. Kool Smiles implements a vigorous compliance program and aligns clinical and billing standards to the nation's best benchmark quality. The monthly quality report is published on the website as a matter of public record.

Representative Moore stated that the military is very serious about making sure every soldier receives the best dental care. He is grateful to Kool Smiles for its partnership with the state and the efforts being made for our children.

In response to a question by Representative Wuchner, Dr. Buckey stated that she would provide the committee with information on statistics on the number of children who have had access to dentists by age 18.

Sharon Turner, DDS, JD, Dean, University of Kentucky College of Dentistry, stated that according to the 2010 relicensure data provided by the Kentucky Board of Dentistry, there are 2,348 practicing dentists with 934 who are age 55 or older and 77 who serve pediatric patients. Western and Eastern Kentucky have the lowest dentists per population ratio throughout the state. Oral infections affect a child's nutrition, sleep, ability to learn, attendance at school, and self image. The mission of the Kentucky Oral Health Network (KOHN) is to improve oral health literacy, reduce oral health disparities, and improve the oral and general health of families in rural Kentucky and other underserved populations of Kentucky. The outreach partners of the KOHN are public health departments, community health centers, regional health systems, regional universities, Head Start programs, public school systems, the University of Kentucky Centers for Rural Health, the University of Kentucky Medical Center colleges, and the University of Kentucky College of Dentistry Program. Senator Stine stated that bad teeth can have a negative effect on the total body.

Ann L. Greenwell, DMD, MSD, Program Director, Pediatric Dental Residency Program, University of Louisville School of Dentistry, stated that dental caries or cavities is the most common infection in children in the United States and is totally preventable. Nationally, more low-income children have cavities than non-low-income children. Untreated pain and infection cause problems with a child's ability to eat, to speak, and to learn, and children lose the ability to focus and perform complex tasks and demonstrate disruptive behaviors because of dental pain. The solution is education and early diagnosis followed by definitive treatment. At the University of Louisville School of Dentistry Pediatric Dental Clinic, screenings are performed for free to help families with no insurance and no family dentist. Faculty from the University of Louisville and the University of Kentucky are working with the Department for Public Health's dental director to educate dental providers in the state to help them be better able to treat more children. The program gives children a place to receive regular dental check-ups and have a place to go for care in case of trauma or emergencies without having to travel to another city. Every child in Kentucky deserves to grow up free from pain and infection.

Beverly Largent, Pediatric dentist and past President, and Mike Porter, Executive Director, Kentucky Dental Association, stated that dentists are completing the Kentucky Screening/Dental Examination Form. The association has not received information from school systems on how many children have been screened or their needs. The Kentucky Dental Association (KDA) is committed to finding a dentist for any child. There is no language in the legislation to address children who have failed to be screened, and results from screenings will not be known for one year. A dental home is a place where children can receive continuous, comprehensive, and emergency care. The dental home can best be supported by a mandatory dental examination. KDA's concern is how children can be served on a local level.

Dr. Bill Collins, Chairman, Kentucky Chapter of Remote Area Medical (RAM), stated that RAM's mission is to provide medical, dental, and vision care to the underserved who cannot afford co-pays and deductibles. The organization operates solely on donations from the private sector, and no government

grants or monies have been applied for or taken, 100 percent of all RAM Kentucky money goes back into the treatment of the patient. Just because someone is poor, it does not mean they deserve poor or incompetent care. The newest attempt to address Kentucky's dental problems is the screenings required for school-age children. These are only screenings and not complete examinations and are not always performed by a dentist or a hygienist. Parents need to be made aware that this is not a complete examination and a follow-up is needed to ensure treatment is sought for identified problems. The problem is not that providers will not accept Medicaid, but because of the low Medicaid reimbursement fee schedule. The Kentucky Board of Dentistry has been involved in every charity clinic to ensure the delivery of the highest standards of care to the public and have been instrumental in easing the regulatory process to allow out-of-state dental professionals to participate with minimal paperwork. The Kentucky Board of Dentistry and the Kentucky Dental Association along with others have recently rewritten the Dental Practice Act. In response to a question by Representative Wuchner, Dr. Collins and Brian Bishop, Executive Director, Kentucky Board of Dentistry, stated that all money for RAM's clinics are private donations and are not reimbursed by Medicaid.

Clifford Maesaka, DDS, President and CEO, Delta Dental of Kentucky, stated that his company is the largest single provider of dental benefits in the Commonwealth serving over 550,000 individual residents of Kentucky or employees of Kentucky-based companies. Delta Dental is licensed by the Kentucky Department of Insurance as a not-for-profit dental service corporation and is committed to oral health of Kentuckians. It supports and funds many oral health initiatives throughout the state including the University of Kentucky and the Western Kentucky University mobile dental vans and elementary school education projects. Delta Dental has also granted over \$1.5 million dollars to fund research centers at the University of Kentucky and the University of Louisville dental schools.

Julie McKee, DMD, Dental Director, and Steve Davis, MD, Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services, stated that the department's oral health program

builds access, supports assurance, improves assessment, and creates and supports policy development to improve oral health status. Fluoride is delivered into a municipal system through specialized equipment to create the optimal concentration. It reduces smooth surface decay by strengthening developing teeth and repairing beginning decay lesions in erupted teeth. Kentucky has a municipal system participation rate of 99.7 percent, the highest state in the nation next to DC at 100 percent participation. Kentucky's Community Fluoridation Program conducts regular annual inspections of the 205 systems for effectiveness and compliance. The Health Resources and Services Administration (HRSA) and the Appalachian Regional Commission (ARC) help fund a plan that has been developed to train dentists to have the competency to effectively assess, manage, and treat a patient who is under six years of age. Through support from HRSA and ARC, the department is assisting communities to come together, establish themselves as an oral health coalition, and work on dental issues in their community.

Kentucky's new Dental Practice Act builds access to care through the establishment of the public health dental hygienist licensure category. Although the law is not specific, its intent is to place public health dental hygienists in the school systems through health departments and their contractors to be able to do assessments, preventive services, and effective referral into the dental care system to address active disease such as cavities. The department's desired outcome is to design and implement a model that will reduce the number of school-aged children that miss school because of dental disease and create a seamless continuum of care into the dentist's office. Through allocation of state general funds, the Kentucky Oral Health Program has a contract with the University of Kentucky College of Dentistry to assist in underwriting costs for their outreach to improve access in areas of the state that have demonstrated oral health needs in underserved populations. The desired outcome is to continue designing and establishing the Kentucky Oral Health Plan Network to create a seamless care system that moves people from the state of perceived need into a dental home that can offer comprehensive dental services.

The Kentucky Oral Health Program also supports assurance

through its involvement in the new unfunded dental law that requires an oral screening for every five- or six-year old entering into the public school system. Follow-up legislation allowed dental hygienists to provide the screening without the supervision of a dentist. All screenings are recorded on one form and provided to the school upon the student's admission to the school, and are reported by January 1 to the Department of Education.

In response to questions by Representative Housman, Dr. McKee stated that although the legislation that requires a child to have a dental examination, which must be kept on file, before entering school passed several years ago, it was only enforced this school year.

In response to questions by Representative Burch, Dr. McKee stated that there are approximately 80 pediatric dentists and a small percentage of the 1,945 general dentists see children under age six. While Kentucky has a 99.7 percent municipal fluoridation system participation rate, there are some individuals who experience problems because of bad personal oral hygiene. A doctor does check a child's teeth as part of the school physical, but not a dentist. Bad oral health can not only affect a child's school performance, but it can be lethal.

A motion to adjourn at 3:11 p.m. was made by Senator Pendleton, seconded by Representative Burch, and approved by voice vote.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE Subcommittee on Health Issues and Aging

Minutes of the 1st Meeting of the 2010 Interim

September 15, 2010

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Health Issues and Aging of the Interim Joint Committee on Health and Welfare was held on Wednesday, September 15, 2010, at 11:00 a.m., in Room 129 of the Capitol Annex. Senator Julie Denton, Co-Chair, called the meeting to order at 11:23 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Senators Julian M. Carroll and Jack Westwood; Representatives Tim Moore and Addia Wuchner.

Guests: Stuart K. Williams, Ph.D., Executive and Scientific Director, Cardiovascular Innovation Institute, University of Louisville; Jodi Mitch-

ell, Kentucky Voices of Health; Tim Cecil, Kentucky Youth Advocates; Leanne Diakov, Kentucky Board of Medical Licensure; and Mike Porter and Dr. Beverly Largent, Kentucky Dental Association.

LRC Staff: Miriam Fordham, Jonathan Scott, and Gina Rigsby.

Adult Stem Cell Research

The subcommittee heard a presentation by Stuart K. Williams, Ph.D., Executive and Scientific Director, Cardiovascular Innovation Institute, University of Louisville, on adult stem cell therapies for cardiovascular disease. Heart disease accounts for 34 percent of all deaths in the United States. Peripheral arterial disease (PAD) affects about 8 million individuals in the United States and 12 to 20 percent of those aged 65 and older are affected by PAD. Peripheral arterial disease results in poor blood flow to the lower extremities. The overall goal of stem cell therapy is to replace medical devices with cellular therapies. Adult stem cell therapy is used to build blood vessels to try to avoid the amputations associated with PAD. The source of the stem cells is fat, and the process for isolating stem cells from fat was described. The adipose stem cells are used in a number of different clinical applications such as peripheral vascular grafts, dialysis access grafts, and osteoarthritis. The field of regenerative medicine represents a large marketplace. Some of the companies involved in regenerative medicine are located in Kentucky, and the hope is that more companies will locate in the state due to the type of work being done in the state in the field of regenerative therapies.

In response to questions by Senator Denton, Dr. Williams stated that horses suffering from arthritis were injected only one time with adipose stem cells and usually would respond to the treatment within six to nine months. A second injection could be given if the horse was not responding to the therapy. Eighty percent of dogs will respond within two to three weeks after being injected. Stem cells can be extracted from the foreskin of a newborn baby boy and used to grow multiple cells that can be used as patches that would help to regenerate cells or restore circulation. Cells derived from fat can only be used by the original donor.

In responses to a question by Representative Moore, Dr. Williams stated that human embryonic stem cells can be used to repair most diseases, but adult stem cells do not currently

have that capability.

In response to a question by Representative Wuchner, Dr. Williams stated that the University of Louisville has a strong relationship with the Department of Defense and is working with them on learning how to deal with combat injuries.

In response to questions by Senator Carroll, Dr. Williams stated that telemedicine involves almost every Kentucky institution and has formed a strong collaboration between all interested parties. Because health care companies are unable to cover the exorbitant price of the procedures, new cost-effective procedures and therapies are being developed. There will always be a moral issue with human embryonic stem cell research.

In response to a question by Senator Westwood, Dr. Williams stated that there have been major breakthroughs in stem cell research. Receiving approval from the Federal Drug Administration (FDA) has been difficult due to stem cell therapies being considered a drug. Cost will always be a factor when developing new therapies.

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

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 4th Meeting of the 2010 Interim

September 8, 2010

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Judiciary was held on Wednesday, September 8, 2010, at 9:00 AM, at the Old Laurel County Courthouse, London, Kentucky. Senator Tom Jensen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Jensen, Co-Chair; Senators Perry B. Clark, Mike Reynolds, John Schickel, Dan "Malano" Seum, and Jack Westwood; Representatives Kelly Flood, Thomas Kerr, Mary Lou Marzian, Harry Moberly Jr., Darryl T. Owens, and Tom Riner.

Guests: Billy Dahlin; Bill Patrick, KY County Attorneys Association; and Roy Crawford.

LRC Staff: Norman Lawson Jr., Jon Grate, Joanna Decker, Ray Debolt, Jr., and Rebecca Crawley.

Senator Jensen called the meeting to order, the roll was called and a quorum was not present.

The first speaker was London Mayor Troy Rudder who welcomed

the committee to London, Kentucky and thanked the members for attending. The second speaker was Laurel County Judge-Executive Lawrence Kuhl who welcomed the committee to the Old Laurel County Courthouse where the meeting was held.

Kentucky Court of Justice Presentation

The primary speaker for the meeting was Chief Justice John J. Minton, Jr. of the Supreme Court of Kentucky. Chief Justice Minton was joined at the table by Chief Judge of the Court of Appeals Jeff Taylor from Henderson; Circuit Judges Association President Larry Thompson, a Family Court Judge from Pike County; District Judges Association President Karen Thomas, a Chief Regional District Judge from Campbell County; McLean County Circuit Clerk Stephanie Logsdon of the Circuit Clerks Association, and Laurie Dudgeon, Director of the Administrative Office of the Courts.

Chief Justice Minton gave an overview of the court system in Kentucky, noting Kentucky has one of the few unified court systems in the nation, funded almost exclusively by appropriations from the General Assembly. Prior to adoption of the Judicial Article in 1976, Kentucky's courts were funded entirely by fines, fees and court costs. Since 1976, the courts no longer have to generate their own funding which has eliminated the corrupting influence of judges paid from the fines they imposed.

Chief Justice Minton said the court system generated \$143.6 million in Fiscal Year 2010, nearly half of its total budget of \$290 million. The state's budget deficit necessitated layoffs and elimination of several programs, reducing the court system's budget by \$6.8 million. He anticipates further cuts in FY 2012. He gave an overview of several court system programs, including drug court, pretrial services, truancy diversion programs, and foster care review boards, and noted these programs provide wraparound services to the citizens of Kentucky.

Chief Justice Minton said drug court was established statewide in 1996 and was one of the first drug court programs in the United States. He is the only Chief Justice in the United States with drug court experience, gained during his tenure as Circuit Judge in Warren County. Initially drug courts were funded by federal grants, but since 2006, funding has come from the General Assembly supplemented by federal

grants. Chief Justice Minton told the committee drug court saves the state \$4 for each \$1 invested in the drug court program, saving the state approximately \$56 million in jail and prison costs. To date, there have been 3,900 graduates from the drug court program. More importantly, drug court turns people from a life of substance abuse into productive citizens and is just one of the wrap-around programs implemented by the Court of Justice.

The pretrial services program was created by the court system upon abolishment of commercial bail bonding in Kentucky. Pretrial release officers interview persons in jail, make bail and pretrial release recommendations to judges, and monitor persons on pretrial release to ensure they are complying with the provisions of release. Chief Justice Minton indicated that 64 percent of arrestees are released prior to trial, saving counties millions of dollars in pretrial incarceration costs. Recently, the risk assessment tool used by pretrial release officers has been validated by a national pretrial release organization.

Other court programs include teen court, mock trial, juvenile services through court designated workers, truancy diversion programs which return students to school and have resulted in 10 percent to 85 percent reductions in truancy, and foster care review boards, which have helped the state reduce the length of time children stay in foster care by sixteen months.

Chief Justice Minton said his number one goal for the Court of Justice is updating the court's computer technology. The court system has fallen behind in its computer technology over the last ten years and his goal is to develop a system to meet the needs of today's citizens. He wants a system that will support electronic filing of cases, issuance of electronic warrants, allow citizens to pay fines and fees with credit and debit cards, and a system to identify funds owed to the court system but not collected, track payment of restitution, and other fiscal matters. Many courts still use paper case files and use a computer system that is no longer supported by the computer vendor.

Kentucky was one of the first court systems to utilize television in the courtrooms to avoid the necessity for court reporters, but the Chief Justice said the equipment has not been upgraded and needs replacement. Senator Jensen asked about

recent reported television equipment failures in Jefferson County. Ms. Dudgeon responded the problem involved older equipment, inadequate training, and not properly testing the system prior to use. The estimated cost for upgrading the equipment in Jefferson County is \$1 million.

Representative Flood commended the judges for the many hours they volunteer to the operation of drug court, teen court, foster care review and other programs. She urged the courts to update their programs to permit electronic filing of cases and payment of traffic tickets on line. Ms. Dudgeon responded that efficiency and accountability are the goals of the new improvements.

Representative Kerr observed he had practiced law under both the old and new court systems and that he much preferred the new system. He asked how much it will cost to implement an electronic case filing system and what the savings might be. Ms. Dudgeon said they are looking at a cost-neutral system and plan to do much of the technology upgrades internally, but she estimated the cost of the new system between \$5-10 million. Chief Justice Minton said the number one capital improvement for the Court of Justice is upgrading their technology system to meet the changing needs of the public.

Senator Schickel said he is concerned the court system is losing its focus, which is to protect the constitution and provide fair trials to the citizens of Kentucky, and that social programs, may detract from basic court functions. Chief Justice Minton assured Senator Schickel the primary focus of the court system remains on the efficient handling of cases on the bench, protecting constitutional rights, and keeping a focus on court business. Circuit Judge Thompson agreed with the protection of constitutional rights but said the court system needs to offer services to its constituents to help solve their problems and to reduce recidivism. These programs reduce dockets, reduce the number of court appearances of clients, saves money for the school systems through the truancy diversion programs, and family court gets services to families in need. Judge Thomas said upholding the constitution is a core function. Prior to implementation of the new programs, there was a revolving door of sending people to jail with no solution to their problems.

Senator Schickel said he is also concerned about the allocation of

resources and staff among the various court offices, and the disparity of caseloads between the various court programs. Ms. Dudgeon said budget limitations and reductions have necessitated staff reductions in family courts and elsewhere throughout the court system. Several judges said they are attempting to deal with staffing problems by cross training remaining staff so they can better assist in the handling of court business. Chief Justice Minton indicated staffing levels and salaries will be reviewed statewide in the next six months to make sure all programs have sufficient staff and resources to operate the courts efficiently and serve the citizens of Kentucky.

Senator Reynolds asked about the percentage of cases moving from the circuit courts to the Court of Appeals which are civil or criminal. Chief Judge of the Court of Appeals Taylor discussed oral arguments and their impact on the docket of cases being reviewed by the Court. He said about half of the cases are civil and half are criminal, and about 25 percent are reversed on appeal.

Senator Westwood asked if the courts could provide a list of programs, costs, and savings from the social programs, and related information for both the short term and long term. Chief Justice Minton responded the information would be provided.

Senator Seum expressed concern about the large number of unserved warrants, particularly in Jefferson County, and noted newly enacted statutes are frequently unfunded mandates for the courts. A 2005 study revealed there were 360,000 outstanding warrants, 15,000 in Jefferson County, and many persons coming before the courts have outstanding warrants on their records. The courts are filled with new cases at the expense of service of warrants. He asked if implementation of the electronic warrant system would improve service of warrants. Ms. Dudgeon responded the initial electronic warrant system was implemented in Jefferson County with federal grant money and will be expanded to other counties upon receipt of a \$4 million homeland security grant. Ms. Dudgeon indicated e-warrants will be available to law enforcement officers statewide and will improve the service of warrants once the system is completely implemented.

Senator Jensen thanked everyone for attending the meeting and encouraged them to participate in the

tour of the new Laurel County Judicial Center and then return to the Old Courthouse for lunch. He also informed the committee that Representative Yonts was unable to attend the meeting because he is on a trade mission to Taiwan with Senator Ridley representing the Commonwealth.

Senator Jensen thanked Ms. Logsdon, representing the Circuit Clerks Association, for attending the meeting. He asked if service of emergency protective orders endangers staff of the circuit clerks' offices. Ms. Logsdon responded that many times law enforcement is present during their meetings with victims and family members. Chief Justice Minton told the committee about his recent letter to House Speaker Greg Stumbo detailing the court's implementation of the provisions of House Bill 1 (Amanda's Law). He said he would provide a copy of the letter to the members.

Executive Reorganization Order 2010-697-Justice and Public Safety Cabinet

Due to lack of a quorum, action on Executive Order 2010-697 relating to reorganization of parole functions within the Justice and Public Safety Cabinet was deferred to the next meeting.

The meeting adjourned at 11:05 a.m.

INTERIM JOINT COMMITTEE ON LABOR AND INDUSTRY

Minutes of the 3rd Meeting of the 2010 Interim

September 14, 2010

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Labor and Industry was held on Tuesday, September 14, 2010, at 2:30 PM, at Kentucky Dam Village State Resort Park. Representative Charlie Hoffman, Vice-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Julian M. Carroll, Denise Harper Angel, and Robin L. Webb; Representatives John A. Arnold Jr., Will Coursey, C. B. Embry Jr., Bill Farmer, Joni L. Jenkins, Adam Koenig, Charles Miller, Terry Mills, Tom Riner and Charles Siler.

Guests: Joe Meyer, Secretary, Education and Workforce Development Cabinet (EWDC); Beth Brinly, Commissioner, EWDC; William Monterosso, Executive Director, Office of Employment and Training, Department of Workforce Investment; and Allen Larson, Director of Unemployment Insurance, Office of Employment and Training.

ment and Training.

LRC Staff: Linda Bussell, Carla Montgomery and Betsy Bailey

Representative Charlie Hoffman, vice-chair, presided over the meeting. Co-chairs Senator Forgy-Kerr and Representative Rick Nelson were not present because of scheduling conflicts.

Update/Report on Unemployment Insurance and Implementation of 2010 SS HB 5

Secretary Meyer introduced three new agency officials: Beth Brinley, Commissioner of the Department for Workforce Investment; Bill Monterosso, Executive Director of the Office of Employment and Training; and Allen Larsen, Director of the Division of Unemployment Insurance.

Reporting on the unemployment situation, Secretary Meyer said the unemployment rate for July was 9.9 percent, down from 10.9 percent in February of this year. The reduced unemployment rate resulted from discouraged workers dropping out of the workforce rather than an improvement in the job situation. From July 2009 through July 2010, the number of unemployed workers decreased by 22,948 while the number of those employed increased by only 667. As of July, the number of unemployed workers was 203,299 and as of August, the number of workers receiving benefits was 111,398. Approximately 55 percent of the unemployed are actually receiving benefits. Although workers could potentially receive benefits for a maximum of ninety-nine weeks because of federal extensions of benefits, the actual average duration that an unemployed worker receives benefits is 19.6 weeks. The average duration was 14.1 weeks in 2008 illustrating that workers are remaining unemployed for longer periods. The average weekly payment has decreased from \$309 to a current average of \$288. The number of initial claims for benefits has declined from a maximum of 88,000 in December of 2008 to 23,534 in August 2010. These numbers reflect that the loss of jobs has decreased, but the long-term unemployed and slow job growth remains a concern.

The unemployment insurance trust fund that pays benefits to unemployed workers was \$91,202,082 as of September 7, 2010, and the amount owed to the federal government was \$795 million. A little more than \$100 million in additional borrowing is anticipated for the remainder of 2010. Secretary Meyer said this is a reminder that the change

in the trust fund has occurred over a ten year period. In 2000, the trust fund had a balance of approximately \$700 and currently, the trust fund has a net obligation to the federal government of approximately \$630 million.

As example of why HB 5 was necessary, Secretary Meyer reported that as of August 31, total unemployment benefits paid was \$1.27 billion. For calendar year 2009, total unemployment benefits paid was \$1.83 billion. Most of the benefits paid so far this year have been funded by the federal government rather than from the state trust fund, indicating that the long term unemployed workers, those unemployed for longer than twenty-six weeks, are receiving their benefits from federal funds. As of August 31, Kentucky has received \$1.48 billion in federal extension and stimulus benefits for the unemployment insurance program.

Reporting on the implementation of HB 5, Secretary Meyer said those changes that became effective on August 28 were: changes to the tax rate schedule triggers; revision of the calculation dates for employer rate notices; recovery of subsidized costs from reimbursing employers; and changes relating to the increase in the maximum weekly benefit amount.

The provisions of HB 5 that take effect on January 1, 2012 are the increase in the taxable wage base; imposition of a one-week waiting period; and the reduction in the wage replacement rate used to calculate a worker's weekly benefit amount.

HB 5 required the agency to implement certain procedural changes before January 1, 2012. The changes are scheduled for implementation beginning February 2011 and continuing through June 2011, and include: revisions in the procedure for notifying employers that benefit claims have been filed against them; increasing the time period from ten days to fifteen days that employers are permitted to protest those claims; procedures relating to random work search audits; and changes relating to the appeals process.

In addition, Secretary Meyer reviewed other procedural and policy update initiatives being undertaken by the agency including: informing the public about fraud detection; information sharing among state agencies to improve compliance and enforcement of the unemployment insurance law and to reduce employee misclassification; reviewing forms and publications to facilitate

better access to decisions and rulings on unemployment insurance issues; resuming training programs for employers about the unemployment insurance process; informing employers about their rights to make voluntary contributions; and enhancing re-employment efforts of the agency.

Other efforts being undertaken by the agency include implementing direct deposit of unemployment benefit checks; promulgation of an administrative regulation to permit benefit recipients to opt in to state income tax withholding; selecting a better forecasting tool for unemployment projections; improving customer service; and consideration of options to pay interest on the federal loans to the state.

Responding to questions from Representative Farmer, Representative Hoffman, Representative Miller and Senator Webb, Secretary Meyer stated that benefit recipients would have the option of having state income taxes withheld from unemployment benefit payments, no legislative changes to HB 5 will be recommended, federally funded time-limited employees are eligible to receive benefits when temporary employment ceases; and discussions have begun with employers to explore options for repayment of interest due on federal loans because federal law prohibits payment of the interest from the unemployment insurance trust fund and the penalty and interest account does not have sufficient funds to pay the interest.

Representative Hoffman informed members that the October meeting would be held in Lexington and members would be notified of the time and location of the meeting.

The meeting adjourned.

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 3rd Meeting of the 2010 Interim

September 10, 2010

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, September 10, 2010, 10:00 AM, at Beam Global Spirits and Wine, Clermont, Kentucky. Senator Gary Tapp, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gary Tapp, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Perry B. Clark, Julie Denton, Denise Harper Angel, John Schickel, Dan "Malano" Seum,

and Damon Thayer; Representatives Tom Burch, Larry Clark, Ron Crimm, Tim Firkins, David Floyd, Dennis Horlander, Adam Koenig, Reginald Meeks, Charles Miller, David Osborne, Darryl T. Owens, Sal Santoro, Arnold Simpson, and Susan Westrom.

Guests: Jim Morehead, Director of US Manufacturing, Steve Robinson, Vice President of Global Finance, and Jerry Summers, Director of Community Relations, Beam Global; Tony Dehner, Commissioner, Randy Fawns Deputy Commissioner, Peter Ervin, General Counsel and Virginia Davis, Legislative Liaison, Department of Alcoholic Beverage Control; Angela Criswell, Coordinator, Bluegrass Prevention Center, Tara Maguire, State Youth Program Coordinator, Mothers Against Drunk Driving.

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

Approval of minutes from July 9, 2010, Meeting

There was a motion from Representative Owens, followed by a second from Representative Firkins and the minutes were adopted by voice vote.

Welcome and remarks from representatives of Jim Beam Distillery

Jeff Conder, Vice President, Beam Global, American Operations told the committee that at its regular meeting the Board of Directors for the Kentucky Distillers Association had adopted a resolution honoring Senator Tapp. Mr. Conder read and presented the resolution to Senator Tapp.

Jim Morehead, Director of US Manufacturing, said Beam Global has Kentucky locations in Boston, Clermont, Frankfort, Loretto and Louisville. Most people do not know that Jim Beam and Makers Mark are connected. Currently there are 835 people employed by Beam in Kentucky, including 488 who belong to the United Food and Commercial Workers union. In 2008, the company acquired the Cruzan Rum label, creating more jobs at the Frankfort plant. Additionally, the bottling of Canadian Club, which had previously been done in Canada, was brought to Kentucky. Beam truly is a global company with operations in Calgary, Alberta, Canada; the Sauza plant in Guadalajara, Mexico; and two years ago Beam acquired the Cruzan plant in St. Croix, Virgin Islands. The DeKuyper plant in Cincinnati will close in 2011 transferring 120 jobs to the Frankfort plant.

Concerning the Kentucky facilities, Mr. Morehead said there are four

site locations that are known as the Clermont operations sitting on 420 acres. The plant distills, warehouses, processes, bottles and ships case products worldwide, and on a small scale produces non-bourbon products. However, 40 percent of the company's business is being done at the Frankfort plant. The bottling facility in Frankfort is one of the most advanced in the country with nine bottling lines filling more than 23,000 cases per shift. The Maker's Mark distillery was founded in 1805 and is recognized in the Guinness Book of World Records for being the oldest operating bourbon distillery in the world. The site covers 618 acres with buildings on the National Register of Historic Places. It has a large collection of buildings over 100 years old and most of the property is treated as nature preserve. Makers Mark has significant export markets in Japan, Australia and the United Kingdom; however, projections for 2010 are to bottle and sell over 90 percent of its bourbon in the United States.

Mr. Morehead said the company was very proud to be an American company from the ground up. Barrels are purchased from companies located here in the state, Eastern Kentucky coal is used, and much of the grain used to produce the bourbon is raised in Kentucky. Tax revenue from the distillery contributes a total of \$7.81 million dollars from property, ad valorem, sales and payroll tax. Additionally, \$350 million dollars is paid in federal excise tax.

Mr. Morehead told the committee that Beam's tourism industry was also being expanded at Maker's Mark and the Jim Beam American Outpost. The Maker's Mark program was a model for other distillery's and that 100,000 visitors will pass through the Loretto site in 2010. The Bourbon Trail is very important to the visitor's experience. Taking a leadership role in social responsibility is important to Jim Beam, adding that Beam is proud to be the leader in the industry in working with all aspects of the community to correct irresponsible uses of alcohol.

Senator Tapp said the Jim Beam company has a bright future and he appreciated the contributions that they have made to the state through new jobs and for their corporate integrity and responsibility.

Department overview for the Department of Alcoholic Beverage Control

Tony Dehner, the Alcoholic Beverage Control Commissioner, told com-

mittee members that department employees provide a high level of service to the alcoholic beverage industry. The department has undertaken a special focus to combat youth access to alcohol and tobacco products by using specific programs to regulate the alcoholic beverage and tobacco industry. These programs educate the public through outreach and enforcement. Operation Zero Tolerance is conducted with underage investigative aides working with investigators to determine if a retailer is selling alcoholic beverage products to customers under 21 years of age. With this program in place, compliance is at ninety-four percent. Targeted Enforcement Details is a program that places investigators at special events such as the Barbeque Festival in Owensboro, the Kentucky Derby Festival in Louisville, Keeneland Race Course in Lexington and at tailgating events around college campuses. He said the effect of this program is based on the number of citations issued for each detail involving underage drinking. Violations range from minors buying, possessing or attempting to buy alcoholic beverages, to possession of drugs and selling drugs. Cops N Shops is another program. Its main objective is to stop the sales of alcoholic beverages to minors and to combat underage drinking. This program utilizes undercover law enforcement investigators who pose as servers or clerks in convenience stores, package liquor stores, restaurants and bars.

Mr. Dehner said that the department has four areas of responsibility regarding tobacco product enforcement; stopping illegal sales of tobacco products to minors, conducting an annual survey of retail sales, compliance with the Master Settlement Agreement, and compliance with regulations that prohibit sales of cigarettes and smokeless tobacco to anyone under the age of eighteen.

Mr. Dehner told the committee members that KRS Chapters 241 – 244 and KRS Chapter 43B authorize the department to regulate and oversee the alcoholic beverage industry and to adjudicate and levy fines for tobacco violations. Out of 326 cases initiated, 267 have been settled, the department has issued 13 warning letters and 17 cases were dismissed. He said that the total amount of money from fines deposited in the General Fund account are \$435,050 for alcohol related cases and \$6,950 from tobacco related cases.

Mr. Dehner said the Servers Train-

ing in Alcohol Regulations (STAR) program trains and educates people who work with, sell, and serve alcohol. The main goals of the STAR program are to reduce alcohol sales to minors, reduce sales to intoxicated people, provide information on statutes relating to alcohol sales, and to inform servers of legal liabilities when serving or selling alcoholic beverages. Participation in the program results in better-trained and informed servers in retail establishments. Classes are held at various statewide locations to provide accessibility to all retailers and their employees. The participants attend a four hour course that certifies them for three years. Forty-seven counties have adopted local ordinances mandating that each server or seller of alcoholic beverages in their community shall be trained in this alcohol awareness program. Currently there are 22 contract trainers throughout the state to provide STAR classes. Positive feedback from attendees show that this approach has substantial merit.

Mr. Dehner said that the licensing division of ABC issues and assists with over 13,000 active licenses statewide. This number includes licenses for distilled spirits, wine and beer. Licensing personnel work with licensees, and the general public as well as those from the legal field, state, local and federal government agencies and numerous other individuals that assist the alcoholic beverage in Kentucky. The average amount of time to process a license is 44 days. Annual fees collected for licenses totals approximately \$5 million. There are 84 license types under statute. Each license type has its own set of rules and regulations.

Mr. Dehner said that in 2000, Kentucky began to see a significant change in the increase in wet territories. Legislation passed prior to that time allows for local option elections at the precinct level to permit limited sales of alcohol in restaurants, at golf courses, qualified historic sites and small farm wineries. This provides additional revenue for cities that collect a regulatory tax on the sale of alcoholic beverages. There have been 110 local option elections, 75 of which resulted in a wet vote.

Mr. Dehner said the department's IT team is currently working to implement online registration and tracking for STAR classes. In addition, the IT division is working on a precinct level wet/dry database, which they hope to have on-line in the future. They also plan on enabling the public to

submit complaints, apply, or renew an ABC license on-line, and to search for wet/dry areas.

Alco-pops.

Angela Criswell, Alcohol Prevention Enhancement Site Coordinator, with the Bluegrass Regional Prevention Center told members her job was to assist community coalitions and organizations in their effort to craft effective strategies to prevent underage drinking and to reduce high risk drinking among adults. Public health professionals, mental health professionals and community members are concerned with the issue of underage drinking, and alcopops is a part of that effort. Typically, the focus in alcohol prevention programs is on drunk driving; however, data from the Kentucky Incentives for Prevention (KIP) survey shows that if too much focus is placed on drunk driving, information regarding underage alcohol and drug use goes unrecognized. Underage drinking is a particular concern because the brain continues to develop into your mid-twenties and alcohol effects the structure and function of the brain as it is developing. In particular, the neuro connections in the brain's reward pathway are affected. Research also shows that drinking before the age of fifteen has a high degree of association with alcohol dependence at some point in a person's lifetime. Ms. Criswell said alcopops are sometimes called "flavored malt beverages" or FMBs or "ready to drink" RTDs. However, alcopops are highly sweetened, malt beverages and energy drinks that closely resemble the packaging of non-alcoholic beverages. As an example, Rockstar Energy drink has both a malt beverage and a non-alcoholic drink. Similar packaging promotes confusion among parents, retailers and even law enforcement, and makes the product familiar and inviting to youth, easing the transition to try alcohol. Combining the malt beverage with highly caffeinated drinks masks the feeling of intoxication but does not reduce impairment. As a result, youth drink even more of the product, lowering inhibitions and allowing for high risk behavior. In 2008 a publication noted college students who combine caffeine with alcohol were twice as likely to ride with a person who was impaired.

Ms. Criswell told members the alcopop drinks contain high levels of alcohol, as much as 12 percent per volume. Most drinks are purchased in 24 ounce cans with approximately four serving per can. Binge drinking is

defined as four to five drinks, therefore the alcopop drink was a binge in a can. Also, prices are typically lower in malt-beverage energy drinks than the non-alcoholic drinks. Not only are they price-accessible, the drinks are also retail-accessible because they are not limited to liquor stores, but are sold in grocery stores, and convenience stores.

Tara Maguire, State Youth Program Coordinator for Mothers Against Drunk Driving (MADD) told committee members that she works with youth all around the state. Youth are very aware of the difference between the malt beverages and the non-alcoholic drinks; however, most adults are not. The American Medical Association identifies these beverages as "girly drinks" stating that the percentage of girls who drink is on the rise. Drinks are sold in flavors that appeal to young people. Alcopops are produced by spirits and beer companies that market attractive packaging to youth who see a branded product as a status symbol. Two national studies reveal that eight in ten teenagers reported that these drinks taste like soda or lemonade. The Center for Alcohol Marketing in Youth (CAMY) found that some alcohol companies' websites are particularly targeted to youth. Jim Beam is cited by CAMY as a model company that does not advertise to a young market.

In response to a question from Representative Reginald Meeks, Ms. Criswell said the manufacturers of alcopops are generally small scale companies. Rock Star is packaged by United Brands and Four Loko is packaged by Drinkfour. A person must be 21 to purchase these malt beverages; however, they are sold in convenience stores.

After Ms. Maguire's presentation Senator Tapp said there was a plant tour available for anyone interested.

There being no further business the meeting was adjourned by voice vote at 11:33 a.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 2nd Meeting of the 2010 Interim

August 25, 2010

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Local Government was held on Wednesday, August 25, 2010, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Senators Walter Blevins Jr., Julian M. Carroll, Mike Reynolds, John Schickel, Elizabeth Tori, and Johnny Ray Turner; Representatives Mike Denham, Ted Edmonds, Derrick Graham, Richard Henderson, Charlie Hoffman, Dennis Keene, Adam Koenig, Stan Lee, Tom McKee, David Osborne, Arnold Simpson, Ken Upchurch, and Jim Wayne.

Guests: Cindy Rich, Boone County Property Valuation Administrator; Rick Brueggemann, Hemmer, Pangburn, DeFrank, PLLC; Dana Mayton, Deputy Attorney General; Andrew Hartley, Matthew Frohlich, and Wendy Thompson, Department for Local Government; Jeff Kelly, Webster County Property Valuation Administrator; Garth Kuhnhein, Terry Donoghue, and Lou Hartfiel, Northern Kentucky Tea Party; J.C. Morgan, Campbell County Library; Terry Manual, Department for Libraries; Ted Blaney, Owen County Tea Party; Eddie Tammy, Boyle County Property Valuation Administrator; and J. R. Roth, Kentucky Woodland Owners.

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, Kristopher Shera, Pam Thomas, Tom Willis, Matt Niehaus, Bryanna Carroll, and Cheryl Walters.

Approval of Minutes

Upon the motion of Representative Henderson, seconded by Senator Schickel, the minutes of the June 23, 2010 meeting were approved.

Consideration of Resolution

Senator Thayer asked for a motion to adopt a resolution adjourning the meeting in memory of Janet Harris, Senator Harris' wife who passed away recently. Representative Osborne so moved, seconded by Representative Denham. The motion carried by voice vote.

Discussion of Rate Calculations in 1979 HB 44

Senator Thayer told the committee that Mrs. Cindy Rich, Boone County Property Valuation Administrator (PVA), had expressed concerns to him regarding 1979 HB 44 and that he invited her to address those concerns. He then recognized Senator Schickel to introduce Mrs. Rich.

Senator Schickel told the committee that Mrs. Rich was a Certified Public Accountant and has been Boone County's PVA since 2006. As PVA, Mrs. Rich has discovered how tax rates are calculated and has taken a personal interest in attempting to make sure the public is not being misled. Senator Schickel added that Mrs. Rich firmly believes that some districts are able to take in more

than the four percent allowable revenue increase per HB 44, which she believes was not the original intent behind the bill. He stated that Mrs. Rich has decided to educate taxpayers in the hopes to make the legislature aware of the problem and get it changed.

Mrs. Rich introduced Mr. Rick Brueggemann, an attorney representing her, to answer questions from the committee. She told the committee that she was appearing before the committee as a concerned citizen, not as a PVA. Mrs. Rich told the committee that HB 44 was passed by the General Assembly in 1979 and the original intent was to prevent taxing districts from raising tax revenue, as opposed to rates from real property more than four percent. There is a common misconception among taxpayers that if the rates do not go up, then taxes do not go up. No matter what the assessments, the revenue should go up no more than four percent. The focus is on tax revenues collected, not the previous year's rate. The compensating rate is the rate which will produce the same amount of revenue as the previous year, excluding new property.

After providing an explanation of the compensating tax rate, Mrs. Rich stated that taxing districts are permitted to take up to four percent increase in revenue without it being subject to voter recall. This is not happening. If there is a difference in real and tangible property rates, the calculation, as being interpreted in the statute, is allowing for a more than four percent increase without that amount in excess of four percent being subject to voter recall. This is according to tax rate calculations and work sheets prepared by the Department for Local Government (DLG) and the Department of Libraries and Archives.

After citing a case example from the Owen County Library District and the Boone County fiscal court, Mrs. Rich explained that in time of increasing assessments, tax rates are failing to drop. Taxpayers are being led to believe revenue is only able to go up four percent or that revenue is not going up at all. Mrs. Rich pointed out that KRS 132.010(6) defines the compensating rate and allows interpretation of the "minimum revenue limit" test. Personal property, which is often times taxed at a higher rate, is being "lumped in" to the tax rate calculation. This effectively weights the average of the real and personal property rates and makes the com-

compensating rate higher than it would normally be, or what it would be if the two rates were the same. Personal property is then taken back out.

Mrs. Rich provided an example of a county's process for setting the property tax rates that demonstrated how the revenues can exceed four percent without invoking the possibility of public recall.

Mrs. Rich told the committee that she requested an Attorney General's Opinion (OAG 10-005, included in the members' folders) asking, "Is it proper to include personal property when it is specifically excluded under the first sentence of KRS 132.010(6)?" The answer was, "the exclusion only applies to the first sentence, not the second sentence of the definition." Also, when there is a rate disparity between real and personal property rates, it allows such districts to set a higher tax rate without voter recall. No counties have real and personal property rates that are the same, and as a result are truly subject to the four percent limit. Some districts are taking advantage of the minimum revenue limit and others are not. The result is that some citizens enjoy rights of recall for real property tax revenue increases beyond four percent, while others do not. This unequal treatment among taxpayers of the same class is constitutionally permissible according to the most recent Attorney General's Opinion requested, because it results from decisions made by the county fiscal courts or other local taxing authorities and not the classifications that are in the statute.

Mrs. Rich told the committee that in 1980, the former Attorney General, presently Governor Beshear, issued an Opinion indicating "the clear and unambiguous intent of the General Assembly was to place a ceiling upon real property tax rates while specifically exempting personal property tax rates." The Opinion further stated, "The very definition of 'compensating tax rate' evinces a legislative intent that only revenue from real property comes within HB 44 limitations. Personal property and new property are specifically excluded from the definition of 'compensating tax rate.'" The answer, again, was that it was referring to the first sentence, not the second sentence of the statute.

Mrs. Rich stated that HB 44 intended to limit revenue collected from real property by four percent over the previous year by allowing voter recall. Greater percentages are

allowed without triggering recall because KRS 68.245(6) uses the term "compensating tax rate" in calculating its four percent limit. Since the definition of "compensating tax rate" allows greater percentages to be collected, there is no true four percent limit on increases of tax revenue from real property.

In conclusion, Mrs. Rich suggested that the legislature can fix this problem by mandating that the real and personal property rate be the same, or define a compensating rate for each class that is calculated completely separate of the other. "Personal property" should be excluded from both the first and second sentence of KRS 132.010(6) for perfect clarity.

Senator Carroll commented that the problem may be a misinterpretation of the statute by DLG. It was the intent in 1979 to limit revenue from both classifications of property to not more than four percent.

Mr. Brueggemann said he believed that the original intent of HB 44 was to limit the amount that real property taxes can increase from the previous year and that the "however" clause in the definition of "compensating rate" was placed there to guarantee for a certain year at least the same amount of revenue as the previous year in consideration of personal property rates.

Senator Carroll said that at a future time, the Attorney General and DLG should have the opportunity to address the committee.

In response to a question from Representative Simpson, Mr. Brueggemann said his office believed the two opinions of the Attorney General were in conflict in terms of the application of personal property tax to HB 44, but did not believe the Attorney General viewed them as being conflicted.

Representative Simpson commented that he agreed that DLG was not applying the tax as it should be applied. He told Mr. Brueggemann that he might have to seek resolution in court at which Mr. Brueggemann responded that a court resolution was being considered with a desire to fix the situation in the most expeditious manner possible.

Senator Thayer commented that, in contrast to the elected fiscal court setting tax rates, there is no recourse for taxpayers because board members of special districts are appointed rather than elected.

Representative Koenig commented that he would also like to hear

from DLG and the Attorney General. In response to a question from Representative Koenig regarding what would happen when new property was incorporated into the rest of the taxable property, Mrs. Rich said the rates would go down.

In response to a question from Representative Lee about how much money taxpayers may have wrongly paid since 1979, Mrs. Rich predicted millions of dollars. Representative Lee commented that he would encourage testimony from the Attorney General regarding the most recent Attorney General Opinion.

In response to a question from Representative McKee, Mrs. Rich said the Attorney General has indicated that the tax rates have been calculated in the same manner for 30 years.

Mr. Brueggemann said he felt that the situation changed in the early 1980s when personal property rates and real property rates became different after the previous Attorney General Opinion.

In regard to protecting the agricultural community, Representative McKee urged caution for legislative changes to HB 44.

Representative Wayne commented that the broader issue of how people are governed at the local level needs to be looked at and that he felt the current system of local government is very inefficient, noting the number of county government in Kentucky and that the state itself has to provide finances to support the local governments. He encouraged a consolidation of services.

In response to a question from Senator Schickel, Mrs. Rich said Boone County's, specifically, and other counties' assessments are decreasing, but to what extent, she could not address on a statewide level. Senator Schickel commented that he was concerned about the situation in an economic downturn that despite falling property values, the citizens were still expected to produce the same amount of revenue.

In response to a question from Senator Reynolds, Mrs. Rich said schools in Northern Kentucky are truly limited to four percent and are using the same rate for real and personal property.

Senator Thayer asked Deputy Attorney General Dana Mayton to address the committee and answer questions from members. Deputy Attorney General Mayton told the committee that generally, the opinions speak for themselves, and that

when crafting opinions, the Attorney General seeks input from others. In this instance, the Attorney General determined that DLG was calculating the rate correctly according to a strict interpretation of the statutes. The legislature makes policy and the Attorney General's Office defers to the General Assembly on how it would proceed on this matter.

In response to a question from Representative Lee, Deputy Attorney General Mayton said that the Attorney General's involvement in a lawsuit pertaining to the litigation would depend on the analysis of the allegations and a decision made whether to intervene.

In response to a question from Representative Lee, Deputy Attorney General Mayton said even though she was not sure, she thought 20 or 30 days would be the time limit for the Attorney General's office to a suit which questions the constitutionality of the statute. She will report back to the committee with the exact answer.

Senator Carroll commented that an appropriate suit would be declaratory in nature to interpret a statute in question. He filed a bill that was passed in the 1960s requiring farm property to be assessed at farm property values.

Senator Carroll further commented that OAGs are not written by the Attorney General himself but rather are written by expert staff members of that office.

Senator Thayer asked Mr. Andrew Hartley, staff attorney for DLG, to address the committee. Mr. Hartley introduced Mr. Matt Frohlich, who is responsible for the tax rate calculations. Mr. Hartley told the committee regarding the calculation of the compensating tax is no more and no less than a mathematical formula. DLG is following the rigorous and literal word of the statute for calculating the compensating tax rates.

Senator Carroll noted after Mr. Hartley discussed the two calculations of the compensating tax rate and the four percent rate that he believed that the difference in opinion from his perspective may be that the compensating tax rate is calculated to be less than the four percent rate, but greater than the previous year's revenue.

Mr. Hartley said he would be glad to present the brief that they provided to the Attorney General's office to the committee which contains various mathematical examples. Senator Thayer asked that he make it avail-

able to LRC staff.

Senator Thayer announced that Pam Thomas, Committee Staff Administrator of the Appropriations and Revenue could provide history to the committee at a future meeting and also Mr. Hartley could be invited back to address the committee.

Representative Simpson clarified that DLG was simply using the wording of the statute to make the calculations to which Mr. Hartley agreed.

Representative Lee stated that a copy of Mr. Brueggemann's brief should be given to the committee and any documents from the Attorney General's office.

Senator Thayer commented that this is an issue that the public should be aware of.

Mr. Brueggemann noted that even if a declaratory judgment is rendered agreeing with DLG's method, that a legislative change may still be pursued.

Senator Thayer recognized Mr. Jeffrey Kelly, Webster County PVA, to address the committee. Mr. Kelly told the committee that tax rates have been a mystery to taxpayers and that the process needs to be looked at. HB 44 provides a ceiling and a floor. Mr. Kelly questioned why four percent was chosen.

Senator Thayer recognized Mr. Garth Kuhnhein to speak for taxpayers. Mr. Kuhnhein talked about the Kenton County Library District's understanding that the board had to take the compensating tax rate. Appointed library board members make tax decisions. The library received on average 85 percent of what the county receives to operate the library.

Senator Thayer recognized Mr. J. C. Morgan, Director of the Campbell County Public Library. Mr. Morgan stated that the property tax is the only tax that libraries get in contrast to other revenue sources available to counties. The library district has been a good steward of the taxpayers' money. HB 44 has benefitted libraries and asked the committee to think of libraries when it considers any changes to the law.

Senator Thayer announced that the committee's next meeting would be a joint meeting with the State Government Committee in Georgetown at Toyota.

There being no further business, the meeting was adjourned at 12:10 p.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 3rd Meeting of the 2010 Interim

September 22, 2010

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Local Government was held on Wednesday, September 22, 2010, at 10:00 AM, in the Visitor Center at Toyota Motor Manufacturing, Kentucky, Inc., Georgetown, Kentucky. The meeting was a joint meeting with the Interim Joint Committee on State Government. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Walter Blevins Jr., Jimmy Higdon, Alice Forgy Kerr, Mike Reynolds, John Schickel, and Robin L. Webb; Representatives Ron Crimm, Mike Denham, Ted Edmonds, Derrick Graham, Charlie Hoffman, Brent Housman, Dennis Keene, Adam Koenig, Tom McKee, Arnold Simpson, Kevin Sinnette, Ken Upchurch, and Jim Wayne.

Guests: Representatives Rocky Adkins and Fred Nesler; Kim Menke, David Carpenter, and Barbara McDaniel, Toyota Motor Manufacturing, Kentucky, Inc.; Dawn Bellis and Tim House, Kentucky Department of Housing, Buildings and Construction.

LRC Staff: Mark Mitchell, Judy Fritz, Karen Powell, Bill VanArsdall, Sean Donaldson, and Peggy Sciantarelli.

Senator Thayer and Representative Hoffman welcomed everyone to Georgetown—their legislative district, as well—and thanked Toyota Motor Manufacturing, Kentucky, Inc. (TMMK) for hosting the meeting. Senator Thayer expressed appreciation to Local Government Committee co-chair Representative Steve Riggs and State Government Committee co-chair Representative Mike Cherry for agreeing to meet at TMMK in order to recognize Toyota for its important role in the community and the Commonwealth.

Approval of Minutes

The August 25 minutes of the Local Government Committee were approved by voice vote, without objection (motion by Representative Crimm).

Old Business

Representative Pullin said it had been brought to her attention that some state parks may be using temporary employees, while full-time

employees are being subjected to furloughs. She requested that committee staff look into this matter. Senator Thayer noted that the meeting folders for members of the State Government Committee include a September 21 letter from Mona Juett, Tourism, Arts and Heritage Cabinet, in response to the Committee's previous request for information about the Department of Parks' use of concessionaires. (Senator Thayer called on Ms. Juett to speak, but she had not yet arrived at the meeting and did not speak at the meeting.) Representative Graham asked that staff also obtain information about the Transportation Cabinet's use of temporary employees. Senator Thayer instructed staff to inquire about the use of temporary employees in both cabinets and report back to the State Government Committee at its October meeting.

Administrative Regulation Review

The first item on the agenda was administrative regulation 815 KAR 8:100, a new regulation of the Department of Housing, Buildings and Construction. The regulation, relating to criteria for local jurisdiction HVAC programs, had been referred by the LRC to the Local Government Committee for review. Present from the agency were Dawn Bellis, General Counsel, and Tim House, Director of the Division of Heating, Ventilation and Air Conditioning. Mr. House explained the regulation, which establishes the requirements for local HVAC inspection and permitting programs to request and be approved to operate a program pursuant to guidelines established by the Board of Heating, Ventilation and Air Conditioning Contractors. There were no questions. Senator Thayer thanked the speakers and noted that a written report of the review will be submitted to the LRC.

Presentation by Toyota Representative

Kim Menke, Manager of Community and Government Relations, welcomed everyone on behalf of TMMK and its senior executives, Chairman Steve St. Angelo and President Wil James, who were unable to attend the meeting. He expressed appreciation for the support Toyota has received from the legislature, the current state government administration, and the Commonwealth in general. He thanked Senator Thayer and Representative Hoffman for being instrumental in personally recognizing Toyota team members in the Senate and House chambers during

the previous session of the General Assembly. He expressed thanks for the passage of an amendment to the Kentucky Environmental Stewardship Act needed by Toyota relative to the manufacturing of the Camry hybrid vehicle in Georgetown. He thanked the legislature, too, for changes to the Kentucky Reinvestment Act that have been helpful to TMMK, including authorization for an advanced manufacturing facility on the Georgetown campus of the Bluegrass Community and Technical College (BCTC) when funding becomes available.

Mr. Menke's "Toyota Update" slide presentation began after the showing of an introductory "plant tour" video. (Paper copies of the presentation were provided to the Committees.) Topics included Toyota growth and its impact in the United States; impact of the economic downturn on the U. S. auto industry and how Toyota has weathered the downturn; Toyota's recall issues and activities; potential changes for the auto industry; TMMK leadership and milestones; Kentucky's incentive package for Toyota and Toyota's commitment to Kentucky; resident counties of team members; motor vehicle-related plants and suppliers; corporate gifts by TMMK; and the TMMK Environmental Education Center.

Mr. Menke said that May 2011 will mark the 25th anniversary of TMMK's groundbreaking in Georgetown. The "first car" ceremony was held in May 1988. The total incentive package to bring Toyota to Kentucky—developed during the administration of Governor Martha Layne Collins—was \$147 million. More than \$62 million was used for training and education, including \$7.2 million for a training center. In its initial commitment to Kentucky, Toyota spent \$800 million to construct and operate the automobile assembly plant and employed 3,000 Kentuckians with an estimated annual payroll of \$90 million. Twenty-five years after the groundbreaking, TMMK is the largest Toyota manufacturing facility outside of Japan, with 7.5 million square feet under roof. The total current investment in TMMK in Georgetown is \$5.3 billion, and TMMK is designated the "mother plant" for North America. Production capacity is 500,000-plus vehicles per year. To date, TMMK has built 8.2 million vehicles in Georgetown. There are currently 6,800 team members who list their primary residence in 77 different Kentucky counties; with 80 percent living within 80 miles of Georgetown. The top five

counties of residence are Scott, Fayette, Harrison, Jefferson, and Clark. The average annual payroll of the plant is \$523,000,000. TMMK builds the Avalon, Venza, Camry, and Camry-Hybrid, and also machines and assembles engines and axles at the Georgetown facility.

Toyota spent \$2.3 billion on parts, goods and services in 2009 with 90 Kentucky based suppliers that employ more than 24,000 people. Of that figure, approximately 9,000 employees work for companies dedicated solely to Toyota. Across North America Toyota has 350 suppliers in 33 states in the USA, and in Canada, and Mexico. Kentucky suppliers are also making compatible parts for shipping to other Toyota facilities. Nationwide, Toyota has a direct investment of more than \$18 billion, employs 28,783 persons directly and another 163,880 persons indirectly, and produces more than 870,000 vehicles yearly. In addition to the Georgetown facility, Kentucky has Toyota's North American headquarters in Erlanger, a parts distribution center in Hebron, and 23 Toyota dealers.

TMMK believes in being a good neighbor and giving back through volunteerism, community involvement, and philanthropy. Corporate gifts, including sponsorships, have increased each year since 1987 and now total \$38 million. Toyota considers not only Georgetown, but the entire state of Kentucky, as its community. TMMK, in spreading the message that manufacturing and the environment can coexist, works with teachers to develop a curriculum for its Environmental Education Center so that students can learn about programs for composting, water recycling, and air purification. All the profits from the Visitor Center gift shop are deposited in a fund administered by the state to fund bus stipends for schools that otherwise could not afford field trips to the Center.

The United States auto industry sold about 17.4 million vehicles in 2000 and 16.2 million in 2007. Due to the downturn in the economy and job loss, vehicle sales decreased to 13.2 million in 2008 and to only 10.4 million in 2009. The industry is beginning to recover, and the seasonally adjusted annual rate (SAAR) for vehicle sales is expected to reach between 11.5 and 12 million in 2010. Toyota anticipated this decline in sales and has dealt with it in "The Toyota Way" that has been in place for

the last 70 years—the basic premise being respect for people and striving for continuous improvement. TMMK experienced its first operating loss in FY 2009. Through everyone working together and "shared sacrifice," costs were reduced, but because Toyota respects its team members, there were no layoffs. The impact of the sales decline was felt less in Kentucky than in Indiana and Texas facilities, where there were significant shutdowns in production. TMMK had to stop production only for a couple of weeks collectively. The "Cash for Clunkers" program stimulated sales in August 2009, and overall sales are going up. After experiencing three major recalls in 2009 and 2010—floor mats, accelerator pedal, and ABS software—and subsequent congressional hearings, Toyota has been able to identify the problems and act to resolve them. Those actions included stopping vehicle sales; implementing additional safety features; pursuing scientific investigation through independent testing; working with the National Highway Traffic Safety Administration (NHTSA) and National Aeronautics and Space Administration (NASA) engineers; creation of a Safety Advisory Panel; and development of SMART teams (Swift Market Analysis Response Team) as part of a customer satisfaction/repair campaign. More than 8.5 million vehicles had to be examined. Inspections of 4.7 million vehicles have been completed, including 80 percent that potentially had sticky accelerator pedals. In addition, Toyota Motor Corporation created a Special Committee for Global Quality to ensure a swift reaction to the problems. As a result, Toyota is refocusing on its customers and will become stronger. Regulatory changes in the auto industry are also expected.

In conclusion, Mr. Menke said that TMMK is grateful for the continued support of its customers and the community and is determined to continue earning their trust. He said Toyota has learned from its mistakes and is taking major steps to avoid them in the future. He also encouraged everyone to join the plant tour and invited them to visit again at any time.

Representative Denham said that a number of his constituents work at TMMK, and he expressed appreciation for the employment opportunity that Toyota has given Kentuckians. In response to a question from Representative Denham, Mr. Menke said that the best thing about doing

business in Kentucky is the people and their creativeness. Staying competitive is probably the biggest challenge; it requires looking at the cost of doing business in this state and how the cost compares with other competitors and surrounding states.

In response to a question from Representative Riggs, Mr. Menke said that NHTSA did its own investigation into unintended acceleration and driver error and did not find that the equipment operated incorrectly. As the data comes in, the facts speak for themselves. He said that one of Toyota's fundamental principles is respect for people and that laying blame on operator error does not help anyone. As a proactive measure Toyota is now placing greater emphasis on educating customers about their car's systems and features.

Senator Thayer said that the gas pedal issue turned out to be much ado about very little and gave Toyota's competitors and some people in Washington, D.C. and labor unions an opportunity to unfairly criticize Toyota. He said he is proud of the integrity that Toyota displayed in responding to the challenge and believes the Company will become stronger as a result. He added that he owns a Toyota and is gratified to see the loyalty of other Toyota vehicle owners.

Representative Hoffman spoke about TMMK's commitment to Kentucky and the Georgetown community and how citizens have rallied in support of the Company. He also thanked TMMK for keeping the legislature informed. In response to a question from Representative Hoffman regarding future expectations relating to U. S. auto production, Mr. Menke said that a minimum of 12 million vehicles need to be produced each year in order to provide enough new vehicles and replace ones that need to be retired. The industry, of course, would like to see that number higher than 12 million but that it will probably take quite a while to reach above the 16 million mark of 2007. One benefit of the economic downturn and higher standard of customer expectation is that all automakers are producing better quality vehicles.

Senator Kerr expressed appreciation for the jobs that TMMK provides to her constituents in Fayette County.

House Majority Floor Leader Rocky Adkins, a guest at the meeting, said that because of TMMK's commitment to the AK Steel Corporation in Ash-

land, the steel mill is now back in full production, employing 1,400 people. It has also reopened a line that was closed for a number of years, resulting in an additional 140 jobs. On behalf of AK Steel—and on behalf of the coal miners of eastern and western Kentucky that help businesses stay competitive through the availability of low-cost energy—he thanked TMMK for its positive impact on the state's economy. Senator Thayer thanked Representative Adkins for attending and for his comments.

In response to a question from Representative Ford, Mr. Menke said that when operating at maximum capacity during 2006-2007, there were about 7,200 team members at TMMK; through attrition that number is now down to 6,800. Regarding staying competitive, TMMK looks at surrounding states for good ideas that might be applied at the Georgetown facility. It is also essential to maintain an adequate "work ready" workforce to replace team members who are expected to retire, now that the facility has been in operation nearly 25 years.

Senator Webb said that when she was a young legislative staffer she did legal analysis relating to bringing Toyota to Kentucky and that she is happy to have been involved in the project. She thanked TMMK for its continuing support of important heritage and cultural issues, even during lean budget times.

Senator Higdon thanked TMMK for its generosity to its suppliers and for the positive impact it has had on the standard of living in his district. He said that Mercer, Nelson, Taylor, and Washington Counties each have at least one Toyota supplier and that there are several in Marion County.

Representative McKee thanked TMMK for what it does not only for central Kentucky but also for the economy of the entire country. In response to a question from Representative McKee regarding Toyota's venture into professional racing, Mr. Menke said that the updates received from Toyota's racing division have always been very positive, even during the economic downturn, and that he expects support for it to continue.

Senator Schickel expressed gratitude to TMMK for the jobs it provides in Georgetown for residents of Boone, Gallatin and Kenton Counties, as well as at the worldwide headquarters located in northern Kentucky and the parts plant in Hebron.

Senator Blevins said he was in the legislature in the 1980s and had sup-

ported bringing Toyota to Kentucky. He thanked TMMK for what it has done for the Georgetown community and the benefits it has brought to the entire state.

In response to a question from Representative Stevens regarding the generational composition of TMMK's workforce, Mr. Menke said he did not have the age breakdown but that TMMK strives to have a diverse workforce with a good distribution across all the generations. In response to a request from Representative Stevens, Mr. Menke said he would be glad to provide information about the generational breakdown and how many workers fall into the Generation Y age group.

Representative Tilley spoke about Japanese companies and other businesses in Christian and Trigg Counties that have partnered with Toyota. He said that Toyota has played a huge part in bringing other Japanese companies to Kentucky and that communities all around the Commonwealth are affected in a positive way by TMMK's presence in Georgetown.

Representative Graham commended TMMK's Barbara McDaniel for her leadership while serving with him on the state YMCA Board of Directors. He said she exemplifies Toyota's educational efforts and philosophy of community service.

Representative Carney said that TMMK helps the economy in his district also. He stated that there should be more emphasis on career and technical training in the public school system. In response to a question from Representative Carney, Mr. Menke said he believes having students being prepared for work in the auto industry, as well as other industries, directly out of high school would help and that TMMK has been working with Project Lead the Way and similar programs that are reaching into the middle schools to expose students to potential opportunities in manufacturing and other areas of business. He said they have developed a pilot mentoring program that pays high school graduates to work part-time alongside a team member and attend classes at TMMK.

Senator Thayer thanked everyone for attending and said that the meeting has achieved his goal to increase appreciation for the wide footprint and positive impact of Toyota in the Commonwealth. He invited members to stay for the lunch being hosted by TMMK and then enjoy a guided tour of the facility.

Business concluded, and the meet-

ing was adjourned at 12:00 noon.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 4th Meeting of the 2010 Interim

September 2, 2010

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, September 2, 2010, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators David E. Boswell, Ray S. Jones II, Bob Leeper (via teleconference), Dorsey Ridley, John Schickel, Katie Kratz Stine, and Gary Tapp; Representatives Hubert Collins, Tim Couch, Keith Hall, Stan Lee, Reginald Meeks, Tim Moore, Don Pasley, Marie Rader, Kevin Sinnette, Ancel Smith, Fitz Steele, Jim Stewart III, and Jill York.

Legislative Guest: Representative Fred Nesler

Guests: Dr. Darrell Taulbee, University of Kentucky Center for Applied Energy Research; Mr. Larry Umstadter, KeLa Energy; Mr. Mike Kelly and Mr. Rolando Sanz-Guerrero, CoalTek; Mr. Johnny Greene, Office of Mine Safety and Licensing; Mr. Bruce Williams, Kentucky Conservation Committee; and Sarah Davasher, Army Corps of Engineers.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, and Susan Spoonamore.

Chairman Smith noted that a quorum was present. After a motion and a second, the minutes were approved.

Beneficial Reuse of Waste Coal

Dr. Darrell Taulbee, Center for Applied Energy Research (CAER), explained the process of coal agglomeration which is done to increase the fuel-product's density, lower shipping cost, and add value to waste materials. Agglomeration is taking the waste products and a chemical binder and applying pressure to keep them stuck together.

Dr. Taulbee explained that there are several types of agglomeration: briquetting, extrusion, pan pelletization, and roll briquetting and described some of the energy product options. One option is briquetting waste coal with biomass. Fine waste coals are abundant in the nation and

turning them into a fuel product is profitable and an environmental improvement. The United States currently has two or three billion tons in ponds and impoundments. Coal waste could be burned alone, but one of the principal problems with all the coal waste fines is moisture. Once wet, the coal waste freezes in the winter. It is difficult to store, and when it is burned, the water reduces the heat value considerably in the coal fines.

He noted that blending coal waste fines with biomass resolves some of the environmental problems with the coal, and blending it with biomass does not require considerable investment. The fuel products are of a quality grade that they can be sold into steam, stoker, and in gasification. Agglomerating coal waste fines into a fuel product is one way to extend this resource's value. Additionally, companies engaging in agglomeration are able to tailor the coal waste fuel product to the client's needs by controlling the content for NOx, SOx and mercury. There is the potential to reduce emissions and the size of existing impoundments. Dr. Taulbee noted Kentucky has approximately 650 million tons of coal waste fines that could be clean up using this method.

Premium fuel can be produced at \$17 per ton if the plant for agglomeration is integrated with coal prep plant. If the plant for agglomeration is located at pond the resulting fuel product would sell at the \$40-\$50 range. Dr. Taulbee described a pilot project done in cooperation with KeLa Energy in which they researched three different types of coal and three different methods of agglomeration to determine the best value.

In response to a question about if one could use ditches to oxidize the coal fines with just sunlight, Dr. Taulbee noted that on a surface like a ditch or ravine, the dried coal would blow away before you are able to recover it. This method may be done to some extent in France but the quantities needed in the United States are not comparable to France.

Dr. Taulbee continued with a discussion of a test burn project at a Kentucky Correctional Complex. The different fuels created with KeLa energy were used to determine terms of emissions values. These engineered coal waste fuels are premium substitutes for stoker coal.

In response to a question regarding the use of molasses as a binder

for coal waste fuels, Dr. Taulbee said that there were many formulas taken into consideration. However, a molasses and lime binder was best in terms of cost, transportation, durability, and water resistance. Molasses and lime are best for stoker fuels, but not suitable for the steam market. Lime is added to reduce NOx and SOx. When asked about the cost associated with the molasses itself, Dr. Taulbee explained that high grade molasses is not used. The product used as a binder is the black strap molasses which is used in animal feed.

In response to a question about using more biomass in the fuel products, Dr. Taulbee stated that this work is going on and KeLa is one of the companies involved in developing these products.

Waste to Fuel

Mr. Larry Umstadter, President and CEO of KeLa Energy, explained that their company takes waste of all types such as carpet, plastics, and biomass and turns it into a bendable by-product. This bendable by-product serves as a binder for recovered coal fines which is finalized as a transportable pelletized coal-based fuel. KeLa worked on a technology to develop a polymer that is not useable in manufacturing in other recycling projects.

When asked about the hesitance of the marketplace to finance projects to recover coal waste fines, Mr. Umstadter explained there is reluctance by utilities to use the products. The utilities do have regulatory certainty. For example there is legislation at the federal level and some states have renewable portfolio standards (RPS). They do not want to use biomass until there is a renewable standard. Also the reliability of the fuel also poses a problem. Mr. Umstadter stated that coal fines are generated at 700 sites across the nation, most of which are mines and processing plants. The amount of coal fines nationally is two to three billion tons and 50 million are added each year.

Mr. Umstadter noted that in using a coal waste pellet, there is no need for boiler modifications and it can be included as a fuel source if a RPS is adopted by the state or nation. Another improvement is that there is less ash waste created after the pelletized coal is burned which is important because of the greater scrutiny of coal ash impoundments by the United States Environmental Protection Agency (US EPA).

In response to a question about

the temperature for burning the pelletized waste coal, Mr. Umstadter explained that the temperature needed is determined by the boiler. Another question regarding the variations in emissions of NOx and SOx, during test burns, Mr. Umstadter explained that it is due to the quality and characteristics of the coal itself.

In response to a comment about the utility market's reluctance to embrace this renewable fuel source, Mr. Umstadter explained that KeLa Energy had began working with utilities five years ago to address their concerns. There were biomass concerns using as storing and transporting and utilities did not want to dual feed boilers. Utilities must build storage for biomass and there are combustion problems. These issues with biomass created fears towards use of the product. Also, utilities are reticent because they are not sure what the future national energy policy will be. Mr. Umstadter described one situation in Ohio where after adopting an RPS the state forced one coal plant to convert completely to using biomass as a fuel. The result was that the plant used so much woody biomass that one unintended consequence was that companies supplying the biomass began to clear cut of timber. The plant was shut down eventually because of the upset the adverse effects had to environmentalist groups.

One legislator expressed a desire to see a waste coal-biomass project such as this in Kentucky. Another legislator commented that environmentalists have pushed policies that are not well thought out and resulted in actions such as converting a coal plant to biomass. Mr. Umstadter responded that jobs are interrupted when such actions are taken, and KeLa Energy is not taking government financing for its projects because the natural market creation is beneficial to the environment and economy.

In response to a question about the best function of locating the technology to make this coal waste fuel product, Mr. Umstadter replied that the technology can function away from the crusher but only on a coal site properly adjacent to the prep plant. All products designed for export.

Recombustion Technologies: Pre-Combustion Treatment of Coals and Fines

Mr. Mike Kelly, Vice President of Governmental Affairs and Mr. Roldando Sanz-Guerrero, Vice President of Marketing for CoalTek discussed

how coal is America's best energy resource. It can reinvigorate the industrial core of America. Our national economy depends on coal and the national emissions profile has improved since 1970. Then he explained that the technology that CoalTek uses is different than KeLa. CoalTek microwaves the coal fines to remove the moisture.

Mr. Sanz-Guerrero said that CoalTek produces 120,000 tons of coal waste pellets per year. The microwave facility operates on the site where the coal fines are being dewatered. The problem with waste coal is moisture, and it needs to come out before it can be reprocessed or sold commercially. Unlike thermal or heat technology which dries the coal at the surface, microwave does not care about the location of the water molecules. Therefore, the moisture is reduced throughout the coal waste regardless of how it is placed in the microwave. There are additional problems with thermal technologies such as unwanted coal combustion. Non-thermal technologies, like microwave, do not result in unwanted combustion. CoalTek has looked at the Illinois basin for briquetting or coal sale blending.

Then Mr. Kelly announced a demonstration project. Along with the Center for Applied Energy Research, North Dakota, United States Department of Energy, and Duke University, CoalTek has a one million dollar contract to convert waste coal impoundments to a biomass renewable blend fuel product. The project anticipates using 2.5 billion tons of coal in the Appalachian region. The resultant fuel is intended to be used by power plants and industrial boilers.

In response to a question about locating a plant in China, Mr. Kelly replied that CoalTek is looking at areas where there is no regulatory uncertainty which is the case with locating a plant in China. In response to a remark that Kentucky will be very supportive of this type of technology locating here, Mr. Kelly stated that CoalTek hopes that the one million dollar project just announced will eventually expand.

There being no further business the meeting was adjourned.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs Minutes of the 1st Meeting of the 2010 Interim

August 24, 2010

Call to Order and Roll Call

The 1st meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, August 24, 2010, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senators Walter Blevins Jr., Julian M. Carroll, Ernie Harris, Jimmy Higdon, Alice Forgy Kerr, Mike Reynolds, John Schickel, Elizabeth Tori, Johnny Ray Turner, and Robin L. Webb; Representatives Kevin D. Bratcher, Mike Cherry, Larry Clark, James R. Comer Jr., Mike Harmon, Melvin B. Henley, and Mary Lou Marzian.

Guests: Trey Grayson, Secretary of State; Sarah Ball Johnson, Executive Director of the State Board of Elections, and Katie Gabhart, General Counsel of the State Board of Elections.

LRC Staff: Judy Fritz, Karen Powell, Bill VanArsdall, Greg Woosley, and Terisa Roland

Report on the May 2010 Primary

Trey Grayson, Secretary of State, and Sarah Ball Johnson, Executive Director of the State Board of Elections, first gave a report on the May 2010 primary. Secretary Grayson testified that approximately 32% of registered voters turned out to vote in the primary – about the average for “off-year” primaries, with numbers up a little more than normal in a few urban areas and down a little more than normal in a few rural areas. He also testified that severe spring flooding caused some equipment damage and destroyed one precinct polling location, but that the equipment was replaced and a new polling location was found prior to the primary. Secretary Grayson and Ms. Johnson both reported that voting in the primary was conducted fairly smoothly overall, with only a few glitches common to an “off-year” election cycle.

Help America Vote Act (HAVA) Update – Current Voting Equipment Used / Implementation of New Ma-

chines

Secretary Grayson and Ms. Johnson updated the Task Force on the expenditure of Help America Vote Act (HAVA) monies and gave a breakdown of the election machines being used in the counties. Secretary Grayson testified that machine selection is a local issue, and that, consequently, Kentucky counties currently use six (6) different combinations of traditional and voter accessible machine types. He did make particular note of the continued trend of counties moving away from older lever type machines and toward paper ballot / electronic scanner machines.

In response to questions by Senator Blevins and Senator Schickel, Secretary Grayson stated that seventy-six (76) counties currently use paper ballot, paper trail capable machines, with the majority of the larger population counties – except for Fayette County – included in that number. To illustrate the scope of the transition to paper trail capable machines, Secretary Grayson testified that over the last four years \$28 million has been spent on buying new systems, with 80% of those new systems being machines that provide a paper trail of voting results.

In response to a question from Representative Harmon about post-election recanvass versus recount procedures, Secretary Grayson said that a recanvass is free and consists of only a check of machine records, whereas a recount is conducted at the expense of the requesting party and is a full or partial recount of cast votes. Secretary Grayson suggested that the General Assembly might want to look at improvements to the current recanvass, recount, and auditing procedures, particularly to provide for review procedures in close, minimally funded contests.

In response to a question from Senator Thayer, Secretary Grayson said that a recount with an electronic machine can now be conducted by printing ballot images, a requirement under HAVA, whereas prior to HAVA there was only a recanvass option with electronic machines because there was no ballot record and thus no capability to conduct a recount.

Overseas Balloting – Military and Overseas Voter Empowerment (MOVE) Act Requirements

Secretary Grayson and Ms. Johnson provided the Task Force with an overview of the Military and Overseas Voter Empowerment (MOVE) Act and SBE's regulations to implement the act. Secretary Grayson not-

ed that prior Kentucky law already implemented many of the provisions of the act, and that the General Assembly wisely gave SBE the authority to make the few needed changes by regulation in a 1991 act. He stated that military or overseas voters can request an absentee ballot by email, and that ballots are now transmitted to the voter by facsimile or electronic mail, with the voter returning the ballot by traditional mail in a sealed envelope. Secretary Grayson testified that 118 counties are fully compliant, and that the remaining two (2) counties will be compliant very soon. He also noted that Kentucky achieved an almost 96% return rate of ballots sent to military and overseas voters for the 2008 general election – an incredibly high rate of return relative to all absentee ballots.

In response to questions from Senator Thayer about ballot verification, Ms. Johnson said that the returned ballot can be verified by checking the requesting voter's federal post card application, with a signature on file, and comparing it to the voter's registration and / or absentee ballot. Ms. Johnson also testified that the absentee ballot must be mailed to the county clerk and received by 6:00 p.m. on the day of the primary or election.

Voter Identification – Current Requirements and Issues

Secretary Grayson and Katie Gabhart, General Counsel of SBE, discussed Kentucky's current voter identification requirements, as well as the trend in some states to move to a more stringent photo identification requirement. After Senator Thayer introduced the issue and gave an overview of KRS 117.227, Secretary Grayson said that Kentucky has had a voter identification law since 1998, which was amended in 2002. Secretary Grayson stated that the current law requires precinct workers to confirm a voter's identity by personal acquaintance or a document, such as a motor vehicle operator's license, social security card, or credit card. He then gave statistics on the methods used in the 2010 primary, noting that personal acquaintance and motor vehicle license were nearly equal in number and that together these methods accounted for approximately 845,000 out of 900,000 total recorded voters.

Ms. Gabhart gave an overview of an Indiana law that requires all voters to present a government issued photo identification card prior to voting and the Supreme Court ruling

upholding that law against a constitutional challenge. She said that Indiana's law includes a backup procedure consisting of a full provisional ballot, with affidavit, in case a voter has any issue with having photo identification, and she noted that this seemed to be an important factor in the Court's decision. Secretary Grayson followed up on this point by stating that Kentucky's provisional ballot is not mandated to be a full ballot, and he noted that this could be an issue for consideration if the General Assembly looked to amend Kentucky's voter verification procedures to include a stricter photo identification requirement.

Senator Webb expressed concerns about moving to a photo identification requirement absent evidence that there is currently an identification fraud issue in Kentucky's elections. In response to her question about fraud, Secretary Grayson noted that he and SBE were not aware of any current identification fraud problems in Kentucky, but that evidence was presented in the Indiana case that it was present in other states. He also pointed out that a photo identification requirement was one recommendation of a non-partisan election commission headed by former President Jimmie Carter and former Secretary of State James Baker. However, Secretary Grayson also noted the high number of personal acquaintance verifications in Kentucky, especially in rural counties, and remarked that other means – such as requiring a voter to be verified by acquaintance with multiple precinct workers – might accommodate a desire for stricter standards while not creating an impediment to voting for some voters.

County Board of Elections – Member Recusal

The members of the Task Force then had a brief discussion on the requirements of members of County Boards of Elections stepping down from the board in a year when the member or a family member of the member is on the ballot. Some members of the Task Force expressed concern that certain members of county boards, such as the sheriff, are required to step down, whereas other members, such as the county clerk, are not. Secretary Grayson noted that one distinction is that the conduct of elections is a traditional, and somewhat full-time, role of the county clerk, but that it only constitutes a minor portion of a sheriff's duties, and that if the county clerk were to

step down it would possibly leave a greater void of elections knowledge on the county board.

Business concluded, and the meeting was adjourned at 2:30 p.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 3rd Meeting of the 2010 Interim

September 22, 2010

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on State Government was held on Wednesday, September 22, 2010, at 10:00 AM, in the Visitor Center at Toyota Motor Manufacturing, Kentucky, Inc., Georgetown, Kentucky. The meeting was a joint meeting with the Interim Joint Committee on Local Government. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Senators Walter Blevins, Jr., Jimmy Higdon, Alice Forgy Kerr, Mike Reynolds, John Schickel, and Robin L. Webb; Representatives Eddie Ballard, Dwight Butler, John "Bam" Carney, Leslie Combs, James Comer, Jr., Tim Couch, Danny Ford, Jim Glenn, Derrick Graham, Mike Harmon, Melvin Henley, Charlie Hoffman, Mary Lou Marzian, Brad Montell, Sannie Overly, Tanya Pullin, Tom Riner, Carl Rollins II, Steven Rudy, Sal Santoro, Kent Stevens, John Tilley, Jim Wayne, and Brent Yonts.

Guests: Representatives Rocky Adkins and Fred Nesler; Kim Menke, David Carpenter, and Barbara McDaniel - Toyota Motor Manufacturing, Kentucky, Inc.; Dawn Bellis and Tim House, Kentucky Department of Housing, Buildings and Construction.

LRC Staff: Judy Fritz, Karen Powell, Bill VanArsdall, Sean Donaldson, Mark Mitchell, and Peggy Sciantarelli.

Senator Thayer and Representative Hoffman welcomed everyone to Georgetown—their legislative districts, as well—and thanked Toyota Motor Manufacturing, Kentucky, Inc. (TMMK) for hosting the meeting. Senator Thayer expressed appreciation to Local Government Committee co-chair Representative Steve Riggs and State Government Committee co-chair Representative Mike Cherry for agreeing to meet at TMMK in order to recognize Toyota for its important role in the community and the Commonwealth.

Approval of Minutes

The August 25 minutes of the

State Government Committee were approved by voice vote, without objection (motion by Senator Higdon).

Old Business

Representative Pullin said it had been brought to her attention that some state parks may be using temporary employees, while full-time employees are being subjected to furloughs. She requested that committee staff look into this matter. Senator Thayer noted that the meeting folders for members of the State Government Committee include a September 21 letter from Mona Juett, Tourism, Arts and Heritage Cabinet, in response to the Committee's previous request for information about the Department of Parks' use of concessionaires. (Senator Thayer called on Ms. Juett to speak, but she had not yet arrived at the meeting and did not speak at the meeting.) Representative Graham asked that staff also obtain information about the Transportation Cabinet's use of temporary employees. Senator Thayer instructed staff to inquire about the use of temporary employees in both cabinets and report back to the State Government Committee at its October meeting.

Administrative Regulation Review

The first item on the agenda was administrative regulation 815 KAR 8:100, a new regulation of the Department of Housing, Buildings and Construction. The regulation, relating to criteria for local jurisdiction HVAC programs, had been referred by the LRC to the Local Government Committee for review. Present from the agency were Dawn Bellis, General Counsel, and Tim House, Director of the Division of Heating, Ventilation and Air Conditioning. Mr. House explained the regulation, which establishes the requirements for local HVAC inspection and permitting programs to request and be approved to operate a program pursuant to guidelines established by the Board of Heating, Ventilation and Air Conditioning Contractors. There were no questions. Senator Thayer thanked the speakers and noted that a written report of the review will be submitted to the LRC.

Presentation by Toyota Representative

Kim Menke, Manager of Community and Government Relations, welcomed everyone on behalf of TMMK and its senior executives, Chairman Steve St. Angelo and President Wil James, who were unable to attend the meeting. He expressed appreciation for the support Toyota has

received from the legislature, the current state government administration, and the Commonwealth in general. He thanked Senator Thayer and Representative Hoffman for being instrumental in personally recognizing Toyota team members in the Senate and House chambers during the previous session of the General Assembly. He expressed thanks for the passage of an amendment to the Kentucky Environmental Stewardship Act needed by Toyota relative to the manufacturing of the Camry hybrid vehicle in Georgetown. He thanked the legislature, too, for changes to the Kentucky Reinvestment Act that have been helpful to TMMK, including authorization for an advanced manufacturing facility on the Georgetown campus of the Bluegrass Community and Technical College (BCTC) when funding becomes available.

Mr. Menke's "Toyota Update" slide presentation began after the showing of an introductory "plant tour" video. (Paper copies of the presentation were provided to the Committees.) Topics included Toyota growth and its impact in the United States; impact of the economic downturn on the U. S. auto industry and how Toyota has weathered the downturn; Toyota's recall issues and activities; potential changes for the auto industry; TMMK leadership and milestones; Kentucky's incentive package for Toyota and Toyota's commitment to Kentucky; resident counties of team members; motor vehicle-related plants and suppliers; corporate gifts by TMMK; and the TMMK Environmental Education Center.

Mr. Menke said that May 2011 will mark the 25th anniversary of TMMK's groundbreaking in Georgetown. The "first car" ceremony was held in May 1988. The total incentive package to bring Toyota to Kentucky—developed during the administration of Governor Martha Layne Collins—was \$147 million. More than \$62 million was used for training and education, including \$7.2 million for a training center. In its initial commitment to Kentucky, Toyota spent \$800 million to construct and operate the automobile assembly plant and employed 3,000 Kentuckians with an estimated annual payroll of \$90 million. Twenty-five years after the groundbreaking, TMMK is the largest Toyota manufacturing facility outside of Japan, with 7.5 million square feet under roof. The total current investment in TMMK in Georgetown is \$5.3 billion, and TMMK is designated the "mother plant" for North America.

Production capacity is 500,000-plus vehicles per year. To date, TMMK has built 8.2 million vehicles in Georgetown. There are currently 6,800 team members who list their primary residence in 77 different Kentucky counties; with 80 percent living within 80 miles of Georgetown. The top five counties of residence are Scott, Fayette, Harrison, Jefferson, and Clark. The average annual payroll of the plant is \$523,000,000. TMMK builds the Avalon, Venza, Camry, and Camry-Hybrid, and also machines and assembles engines and axles at the Georgetown facility.

Toyota spent \$2.3 billion on parts, goods and services in 2009 with 90 Kentucky based suppliers that employ more than 24,000 people. Of that figure, approximately 9,000 employees work for companies dedicated solely to Toyota. Across North America Toyota has 350 suppliers in 33 states in the USA, and in Canada, and Mexico. Kentucky suppliers are also making compatible parts for shipping to other Toyota facilities. Nationwide, Toyota has a direct investment of more than \$18 billion, employs 28,783 persons directly and another 163,880 persons indirectly, and produces more than 870,000 vehicles yearly. In addition to the Georgetown facility, Kentucky has Toyota's North American headquarters in Erlanger, a parts distribution center in Hebron, and 23 Toyota dealers.

TMMK believes in being a good neighbor and giving back through volunteerism, community involvement, and philanthropy. Corporate gifts, including sponsorships, have increased each year since 1987 and now total \$38 million. Toyota considers not only Georgetown, but the entire state of Kentucky, as its community. TMMK, in spreading the message that manufacturing and the environment can coexist, works with teachers to develop a curriculum for its Environmental Education Center so that students can learn about programs for composting, water recycling, and air purification. All the profits from the Visitor Center gift shop are deposited in a fund administered by the state to fund bus stipends for schools that otherwise could not afford field trips to the Center.

The United States auto industry sold about 17.4 million vehicles in 2000 and 16.2 million in 2007. Due to the downturn in the economy and job loss, vehicle sales decreased to 13.2 million in 2008 and to only 10.4

million in 2009. The industry is beginning to recover, and the seasonally adjusted annual rate (SAAR) for vehicle sales is expected to reach between 11.5 and 12 million in 2010. Toyota anticipated this decline in sales and has dealt with it in "The Toyota Way" that has been in place for the last 70 years—the basic premise being respect for people and striving for continuous improvement. TMMK experienced its first operating loss in FY 2009. Through everyone working together and "shared sacrifice," costs were reduced, but because Toyota respects its team members, there were no layoffs. The impact of the sales decline was felt less in Kentucky than in Indiana and Texas facilities, where there were significant shutdowns in production. TMMK had to stop production only for a couple of weeks collectively. The "Cash for Clunkers" program stimulated sales in August 2009, and overall sales are going up. After experiencing three major recalls in 2009 and 2010—floor mats, accelerator pedal, and ABS software—and subsequent congressional hearings, Toyota has been able to identify the problems and act to resolve them. Those actions included stopping vehicle sales; implementing additional safety features; pursuing scientific investigation through independent testing; working with the National Highway Traffic Safety Administration (NHTSA) and National Aeronautics and Space Administration (NASA) engineers; creation of a Safety Advisory Panel; and development of SMART teams (Swift Market Analysis Response Team) as part of a customer satisfaction/repair campaign. More than 8.5 million vehicles had to be examined. Inspections of 4.7 million vehicles have been completed, including 80 percent that potentially had sticky accelerator pedals. In addition, Toyota Motor Corporation created a Special Committee for Global Quality to ensure a swift reaction to the problems. As a result, Toyota is refocusing on its customers and will become stronger. Regulatory changes in the auto industry are also expected.

In conclusion, Mr. Menke said that TMMK is grateful for the continued support of its customers and the community and is determined to continue earning their trust. He said Toyota has learned from its mistakes and is taking major steps to avoid them in the future. He also encouraged everyone to join the plant tour and invited them to visit again at any time.

Representative Denham said that a number of his constituents work at TMMK, and he expressed appreciation for the employment opportunity that Toyota has given Kentuckians. In response to a question from Representative Denham, Mr. Menke said that the best thing about doing business in Kentucky is the people and their creativeness. Staying competitive is probably the biggest challenge; it requires looking at the cost of doing business in this state and how the cost compares with other competitors and surrounding states.

In response to a question from Representative Riggs, Mr. Menke said that NHTSA did its own investigation into unintended acceleration and driver error and did not find that the equipment operated incorrectly. As the data comes in, the facts speak for themselves. He said that one of Toyota's fundamental principles is respect for people and that laying blame on operator error does not help anyone. As a proactive measure Toyota is now placing greater emphasis on educating customers about their car's systems and features.

Senator Thayer said that the gas pedal issue turned out to be much ado about very little and gave Toyota's competitors and some people in Washington, D.C. and labor unions an opportunity to unfairly criticize Toyota. He said he is proud of the integrity that Toyota displayed in responding to the challenge and believes the Company will become stronger as a result. He added that he owns a Toyota and is gratified to see the loyalty of other Toyota vehicle owners.

Representative Hoffman spoke about TMMK's commitment to Kentucky and the Georgetown community and how citizens have rallied in support of the Company. He also thanked TMMK for keeping the legislature informed. In response to a question from Representative Hoffman regarding future expectations relating to U. S. auto production, Mr. Menke said that a minimum of 12 million vehicles need to be produced each year in order to provide enough new vehicles and replace ones that need to be retired. The industry, of course, would like to see that number higher than 12 million but that it will probably take quite a while to reach above the 16 million mark of 2007. One benefit of the economic downturn and higher standard of customer expectation is that all automakers are producing better quality vehicles.

Senator Kerr expressed appreciation for the jobs that TMMK provides to her constituents in Fayette County.

House Majority Floor Leader Rocky Adkins, a guest at the meeting, said that because of TMMK's commitment to the AK Steel Corporation in Ashland, the steel mill is now back in full production, employing 1,400 people. It has also reopened a line that was closed for a number of years, resulting in an additional 140 jobs. On behalf of AK Steel—and on behalf of the coal miners of eastern and western Kentucky that help businesses stay competitive through the availability of low-cost energy—he thanked TMMK for its positive impact on the state's economy. Senator Thayer thanked Representative Adkins for attending and for his comments.

In response to a question from Representative Ford, Mr. Menke said that when operating at maximum capacity during 2006-2007, there were about 7,200 team members at TMMK; through attrition that number is now down to 6,800. Regarding staying competitive, TMMK looks at surrounding states for good ideas that might be applied at the Georgetown facility. It is also essential to maintain an adequate "work ready" workforce to replace team members who are expected to retire, now that the facility has been in operation nearly 25 years.

Senator Webb said that when she was a young legislative staffer she did legal analysis relating to bringing Toyota to Kentucky and that she is happy to have been involved in the project. She thanked TMMK for its continuing support of important heritage and cultural issues, even during lean budget times.

Senator Higdon thanked TMMK for its generosity to its suppliers and for the positive impact it has had on the standard of living in his district. He said that Mercer, Nelson, Taylor, and Washington Counties each have at least one Toyota supplier and that there are several in Marion County.

Representative McKee thanked TMMK for what it does not only for central Kentucky but also for the economy of the entire country. In response to a question from Representative McKee regarding Toyota's venture into professional racing, Mr. Menke said that the updates received from Toyota's racing division have always been very positive, even during the economic downturn, and that he expects support for it to continue.

Senator Schickel expressed grati-

tude to TMMK for the jobs it provides in Georgetown for residents of Boone, Gallatin and Kenton Counties, as well as at the worldwide headquarters located in northern Kentucky and the parts plant in Hebron.

Senator Blevins said he was in the legislature in the 1980s and had supported bringing Toyota to Kentucky. He thanked TMMK for what it has done for the Georgetown community and the benefits it has brought to the entire state.

In response to a question from Representative Stevens regarding the generational composition of TMMK's workforce, Mr. Menke said he did not have the age breakdown but that TMMK strives to have a diverse workforce with a good distribution across all the generations. In response to a request from Representative Stevens, Mr. Menke said he would be glad to provide information about the generational breakdown and how many workers fall into the Generation Y age group.

Representative Tilley spoke about Japanese companies and other businesses in Christian and Trigg Counties that have partnered with Toyota. He said that Toyota has played a huge part in bringing other Japanese companies to Kentucky and that communities all around the Commonwealth are affected in a positive way by TMMK's presence in Georgetown.

Representative Graham commended TMMK's Barbara McDaniel for her leadership while serving with him on the state YMCA Board of Directors. He said she exemplifies Toyota's educational efforts and philosophy of community service.

Representative Carney said that TMMK helps the economy in his district also. He stated that there should be more emphasis on career and technical training in the public school system. In response to a question from Representative Carney, Mr. Menke said he believes preparing students for work in the auto industry, as well as other industries, directly out of high school would help and that TMMK has been working with Project Lead the Way and similar programs that are reaching into the middle schools to expose students to potential opportunities in manufacturing and other areas of business. He said they have developed a pilot mentoring program that pays high school graduates to work part-time alongside a team member and attend classes at TMMK.

Senator Thayer thanked everyone for attending and said that the meet-

ing has achieved his goal to increase appreciation for the wide footprint and positive impact of Toyota in the Commonwealth. He invited members to stay for the lunch being hosted by TMMK and then enjoy a guided tour of the facility.

Business concluded, and the meeting was adjourned at 12:00 noon.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs Minutes of the 2nd Meeting of the 2010 Interim

September 28, 2010

Call to Order and Roll Call

The 2nd meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, September 28, 2010, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Darryl T. Owens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senators Walter Blevins Jr., Jimmy Higdon, Mike Reynolds, John Schickel, Elizabeth Tori, Johnny Ray Turner, and Robin L. Webb; Representatives Kevin D. Bratcher, Larry Clark, James R. Comer Jr., Joseph M. Fischer, Mike Harmon, Melvin B. Henley, and Mary Lou Marzian.

Guests: Emily Dennis, General Counsel of Kentucky Registry of Election Finance; Representative Ruth Ann Palumbo; and Patrick Rosenstein of the National Popular Vote.

LRC Staff: Judy Fritz, Karen Powell, Kevin Devlin, Bill VanArsdall, and Terisa Roland

Approval of Minutes

The minutes of the August 24, 2010 meeting were approved without objection, upon motion by Representative Owens.

Citizens United v. FEC: A Review of the United States Supreme Court Case and Kentucky Campaign Finance Implications

Emily Dennis, General Counsel of the Kentucky Registry of Election Finance, gave an overview of the Citizens United case and its implications on Kentucky's campaign finance laws. Ms. Dennis stated that the court held that no sufficient governmental interest justified limits on the political speech of non-profit or for-profit corporations, and concluded that independent expenditures,

including those made by corporations, do not give rise to or create the appearance of quid pro quo corruption. This means that corporations and unions may make independent expenditures in political campaigns in the same way as individuals. Ms. Dennis said the practical effect of the Citizens United decision on Kentucky law is that corporations may now indirectly influence the nomination and election of candidates regulated by the registry by making independent expenditures. However, direct campaign contributions from corporations are still prohibited by Section 150 of the Constitution of Kentucky. The court's decision was limited to the ability of corporations to make independent expenditures. An "independent expenditure" differs from a "contribution" in that an independent expenditure is political speech presented to the electorate that is not coordinated with a candidate. In summary the corporate contributions to candidates in Kentucky are still prohibited.

Several members of the Task Force posed questions and voiced their opinions and concerns.

National Popular Vote – Background and Legislative Update

The second item on the agenda was a presentation on the National Popular Vote initiative by Representative Ruth Ann Palumbo and Patrick Rosenstiel. The National Popular Vote bill would guarantee the Presidency to the candidate who receives the most popular votes in all 50 states. The bill has passed 31 legislative chambers in 21 jurisdictions. In the recent 52-7 New York State Senate vote, Republicans supported the bill by a 22-5 margin and Democrats supported it by a 30-2 margin. The bill has been enacted by states possessing 73 electoral votes – 27% of the 270 necessary to activate the law. Mr. Rosenstiel said the shortcomings of the current system stem from the winner-take-all rule (awarding all of the state's electoral votes to the candidate who receives the most popular votes in each state). The winner-take-all rule has permitted a candidate to win the Presidency without winning the most popular votes nationwide in 4 of our 56 elections. A shift of 60,000 votes in Ohio in 2004 would have elected Kerry despite Bush's 3.5 million lead nationwide. He said another shortcoming of the winner-take-all rule is that presidential candidates have no reason to pay attention to the concerns of voters in states where they are comfortably

ahead or hopelessly behind. The winner-take-all rule ignores the voters that voted against the candidate who came out on top. The winner-take-all is not in the Constitution. The current method of electing the President was established by state laws, and these state laws may be changed at any time.

Under the National Popular Vote bill, all the electoral votes from the enacting states would be awarded to the presidential candidate who receives the popular votes in all 50 states. The bill would take effect only when enacted by states possessing a majority of the electoral votes – enough electoral votes to elect a President. The bill preserves the Electoral College, while assuring that every vote is equal and that every vote will matter in every state in every presidential election.

Several members of the Task Force posed questions and voiced their opinions and concerns.

Business concluded, and the meeting was adjourned at 2:30 p.m.

TASK FORCE ON THE PENAL CODE AND CONTROLLED SUBSTANCES ACT

Minutes of the 4th Meeting of the 2010 Interim

September 8, 2010

Call to Order and Roll Call

The 4th meeting of the Task Force on the Penal Code and Controlled Substances Act was held on Wednesday, September 8, 2010, at 1:00 PM, in the Old Laurel County Courthouse, London, Kentucky. Senator Tom Jensen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Wayne Ross, Shepherds Shelter; Paul Braden, Circuit Judge, Corbin; Bill Patrick, County Attorney's Association; Bill Doll, KY Medical Association; Mike Vance; Lucas Vance; Betsy Helm and Bruce McMichael, Louisville Metro Government; Charles George, KY Chamber of Commerce; Janice Steele, Commonwealth's Attorney, Corbin; Chris Cohron, Commonwealth's Attorney, Bowling Green; Ed Monahan and Laura Plummer, Department of Public Advocacy; Jenifer Noland, Wescare; Ron Geoghegan, McCarthy Strategic

Solutions; and Lawrence Kuhl, Laurel County Judge-Executive.

LRC Staff: Norman Lawson Jr., Jon Grate, Joanna Decker, Ray Debolt, Jr., and Rebecca Crawley.

Chairman Jensen called the meeting to order, the roll was called, a quorum was present, and the minutes were approved.

Presentation on Key Offenses Driving the State Prison Population

The first speaker was Mr. James Austin from the JFA Institute who made a presentation on Kentucky criminal justice statistics and predictions for prison population growth. Mr. Austin said his preliminary projections were based on demographics, crime, arrests, court processing, and correctional policies, presented by gender and various offense groups, and the final projections were subject to changes made by the General Assembly and the actions of state agencies.

Mr. Austin said since 1960, Kentucky's crime rate has been less than the national crime rate, the U.S. and Kentucky violent and other crime rates peaked in 1991 and 1992, and the Kentucky violent crime rate, although lower than the national average, has risen slightly recently.

Based on Kentucky statistics, he concluded that length of stay is not a significant cost driver because it is declining and below the national average, but the administrative costs of processing inmates in and out of the system is an increased cost; there has been a marked increase in the number of arrests and court cases, most of the arrests are for drug offenses and "other" offenses, there has been an increasing number of adult arrests, an increasing number of law enforcement personnel, and an increase in felony court dispositions with a high prison disposition rate of 60 percent coupled with low use of probation is a significant cost driver; there is a considerable variation in prison disposition rate by county; there is a very high local jail population which is twice the national average; the number of inmates returned to prison for technical parole violations is high; and the non-violent prison population groups are high. He said changes in these trends that meet other state practices would lower the current prison population by 4,000-5,000 inmates.

Mr. Austin said one of the largest cost drivers of the Kentucky prison population is the high adult arrest rate which has increased rapidly in recent years and is currently 900 per

100,000 population, as compared with a national average of 600 per 100,000 population. Since 2001, adult arrests have increased by 32 percent, drug arrests have increased by 70 percent and Part II, All Other Arrests, increased dramatically by 375 percent. He noted there has been a 32 percent increase in the number of law enforcement officers during the same time period, which increases the number of arrests.

Mr. Austin said length of stay is not a major cost driver of the Kentucky prison population because the average is relatively short compared to other states. The average decreased from 1.9 years in 1999, to 1.4 in 2010, which is significantly lower than the national average of 2.5 years. But he said there is a significant cost associated with processing new inmates in and out of the system. He said District Court felony and misdemeanor dispositions decreased from 2000-2008, while Circuit Court felony dispositions increased, averaging 60 percent. There is a wide disparity of prison disposition rates by county ranging from 85 percent in Boyle County to 3 percent in Carroll County in 2009. In 2009 Circuit Courts sent 63 percent of convicted offenders to prison, 12 percent to jail, 23 percent were granted probation, and 1 percent had other dispositions.

Mr. Austin said there has been a dramatic increase in the number of state prisoners housed in the county jail system, one of the highest in the nation. In Kentucky 34 percent of felony offenders sent to prison are actually housed in county jails, second only to Louisiana which houses 46 percent of its state prisoners in county jails. The national average is 6 percent. He noted Louisiana and Kentucky have similar funding structures which pay jails a per diem to house state inmates. The Kentucky jail population increased from 3,850 prisoners in 2000 to 7,347 in 2008, making it a significant cost driver in the corrections system.

Larue County Judge-Executive Turner observed the increase in misdemeanants sent to county jails and the increase in persons arrested, many of whom spend time in jail prior to trial, create a significant financial burden for counties.

Another driver of prison population is the parole grant rate. In FY 2000, the parole grant rate was 25 percent, with 36 percent deferment, and 39 percent serve out. In FY 2010 the parole rate was 53 percent, with

28 percent deferment, and 19 percent serve out. Mr. Austin said the higher parole grant rate has helped lower the prison population. Also, the high number of persons violating parole or probation is a significant cost driver of the prison population. He said approximately 30 percent of the new admissions to prison (2,700) are parole violations and it is estimated another 25-30 percent (2,000-3,000) are probation violations, accounting for 55-60 percent of new prison admissions (14,361 in 2010) yearly.

Senator Jensen asked what constituted a technical parole violation. Mr. Austin said it is a legal definition meaning a person is returned to prison by the Parole Board for violating their parole conditions. He said many times when a parolee commits a new crime, the prosecutor will drop the charges in lieu of the parole violation, effectively transferring the cost of housing the prisoner from the county to the state. He said parole violators generally spend 8-12 months in prison before they are released again. Mr. Austin said further research is needed to determine exactly what constitutes a technical violation of probation and parole under Kentucky law. He said other states have implemented good time credits and incentives for persons on probation and parole and it has successfully helped lower the new prison admissions rate. He predicted Kentucky's prison population will rise slowly over the next years and the current population of 20,763 will increase to 22,132 by 2020 if present trends continue. Mr. True said the data showing more arrests and lower case dispositions probably reflects charges dropped by prosecutors.

Discussion on Controlled Substances Act Policy Options

The next speaker was Mr. Peter Ozanne of the Crime and Justice Institute who presented recommendations for changes to the Controlled Substances Act. Mr. Ozanne discussed proposals which would give Kentucky opportunities for justice reinvestments in cost-effective corrections strategies which would result in improvement to the state's justice system and protect the public safety of Kentucky's citizens. The Washington State Institute for Public Policy observed that one additional dollar invested in incarcerating a drug offender would return \$0.37 in terms of reduced crime, while one dollar invested in community-based supervision and drug treatment pro-

grams returned between \$7 and \$10 in benefits. Mr. Ozanne said reserving the most costly sanctions for violent offenders and offenders engaged in commercial drug enterprises, reallocating corrections resources to community-based supervision and treatment programs for nonviolent offenders with abuse problems, using evidence-based practices and assessment of offender danger and needs, and evaluations of programs and program results has reduced recidivism and lowered the crime rate in other states.

Mr. Ozanne presented nine recommendations for changes to Kentucky's Controlled Substances Act. He said these recommendations are offered as a starting point for the task force and are based on strategies used by other states which have been successful. The recommendations include (1) Review the classification of drug offenses under KRS Chapter 218A, requiring treatment for offenders, expungement of convictions, and evaluation of supervision and treatment programs; (2) Establish specific quantities for drugs under Chapter 218A including lower penalties for possession of smaller amounts and increased penalties for possession of larger amounts; (3) Distinguish between persons who are users selling to support their habit and persons who are large scale commercial drug traffickers. Define circumstances which imply commercial drug trafficking; (4) Reclassify offenses involving less dangerous drugs, trace amounts of drugs, and drug paraphernalia; (5) Refocus the 1,000 yard "school zone" to 1,000 feet, exclude private residences within school zones, increase penalties for adults selling to minors within a school zone; (6) Reconsider sentencing enhancements for second and subsequent offenses either by elimination of enhancements or requiring subsequent offense to occur within "X" number of years from prior offense. This would also avoid double enhancement through use of the drug enhancement and the persistent felony offender statute; (7) Review enhancement for possession of a firearm during a drug offense to require a more specific "nexus" between the offense and the possession of the firearm or eliminate the offense and rely on the felon in possession of a firearm statutes; (8) Account for cost savings in programs and require reinvestment of funds saved for expansion of drug treatment programs; and (9) Account for the fiscal impact of changes in drug

laws. Require a fiscal statement for all bills which would result in a net increase of periods of imprisonment and require the sponsor to identify the source of funds for the increased imprisonment.

Other suggestions from Task Force members included restricting the right of police to make arrests for minor offenses and requiring the use of citations which would eliminate the cost of pretrial incarceration for counties. Mr. Ozanne observed that making these recommended changes requires political will. Mr. True asked for more information on projected costs for programs and cost savings and observed that judges would have to agree to send persons to treatment and community supervision programs for the proposals to succeed. Senator Jensen indicated evidence-based decisions are essential for programs and recommendations to succeed. Mr. Handy said federal and private money may be available to support treatment programs. Mr. True observed the "other factors" approach to drug trafficking may be problematic. Secretary Brown and Senator Jensen wanted more recommendations on the quantity approach to drug trafficking. Mr. Handy observed that many persons are charged with drug trafficking and are convicted of drug possession. County Judge-Executive Turner asked what constituted a customer list and questioned how some of the other proposed elements for commercial drug distribution would be proven. Mr. True observed most commercial drug traffickers are prosecuted in Federal Court and not in state courts.

With regard to reducing the drug free school zone to 1,000 feet from 1,000 yards, Senator Jensen recommended an actual sale to a minor and Representative Tilley agreed with the reduction to 1,000 feet. Mr. Chris Cohron of the Commonwealth's Attorneys Association said this matter is being discussed by the Commonwealth's Attorneys. Mr. True opposed double enhanced penalties by use of drug enhancements and the persistent felony offender statute.

With regard to corrections impact statements, both co-chairs indicated they are presently required, but are frequently inconclusive and that a more meaningful fiscal impact is needed. County Judge-Executive Turner said he supports requiring that a source of funding be identified for any additional requirements in criminal bills. Chief Justice Minton said Nevada and other states are uti-

lizing incentives for success on probation by allowing time off the end of the probation. Mr. True noted restitution would be paid more quickly if the deal is sweetened.

Discussion of Additional Meeting Dates for Task Force

A motion was made by Mr. Handy and seconded by County Judge-Executive Turner, to request LRC approval for additional task force meetings. The motion was adopted by voice vote.

Senator Jensen recognized Mr. True on becoming a 2010 Fellow of the American College of Trial Lawyers, a distinctive honor awarded to trial attorneys. The committee offered its congratulations to him for this honor.

The meeting adjourned at 3:25 p.m.

TASK FORCE ON MEDICAID COST CONTAINMENT

Minutes of the 6th Meeting of the 2010 Interim

September 21, 2010

Call to Order and Roll Call

The 6th meeting of the Task Force on Medicaid Cost Containment was held on Tuesday, September 21, 2010, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Jimmie Lee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Katie Kratz Stine, Co-Chair; Representative Jimmie Lee, Co-Chair; Senators Tom Buford, Julie Denton, Denise Harper Angel, Bob Leeper, and David L. Williams; Representatives Tom Burch, Rick Rand, and David Watkins.

Guests: Dustin Pugel for the Kentucky Council on Developmental Disabilities; Eric T. Clark and Wayne Johnson for the Kentucky Association of Health Care Facilities; Toni Miles for the University of Louisville; Charles George for the Kentucky Chamber of Commerce; Ellen Kershaw and Brandi Bullock for the Alzheimer's Association; Patty Dempsey for Arc of Kentucky; Sheila Schuster for the Kentucky Mental Health Coalition; Jan Gould for the Kentucky Retail Federation; and Sarah Nicholson for the Kentucky Hospital Association.

LRC Staff: Miriam Fordham, Pam Thomas, Mike Clark, DeeAnn Mansfield, Lashae Kittinger, and Cindy Smith.

Approval of Minutes

The minutes of the September 7, 2010 meeting were approved without objection.

Discussion of Long-Term Care

Lisa Alecxih, Vice President, Center on Long Term Care, The Lewin Group discussed considerations for long-term care services and supports. Long term services and supports are needed when one's ability to care for themselves has been reduced by a chronic illness, disability, or frailty. The need for long term services and supports (LTSS) greatly increases with age. The total national LTSS expenditures for 2008 were \$243.4 billion. The majority of seniors with disabilities are supported by unpaid care in the community. In Kentucky, the cost for long term care services varies. Assisted living services cost approximately \$2,557 per month, while nursing facility care costs approximately \$5,779 per month. Medicaid covers limited LTSS benefits, and eligibility criteria among LTSS users makes Medicaid the payer of last resort. Long term care insurance, which emerged during the 1980s, plays a limited role. Only 10 percent of individuals over age 65 own long term care insurance policies, and those policies offer limited benefit payouts. In the last decade, Medicaid LTSS spending grew more quickly than total health spending. However, Medicaid LTSS spending grew at a slower rate than total Medicaid spending. There has been a significant decline in the use of nursing homes for the oldest groups of individuals due to the use of alternative residential settings.

Financing strategies for long term services and supports in successful states include: use of global budgeting; expansion of home and community-based alternative; capitated managed long term care; long term care insurance partnership program; targeted state funds; and nursing home bed buy backs. There are also some other things that successful states do differently. These include: articulating a government-wide vision; plans are made according to that vision; planning in accordance with that vision; executing the plan; monitoring the execution of the plan with data; and regularly reassessing the vision.

In response to a question by Senator Denton, Ms. Alecxih said that the adult day costs are for the base rate of the program and they do not include the costs for therapy.

In response to a question by Senator Denton, Ms. Alecxih said that Oregon does have Certificate of Need, but their occupancy rate is only about 85 percent.

In response to a question by Sen-

ator Denton, Ms. Alecxih said that Oregon began global budgeting in the early 1980s.

In response to a question by Senator Harper Angel, Ms. Alecxih said that rebalancing was done by global budgeting in Washington and Oregon, but they received no increased FMAP.

In response to a question by Representative Lee, Ms. Alecxih said that Texas had been most aggressive with their Money Follows the Person program.

In response to a question by Senator Harper Angel, Ms. Alecxih said that Kentucky may qualify for the five percent enhanced FMAP payment offered to states under the health care reform law to increase the proportion of long term care services provided in the community depending on whether the federal regulations figure the proportion by population or if categories of populations are combined.

In response to a question by Senator Stine, Ms. Alecxih said that "successful" meant that spending has been controlled; a large portion of Medicaid spending is in home and community based services; and the Medicaid nursing facility census has been reduced over a period of time.

In response to a question by Senator Buford, Ms. Alecxih said that some things that Kentucky can do differently with long term care are: global budgeting; having a no wrong door type of system; looking into having better resource centers; and considering options to get a higher FMAP.

Discussion of Fiscal Issues

Dave Adkisson, President and Chief Executive Officer, and Bryan Sunderland, Vice President, Public Affairs, Kentucky Chamber of Commerce, discussed fiscal issues relating to Medicaid. Mr. Adkisson reported that about 800,000 Kentuckians receive Medicaid benefits. Medicaid contributes over \$5 billion per year to the health care economy. Medicaid spending is putting stress on other important parts of Kentucky's budget, mainly education. Findings have shown that better education leads to better health, which in turn leads to lower health care costs. Action is needed now because the expansion of Medicaid due to the new health care reform law will increase Medicaid recipients by 300,000. Some solutions include: expanding Medicaid managed care; incorporating wellness activities; and improving Medicaid program administration.

In response to a question by Representative Rand, Mr. Adkisson said he had not done any research in what the cost would be if Kentucky expanded managed care.

In response to a question by Representative Burch, Mr. Adkisson said that to improve the administration of the Medicaid program, error rate improvement should be studied, child support orders should be used to mandate insurance coverage; co-pays should be considered; and generic drug use should be increased.

In response to a question by Representative Lee, Mr. Adkisson said times are difficult because businesses that are laying off employees are struggling. The jobs picture needs to pick up. He is not sure how businesses can help because they are having a difficult time just trying to keep their doors open.

In response to a question by Senator Buford, Mr. Sunderland said that the fine for businesses not providing insurance by 2014 will be \$2,000 per employee.

Discussion of Do Not Substitute Requirements

Eric Friedlander, Deputy Secretary, Cabinet for Health and Family Services, was present to provide clarification on the Cabinet's response to questions from the Task Force members regarding Do Not Substitute requirements for prescription drugs in the Medicaid program.

In response to a question by Senator Stine, Deputy Secretary Friedlander said that he thought the "purchaser" was Medicaid, but it may be the person for whom the prescription was written. Upon further clarification by Cabinet officials, "purchaser" was defined as the person for whom the prescription was written.

In response to a question by Representative Lee, Mr. Friedlander said that if the purchaser does not want the generic, the name brand drug could be purchased, but Medicaid would not cover the cost and the purchaser would have to pay for the drug.

Jan Gould of the Kentucky Retail Federation provided further clarification on the Do Not Substitute requirements. He clarified that a patient can request a name brand drug in place of the generic that is offered, but that Medicaid does not have to cover the cost of the name brand drug.

Representative Watkins agreed with Mr. Gould and noted that procedure is what happens in his medical practice.

In response to a question by Senator Harper Angel, Deputy Secretary Friedlander said that he will check to be sure that the letter of intent for the funding for the Aging and Disabilities Resource Center (ADRC) has occurred.

In response to a question by Senator Stine, Deputy Secretary Friedlander said the Cabinet is currently working on determining cost cutting measures for the Medicaid program, and they look forward to presenting those ideas to the committee at a future meeting.

Representative Lee announced that at the November 16, 2010 meeting, the Task Force on Medicaid Cost Containment will hold a public forum to allow citizens to speak about their ideas on Medicaid cost cutting measures.

The meeting was adjourned at 12:15 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION Subcommittee on Kentucky Waterways

Minutes of the 2nd Meeting of the 2010 Interim September 7, 2010

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Kentucky Waterways of the Interim Joint Committee on Transportation was held on Tuesday, September 7, 2010, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Will Coursey, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Will Coursey, Co-Chair; Senators Ernie Harris and John Schickel; Representatives Charles Miller and Alecia Webb-Edgington.

Guests: Joe Crabtree, Director, Kentucky Transportation Center, University of Kentucky, Dr. Ted Grosardt, Policy and Systems Analysis, Tim Brock, Graduate Student; Mike Hancock, Secretary, Transportation Cabinet, Keith Damron, Director of Planning, Office of Project Development, Transportation Cabinet, Jeremy Edgeworth, Freight, Rail, and Waterways Coordinator, Division of Planning, Transportation Cabinet.

LRC Staff: Brandon White, Dana Fugazzi, and Jennifer Beeler, Committee Assistant

Representative Miller approved the Subcommittee's August 20, 2010 minutes, as submitted. Representative Webb-Edgington seconded the motion, which was approved by

voice vote.

Discussion of the Kentucky Transportation Center's Efforts to Develop a Research Agenda for Water Transportation in Kentucky

Mr. Joe Crabtree, Director, Kentucky Transportation Center, University of Kentucky testified about the Kentucky Transportation Center (KTC) and its work regarding water transportation in Kentucky. He noted that the KTC is a department within the College of Engineering at the University of Kentucky (UK) that was created by an action of the UK board of trustees back in April of 1979.

Mr. Crabtree stated that the KTC is about a \$10 million program that receives \$290,000 in funding appropriated by the legislature through the Transportation Cabinet. KTC often partners with other research units at UK and other universities.

Mr. Crabtree said that in prior years the KTC has conducted research related to intermodal facility access, including access to river facilities, but that most of their research has been focused on highway transportation. Earlier this year, the KTC was approached by representatives of the river transportation industry, wanting to learn about the KTC and their capabilities.

Chairman Coursey asked Mr. Crabtree to define intermodal transportation. Mr. Crabtree responded that intermodal transportation is any transportation that involves more than one mode. Intermodal transportation is regarded with freight that has to get from one location to another, and has to use more than one mode of transportation. An example would be transporting cargo from rail car to truck, and then to the final destination.

Mr. Crabtree stated that some of the opportunities for water transportation in Kentucky include the widening of the Panama Canal, as well as the significant benefits of water transportation in terms of freight in fuel efficiency, safety, air quality, reduced highway congestion, and preservation of our highway infrastructure. He met with four primary groups in the barge industry to discuss these matters. These industry leaders were the Crounse corporation, Margquette Transportation Company, Ingram Barges, and AEP River Operations. These four companies make up about one half to one third of the barge industry in the United States. Some of the topics that were discussed at the meeting were the Panama Canal widening, the newly

established Kentucky Transportation Advisory Board, a briefing on the Alabama Freight Mobility Study, the benefits of shipping freight by barge versus other modes, and the current and anticipated research needs in the area of water transportation.

Mr. Crabtree said that the United States Department of Transportation's maritime administration has designated the Americas Marine Highway Program, which includes eighteen marine corridors, eight projects, and six initiatives.

Mr. Crabtree explained the Inland Waterways Research Needs project that the KTC is currently initiating. The objective of the project is to develop a research agenda for water transportation in Kentucky. This will include identification of potential projects and exploration of potential funding sources. The tasks will include establishing contacts with key industry representatives, identifying and convening a waterway industry research advisory panel, scheduling and facilitating exploratory research meetings, and developing research needs statements and preliminary project scopes.

Chairman Coursey requested that Mr. Crabtree brief the committee on the widening of the Panama Canal. Mr. Crabtree responded that currently many cargo ships come into port on the west coast of the United States and the cargo is then transported across the country using another mode of transportation. Many of those cargo ships currently cannot come through the canal because it will only accommodate cargo vessels up to a certain size. With the widening of the canal, those larger vessels will be able to pass through the canal. With the widening of the canal, there will be an increased volume of container traffic coming into the gulf and the inland waterway transportation system.

Senator Harris stated that currently new locks are being installed in the Panama Canal. The current locks are 103 feet wide and the new locks will be 155 feet wide. The project is scheduled for completion in 2014.

Representative Webb-Eglington asked, with the expansion of traffic and containers coming into the United States and through Kentucky's waterways, about security and the check of the containers. Mr. Crabtree stated he was unaware how security would be regulated but that it is something that would make a great research topic for KTC. KTC is developing a program called FEDTRACK,

the intent is that this program will become the national tracking center for tier I highway security sensitive materials.

The next person to testify before the subcommittee was Mike Hancock, Secretary, along with Jeremy Edgeworth, Freight, Rail and Waterways Coordinator and Keith Damron, Director of Planning, Transportation Cabinet. Mr. Edgeworth stated that in Kentucky, waterways are determined navigable by the United States Army Corps of Engineers (USACE). Kentucky is surrounded on three sides by navigable waterways by the Mississippi River, the Ohio River, and the Big Sandy River. Mr. Edgeworth stated that loss of infrastructure on the Kentucky, Green, and Cumberland Rivers has greatly reduced Kentucky's navigable waterways mileage. Some Locks and dams in Kentucky have been closed since USACE no longer has funds to maintain or operate these facilities.

Mr. Edgeworth stated that in 2007 over 100 million tons of freight was moved on Kentucky's waterways, 52 million tons were shipped from Kentucky, 29 million tons were shipped to Kentucky, and 19 million tons were shipped within Kentucky. Within Kentucky, the Transportation Cabinet is involved in two main areas of water transportation: ferries and riverports. There are 10 operational ferries in the Commonwealth, 1 privately funded, 2 federally funded, and 7 state funded. There are currently 12 riverports in Kentucky, 7 are operational and 5 are developing.

Mr. Edgeworth said that the state's ferries are considered moving bridges, so their operational budget comes from the Road Fund. In Kentucky, the Cave-in-Rock Ferry and the Dorena Hickman Ferry are jointly funded with Illinois and Missouri Department of Transportation. Mr. Edgeworth stated that in 2006, to replace a particular ferry moving 11,000 vehicles per year with a bridge, it would cost \$6.5 million without ongoing maintenance costs. The average cost of operations funding for the ferry is only \$235,000 per year. The Cabinet can fund the average ferry for 27 years for the same cost as building a new bridge. Mr. Edgeworth stated that for July 2010, the 7 state funded ferries moved 41,863 vehicles, 1,072 foot passengers, and 165 cyclists.

Mr. Edgeworth stated that the Cabinet performs annual site visits to all ferries. The Cabinet examines all roads to, in, and around each ferry looking at road quality, turning ra-

dus, vertical clearances and signage. It notifies ferry authorities of possible funds such as, Federal Ferryboat Discretionary Funds, Transportation Infrastructure Generating Economic Recovery, South East Diesel Collaborative, Appalachian Regional Commission and Delta Regional Authority, Congestion Mitigation Air Quality. The cabinet notifies ferries of possible research and review state and national legislation impacts. The Cabinet performs many administrative tasks including responding to letters from citizens, local officials and historians and maintain contact list for all ferry operators and authorities, and hosts an annual meeting for water transportation. The 2006 ferry meeting was the first time most of the ferry operators had met one another. There was discussion of similar challenges with boat and barge inspections, changing requirements from Coast Guard, handling high and low water situations, insurance, and maintaining qualified captains.

Mr. Edgeworth said that most ferry capital expenses are funded by Federal Ferry Board Discretionary Grants. There are three projects that were awarded due to such grants, Reeds Ferry in Butler county is getting a new wider barge to accommodate agriculture traffic, Turkey Neck Bend Ferry in Monroe County will be receiving a more reliable ferry boat, and Cave-in-Rock Ferry in Crittenden County is receiving a wider ramp. He stated that the Rochester Ferry was awarded \$90,000 in Fiscal Year 2010 to rebuild the tow boat and barge.

Mr. Edgeworth stated that the Transportation Cabinet actively participates in US DOT's Marine Highway I, which connects Illinois, Indiana, Ohio, West Virginia and Kentucky by alleviating some of the freight traffic that is burdening I-65, I-75, I-64, and I-71.

Mr. Edgeworth commented that one of the major challenges that is faced in working with the River ports are the multiple agencies involved. Each port has a highway district office, economic development contact, area development district office. There are also four USACE districts, as well as six Metropolitan Planning Organizations and therefore six Transportation Improvement Programs and Long Range Transportation Plans impacted by port activity.

Senator Harris asked what the ferry operation plans are for the Milton-Madison bridge being closed. Secretary Hancock stated that since the existing bridge is closing the Cabinet

is creating an alternative and using ferry operation to serve the daily traffic.

Representative Miller asked about the criteria for determining the hours of operation for each ferry. Mr. Edgeworth stated that the discretion is left up to the local areas as to what the need is for the ferry. Secretary Hancock stated that the primary reason Turkey Neck Bend Ferry is open 24 hours is for fire protection, for the residents that live in that area the ferry is their only means of access.

Chairman Coursey asked if the passage of HB 28 and the establishment of those funding mechanisms will better enable the Cabinet to assist with the grants. Mr. Edgeworth stated that if riverports wanted to file jointly for grants the Cabinet now has a mechanism to distribute those funds.

Senator Schickel asked how long the Kentucky river had been non-navigable. Mr. Edgeworth stated that the definition of being navigable is not from each side of the river, but if the whole length of the river is navigable and he said that at the Lexington area there is not a way to navigate from the Kentucky River to the Ohio River.

Senator Schickel asked if Green River has ever been navigable. Mr. Edgeworth stated that at one time it did have locks and dams but those are no longer funded. He said many of the locks and dams have been removed and many of the dams have been pushed over just by the force of the water.

Senator Schickel asked about the difference between state run and privately owned ferries. Secretary Hancock stated that conscious decisions were made at each particular area whether or not the transportation of vehicles across the river was needed. Secretary Hancock stated that in the example of the Rochester Ferry the two counties on either side of the river opted to buy the ferry from a private entity instead of closing the ferry down completely.

Senator Schickel stated that at this point the Anderson Ferry has the lowest rate in the state and was there any thought of turning some of the ferries over to private operators to lower the cost. Mr. Edgeworth stated that all the ferries in the state are owned by private operators or local governments, except the Turkey Neck Ferry.

Chairman Coursey asked if there is any industrial or commerce traffic coming up the Kentucky River. Mr.

Edgeworth stated that it has been years since anyone has moved up the Kentucky River. The locks and dams have been removed, so the navigability of the river is not possible.

With no further business before the Subcommittee, the meeting was adjourned at 11:10 with the Chairman indicating the members would be informed as to when the next meeting would be held.

**INTERIM JOINT COMMITTEE
ON TRANSPORTATION**
**Minutes of the 4th Meeting
of the 2010 Interim**
October 1, 2010

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Transportation was held on Friday, October 1, 2010, at 9:30 AM, at the Brown and Williamson Club at Papa John's Cardinal Stadium, University of Louisville. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Senators David E. Boswell, David Givens, Jimmy Higdon, Brandon Smith, and Gary Tapp; Representatives Eddie Ballard, Linda Belcher, Tim Couch, Jim DeCesare, Melvin B. Henley, Tanya Pullin, Steve Riggs, Arnold Simpson, Ancel Smith, Fitz Steele, Jim Stewart III, and Alecia Webb-Edgington.

Guests: Colonel Keith Landry, Commander, U.S. Corps of Engineers, Louisville District; Gene Dowell, Operations Manager, Locks and Dams

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Jennifer Beeler

Presentation from the U.S. Army Corps of Engineers:

Navigation: Critical to the Nation's Reinvestment Portfolio

Senator Harris introduced Colonel Keith Landry, Commander, U.S. Army Corps of Engineers (USACE), Louisville District. Colonel Landry stated that no district in the corps has dealt with locks and waterways longer the Louisville District. Colonel Landry said that the Louisville District was the site of the first navigation lock in the United States built by the corps. The three busiest locks in the nation are also in the Louisville district: Locks 52 and 53 and Smithland.

Colonel Landry said the USACE has a navigation center in the Huntington district that keeps traffic statistics on the Ohio River. The navigation center can track what products have come through any given lock. Twenty percent of the nations coal

fired electricity is generated from Kentucky coal that moves through the locks on the Ohio.

Colonel Landry stated that the locks at McAlpine are the newest locks in the country. The Ohio River System supports 16,000 jobs in Kentucky. McAlpine has dual 1,200 foot locks, which allows the industry standard barge to go through the locks without having to break apart. The prior standard was a 600 foot lock. Within the whole lock system, the miter gates are the weak link. At McAlpine, the miter gates are 600 tons and 80 feet tall, but they are extremely frail in comparison to their size.

Colonel Landry stated that the USACE are working in conjunction with industry to expand the use of hydropower in the Kentucky Locks and dams. Currently, McAlpine, Markland, Greenup, Wolfe Creek, Laurel Lake and Lake Barkley are the only working hydropower facilities. Cannelton and Smithland will soon be working hydropower facilities. The amount of megawatts accrued from the hydropower at McAlpine is enough to light Paducah for a year.

Gene Dowell, Operations Manager spoke about the recent Markland Dam failure and repair. On September 27, 2009, a miter gate solenoid failed at Markland, which caused the main chamber to be inoperable. With the 1200 foot chamber out of service, the locking time was doubled. Through expedited delivery of a new gate, necessary repairs were able to be completed within six months. Industry suffered about \$9.2 million because of the locking times being doubled and shipments not getting to destinations in a timely fashion.

Representative Webb-Edgington asked if there has been a redundancy built into the system to avoid future damage to the locks. Mr. Dowell stated that, as for the part that went bad at the Markland locks, the USACE contacted the manufacturers to find out what the lifespan of the parts would be so they can stay ahead of any breakage. The manufacturer did not identify a lifespan. They grease the equipment each month and have started doing in-depth checks of the materials.

Representative Pullin stated that it is so important to have two 1,200 foot chambers at all the major locks in the state because, when any of these chambers are out of service, commerce is affected.

Colonel Landry stated that the failure at Markland has caused the

corps to start thinking about systems to be put in place in order to catch any problems that might occur before they get out of hand. Two new sets of locks are being constructed in the Panama canal, one on the Pacific and one on the Atlantic side of the canal. This includes the widening and deepening of existing navigational channels. With this expansion, larger vessels will be able to travel the canal, which allows more cargo. Cargo is more economical if it can travel further. The estimated cost of the expansion is \$5.3 billion, which is expected to be recovered within 11 years.

Senator Harris asked if all the locks on the Ohio River within the Louisville district have the 1,200 foot chamber capability. Colonel Landry stated that not all the locks have 1,200 foot chamber locks. The only locks that have dual 1,200 foot locks are Smithland and McAlpine as well as Olmstead when that construction is completed. Locks 52 and 53 have both a 1,200 foot chamber as well as a 600 foot chamber. There is a planned expansion at JT Meyer that includes the installation of dual 1,200 foot chambers.

Representative Riggs asked if there is any recreational traffic at McAlpine. Colonel Landry stated that recreational traffic comes through the locks, but the numbers pale in comparison to the commercial traffic.

Representative Riggs asked if the \$429 million that was used to expand McAlpine locks was all federal money. Colonel Landry stated that generally the navigation projects are financed 50-50, federal money and Inland Waterways Trust Fund, which comes from industry contributions.

Representative Webb-Edgington asked about the status of any vulnerability assessment projects on the Ohio River. Colonel Landry stated that there have been discussions with the Office of Homeland Security, and the corps has been working with Homeland Security to show where there are weak links in the system.

With no further business the meeting was adjourned.

After the meeting adjourned the members took a tour of the McAlpine Lock and Dam.

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

**Minutes of the 2nd Meeting
of the 2010 Interim**
September 9, 2010

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, September 9, 2010, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Tanya Pullin, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Tanya Pullin, Co-Chair; Senators Perry B. Clark, Denise Harper Angel, Vernie McGaha, Joey Pendleton, and Jack Westwood; Representatives Linda Belcher, Tom Burch, Larry Clark, Tim Couch, Ron Crimm, Myron Dossett, Bill Farmer, David Floyd, Jeff Greer, Jimmie Lee, Terry Mills, Tim Moore, Fred Nesler, Tom Riner, Carl Rollins II, Steven Rudy, Sal Santoro, Charles Siler, Dottie Sims, John Tilley, and Alecia Webb-Edgington.

Guests: Trey Grayson, Secretary of State; Sarah Ball Johnson, Executive Director, Sandy Milburn, Sara John, State Board of Elections; Tara Klute, Pretrial Executive Officer, Shane Smith, Statewide Supervisor, Barb Oney, Program Supervisor, Boyd County Pretrial Services; Administrative Office of the Courts; Captain Bryan Combs, State Family Program Director, Kentucky National Guard; Jon Akers, Executive Director, Kentucky Center for School Safety; Steve Wilborn, Uniform Law Commission, and Jim Thompson, Education and Workforce Development Cabinet.

LRC Staff: Erica Warren, Clint Newman II, Mustapha Jammeh, Tiffany Opii, Jessica Causey, and Rhonda Schierer.

Minutes

Co-Chair Pullin asked members to review the August 12th meeting minutes for approval. A motion was made and seconded to adopt the minutes, were approved by a unanimous voice vote.

Resolutions

Representatives Belcher, Rollins, Pullin, and Farmer read resolutions for fallen soldiers: Sergeant Charles P. Whitler, Chief Petty Officer (SEAL) Collin T. Thomas, Specialist Christopher S. Wright, and Sergeant Jason D. Calo. A motion was made and seconded to adopt the resolutions, and they were adopted by a unanimous voice vote.

Overseas Military Voting

Trey Grayson, Secretary of State, and Sarah Ball Johnson, Executive Director, State Board of Elections, spoke on military and overseas voting. Secretary Grayson explained some of the difficulties and challenges that over-

seas citizens and military members and their spouses face in getting a ballot. The Military Overseas Votes Empowerment (MOVE) Act, a federal law passed by Congress in 2009 that applies only to federal elections, states that absentee ballots have to be delivered to the voter by the county clerks no later than 45 days prior to the election. Kentucky law requires that the ballot be delivered 50 days prior to the election. The MOVE Act requires that absentee ballot application requests and ballots be faxed or e-mailed to the voter. The actual ballot must be sent back by mail which maintains the privacy of the vote. Faxing and e-mailing ballots allows the voter 50 days to mail it back, which cuts the transition time in half. The voter can send an e-mail to the county clerk and request a ballot, the county clerk e-mails or faxes the ballot to the voter. The voter then prints the ballot out and votes, the voter uses two envelopes to ensure privacy until election day, addresses the outer envelope to their county clerk, and mails it back. Additionally under the MOVE Act, a voter can check the status of their ballot request and return by logging onto the website www.elect.ky.gov.

In response to Co-Chair Pullin concerns on residency, Ms. Johnson stated there are no issues in Kentucky regarding residency for military and overseas voters. In response to Representative Burch, Secretary Grayson stated that service members do have to request an absentee ballot and in 2008 Kentucky received approximately six thousand eight hundred military absentee ballot requests. In response to Representative Floyd's question, Ms. Johnson stated that the tracking system is only for military and overseas veterans however, if someone is checking for a military family member, they can check the website if they have the first name, last name, and date of birth. In response to Representative Couch's concern, Secretary Grayson stated that there are no formal state programs for assistance for veterans or residents of nursing homes. In response to Representative Crimm, Secretary Grayson stated that it is strict policy that ballots have to be physically in the county clerk's office at 6:00 PM local time. In response to Representative Riner, Secretary Grayson stated that students who may have gone straight from college to the military and intend for their home residence to be Kentucky can use their parents' or guardians' ad-

dress in order to vote.

Sara Johnson, Executive Director, State Board of Elections explained the proposed Uniform Military and Overseas Voters Act. Ms. Johnson stated the two main purposes of the Uniform Law Commission Committee for this Act was to extend federal Uniform Overseas Citizens Absentee Voting Act protections to local and state election and to offer greater uniformity across the 50 states on absentee voting. Ms. Johnson stated that the proposed uniform law would require changes to Kentucky law by the draft Act. It would extend voting privileges to U.S. citizens who are born overseas but whose parent or legal guardian lived in Kentucky or the United States. Kentucky currently does not allow that but there are 17 states that currently do. This bill will allow the Federal Write-In Absentee Ballot oath to be accepted as a method of registering to vote and have a valid absentee ballot. The draft Act also changes the deadline to apply for an absentee ballot. Currently everybody would have to apply 7 days before the election, however, this model changes to 5 days for military and overseas voters. This act would also require the state to accept the absentee ballots two weeks after the election. It also requires the county clerk to publish the notices and gather e-mail addresses from military ballots. Ms. Johnson stated that members had a Military & Overseas Voters Guide in their committee folders.

Report on the Implementation of HB 377

The following individuals from the Administrative Office of the Courts spoke on the implementation of HB 377: Tara Klute, Pretrial Executive Officer, Shane Smith, Statewide Supervisor, and Barb Oney, Program Supervisor, Boyd County Pretrial Services. Mr. Smith stated that they formed a committee of six pretrial officers from different areas of the state and put together a plan for implementation. In this process, they created a category for veteran's assistance in which a pretrial services officer would ask an arrestee if he or she was a veteran and if he or she had been in combat. In an initial interview, a veteran is helped to make a phone call for assistance. If they refuse to at that time, the pretrial officers will make a call for them. They are also offered written information. Mr. Smith conducted online training for the pretrial officers, with statewide supervisors overseeing imple-

mentation. A concern is that there are no toll free calls from a jail cell, which makes it difficult if an arrested individual originally refuses to call the offered number for assistance and later decides that they wish to receive assistance.

Ms. Klute stated that since July 1st, 2010, pretrial services have come into contact with 40,017 defendants statewide. Of those, they have identified 1,327 veterans, of which 523 have in combat. Ms. Klute added that in a 60 day period, pretrial officers have given 202 combat soldiers information and confirmed that 26 of those have received some form of services. As an example, Barb Oney, Program Supervisor, Boyd County Pretrial Services, shared an inspirational story of Mr. Wood, a Navy veteran, who she assisted with getting needed help from the VA office in Huntington, WV.

Captain Bryan Combs, State Family Program Director for the Kentucky National Guard, commended pretrial services and how they have reached out to our veterans. Captain Combs stated that since the implementation of HB 377, they have had five phone calls on the emergency assistance phone line. Four out of five calls were substance abuse issues and one was a domestic violence issue. Captain Combs stated that Jim Barber, Family Assistance Coordinator, has a multitude of agencies across the state that can provide resources and services to veterans. Mr. Combs added that Barbara Slater, a representative from the Lexington Veterans Affairs office, has been instrumental at the law enforcement level briefing the state troopers and the local police on HB 377 and what the Kentucky Department of Veterans Affairs provides. Captain Combs said he felt the success of the bill in such a short period of time has been astounding.

Co-Chair Pullin noted that the program is run by the National Guard, but is for all services. In response to Co-Chair Pullin's concern for veterans who have a problem asking for help, Captain Combs stated that this stereotype of soldiers is slowly diminishing and he feels encouragement is one of the best ways to help a soldier who may be struggling with asking for help. Co-Chair Pullin said she was so proud of all the pretrial service officers and their willingness to step up and do this for the veterans and she asked for a motion to send a resolution of thanks and appreciation to the pretrial service officers from the committee for

the work they are doing. A motion was made and seconded, and unanimously approved by the committee. In response to Representative Burch's concern for soldiers, Captain Combs stated that there is the Yellow Ribbon Program which is focused on resiliency and trains soldiers about the before, during, and post mobilization process.

Safe Schools

Jon Akers, Executive Director, Kentucky Center for School Safety, gave a power point presentation on the Kentucky Center for School Safety. There are 23 centers for school safety in the United States. Kentucky's Center for School Safety consists of the Kentucky School Board Association, Eastern Kentucky University, Murray State University, and the University of Kentucky. School safety is defined as addressing the needs of educators and students as it relates to the provision and enhancement of providing safe and healthy learning environments for both. The needs fall into four categories: physical safety, relationships, personal safety, and behavioral expectations. Campus and building safety is helped through Crime Prevention Through Environmental Design (CPTED), which consist of physical plant safety, bus safety, parking lot safety, and hazardous materials. Relationships between staff and students are helped by finding ways for students to be connected to the school and establishing a welcoming school climate and culture. Personal Safety issues have been addressed by having emergency preparedness plans, and addressing bullying issues, outside aggression, internet safety, and gang issues. There are 212 school resource officers to help with these issues and they are in nearly 300 schools daily.

Representative Webb-Edgington requested a copy of a study the secret service did on the 40 shootings be sent to all committee members. Mr. Akers added that there will be 60 school assessments done this year by a six member team who will work with teachers on vulnerability assessments and climate and culture issues between teachers and students. Mr. Akers stated that training is offered statewide on a voluntary basis. In response to Representative Farmer, Mr. Akers stated that schools must have one incident per 100 students per year for a period of three years in order for them to be declared persistently dangerous schools. In response to Representative Couch, Mr. Akers stated that in a situation

where a student was being bullied at school, the parent should contact the principal, the principal should bring in the bully and the bullied person and get as much data as possible to determine if it is bullying or a one-time situation, the principal should try to resolve the issue by getting the parents involved and let the bully know the consequences if the bullying persist. If bullying gets to the point of reaching a felony, then the police get involved and it becomes a criminal act.

There being no further business, the meeting adjourned.

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 2nd Meeting of the 2010 Calendar

August 27, 2010

Call to Order and Roll Call

The 2nd meeting of the Capital Planning Advisory Board was held on Friday, August 27, 2010, at 10:30 AM, in the Pogue Library at Murray State University in Murray, Kentucky. Representative Melvin B. Henley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Melvin B. Henley, Co-Chair; Representative Ron Crimm, Charles Byers, Laurie Dudgeon, John Hicks, and Bill Hintze.

Guests testifying before the Board: Dr. Randy Dunn, President; Mr. Thomas W. Denton, CPA, Vice President of Finance and Administrative Services; and Mr. Kim Oatman, Chief Facilities Officer, Murray State University (MuSU); Dr. Gary Ransdell, President; Mr. John Osborne, Vice President of Campus Services and Facilities; Mr. Dale Dyer, Manager of Plant Operations; Ms. Christian Ryan-Downing, Sustainability Coordinator; and Mr. Charlie Jones, Director for Facilities Management, Western Kentucky University (WKU); and Mr. Paul Kaplan, Senior Advisor and Director, Green Bank of Kentucky Program, Finance and Administration Cabinet.

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

Approval of Minutes June 10, 2010

Chairman Hensley noted that there was not a quorum; therefore the minutes of the June 10, 2010, meeting would be approved at the October meeting.

Discussion of Murray State University Capital Projects

Dr. Dunn discussed MuSU's top

capital project requests. He noted that the university's top three General Fund project requests for 2010-2012 included the Construct New Science Complex project (final phase), \$30.1 million; the Construct New University Library project, \$58 million; and the Upgrade Campus Electrical Distribution System project, \$11.1 million. The new Science Complex project would include a 72,500 SF Engineering-Physics Building, as well as teaching and research space. The New University Library project would include a 168,500 SF facility, in addition to the existing library facilities of Pogue and Waterfield. The existing facilities are among the top 10 worst facilities in the Facility Condition Assessment and Space Study completed in February 2007 by Vanderweil Facility Advisors Inc. (VFA). This study was commissioned by the Council on Postsecondary Education in 2007 to assess the condition of certain university facilities. The third project, the Upgrade Campus Electrical Distribution System project, was authorized in the 2010-2012 budget (\$11.1 million restricted funds), and includes upgrades to electrical substations, and replacement of switches, cable, and related equipment.

Dr. Dunn reported that the university's main non-General Fund capital project is the Construct Paducah Regional Campus Facility project. Authorized in the 2010-2012 budget for \$17.7 million, this project will be financed with third party financing. The scope of work includes construction of a 50,000 square foot regional campus facility, including classrooms, offices, and computer labs. The facility is needed because the academic programs in Paducah have outgrown the existing leased space at the Crisp Center.

The university has completed two agency bond projects authorized in the 2008-2010 budget: the James Richmond residential facility (\$15 million) and various projects utilizing Capital Renewal Housing and Dining Pool funds (\$7.6 million). The James Richmond residential facility is a 79,000 SF facility that was completed in fall 2009; it has 279 beds and will replace Richmond Hall. Capital Renewal Housing and Dining Pool projects entail replacement of various facility systems that have exceeded at least 90% of their useful life. For 2010-2012 the university's top agency bond priorities are the Renovate Elizabeth Hall project (\$8.9 million), the Renovate College

Courts project (\$10 million), and the Renovate Curris Center T'Room and Food Service Equipment project (\$1.01 million).

Dr. Dunn then discussed the Construct Electrical Generation Plant project. This project was initially authorized in the 2008-2010 budget and reauthorized in the 2010-2012 budget. It is funded through utility and other energy savings measures. The project calls for the university to enter into a tri-party agreement with Murray Electric and the Tennessee Valley Authority (TVA) to construct an electrical generation plant on campus. The 2 megawatt electric generator will be utilized during crisis situations and will provide enough power to fully operate all electrical systems in the dormitories, one cafeteria, and the Wellness Center.

In response to a question from Mr. Hintze, Dr. Dunn responded that they are expecting 10,200 to 10,300 students to enroll this fall.

In response to a question from Representative Crimm, Dr. Dunn said the MuSU Office of Emergency Management is set up to alert students and faculty of any emergency and the voice alert can be heard campus wide. Mr. Oatman said the voice alert can be heard inside and outside. Co-Chair Henley added that MuSU was crucial to the city of Murray in reporting bulletins over the radio stations during the ice storm last winter.

In response to a question from Mr. Hicks, Mr. Oatman responded that with the age of the electrical distribution system, the campus is at high risk in that the school may have to shut down buildings. The new system is designed to last 50 years.

In response to a question from Co-Chair Henley, Mr. Oatman said Murray is subscribing to a TVA program which allows the customer to earn credits by shedding electrical load during periods of peak electrical demand. The credits from subscribing to this program depend on the amount of load agreed to be shed and are projected to be over \$300,000 annually. The school also has contracts with the city of Murray for diesel fuel and natural gas at the most efficient rates possible.

Presentation on Western Kentucky University Capital Projects

Dr. Ransdell addressed the Board and thanked members for the opportunity to discuss campus sustainability. He then introduced other WKU staff in attendance: Mr. John Osborne, Vice President of Campus Services and Facilities; Mr. Dale Dyer,

Manager of Plant Operations; Ms. Christian Ryan-Downing Sustainability Coordinator; and Mr. Charlie Jones, Director for Facilities Management.

Mr. Osborne said WKU's Energy Policy was created by a committee of staff, faculty, and students, and adopted in March 2009. He said the overall purpose of the policy is to promote energy efficiency and conservation on campus by implementing strategies that will reduce the consumption of energy. Dr. Ransdell added that this will not only save energy and money, but that careful management of energy use can also benefit the environment and extend the life of equipment.

Mr. Dyer and Ms. Ryan-Downing discussed a recent Energy Savings Performance Contract (ESPC) implemented by WKU. The ESPC is expected to save the school over \$1 million annually on its utility bills, with a total projected savings of \$15,267,306 over a 15-year period. The contractor is Johnson Controls and the project will cost \$9.7 million, to be financed through a tax-exempt lease at an interest rate of 5.10%. Energy savings measures include installation of energy efficient lighting, upgrade or replacement to water fixtures, mechanical improvements, and installation of an 80-panel solar heating system on the Preston Center roof. This project will create or impact over 200 jobs.

Ms. Ryan-Downing said the university has installed 2,114 water saving fixtures and rainwater collectors on the roofs of the barns and parking garages. The water is then collected in a 550-gallon cistern and used to water the gardens. The ESPC improvements will reduce the school's annual greenhouse gas emissions by 21,487 metric tons. The new natural gas boiler installed in 2009 in the Central Steam Plant reduced CO2 emissions 12%. Students are also actively involved in various conservation competitions or programs.

In response to a question from Mr. Hicks about the school's efforts to reduce paper usage, Ms. Ryan-Downing stated that the school is trying to reduce its paper usage by centralizing printing, but this effort is in the investigative stage currently. Dr. Ransdell added that the school has gone to paperless billing and paperless paychecks.

Presentation on the Green Bank of Kentucky Program

Mr. Kaplan next discussed the Green Bank of Kentucky. The mis-

sion of the Green Bank is to promote energy efficiency, reduce operating costs and energy use, protect the environment, save taxpayer dollars, promote economic development, and create “green” jobs. Less than three months after the program began, the Green Bank made its first loan of \$1.3 million to the Kentucky Department of Education (KDE). KDE used the loan to retrofit the Kentucky School for the Blind and two other facilities. This loan enabled KDE to realize operating savings of nearly \$140,000 a year, an annual combined reduction of carbon emissions equivalent to 1,383 tons of CO₂, and a total savings over the life of the project of almost \$2.15 million. The savings generated through reduced operating costs and energy usage pay back Green Bank loans. Green Bank funds are then recycled into new loans.

Loans approved by the Green Bank Loan Committee currently carry a fixed rate of 3.25% and a maximum term of 14 years. There are three Green Bank Revolving Loan Programs. The first is the eSELF Revolving Loan Program, which allows state agencies to self-perform energy efficiency projects costing between \$50,000 and \$225,000. The goal for the eSELF program is a 20% reduction in energy consumption. The second is the Hybrid Revolving Loan Program, which allows funding for energy projects in state buildings that cost between \$50,000 and \$600,000. An energy audit or engineering analysis is required along with a completed design and development package. State agencies procure labor and materials. The third is the ESPC Revolving Loan Program, which funds energy efficiency projects typically costing more than \$600,000. These projects use investment-grade energy audits to provide a detailed cost benefit analysis of energy efficiency investments. These projects also use a life cycle cost analysis. ESPC loans also require a guarantee by an energy savings performance company.

The Green Bank is also procuring and implementing an energy management software solution for Kentucky, which will track energy usage by building, audit utility bills, identify buildings that are energy hogs, and help determine what energy efficiencies and upgrades are necessary in each building. It will interface with the accounting system to potentially pay utility bills electronically, and will also interface with the Commonwealth’s capital projects and capital management software to

automatically generate maintenance and repair work orders. The software will also be used to help measure and verify energy savings.

A group of 17 state buildings with 1.9 million square feet has been tentatively identified as a pilot program. The pilot buildings were selected to provide a representative mix of different uses, ages, and types of buildings. The initial discovery phase of the pilot program will begin soon, and the data base and software platform are scheduled to be operational in early 2011. Kentucky is only the second state to procure and implement an energy management software system. It is anticipated that this enterprise platform will enable the Finance Cabinet to track energy usage in the state’s public buildings and eventually save the Commonwealth tens of millions of dollars a year.

In response to a question from Mr. Hicks about funding for the Green Bank, Mr. Kaplan stated that the bank started with a balance of \$14 million, and now has approximately \$10 million available for loans. The program is funded through federal stimulus dollars and subsidies through the American Recovery and Reinvestment Act. Three loans have been closed to date. Mr. Hintze commented that the Capital Planning Advisory Board has been in support of a program such as this since the mid 1990s.

Schedule of Future Meetings

Co-Chair Henley said the next meeting will be held at the Kentucky State University Center for Sustainability of Agriculture in Frankfort, Kentucky at 10:00 a.m. on October 29, 2010.

Adjournment

With there being no further business to discuss, the meeting was adjourned at 12:04 PM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

September 21, 2010

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee met on Tuesday, September 21, 2010, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

resentatives Steven Rudy and Jim Wayne.

Guests: Sam Ruth, Department of Facilities and Support Services; Katie Smith, Cabinet for Economic Development; Bob Wiseman, University of Kentucky; Charles Bush, Division of Real Property; Sandy Williams, Kentucky Infrastructure Authority; and Tom Howard and Brett Antle, Office of Financial Management.

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

Approval of Minutes for August 17, 2010

Representative Rudy made a motion to approve the minutes of the August 17, 2010 meeting. The motion was seconded by Senator Buford and approved by voice vote.

Information Items

Senator Leeper asked Kristi Culpepper, Staff Administrator, to discuss information items. Ms. Culpepper said members’ folders contained several information items. The first information item was the Cabinet for Economic Development’s annual report on the status of the grants that have been made from Economic Development Bond proceeds. The cabinet is required by statute to update the committee on the jobs that have been created and maintained for each project, and whether the companies have met the wage and salary requirements in the grant agreements.

Senator Leeper asked why the Kenton County Airport Board project was on hold. Katie Smith, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development, said the grant agreement was based on the number of departures for Delta Airlines. Since the agreement, Delta has decreased the number of departures. Ms. Smith said the cabinet is currently in discussions with the Kenton County Airport Board.

Representative Westrom commented on the impact the airport has on the economy in Northern Kentucky.

Ms. Culpepper said the second information item was the Annual Report of Bonds Outstanding from the Office of Financial Management.

The third information item was a report on Estimated Outstanding Debt Associated with Court Facilities Projects, Fiscal Year 2011.

The fourth information item was correspondence sent from the Finance and Administration Cabinet, Department of Facilities and Support Services to all state lessors, asking for a 5 percent reduction in the rental

rate of leased space for the Commonwealth.

Senator Leeper asked how many leases have been modified to reduce the state’s rental costs. Sam Ruth, Commissioner, Department of Facilities and Support Services, said 521 letters were sent to lessors and 317 responses have been received to date. Of the responses, 234 agreed to the 5 percent reduction, 44 did not agree to the reduction, and 39 were conditional.

In response to a question from Representative Westrom, Mr. Ruth said the conditional letters from lessors varied, some asked for a smaller percentage reduction or wanted to recoup the 5 percent in the next lease renewal.

The fifth information item was a \$21.7 million Energy Savings Performance Contract from the University of Louisville (UL).

The sixth information item was a capital construction report from UL.

Ms. Culpepper said the next three items were related to school bonds: a memo from committee staff regarding information on the volume of school bonds the committee has reviewed in recent years; School Facilities Construction Commission (SFCC) Offers of assistance for the current funding cycle; and a follow-up report on school bonds that include SFCC debt service support.

Ms. Culpepper said the last items of information were the staff and bond market updates. Ms. Culpepper noted two articles in the market update. The first article was from the Bond Buyer describing how the notes issued by the Asset/Liability Commission to refinance the Kentucky Teachers Retirement System loans resulted in higher-than-anticipated savings for the state. The second article was from the Louisville Courier-Journal related to the conduit bonds used to finance the Louisville Arena.

Representative Wayne said he had concerns regarding the ability of the Louisville Arena Authority to make debt service payments on the bonds and the bonds potentially getting downgraded to junk status. He asked the committee co-chairs to invite representatives of the arena to the October committee meeting.

Senator Buford indicated he would also like representatives of the Louisville Arena Authority to be present at the October committee meeting.

Senator Leeper and Representative Westrom said they would work with committee staff to invite Arena Authority representatives for the Oc-

tober committee meeting.

Report of Unbudgeted Project from the University of Kentucky

Senator Leeper asked Bob Wiseman, Vice President for Facilities Management, University of Kentucky (UK), to report an unbudgeted capital project. Mr. Wiseman said UK is reporting the Renovate Track and Field Facility project to the committee as a new project as a means of changing the funding source on the project. The nature of the project and its scope will not change from the project authorized by the General Assembly in HB 1 (2010-2012 budget). Mr. Wiseman said the lease-purchase financing authorized in the budget is no longer feasible. UK plans to fund the project through a combination of \$7.1 million in private funds from the University of Kentucky Athletic Association (UKAA) and \$6.9 million from restricted funds. The UK Board of Trustees approved this project at its September 14, 2010 board meeting. The project will renovate UK's 30-year-old Shively Track facility, which is used by the university's men's and women's track and cross country teams.

In response to a question from Representative Wayne, Mr. Wiseman said the UKAA will repay the university restricted funds with interest over a period not to exceed five years.

Senator Carroll made a motion to approve the unbudgeted capital project for UK. The motion was seconded by Representative Westrom and approved unanimously by roll call vote.

Lease Reports from the Finance and Administration Cabinet

Next, Senator Leeper asked Charles Bush, Director, Division of Real Property, Finance and Administration Cabinet, to report four items related to leases. Mr. Bush said the first item was a report of a lease modification, amortization of leasehold improvements for the Cabinet for Health and Family Services in Franklin County (PR-1621). The improvements include security, construction of additional staff offices, and to establish a computer training lab at the facility. The cost of the modifications, \$20,697, will be amortized over the remaining lease term (through June 30, 2015). No committee action is required on lease modifications less than \$50,000.

In response to a question from Senator Carroll, Mr. Bush said he would provide committee staff with the monthly rental cost increase.

Mr. Bush said the second item was a new lease exceeding \$100,000 for the Department of Military Affairs (DMA) in Boone County (PR-4951). The annual cost of the lease is \$108,000 through June 30, 2015. The space will be used for a specialized facility that includes office space, vehicle maintenance bays, and access controlled storage space for vehicles. Committee action is required on leases exceeding \$100,000.

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

Mr. Bush said the third item was a report of changes in square footage for four state leases for the period April through June 2010. The lease modifications were less than \$50,000 and did not require Committee action.

Mr. Bush said the fourth item was a lease modification/square footage increase exceeding \$50,000 for the Cabinet for Health and Family Services (CHFS) in Boone County (PR-4613). The additional square footage will be used to house additional staff assigned to the facility. The annual rental cost will increase from \$223,156 to \$315,349. Committee action is required on lease modifications exceeding \$50,000.

Representative Wayne asked how the state is able to add additional staff under the current budget situation. Mr. Bush said that CHFS workloads increase as the economy worsens and the space is needed for staff who provide essential services.

Senator Carroll made a motion to approve the lease modification/square footage increase for CHFS. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

Kentucky Infrastructure Authority Grants

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

New Economic Development Bond Project

Senator Leeper asked Ms. Smith to report an Economic Development Bond (EDB) grant project. Ms. Smith reported an EDB Pool grant in the

amount of \$250,000 for the Louisville/Jefferson County Metro Government for the benefit of Dometic Corporation. The grant proceeds will offset the cost of the lease, improvements, and equipping of a 25,000 square foot building in Jefferson County that will serve as its US Operations Corporate Office. Pursuant to the EDB grant, Dometic Corp. will be required to create 90 new, full-time jobs within three years. Additionally, Dometic Corp. will be required to pay the 90 new jobs an average annual salary of \$31,000, excluding benefits.

Representative Rudy made a motion to approve the EDB grant for Dometic Corp. The motion was seconded by Representative Westrom and passed unanimously by roll call vote.

New Bond Issues from the Office of Financial Management

Senator Leeper asked Tom Howard, Executive Director, and Brett Antle, Deputy Director, Office of Financial Management, to present several items related to bonds. Mr. Antle said the first new bond issue was for Murray State University General Receipts Refunding Bonds, 2010 Series A. Proceeds from this tax-exempt bond issue will refund all the university's outstanding Housing and Dining Bonds, which includes Series M, N, O, P, and Q. The par amount of the bonds is \$20,565,000.

The second new bond issue was for Northern Kentucky University General Receipts Refunding Bonds, 2010 Series B. Proceeds from this tax-exempt bond issue will refund the university's outstanding Housing Certificates of Participation, Series 2002. The par amount of the bonds is \$12,490,000.

The third new bond issue was for the University of Kentucky General Receipts Refunding Bonds, 2010 Series B. Proceeds from this tax-exempt bond issue will refund the university's outstanding Series S and T Consolidated Education Building Revenue Bonds. The par amount of the bonds is \$32,955,000.

Senator Carroll made a motion to approve the three new bond issues for Murray State, Northern Kentucky, and the University of Kentucky. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

Follow-up Reports for Previously Approved Bond Issues

Mr. Antle said the first follow-up report was for the Kentucky Asset/Liability Commission (ALCo) Fund-

ing Notes, 2010 General Fund First Series (Taxable). Proceeds from this bond issue will reimburse Kentucky Teachers Retirement System (KTRS) for 100% of the outstanding balances plus accrued interest through the date of settlement on obligations used to fund the KTRS State Medical Insurance Fund during Fiscal Years 2005 to 2010. The bond issue was approved by the committee at the July 2010 meeting.

The second follow-up report was for the Kentucky Housing Corporation (KHC) Single Family Housing Revenue Bonds, 2010 Series B, C, D, and E and 2009 Series C, Subseries C-2. Proceeds from this bond issue will refund outstanding Series 1999 H, 2000 B, 2000 C, 2002 G, 2003 E, 2004 C, 2004 E, 2004 I bonds. The refunding will generate a savings, convert some variable rate debt to a fixed rate, and improve the tax status on some of the debt. Series D of the new issue is subject to the Alternative Minimum Tax, the other series and subseries are not. The 2009 bonds were approved by the committee at the October 2009 meeting, and the 2010 bonds at the June 2010 meeting. No committee action is needed on follow-up reports.

School Bond Issues

Mr. Antle reported 58 new bond issues with the School Facilities Construction Commission (SFCC) debt service participation for Allen County, Anderson County, Augusta Independent in Bracken County, Ballard County, Ballard County, Barren County, Bath County, Boone County, Calloway County, Campbell County, Casey County, Casey County, Clark County, Corbin Independent in Whitley County, Edmonson County, Elliott County, Eminence Independent in Henry County, Floyd County, Floyd County, Grant County, Graves County, Graves County, Grayson County, Greenup County, Hancock County, Harrison County, Hickman County, Johnson County, Kenton County, Knox County, Laurel County, Lawrence County, Letcher County, Letcher County, Marshall County, Martin County, Mercer County, Metcalfe County, Metcalfe County, Metcalfe County, Montgomery County, Montgomery County, Muhlenberg County, Muhlenberg County, Nelson County, Owsley County, Pike County, Pikeville Independent in Pike County, Raceland Independent in Greenup County, Rowan County, Russell County, Todd County, Todd County, Trimble County, Walton-Verona Independent in Boone County, Warren

County, Williamsburg Independent in Whitley County, and Wolfe County.

Senator Leeper asked Ms. Culpepper to report the new local school bond issues. Ms. Culpepper said there were 29 new local school district bond issues with 100 percent local debt support for Bardstown Independent in Nelson County, Bardstown Independent in Nelson County, Barren County, Boone County, Bullitt County, Butler County, Carlisle County, Edmonson County, Elliott County, Fayette County, Fulton County, Grant County, Henderson County, Jackson County, KISTA, Knott County, Lyon County, Madison County, McLean County, Murray Independent in Calloway County, Oldham County, Pike County, Pike County, Pike County, Taylor County, Union County, Union County, Walton-Vernon Independent in Boone County, Williamstown Independent in Grant County, and Wolfe County.

With there being no further business, Representative Wayne made a motion to adjourn the meeting. The motion was seconded by Representative Rudy and the meeting adjourned at 1:35 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the September Meeting
September 14, 2010
Call to Order and Roll Call

The September meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, September 14, 2010, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Elizabeth Tori, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Kevin Winstead, Attorney General's Office; Rob Carter, DeVon Hankins, Ricky Haven, Finance and Administration Cabinet; Jennifer A. Jones, Kentucky Retirement Systems; Michael Burleson, Board of Pharmacy; Charlotte Beason, Nathan Goldman, Board of Nursing; Fran Belvin, James Grawe, Frances Short, Board of Licensure for Professional Art Therapists; Ryan Halloran, Board of Interpreters for Deaf and Hard of Hearing; Todd Cassidy, William Dexter, Margaret Everson, Ron Brooks, R.C. Stout, Tourism, Arts and Heritage

Cabinet; Clint Quarles, Department of Agriculture; Janine Coy-Geeslin, Mark Johnson, Cabinet for Economic Development; Cathy Zion, Commission on Small Business Advocacy; Millie Ellis, Lora Goins, Laura Lund, Andrea Smith, Division for Air Quality; Amy Barker, Barney Kinman, Mark Mangeot, Justice and Public Safety Cabinet; Morgain Sprague, Kentucky State Police; Ann D'Angelo, Bill Gorton, Godwin Onodu, Transportation Cabinet; Kevin Brown, Kay Kennedy, Clay Lamb, Education and Workforce Development Cabinet; Wayne Onkst, Department for Libraries and Archives; Sandy Chapman, Robin Coombs, Frank Goins, Jill Mitchell, Al Perkins, DJ Wasson, Department of Insurance; Timothy A. West, Horse Racing Commission; Betsy Johnson, Stuart Owen, Neville Wise, Department for Medicaid Services.

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

The Administrative Regulation Review Subcommittee met on Tuesday, September 14, 2010, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

OFFICE OF THE ATTORNEY GENERAL: Consumer Protection Division: Division of Consumer Protection

40 KAR 2:350. Debt adjusters. Kevin Winstead, assistant attorney general, represented the office.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Office of Sales and Excise Taxes: Sales and Use Tax; Administrative and Accounting

103 KAR 31:102. Rebate for a governmental public facility. Ricky Haven, director of the Division of Sales and Use Taxes, and Robert Carter, tax advisor, represented the department.

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

Kentucky Retirement Systems: General Rules

105 KAR 1:190 & E. Qualified domestic relations orders. Jennifer Jones, assistant general counsel, represented the systems.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES

TO paragraph to add citations; (2) to amend the STATUTORY AUTHORITY paragraph to make a technical correction; (3) to amend Sections 1 through 7, 10 through 20, 23, 25, and 27 to comply with the drafting and format requirements of KRS Chapter 13A; and (4) to amend Section 27 to revise three (3) forms incorporated by reference to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Board of Pharmacy: Board

201 KAR 2:330. Emergency pharmacy powers. Mike Burleson, executive director, represented the board.

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

Board of Nursing: Board

201 KAR 20:057. Scope and standards of practice of advanced practice registered nurses. Charlotte Beason, executive director, and Nathan Goldman, general counsel, represented the board.

201 KAR 20:070. Licensure by examination.

201 KAR 20:110. Licensure by endorsement.

201 KAR 20:162. Procedures for disciplinary hearings pursuant to KRS 314.091.

201 KAR 20:225. Reinstatement of licensure.

201 KAR 20:230. Renewal of licenses.

A motion was made and seconded to approve the following amendments: to amend Section 4 to delete the requirement that certain applicants submit the FBI fingerprint card upon request of the board. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 20:240. Fees for applications and for services.

201 KAR 20:370. Applications for licensure.

201 KAR 20:411. Sexual assault nurse examiner program standards and credential requirements.

201 KAR 20:470. Dialysis techni-

cian credentialing requirements and training program standards.

Board of Licensure for Professional Art Therapists: Board

201 KAR 34:020. Fees. Fran Belvin, board chair; Jim Grawe, assistant attorney general; and Frances Short, executive director, Division of Licensing and Occupations, represented the board.

Board of Interpreters for the Deaf and Hard of Hearing: Board

201 KAR 39:050 & E. Renewal of licenses and extension of temporary licenses. Frances Short, executive director, Division of Licensing and Occupations, and Ryan Halloran, assistant attorney general, represented the board.

TOURISM, ARTS AND HERITAGE CABINET: Office of the Secretary: Office

300 KAR 2:040. Kentucky Film Industry Incentives Application and Fees. Todd Cassidy, secretary's office, and William Dexter, general counsel, represented the office.

A motion was made and seconded to approve the following amendments: to amend Sections 4 and 5 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Fish and Wildlife Resources: Fish

301 KAR 1:010. Commercial boat docks, concession stands, and boat rental facilities. Margaret Everson, assistant attorney general, and Ron Brooks, director of fisheries, represented the department.

In response to a question by Senator Givens, Mr. Brooks stated that this administrative regulation established procedural requirements not specific construction requirements.

A motion was made and seconded to approve the following amendments: to amend Section 2 to: (1) list the standards that the department will use to make a recommendation to the commission; and (2) list the information to be reviewed by the commission when making a decision on the application. Without objection, and with agreement of the agency, the amendments were approved.

301 KAR 1:410. Taking of fish by nontraditional fishing methods.

DEPARTMENT OF AGRICULTURE: Division of State Veterinarian: Office of Animal Health: Livestock Sanitation

302 KAR 20:020. General requirements for interstate and intrastate

movement of animals. Dr. Robert Stout, state veterinarian, and Clint Quarles, staff attorney, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to specify that USDA back tags: (a) may be used for identification on slaughter animals if the animals are moving from a state-federal approved stockyard directly to a slaughter facility; and (b) cannot be used as identification for animals entering into Kentucky; and (2) to amend the RELATES TO paragraph and Section 1 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:050. Carcasses.

In response to a question by Senator Givens, Dr. Stout stated that animal carcasses could be transported by licensed commercial vendors or a farmer's private vehicle, as long as the vehicle had an impervious bottom to prevent fluid leakage to the road.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO, STATUTORY AUTHORITY, and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to specify citations; and (2) to amend Sections 1 and 2 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:115 & E. Vesicular stomatitis.

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

Livestock

302 KAR 21:005 & E. Animal disease to be reported.

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

CABINET FOR ECONOMIC DEVELOPMENT: Kentucky Economic Development Finance Authority: Au-

thority

307 KAR 1:060. Kentucky small business investment credit program. Janine Coy-Geeslin, staff attorney; Cathy Zion, acting chair; and Mark Johnson, branch manager, represented the authority.

In response to a question by Senator Givens, Ms. Coy-Geeslin stated that one percent of the fee was refundable if the applicant did not qualify for a tax refund. The fee and refunds for this program are structured similar to other tax credit programs in Kentucky.

A motion was made and seconded to approve the following amendments: (1) to create a new Section 3 to clarify when a business is eligible to apply for the program; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 to 3 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division for Air Quality: New Source Standards

401 KAR 59:015. New indirect heat exchangers. Andrea Smith, program manager, and Millie Ellis, program analyst, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 7(5) to make technical corrections to formulae. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Office of the Secretary: Special Law Enforcement Officers

500 KAR 2:020. Filing and processing SLEO commissions. Amy Barker, assistant general counsel; Barney Kinman, program administrator; and Mark Mangeot, legislative liaison, represented the office.

A motion was made and seconded to approve the following amendments: (1) to amend Section 8 to specify that the commission certificate is sent to the governmental unit and that the governmental unit provides an identification card to the officer; and (2) to amend Sections 1, 4, 6 to 8, and 11 to 15 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Special Local Peace Officers

500 KAR 3:020. Filing and processing SLPO commissions.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 2 to 4 and 6 to 10 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Kentucky State Police: Forensic Laboratory: DNA

502 KAR 32:010. Centralized database for DNA identification records. Morgain Sprague, legal counsel, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to specify that DNA samples from qualifying offenders shall be collected by authorized personnel as required by statute, KRS 17.169 and 17.170; and (2) to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 2, 7, and 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Motor Vehicle Licensing: Motor Vehicle Tax

601 KAR 9:015. Registration of motor vehicles and manufacturing. Ann D'Angelo, assistant general counsel, and Godwin Onodu, assistant director of the Division of Motor Vehicle Licensing, resented the department.

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

Kentucky Bicycle and Bikeway Commission: Motorcycle and Bicycle Safety

601 KAR 14:030. Bicycle and bikeway program. Ann D'Angelo, assistant general counsel, and Bill Gordon, commission chair, resented the department.

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

EDUCATION AND WORKFORCE

DEVELOPMENT CABINET: Kentucky Board of Education: Department of Education: School Terms, Attendance and Operation

702 KAR 7:130 & E. Approval of innovative alternative school calendars. Kevin Brown, general counsel, and Kay Kennedy, director of the Division of District Support, represented the board.

In response to a question by Representative Ford, Mr. Brown stated that the 2010-2011 budget bill authorized schools to develop innovative alternative school calendars, in which the equivalent number of school days was scheduled over fewer days that were longer than six (6) hours each day.

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

Department for Libraries and Archives: Public Records Division: Archives

725 KAR 1:061. Records retention schedules; authorized schedules. Clay Lamb, staff attorney, and Wayne Onkst, commissioner, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 2 to delete a form and renumber the section accordingly. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Agent Licensing Division: Agent, Consultants, Solicitors and Adjusters

806 KAR 9:001. Prelicensing courses of study; instructors. D.J. Wasson, staff assistant, and Sandy Chapman, assistant director of the Agent Licensing Division, represented the department.

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

806 KAR 9:060. Identification

cards.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

806 KAR 9:070. Examinations.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to correct a citation; and (2) to amend Sections 6 and 9 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

806 KAR 9:121. Repeal of 806 KAR 9:120, 806 KAR 9:130, 806 KAR 9:250 and 806 KAR 9:280.

Health and Life Division: Health Insurance Contracts

806 KAR 17:180. Standard health benefit plan. D.J. Wasson, staff assistant; Jill Mitchell, rates and forms branch manager; and Bill Perkins, division director, represented the department.

Division of Kentucky Access: Health Insurance Contracts

806 KAR 17:540. ICARE Program high-cost conditions.

806 KAR 17:545. ICARE Program employer eligibility, application process, and requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a citation; and (2) to amend Section 7 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

806 KAR 17:555. ICARE Program requirements.

Division of Property and Casualty: Liability Self-Insurance Groups

806 KAR 46:050. Liability self-insurance group rate, underwriting and evidence of coverage fillings. D.J. Wasson, staff assistant; Robin Coomes, assistant director; and Frank Goins, division director, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 3 to delete language that repeats the provisions of KRS 304.13-051(5); (2) to amend Section 6 to incorporate by

reference a form; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 3 and 6 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Kentucky Horse Racing Commission: Quarter Horse, Appaloosa and Arabian Racing

811 KAR 2:020 & E. Licensing quarter horse, appaloosa or Arabian racing. Timothy West, assistant general counsel, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 and the licensing application to update the licensing categories; (2) to amend Section 4 to establish licensing requirements for equine therapists; (3) to amend the fee schedule in Section 5 to maintain the current fees; (4) to amend Section 9 to limit out of competition testing to those authorized by administrative regulation; and (5) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 to 5, 9, 11 to 14, 16 to 21, and 23 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

811 KAR 2:140 & E. Licensing of racing associations.

A motion was made and seconded to approve the following amendments: to amend the Title, the RELATES TO, STATUTORY AUTHORITY, AND NECESSITY, FUNCTION, AND CONFORMITY paragraphs, and Sections 1, 4, 5, and 8 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Medicaid Services: Division of Healthcare Facilities Management: Medicaid Services

907 KAR 1:014 & E. Outpatient hospital services. Betsy Johnson, commissioner; Neville Wise, deputy commissioner; and Stuart Owen, regulation coordinator, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a typographical error; and (2)

to amend Sections 1 to 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Division of Program Integrity: Division

907 KAR 5:005 & E. Health insurance premium payment (HIPP) program.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (2) to amend Sections 1, 2, 4 to 10, 12, 14, and 15 to comply with the drafting and format requirements of KRS Chapter 13A; and (3) to amend Section 15 to revise the application form incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the October 12, 2010, meeting of the Subcommittee:

FINANCE AND ADMINISTRATION CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:330 & E. Travel and administrative expenses.

Department of Revenue: Office of Income Taxation: Income Tax; Withholding

103 KAR 18:070. Supplemental wages and other payments subject to withholding.

GENERAL GOVERNMENT CABINET: Board of Dentistry: Board

201 KAR 8:007E. Repeal of 201 KAR 8:006, 8:015, 8:070, 8:130, 8:135, 8:140, 8:150, 8:160, 8:170, 8:180, 8:185, 8:190, 8:220, 8:225, 8:230, 8:240, 8:250, 8:260, 8:265, 8:270, 8:277, 8:280, 8:290, 8:310, 8:320, 8:330, 8:340, 8:345, 8:350, 8:355, 8:400, 8:420, 8:430, 8:440, 8:450, 8:460, 8:70, and 8:490.

201 KAR 8:390E. General anesthesia, deep sedation, and conscious sedation by dentists.

201 KAR 8:500 & E. Board organization.

201 KAR 8:510 & E. Advisory opinions.

201 KAR 8:520 & E. Fees and fines.

201 KAR 8:530 & E. Licensure of dentists.

201 KAR 8:540 & E. Dental practices.

201 KAR 8:560 & E. Licensure of dental hygienists.

201 KAR 8:570 & E. Registration of dental assistants.

201 KAR 8:580 & E. Charity dental practices and post-disasters clinics.

Board of Veterinary Examiners: Board

201 KAR 16:030 & E. License, renewal notice, exemption.

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

702 KAR 3:246. School council allocation formula: KETS District Administrative System Chart of Accounts.

Pupil Transportation

702 KAR 5:110. Vocational pupils, reimbursement for.

Office of Instruction

704 KAR 3:305. Minimum requirements for high school graduation.

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

815 KAR 20:100. Joints and connections.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Adult and Child Health Improvement: Kentucky Early Intervention System

902 KAR 30:141. Repeal of 902 KAR 30:140 and 30:170.

Department for Medicaid Services: Division of Community Alternatives: Payment and Services

907 KAR 3:100 & E. Reimbursement for acquired brain injury waiver services.

The subcommittee adjourned at 1:50 p.m. until October 12, 2010.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

September 14, 2010

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, September 14, 2010, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Vernie McGaha, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Carroll Gibson and Elizabeth Tori; Representatives Jesse Crenshaw and Brad Montell. Chairman McGaha informed the committee that Representative Yonts was absent because he was on a trade mission in Taiwan.

Guests: Neville Wise, Carl Ishmael, Teresa Shields, Kathy Burke, Jeff Jamar, Sara Giles, Pat Seybold, Adam Jones, Dawn Bellis, George Mann, Cebert Faulkner, Elizabeth Schmitz, Clay Lamb, David Holcomb, Terri Giltner, Dennis Taulbee, Sarah Levy, Jevonda Keith, Cheryl Hatcher, Tim Pollard, Mike Cooper, Charlie Harman, Charliese Lewis, Sally Sugg and Donna Tackett.

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

A motion was made by Senator Tori to approve Minutes of the August meeting of the committee. Representative Horlander seconded the motion, which passed without objection.

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

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

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

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

DEFERRED ITEMS

A motion was made by Representative Montell to defer the following contract to the October 2010 meeting of the committee: Department of Fish & Wildlife, 1000002941, Outdoor Sales & Marketing Group. Representative Horlander seconded the motion, which passed without objection.

A motion was made by Representative Crenshaw to defer the following contracts to the October 2010 meeting of the committee: Transportation Cabinet, 0600003033, Northrop Grumman Commercial Systems In-

corporated; Transportation Cabinet, 0700005206, Northrop Grumman Commercial Systems Incorporated. Representative Horlander seconded the motion, which passed without objection.

SEPTEMBER 2010 DEFERRED LIST:

A motion was made by Senator McGaha to disapprove the following contract with Kentucky Employers Mutual Insurance, 11-WRD-001, Ward Group due to the vendor currently being a non-registered foreign corporation with the Secretary of State. Representative Montell seconded the motion, which passed without objection.

A motion was made by Senator McGaha to approve the following contracts: Morehead State University, 11-013, University Accounting Service, LLC; Transportation Cabinet, 1000002594, CEI Appraisal Group Incorporated; Kentucky Lottery Corporation, 11-07-075, Eyeland Studio Incorporated. Representative Horlander seconded the motion, which passed without objection.

A motion was made by Senator McGaha to approve the following contracts: Department for Mental Health, Development Disabilities & Addiction Services, 1000001633, Woodlake Institute for Human Services; Department for Mental Health, Development Disabilities & Addiction Services, 1000001668, National Toxicology Specialist Incorporated; Western Kentucky University, 101118, Great Big Shows. Representative Horlander seconded the motion, which passed without objection.

A motion was made by Representative Crenshaw to approve the following contract: Department for Mental Health, Development Disabilities & Addiction Services, 1000001529, Best Buddies International. Representative Horlander seconded the motion, which passed with Representative Montell voting NO.

A motion was made by Senator McGaha to defer the following contract items from the Deferred Contract List to the October 2010 meeting of the committee: Justice Cabinet, 1000004171, AIT Laboratories; Department of Education, 0800008195, Education Innovations, LLC; Western Kentucky University, 101117, The National Center for Drug Free Sport Incorporated. Representative Horlander seconded the motion, which passed without objection.

Department for Natural Resourc-

es, 1000001628, Bowser Morner Incorporated. Jason Whisman and Steve Hohmann discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ACCOUNTANCY, BOARD OF:

Stiles Carter & Associates, CPAs, PSC, 1100000431; Lewis Enterprises & Associates Incorporated, 1100000443.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

The National Association of State Auditors, Comptrollers & Treasurers, 1100000437.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

Patient Services Incorporated, 1000003987.

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:

GuardianQuest, LLC, 1100000556; Jeffrey Magers, 1100000575; Denise Spratt, 1100000578.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Neurobehavioral Resources Limited d/b/a Nexus Health Systems, Touchstone Neurorecovery Center Limited, 1000001694.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Peercy & Gray, PSC, 1100000559.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Kentucky Domestic Violence Association, 1100000173.

DEPARTMENT FOR MEDICAID SERVICES:

Brenda Parker, 1000001091; Price-waterhouseCoopers, 1000004028.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Dayspring Incorporated, 1000001366; The Chyron Group, LLC, 1000001456; ARC of Kentucky Incorporated, 1000001539; Big Brothers Big Sisters Incorporated of South Central Kentucky, 1000001549; Crown Services, 1000001559; Dr. Prakash Shah, 1000002154; Tri-State Podiatric Medical Services, PSC, 1000002199; Phillip W. Bale, PSC, 1000002456; AMS Temporaries Incorporated, 1000002836; Crown Services Incorporated, 1000002837; Guardian Angel Staffing Agency,

1000002838; Guardian Healthcare Providers, 1000002839; Day Group Kentucky, LLC, 1000002840; Pharmacy Systems Incorporated, 1000003901; Dietary Consultants Incorporated, 1000003964; Dennis Buchholz, Ph D & Associates, 1000003965; Vincent Dummer, PhD, 1000003974; Jennie Stuart Medical Center, 1000003997; Quality Provider Services Incorporated, 1000003999; Martha Gregory & Associates Incorporated, 1000004090; Labor Relations Alternatives Incorporated, 1100000011; Staff Care Incorporated, 1100000035; Crown Services Incorporated, 1100000072; ResCare Incorporated, 1100000079; Guardian Healthcare Providers, 1100000090; Staff Easy, LLC, 1100000091; Insight Psychological Consultants, PSC, 1100000100; Theracare Alliance, 1100000101; Jackson & Coker Locumtenens, LLC, 1100000112; ResCare Incorporated, 1100000122; NAMI (National Alliance on Mental Illness) Lexington (Kentucky), Inc., 1100000159; NAMI (National Alliance on Mental Illness) Kentucky, 1100000196; REACH of Louisville Incorporated, 1100000243.

DEPARTMENT FOR PUBLIC HEALTH:

URS Corporation, 1000001377; Maximus Incorporated, 1000003093; Kentucky Hospital Association, 1000004118; Wendell Fosters Campus d/b/a Western Kentucky Assist Tech, 1100000110; Volunteers of America of Kentucky Incorporated, 1100000118; Matthew 25 AIDS Services Incorporated, 1100000120; Heartland Cares Incorporated, 1100000121.

EASTERN KENTUCKY EXPOSITION CENTER:

SMG, 10-001.

EASTERN KENTUCKY UNIVERSITY:

Waddell & Reed Financial Advisors, 12-008; MGT of America Incorporated, 12-027.

FINANCE AND ADMINISTRATION CABINET:

Arbitrage Compliance Specialists Incorporated, 1000003186.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

URS Corporation, 1100000073; Deleon & Primmer, 1100000434.

JUVENILE JUSTICE, DEPARTMENT OF:

Curriculum Design Specialties Incorporated, 1100000563.

KENTUCKY HOUSING CORPORATION:

KW Commercial, 2011-8.
 KENTUCKY LOTTERY CORPORATION:
 OrderPad Software Incorporated, 11-04-073; GTECH Corporation, 11-10-001.
 MURRAY STATE UNIVERSITY:
 Mercer Health & Benefits, LLC, 009-11.
 NORTHERN KENTUCKY UNIVERSITY:
 Tom Triplett, 2011-564; Multi, 2012-563.
 OFFICE OF HOMELAND SECURITY:
 Stantec Consulting Services Incorporated, 1000004123.
 OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:
 Jeffrey P. Hanna, 1100000666.
 POST SECONDARY EDUCATION, COUNCIL ON:
 CBW Associates, 1100000464.
 STATE POLICE, DEPARTMENT OF:
 James Daniel Quarles, M.D., 1100000494.
 TOURISM DEVELOPMENT CABINET:
 Pros Consulting, LLC, 1000003783.
 TRANSPORTATION CABINET:
 Hart Petro, LLC, 1000002795; Wyatt Tarrant & Combs, LLP, 1100000103; Fulton & Devlin, 1100000105; Jones Walters Turner & Shelton, 1100000106; Larry E. Rogers Attorney-At-Law, PLLC, 1100000108; Sutton Rankin Law, PLC & Braden, PLC, 1100000109; Strand Associates Incorporated, 1100000451; Corradino Group, 1100000499; Strand Associates Incorporated, 1100000500; Entran, PLC, 1100000525; PB Americas Incorporated, 1100000527; H C Nutting Company, 1100000543; Florence & Hutcheson, 1100000547; Horn & Associates Incorporated, 1100000548; Stantec Consulting Services Incorporated, 1100000549; Thelen Associates Incorporated, 1100000550; Florence & Hutcheson, 1100000551; S&ME Incorporated, 1100000552; Stantec Consulting Services Incorporated, 1100000554; HDR Engineering Incorporated, 1100000555; Entran, PLC, 1100000564; PB Americas Incorporated, 1100000565; Entran, PLC, 1100000683; American Engineers Incorporated, 1100000702; GRW Aerial Surveys Incorporated, 1100000704; Photo Science Incorporated, 1100000705.
 TREASURER, OFFICE OF THE KENTUCKY STATE:
 Abandoned Property Experts,

1100000028; Audit Services US, LLC, 1100000029; ACS Unclaimed Property Clearinghouse, 1100000030; PRA Government Services, LLC d/b/a RDS, 1100000031; Verus Financial, LLC, 1100000032; Tichenor & Associates, 1100000033.
 UNIVERSITY OF KENTUCKY:
 MindWorks Incorporated, K11-159; TWK Associates Incorporated, K11-160; Hammond Communications Group, K11-161; International Business Machines (IBM), K11-162; Advancement Services Incorporated, K11-163; Equine Medical Associates, PSC, K11-164; Equine Health Care, PSC, K11-165.
 UNIVERSITY OF LOUISVILLE:
 Shield Environmental Associates, 11-061; Chase Environmental Group Incorporated, 11-062; Linebach Funkhouser Incorporated, 11-063; AMEC Earth & Environmental, 11-064; Kentuckiana Engineering Company Incorporated, 11-065; Pettit Environmental, 11-067.
 VETERANS AFFAIRS, DEPARTMENT OF:
 ARH Regional Medical Center, 1000002383; Brain Injury Alliance of Kentucky, 1100000593; Epilepsy Foundation Kentuckiana Incorporated, 1100000595.
 WORKERS CLAIMS, DEPARTMENT OF:
 Practical Actuarial Solutions Incorporated, 1000002971.
 WORKFORCE INVESTMENT, OFFICE OF:
 Landor Associates, 1000004177; Corporation for Skilled Workforce Incorporated, 1100000175.
 THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:
 ADMINISTRATIVE OFFICE OF THE COURTS:
 McBrayer McGinnis Leslie & Kirkland, 1000000801.
 DEPARTMENT FOR ENVIRONMENTAL PROTECTION:
 Chase Environmental Group, 1100000056.
 DEPARTMENT FOR NATURAL RESOURCES:
 Engineering Consulting Service, 1000002338.
 EDUCATION, DEPARTMENT OF:
 Center for Family & Community Services, 0800008375; Bethune Institute, 0800008759; Campbell County YMCA After School, 0800008769; Pleasant Green Baptist Church, 0800008773; Kenton County YMCA, 0900011489; Lighthouse Promise Incorporated, 1000002727.
 FINANCE AND ADMINISTRA-

TION CABINET - DIVISION OF ENGINEERING:
 Lockett & Farley Architectural Engineering & Construction Managers Incorporated, 0600002051; Ross Tarrant Architects Incorporated, 0600002231; Roger Cunningham, Cunningham Consultants, 0700006174; Beaver Creek Hydrology, LLC, 0800011174; T H E Engineers Incorporated, 0800011306; Myers Jolly Architects, 1000000840; Kersey & Kersey Incorporated, 1000000852; CMW Incorporated, 1000000976; Linebach Funkhouser Incorporated, 1000001607; Bravura Corporation, 1000001623; Peck Flannery Gream Warren, C-04544176-1.
 KENTUCKY LOTTERY CORPORATION:
 Blue & Company, 11-08-050.
 TRANSPORTATION CABINET:
 Greenman-Pedersen Incorporated, 0600001520; PB Americas Incorporated, 0800006763; Jordan Jones & Goulding Incorporated, 0800009075; Stantec Consulting Services Incorporated, 1000000578; Advanced Risk Management Techniques, 1000001383; Ward, Hocker & Thorton PLLC, 1000003266; WMB Incorporated, 1100000524; Palmer Engineering Company, C-00124800-5; HMB Professional Engineers Incorporated, C-03101449-1; Presnell Associates Incorporated, C-03349284-1; HMB Professional Engineers Incorporated, C-03367978-1.
 WESTERN KENTUCKY UNIVERSITY:
 Multi, 101206.
 THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:
 CORRECTIONS, DEPARTMENT OF:
 KCTCS, 1000003499; Powell County Fiscal Court, 1100000545.
 DEPARTMENT FOR ENVIRONMENTAL PROTECTION:
 University of Louisville Research Foundation, 1100000396.
 DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:
 Community Action Lexington Fayette, 1100000352; Northern Kentucky Community Action Commission Incorporated, 1100000363; Northern Kentucky University Research Foundation, 1100000395; Jefferson County Board of Education, 1100000493; Green River Area Development District, 1100000495; Barren County Board of Education,

1100000496.
 DEPARTMENT FOR PUBLIC HEALTH:
 Valu Market, 1000003000.
 DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:
 University of Louisville Research Foundation, 1000004194; E.ON U.S., 1100000480.
 EDUCATION, DEPARTMENT OF:
 University of Kentucky Research Foundation, 1000003555; Fleming County Board of Education, 1000004088; Allen County Board of Education, 1100000128; Ballard County Board of Education, 1100000132; Bath County Board of Education, 1100000133; Boyd County Board of Education, 1100000135; Carter County Board of Education, 1100000136; Christian County Board of Education, 1100000137; Covington Independent Board of Education, 1100000138; Fayette County Board of Education, 1100000140; Fleming County Board of Education, 1100000141; Grayson County Board of Education, 1100000143; Johnson County Board of Education, 1100000147; Lawrence County Board of Education, 1100000148; Simpson County Board of Education, 1100000160; Union County Board of Education, 1100000162; Jefferson County Board of Education, 1100000217; Western Kentucky University Research Foundation, 1100000222; Beechwood Independent Board of Education, 1100000239; Green River Regional Education, 1100000273; Franklin County Board of Education, 1100000399; Jessamine County Board of Education, 1100000401; Laurel County Board of Education, 1100000402; Letcher County Board of Education, 1100000403; Magoffin County Board of Education, 1100000404; Russell Independent Board of Education, 1100000405; Scott County Board of Education, 1100000406; Covington Independent Board of Education, 1100000473; Harlan County Board of Education, 1100000478; Henderson County Board of Education, 1100000479; Jessamine County Board of Education, 1100000483; KASA, 1100000522; Kentucky Valley Educational Cooperative, 1100000531; Eastern Kentucky University, 1100000567; Green River Regional Education, 1100000579; Green River Regional Education, 1100000585; Green River Regional Education, 1100000591; University of Louisville Research Foundation, 1100000596; Hopkins County Board

of Education, 1100000604.

FISH & WILDLIFE, DEPARTMENT OF:

Gregory Lipps, LLC, 1000001168; Cave Springs Resort & Marina Incorporated, 1000002779; City of Frankfort, 1000003088; Attorney General, 1000003222; University of Kentucky Department of Forestry, 1000003346; University of Kentucky Research Foundation, 1000003913.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Kentucky Higher Education Student Loan Corporation, 1000003395.

JUVENILE JUSTICE, DEPARTMENT OF:

Shelby County Board of Education, 1000002905.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1100000093; Fort Knox Schools Food Service, 1100000569.

MURRAY STATE UNIVERSITY:

Paducah Public Schools Board of Education, 90111.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Pattie A. Clay Hospital, 1000003879; City of Central City, 1100000466; Marshall County Fiscal Court, 1100000490; Henderson County Fiscal Court, 1100000491; City of Jeffersontown, 1100000497; Hickman County Fiscal Court, 1100000503; Franklin County Fiscal Court, 1100000506; Ballard County Fiscal Court, 1100000508; City of Elizabethtown, 1100000509; Carlisle County Fiscal Court, 1100000510; USDA Forest Service, 1100000511; Butler County Fiscal Court, 1100000512; City of Sadieville, 1100000526; City of Livermore, 1100000529; City of Mayfield, 1100000546; City of Cynthiana, 1100000582; Clark County Fiscal Court, 1100000621; City of Stanton, 1100000628; City of Murray, 1100000629; City of Auburn, 1100000663; City of Brownsville, 1100000664; Webster County Fiscal Court, 1100000671; Knott County Fiscal Court, 1100000673.

PERSONNEL-OFFICE OF THE SECRETARY:

Finance & Administration Cabinet, 1000003132.

POST SECONDARY EDUCATION, COUNCIL ON:

Kentucky Department of Education, 1100000277.

STATE POLICE, DEPARTMENT OF: Kentucky Medical Service, 1100000692.

TRANSPORTATION CABINET:

Kosair Children's Hospital,

1100000674.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

University of Louisville Research Foundation, 0900012836; Eastern Kentucky University, 0900012911; University of Kentucky Research Foundation, 1000000797; National Center for State Courts, 1000001165; Communicare Incorporated Adult, 1000003244; Mountain Comprehensive Care Center, 1000004081.

AGRICULTURE, DEPARTMENT OF:

Multi, 0900011666.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Office of Victims Advocacy, 1000001601.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Murray State University, 1000003129.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Helgeson Enterprises, 1000001114; Shelby Energy Cooperative, 1000001893.

EDUCATION, DEPARTMENT OF:

Adair County Board of Education, 0800007289; Ballard County Board of Education, 0800007938; Bourbon County Board of Education, 0800007942; Boyd County Board of Education, 0800007944; Bullitt County Board of Education, 0800007946; Casey County Board of Education, 0800007954; Carroll County Board of Education, 0800007955; Corbin Independent Board of Education, 0800007963; Eminence Independent Board of Education, 0800008313; Fairview Independent Board of Education, 0800008314; Jenkins Independent Board of Education, 0800008317; Lawrence County Board of Education, 0800008321; Lee County Board of Education, 0800008322; Livingston County Board of Education, 0800008325; Marion County Board of Education, 0800008329; Metcalfe County Board of Education, 0800008330; Monticello Independent Board of Education, 0800008334; Morgan County Board of Education, 0800008335; Nelson County Board of Education, 0800008336; Owen County Board of Education, 0800008338; Owensboro Independent Board of Education, 0800008340; Owsley County Board of Education, 0800008342;

Paintsville Independent Board of Education, 0800008344; Raceland Worthington Independent Board of Education, 0800008350; Robertson County Board of Education, 0800008351; Russell County Board of Education, 0800008359; Barren County Board of Education, 0800008381; Hancock County Board of Education, 0800008392; Nicholas County Board of Education, 0800008405; Taylor County Board of Education, 0800008407; Wolfe County Board of Education, 0800008408; Paris Independent Board of Education, 0800008780; Cumberland County Board of Education, 0800008826; Greenup County Board of Education, 0800008832; Glasgow Independent Board of Education, 0900011484; Carlisle County Board of Education, 0900011485; Garrard County Board of Education, 0900011487; Hardin County Board of Education, 0900011488; Henderson County Board of Education, 0900011490; Lincoln County Board of Education, 0900011492; Board of Education of Somerset School District, 0900011493; Fayette County Board of Education, 0900012785; Bath County Board of Education, 0900012804; Boyd County Board of Education, 0900012805; Boyle County Board of Education, 0900012806; Breathitt County Board of Education, 0900012811; Danville Independent Board of Education, 0900012819; Elliott County Board of Education, 0900012820; Hopkins County Board of Education, 0900012824; Jackson County Board of Education, 0900012825; Letcher County Board of Education, 0900012826; Lewis County Board of Education, 0900012827; Lincoln County Board of Education, 0900012828; Martin County Board of Education, 0900012829; Mercer County Board of Education, 0900012830; Morgan County Board of Education, 0900012831; Owsley County Board of Education, 0900012832; Pike County Board of Education, 0900012833; Pulaski County Board of Education, 0900012834; Raceland Worthington Independent Board of Education, 0900012835; Warren County Board of Education, 0900012837; Robertson County Board of Education, 0900012838; Logan County Board of Education, 0900012840; Covington Independent Board of Education, 0900012852; Clay County Board of Education, 0900012853; Clinton County Board of Education, 0900012875; Casey County

Board of Education, 0900012876; Knox County Board of Education, 0900012878; Owen County Board of Education, 0900012897; Caldwell County Board of Education, 0900012953; Christian County Board of Education, 1000002638; Fayette County Board of Education, 1000002656; Fulton County Board of Education, 1000002666; Hickman County Board of Education, 1000002698; Newport Independent Board of Education, 1000002742; Wayne County Board of Education, 1000002768; Corbin Independent Board of Education, 1000002916; Carter County Board of Education, 1000002917; Bell County Board of Education, 1000003287.

INFRASTRUCTURE AUTHORITY:

Lawrence County Fiscal Court, 1000000201; Lawrence County Fiscal Court, 1000002169.

LIBRARIES & ARCHIVES, DEPARTMENT FOR:

Laurel County Public Library, 1100000022; Morgan County Fiscal Court, 1100000024; Campbell County Public Library, 1100000025; Bath County Public Library, 1100000182; Carroll County Public Library, 1100000186; Bullitt County Public Library, 1100000188; Elliott County Fiscal Court, 1100000193; Fleming County Public Library, 1100000195; Grant County Public Library, 1100000213; McCreary County Public Library, 1100000216; Menifee County Public Library, 1100000218; Bell County Public Library, 1100000227; Nelson County Public Library, 1100000231; Daviess County Public Library, 1100000236; Pulaski County Public Library, 1100000240; Robertson County Public Library, 1100000242; Greenup County Public Library, 1100000257; Metcalfe County Public Library, 1100000258; Wolfe County Public Library, 1100000263; Lexington Public Library, 1100000267; Oldham County Public Library, 1100000275; Boyle County Public Library, 1100000282; Pulaski County Public Library, 1100000292; Clark County Public Library, 1100000356; Rowan County Public Library, 1100000359; Lawrence County Public Library, 1100000361; Lincoln County Public Library, 1100000362.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 0900012807.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Pikeville, 1000001394.

THE FOLLOWING PERSONAL SER-

VICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR MEDICAID SERVICES:

Health Management Systems Incorporated, 1000001972. Neville Wise, Carl Ishmael and Teresa Shields discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

DEPARTMENT FOR MEDICAID SERVICES:

Fox Systems, LLC, 1100000318. Neville Wise, Carl Ishmael and Teresa Shields discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Senator Tori seconded the motion, which passed unanimously.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Kentucky Alliance Boys & Girls Clubs, 1000001509. Kathy Burke, Jeff Jamar and Sara Giles discussed the contract with the committee. A motion was made by Representative Horlander to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

The Healing Place Incorporated, 1000001514. Kathy Burke, Jeff Jamar and Sara Giles discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Representative Horlander seconded the motion, which passed unanimously.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Kentucky Self-Advocates for Freedom Incorporated, 1000001543. Pat Seybold and Adam Jones discussed the contract with the committee. A motion was made by Senator Gibson to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed unanimously.

DEPARTMENT OF HOUSING, BUILDING, AND CONSTRUCTION:

Code Administrative Associates of Kentucky, 1100000513. Dawn Bellis, George Mann and Ceibert Faulkner discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Senator Tori seconded the motion, which passed

unanimously.

ENVIRONMENTAL EDUCATION COUNCIL:

Kentucky Association for Environmental Education, 1000004169. Elizabeth Schmitz and Clay Lamb discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Senator Gibson seconded the motion, which passed with Representative Montell electing to abstain (PASS).

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Demand Engine, 481. David Holcomb and Terri Giltner discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Representative Montell seconded the motion, which passed unanimously.

POST SECONDARY EDUCATION, COUNCIL ON:

Mignon Adams, 1100000370; Nicholas W. Bankson, 1100000373; Ruth Day Bunch, 1100000374; Jinnie Yeh Davis, 1100000376; Marc Gartler, 1100000377; Larry Hardesty, 1100000378; Postsecondary Consultants, LLC, 1100000379; Carolyn Sinclair, 1100000380; Patricia Gough Spurr, 1100000381; Sarah Thorburn, 1100000382; William Joseph Crowe, 1100000383; Joseph Early, 1100000385. Dennis Taulbee, Sarah Levy and Jevonda Keith discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Senator Gibson seconded the motion, which passed with Representative Montell voting NO.

TRAVEL, DEPARTMENT OF:

Gosh PR, LTD, 1000003781. Cheryl Hatcher, Tim Pollard and Mike Cooper discussed the contract with the committee. A motion was made by Representative Crenshaw to consider the contract as reviewed. Representative Montell seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:

Eastern Kentucky University, 1100000290; Metcalfe County Board of Education, 1100000322; Madisonville Community College, 1100000324. Charlie Harman and Charliese Lewis discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Senator Tori seconded

the motion, which passed with Representative Montell and Senator McGaha voting NO.

THE FOLLOWING MEMORANDA OF AGREEMENTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:

Daviess County Board of Education, 1000003571; Trigg County Board of Education, 1000003602. Charlie Harman, Sally Sugg and Donna Tackett discussed the contracts with the committee. A motion was made by Representative Crenshaw to consider the contracts as reviewed. Senator Gibson seconded the motion, which passed unanimously.

With no further business before the committee, the meeting adjourned at 12:27 PM.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

September 9, 2010

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, September 9, 2010, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Kelly Flood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Beth Brinly, Commissioner, Department of Workforce Investment; Tom West, Executive Director, Kentucky Workforce Investment Board; Education and Workforce Development Cabinet. Juanita Shackelford, Coordinator, Senior Community Service Employment Program, Department for Aging and Independent Living, Cabinet for Health and Family Services. Patrice Blanchard, Associate State Director, AARP Kentucky.

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

Approve Minutes for July 8, 2010 and August 17, 2010

Upon motion made by Senator Schickel and seconded by Represen-

tative Mills, the minutes of the July 8, 2010 and August 17, 2010 meetings were approved by voice vote, without objection.

Staff Report: Workforce Development Options Targeted to Older Kentuckians Are Limited

Rick Graycarek presented the report. For the report, older workers are defined as those who are 55 and older. Workforce development is defined as training or education programs that can help improve the skills or employability of older workers who are actively seeking to enter or who are currently participating in the workforce.

The first of the report's seven conclusions is that an increasing number of Kentuckians are 55 and older. More than 1 million Kentuckians are 55 or older, which represents a higher than average percentage of the population compared to other states. Kentucky's older population is growing slightly faster than average.

Americans 55 and older represent the fastest growing segment of the national workforce. By 2018, the number of older workers is expected to increase by 43 percent. The trend for younger workers is relatively flat. The percentage of the population that is older varies among Kentucky counties, ranging from less than 16 percent to more than 30 percent.

The second conclusion is that a lower percentage of older Kentuckians are employed than in most other states. Fifty-two percent of Kentuckians aged 55 to 64 are employed, well below the national average of 61 percent and tied for last among states.

The third conclusion is that older workers have distinct workforce needs. In general, they are less familiar with computer technology, have outdated workplace skills, remain unemployed longer, have less access to transportation, and are less educated.

The fourth conclusion is that of the 13 state or federally funded programs examined in the report, only one is targeted to older workers. The Senior Community Service Employment Program (SCSEP) provides work-based training to unemployed low-income adults who are 55 and older. As of March 2010, there were 1,077 participants statewide. He summarized the 13 programs, of which 4 are funded by the state, 4 are funded by the federal government, and 5 are jointly funded by the federal and state governments. The programs with the most older participants are adult education (2,293)

and SCSEP (1,077).

In response to a question from Representative Flood, Mr. Graycarek said that staff did not find any information that addressed the reason why some states have a higher percentage of older workers employed. However, it appears that the states with the highest percentages of older residents who are employed are Northern agricultural states. States with the lowest percentages, such as Kentucky, may have fewer educational and employment opportunities.

Mr. Graycarek said the Workforce Investment Act (WIA) is a federal law that provides a national framework for workforce development. Among its provisions are ending a requirement to fund services specifically for older workers. Services under the Act are administered through local workforce investment areas, of which Kentucky has 10. Each area is governed by a local workforce investment board (LWIB) that oversees the administration of WIA programs and ensures that programs and services are found for employers and employees. A majority of board members must be business people; other members include local elected officials and education representatives. One-stop career centers, at least one of which is located in each local workforce investment area, are required by WIA. Training services under WIA are provided by businesses and nonprofit organizations, including educational institutions, which must be approved by a LWIB to become "eligible providers." To access services by an eligible provider, WIA participants get an individual training account that is used to pay eligible providers for training. Participants should be able to access services from any eligible provider. In practice, choice appears limited and varies among the local workforce investment areas. Recommendation 2.1 is that the Department for Workforce Investment should evaluate the policies and procedures of local workforce investment boards as they relate to WIA participants' access to training services provided by eligible providers.

The fifth conclusion is that it is unknown how many older Kentuckians participate in some workforce development programs. For 6 of the 13 programs, including 3 of 4 state-funded programs examined in this report, the number of participants who were older was unknown. Some programs do not record the age of participants. If age is recorded, some programs do not track which services

participants received.

The sixth conclusion is that coordination of state programs appears to be good. The 42-member Kentucky Workforce Investment Board coordinates state workforce development policies. The strategic plan adopted by the board in May 2010 addresses many issues, including some deficiencies identified by Program Review staff during the course of this study. Regional coordination also appears to be good.

The final conclusion is that private sector programs targeted to older workers appear to be uncommon. Typically, training by businesses and unions to help improve workers' skills by providing on-site or apprenticeship training are not age dependent.

Workforce development for older Kentuckians could be improved by adapting computer training to their needs, providing shorter-term training, expanding awareness of training programs, and improving transportation services. Recommendation 4.1 is that the Kentucky Workforce Investment Board should evaluate the benefits and costs of providing additional services to older workers.

In response to questions from Representative Simpson, Mr. Graycarek said that performance measures exist but not specifically for services provided to older workers. The Education and Workforce Development Cabinet could provide information on the existing measures.

In response to questions from Senator Stine, Mr. Graycarek said that staff did not identify any public-private partnerships in the course of the study but that local workforce investment boards do have business people as board members. He did not know whether any of the board members were from the computing industry. The Kentucky Workforce Investment Board's strategic plan was not included in the Program Review report but it is publicly available. He noted that outreach to older workers varies by the type of program. Most programs are at capacity so there is little need to market programs now.

Senator Stine commented that computer training is important and that there is a College of Informatics at Northern Kentucky University.

Beth Brinly, Commissioner of the Department of Workforce Investment, Education and Workforce Development Cabinet, responded to the report. She said the report was valuable as an overview of the demographics of older workers in Kentucky

and the workforce development programs that are available to them.

Ms. Brinly gave an example of how BMW in Germany made minor adjustments in the workplace for older workers at a minimal cost and decreased absenteeism, increased productivity and saw a zero error rate.

The Kentucky Workforce Investment Board adopted a new strategic plan in May 2010. Action Step 6 calls for an overhaul of the Eligible Training Provider List process and eligibility criteria to reinforce priorities around high demand occupations, sustainable wages, and career ladder goals. The implementation of this action step will address Recommendation 2.1 and issues raised in the report. The Department would gladly provide an update to the committee once the action step is completed.

Kentucky has exceeded its performance measures set with the federal government for 7 of the past 10 years. As a result, Kentucky received almost \$10 million in additional resources to be able to provide incentive funds. The "Know How To Go" Web site was recently launched. The site identifies education and training programs offered in Kentucky and how to access them.

Among the initiatives within the strategic plan that will benefit older workers is Incumbent Worker Training. Workers are trained in skills needed as companies advance in technologies and become more efficient. Kentucky is one of the leaders in providing this kind of training.

Tom West, Executive Director of the Kentucky Workforce Investment Board, Education and Workforce Development Cabinet, responded to the report. He noted that Senator Higdon has recently been appointed to the Kentucky Workforce Investment Board. The board has been involved with the topic of older workers for some time. For example, the Institute for Workplace Innovation at the University of Kentucky held an aging workforce forum in May and its study will address the needs of workers and employers. Positive characteristics of the older workforce that businesses find appealing are lower absentee rates, longer terms of employment, more company loyalty, and a strong work ethic.

A challenge is that local workforce areas are partially funded based on meeting federally prescribed performance measures, particularly placements in full-time positions and wages. Many older workers want part-time work and those who re-

ceive Social Security benefits cannot exceed a certain income. Another challenge is to provide services to all Kentuckians when they need those services. Rather than setting up new programs, they are forming partnerships within the public and private sector.

The major goals of the strategic plan are to align education, economic development and workforce at a state and local level, simplify the system, and create a culture of customer-centered service delivery. A holistic approach will integrate understanding of older workers in action items such as sector strategies.

In response to a question from Representative Flood, Mr. West said that local workforce areas do not get performance measure credit for the strategy itself. By focusing investments into specific sectors, the results should mean that performance measures for a specific program would increase.

In response to questions from Representative Flood, Ms. Brinly said that the Workforce Investment Act removed the requirement that 5 percent of funding be directed to older workers because the Act emphasized giving states flexibility in how funds would be spent. Mr. West said that some of the performance measures in the Act, such as encouraging full-time employment at higher wages, were biased toward the needs of younger workers. He said that assistance from members of the General Assembly in addressing this issue would be helpful as the Act is reauthorized by Congress.

Representative Flood encouraged Ms. Brinly and Mr. West to follow up with legislators on this.

In response to a question from Representative Simpson, Mr. West said that more research is needed to determine which programs are more successful in helping older workers.

In response to a question from Representative Simpson, Ms. Brinly said that her office handles the federal programs and she did not know why information on the number of older participants in state programs is unknown. Mr. West said that staff could look into this.

Ms. Shackelford summarized the Senior Community Service Employment Program. This training program is targeted towards unemployed low-income individuals 55 and older.

In response to questions from Representative Flood, Ms. Shackelford said that there were four host agencies in the program providing

services to more than 1,100 Kentuckians.

In response to a question from Representative Flood, Ms. Shackelford said they have mandates but not necessarily for full-time employment.

Patrice Blanchard, the Associate State Director of AARP Kentucky, thanked Senator Harper Angel for raising awareness about this important issue. Problem-solving abilities and creativity increase with age. She gave examples of older persons needing or wanting to change careers. Many people over the age of 50 have successfully re-careered or made major contributions in later life. Policies should encourage employers to invest in training for all ages and design productive work schedules and routines that attract older workers, many of whom want part-time work or flexibility. Policies should encourage employees to continue their education in career pathways in high-growth industries.

In response to an earlier question from Senator Stine, Ms. Blanchard clarified that the Donovan Scholars Program, which provides for free coursework at universities, is only for those 65 and older.

Ms. Shackelford said many older workers are intimidated by younger workers and by technology.

Ms. Blanchard said that it was a myth that older workers do not learn well. Older workers learn differently and training modules should be developed with this in mind.

In response to a request from Representative Flood, Ms. Blanchard said that she could provide a fact sheet on common myths about older workers.

Upon motion made by Representative Simpson and seconded by Senator Schickel, the Workforce Development Options Targeted to Older Kentuckians Are Limited report was approved by roll call vote.

The meeting adjourned at 11:25.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

October 6, 2010

Call to Order and Roll Call

The 8th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, October 6, 2010, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Carroll Gibson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Roger Thomas, Bill McCloskey, and Tim Hughes, Governor's Office of Agricultural Policy; and Steve Coleman, Kentucky Division of Conservation.

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

Minutes of the August 6, 2010 meeting were approved by voice vote and without objection on a motion made by Senator McGaha and seconded by Senator Pendleton.

The presiding chair, Senator Gibson, also accepted a motion and second to formally receive written reports from the Markey and Brown cancer centers, which were scheduled for presentation at the September committee meeting.

Governor's Office of Agricultural Policy Report

Mr. Roger Thomas, Executive Director, Governor's Office of Agricultural Policy (GOAP) and Mr. Bill McCloskey, GOAP Director of Financial Services, reported on the actions of the Agricultural Development Board (ADB) at its August and September meetings.

Regarding a cleanup project for the East Buck Creek Watershed Conservancy District they explained to Co-chair Gibson that funding, awarded in the August ADB meeting, would help the district aid producers in clearing debris from waterways in McLean County. Some of the debris resulted from an earlier ice storm. Mr. Thomas indicated he would provide additional information to the co-chair regarding what, if any, federal funds were granted to pay for ice storm damage in that area.

Representative Comer lauded the board for approving funds to the Cumberland County Extension District Board to construct a demonstration certified kitchen for processors of home-grown foodstuffs. The representative said the funding will allow small farmers in that area to be profitable. Mr. Thomas noted the board had approved funding for several certified kitchen projects in the state.

The presenters responded to committee members' questions about the ADB's award of \$164,900 to the Kentucky Pork Producers, Kentucky

Cattlemen's, and Kentucky Aquaculture associations to build new cooking facilities at the Kentucky Exposition Center (KEC). The associations had originally sought \$155,000, but one construction bid came in higher than anticipated.

Mr. Thomas assured Representative Sims that pork producers from throughout the state would be able to use the facility to prepare food. The presenters indicated to Senator Givens that the overall increase in the cost of the facilities also meant the associations' matching funds increased. Even though the facilities would be dedicated to the KEC, the associations would have exclusive use of the facilities for a decade. They explained that some funds could be reimbursed to the ADB, should construction costs come in lower than anticipated.

Two projects approved in the September ADB meeting prompted some questions and discussion – the Owensboro Community and Technical College welding and computer instruction project for Daviess County producers, and the Breckinridge County Board of Education project to offer welding training to area producers. Regarding the Daviess County project, funded at \$22,696, Co-chair Gibson suggested that tobacco settlement funding from other surrounding counties also could have been committed to the endeavor. Responding to Senator McGaha, the GOAP officials explained how the Owensboro project would be using matching funds from the Kentucky Workforce Investment Network System (KYWINS). They pointed out that funding levels could be lower, should fewer people than anticipated enroll in the Owensboro program. During discussion of the Breckinridge County project, the GOAP officials explained that the per-student cost of the training could be lower for that project compared to the Owensboro project because of overhead and the like. The Kentucky Agricultural Development Fund balance sheet showing county account amounts, distributed at the meeting, also prompted some discussion. The balance sheet showed all county accounts totaled almost \$12.8 million following receipt of the Master Settlement Agreement payment in the spring, and also showed over \$8.8 million available for distribution by counties as of mid-September.

Regarding the account balances, Mr. Thomas responded to Senator Givens that no pressure is put on

counties to immediately spend their funds. Mr. Thomas did explain that they would like to see funds directed at entrepreneurial endeavors.

Mr. Thomas also responded to Co-chair Gibson's observation that funds in the county accounts could be drawing more interest if they were held and invested for a longer period of time. But Mr. Thomas indicated that process would slow funds in "getting out the door." He said he could foresee county objections to holding the funds for longer periods of time. Senator Pendleton said his experience on other boards showed that interest earned on funds is low at this time. Representative McKee urged caution, noting that it took a long time to build confidence in county decision-making regarding the use of the MSA funds. Finally, Mr. Thomas noted the board has changed the way it goes about initial review of project applications, creating three board member panels that will each meet during successive four-month periods this year and next year.

Division of Conservation

Mr. Steve Coleman, Director, Kentucky Division of Conservation, reported on the soil and water quality cost share, and soil stewardship programs, which receive tobacco settlement funds. Mr. Coleman talked about the history of the program, funding through the years, the types of soil and water practices that are eligible for funding, and current funding levels. He also discussed the Agricultural Water Quality Act, the Green River Conservation Reserve Enhancement Program, partnerships with other agencies, and the status of the new Mississippi River Basin Healthy Watersheds Initiative 2010.

Mr. Coleman responded to Co-chair Gibson that the Mississippi River Basin program grew out of the current Farm Bill and is aimed at combating pollution accumulating in the Gulf of Mexico from runoff in the basin, which includes parts of Western Kentucky. He explained to the senator that tributaries of the Ohio River also are considered pertinent to the Mississippi River Basin program.

He pointed out to the committee that his office will be able to use the experience of the Green River program as it begins work on the Mississippi River Basin program.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library.

The meeting adjourned at approximately 11:30 a.m.

2011 Prefiled Bills

BR 4 - Representative Susan Westrom (04/27/10)

AN ACT relating to promotional sampling of distilled spirits and wine.

Amend KRS 243.0305 to make the hours and days of operation for a souvenir retail liquor licensee subject to local ordinance; amend KRS 243.130, 243.154, and 243.170 to allow manufacturers, small farm winery wholesalers, and wholesalers to distribute wine or distilled spirits under a sampling license; amend KRS 244.050 to allow retail drink, retail package, and souvenir retail liquor licensees to give a customer 3 distilled spirit samples per day rather than 2 samples under a sampling license; permit a licensed distiller, wholesaler, small farm winery, or small farm winery wholesaler to acquire a sampling license; limit these sampling licensees to providing the standard size and number of complimentary samples of distilled spirits or wine per day to each customer during regular business hours at a retailer's licensed premises; authorize the sampling licensee or its agents, servants, or employees to address the customer and pour and serve samples at the retailer's premises; require retail licensees to sell the distilled spirits used for a complimentary sampling event at no more than the retail licensee's normal selling price; permit the retail licensee to bill on a per-event basis in the usual course of business; forbid a distiller from using its sampling license on its distillery premises unless it also holds a souvenir retail liquor license; prohibit a wholesaler, small farm winery, or small farm winery wholesaler from using its sampling license at its business premises if the premises is located in a dry territory; prelude a distiller, wholesaler, small farm winery, or small farm winery wholesaler sampling licensee from concurrently holding a distilled spirits sampling event and a wine sampling event at the same premises unless the Department for Alcoholic Beverage Control has approved the event in advance; authorize distiller licensees to give a consumer who is touring the distillery for educational purposes one complimentary sample of up to 1/2 ounce of un-aged product manufactured at the distillery premises; enable distiller, wholesaler, small farm win-

ery, or small farm winery wholesaler sampling licensees to offer consumers branded nonalcoholic promotional items of nominal value in conjunction with a distillery or winery tour or a complimentary sampling event.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 10 - Representative Linda Belcher (06/11/10)

AN ACT relating to tuition for foster children.

Amend KRS 164.2847 to permit tuition and fee waivers for foster children taking dual credit or dual enrollment courses in high school.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 11 - Representative Linda Belcher (06/11/10)

AN ACT relating to probate fees.

Amend KRS 61.315 to exempt the estate of anyone who is eligible for state death gratuity benefits, and the estate of any regular member of the Armed Forces, from probate fees.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Veterans, Military Affairs, and Public Protection

BR 12 - Representative Linda Belcher (06/11/10)

AN ACT relating to prescription drugs.

Create a new section of KRS Chapter 218A to make pseudoephedrine, ephedrine, and phenylpropanolamine prescription substances, make exemptions, and establish penalties for prohibited conduct; amend KRS 218A.1446, relating to the recording of pseudoephedrine transactions, to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 13 - Representative Linda

Belcher (06/11/10)

AN ACT relating to obesity in school children.

Amend KRS 158.856 to clarify that school physical activity assessment tools shall generate: data on the amount of time and the types of activity required by KRS 160.345(11); performance and progress data necessary to monitor health risk behaviors and indicators identified by the national Centers for Disease Control and Prevention and to design programs to increase physical activity of children and reduce childhood diabetes and obesity; fitness information to assist students and the student's parents or guardians in planning home activities; and aggregate school fitness data to assist school councils in reviewing and implementing wellness policies; require school districts to submit supporting data with required summary; amend KRS 160.345 to require schools containing kindergarten through grade 5 to provide a minimum of 45 minutes per week of physical activity for half day kindergarten and 90 minutes per week for full day kindergarten through grade 5.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 14 - Representative Thomas Kerr (05/20/10)

AN ACT relating to evidence.

Amend KRS 422.300 to add out-of-state hospitals to the chapter's provisions relating to the production of medical records for adjudicative proceedings.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 17 - Representative Linda Belcher (08/25/10)

AN ACT relating to the care of individuals with mental retardation or other developmental disorders.

Repeal and reenact KRS 202B.070, relating to the duty of individuals with direct care responsibility for residents of ICF/MR to meet specific needs, including supervision; name the statute "Deron's Law";

amend KRS 202B.070 to delete the word "intentionally" and replace it with the word "negligently" in reference to the failure to provide supervision of a resident by an individual who has direct care responsibility.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 18 - Representative Linda Belcher (06/14/10)

AN ACT relating to child custody.

Amend KRS 620.090 to specify that when the court issues a temporary order granting custody of a child to the cabinet, the court may order arrangements for medical, visual, and dental examinations; provide that children who are in temporary custody for a period not exceeding 45 days from the date of the removal may be in the custody of the Cabinet for Health and Family Services or with another appropriate person or agency.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 19 - Representative Linda Belcher (08/24/10)

AN ACT relating to wastewater.

Create new sections of KRS Chapter 65 to express the findings of the General Assembly regarding wastewater and to authorize the creation of a regional wastewater commission as a pilot project area within Bullit, Hardin, Jefferson, Meade, Nelson, Oldham, and Spencer Counties; establish definitions for "commission," "member entity," "organizing official," "wastewater," and "sources of collected water," allow 2 or more member entities owning wastewater systems to acquire, construct, operate, and improve those systems; establish a method for member entities to form a regional wastewater commission; require the governing body of any member entity proposing participation in the commission to publish notice of a public hearing in accordance with KRS Chapter 424 at least 30 days' prior to the hearing; establish appointments of 1 commissioner to represent

each member entity; require that the commissioner be a customer, resident, or authorized representative of the member entity; require no less than 3 commissioners and set the terms for the commissioners at 4 years; allow the commission to appoint a chair and officers; allow member entities to join existing commissions at any time; allow the commission salaries for other officers and employees; allow the commission's fund to pay expenses of commissioners and employees; require bonding for commissioners and other minor officials and bonds paid by the commission fund; require commission meetings and records be subject to open meetings and open records laws; allow removal of a commissioner for cause; establish a method for a member entity to withdraw from the commission; establish the commission as a public body corporate and politic; allow the commission to execute contracts, make loans, issue and repay revenue bonds, receive proceeds from loans or grants, purchase, acquire, hold, and dispose of real and personal property, and exercise powers granted under KRS Chapters 58 and 224A; allow the commission to have full and complete supervision, management, and control over all of its facilities; require construction or expansion of any wastewater facility proposed be approved by either the Division of Water or the United States Environmental Protection Agency; exempt the commission from taxation; require the commission to procure the services of a certified public accountant to conduct an audit of all funds and fiscal transactions annually; exempt the commission from regulation by the Public Service Commission, except for contracts between the commission and a utility regarding provision of services that would result in an increase in rates paid by customers of that utility subject to approval by the Public Service Commission; allow the commission to set its rates and terms through contracts with member entities, nonmember entities, and neighboring states; establish minimum contract requirements; require a vote by the commission for rate changes and adjustments and notice requirements prior to rate changes; require the commission to procure professional or independent accounting to determine operating, maintenance, and debt service costs and provide recommendations for specific rates to offset the costs every 5 years; require the commission to determine final rates and charges based on the 5-year study consultation; require the commission to

provide at least 60 days' written notice to the governing bodies of the member entities prior to the effective date of any change in rates or charges for service; amend KRS 58.010 to include a regional wastewater commission in the definition of "governmental agency"; amend KRS 224A.011 to include a regional wastewater commission in the definition of "governmental agency," and to include facilities related to the collection, transportation, and treatment of wastewater in the definitions of "infrastructure project" and "water resources project"; amend KRS 278.010 to exclude a regional wastewater commission from the definition of "public utility."

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Natural Resources and Environment

BR 20 - Representative Linda Belcher (06/11/10)

AN ACT relating to early education assessment and intervention.

Create a new section of KRS Chapter 158 to define "aphasia," "dyscalculia," "dyslexia," "phonemic awareness," and "scientifically based research"; require the Kentucky Board of Education to promulgate administrative regulations for district-wide reporting on the use of K-3 response-to-intervention implementation in reading by August 1, 2012, in mathematics by August 1, 2013, and behavior by August 1, 2014; require the Department of Education, on or before January 1, 2012, to make available technical assistance, training, and a Web-based resource to assist all local school districts in the implementation of the system and instructional tools based on scientifically based research; require the department to collaborate with other state agencies and organizations; require conformity with 20 U.S.C. sec. 1414(a)(1)(E) for initial evaluations of students with suspected disabilities; require the department to report to the Interim Joint Committee on Education on implementation by November 30, 2012, and annually thereafter; amend KRS 157.200 to conform with the federal definition of a "specific learning disability."

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 21 - Representative Linda Belcher (08/25/10)

AN ACT relating to digital citizenship.

Amend KRS 156.660 to define "digital citizenship" as a set of characteristics that conceptualize the rewards as well as risks facing all technology users; set forth the characteristics; amend KRS 156.675 to require the Kentucky Board of Education to promulgate administrative regulations to require that each local school board implement an acceptable use policy that requires all school district employees who use technology to comply with the policy which shall include the characteristics of digital citizenship; amend KRS 156.095 to include technology and the characteristics of digital citizenship in the professional development activities which shall be provided for teachers; and amend KRS 158.148 to require local school districts to include in their student behavior codes behavior as it relates to being a good digital citizen.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 22 - Representative Linda Belcher (06/11/10)

AN ACT relating to the reporting of stolen items with vehicle identification numbers.

Create a new section of KRS Chapter 186 to require a law enforcement agency to enter a stolen item with a vehicle identification number into the NCIC database.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 23 - Representative Linda Belcher (06/11/10)

AN ACT relating to domestic relations.

Amend KRS 403.135 to permit the inclusion of a minor child's name in a domestic relations proceeding.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 26 - Representative Melvin B. Henley (09/23/10)

AN ACT relating to consumer protection.

Create a new section of KRS 367.110

to 367.300, the Consumer Protection Act, to require that advertisements which contain restrictions or limitations fully disclose the restrictions or limitations in the advertisement; provide exception; amend KRS 367.990 to provide for a civil penalty; amend KRS 367.180, 367.190, and 367.230 to conform.

(Prefiled by the sponsor(s).)

BR 32 - Senator Jack Westwood (09/09/10)

AN ACT relating to career and technical education, making an appropriation therefor, and declaring an emergency.

Amend KRS 158.812 to express legislative goals for career and technical education; amend KRS 158.810 to define terms related to career and technical education; create a new section to KRS Chapter 156 to require the Department of Education issue core content standards, assess student progress, and develop new courses relevant to college and career readiness; create a new section to KRS Chapter 158 providing for the creation and use of evidence-based models assessing the needs of at-risk students; create a new section of KRS Chapter 157 to define terms related to career and technical education and to establish a career and technical education accessibility fund; amend KRS 158.814 to address unmet needs for career and technical education; amend KRS 158.816 to add criteria to the assessment of technical education students; amend KRS 18A.010 to exempt technology center employees from the count of full-time executive branch employees; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 33 - Representative Mike Harmon (08/25/10)

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 five-year look back window for prior offenses from 5 years to 10 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 39 - Representative Bill Farmer (10/06/10)

AN ACT proposing to amend Sections 99, 124, and 144 of the Constitution of Kentucky relating to a Judge of the County Court.

Propose to amend Sections 99, 124, and 144 of the Constitution of Kentucky to eliminate the Office of Judge of County Court in merged county-and-city government; submit to the voters for approval or disapproval.

(Prefiled by the sponsor(s).)

BR 43 - Senator Damon Thayer (08/25/10)

AN ACT relating to public records.

Create a new section of KRS Chapter 7 to require the Legislative Research Commission to create a Web site to provide certain information on the expenditure of state funds; create a new section of KRS Chapter 26A to require the Chief Justice to create a Web site to provide certain information on the expenditure of state funds; create a new section of KRS Chapter 42 to require the Finance and Administration Cabinet to create a Web site to provide certain information on the expenditure of state funds; create a new section of KRS Chapter 42 to require all executive branch agencies to make financial data available to the Finance and Administration Cabinet, and to require the cabinet to give the Legislative Research Commission and the Court of Justice control over their expenditure data by January 1, 2012; amend KRS 164A.565 to require the governing boards of each postsecondary educational institution to make financial data available to the Finance and Administration Cabinet; and provide that the Act shall be known as the "Taxpayer Transparency Act of 2011."

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on State Government

BR 46 - Representative Will Coursey (07/22/10)

AN ACT relating to underground petroleum storage tank contractors.

Amend KRS 224.60-135 to grant the state fire marshal authority

to promulgate administrative regulations to establish a program to identify and certify persons who install, repair, close, or remove underground petroleum storage tanks; require certification in order to install, repair, close, or remove an underground storage tank for a petroleum storage tank owner or operator; amend KRS 227.280 to extend the state fire marshal's authority to refer violations to the circuit court of the county in which the offense was committed.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on Natural Resources and Environment

BR 52 - Representative Sal Santoro (08/12/10)

AN ACT relating to pawnbrokers.

Amend KRS 226.010 to define "pawnbroker," "pledgor," and "permitted user"; amend KRS 226.040 to expand registry requirements associated with pawn transactions, prohibit pawn transactions with persons unwilling or unable to provide required identification, and require submission of information to the Department of Kentucky State Police or contracted vendor; and create a new section of KRS Chapter 17 to require the Department of Kentucky State Police to establish or contract for the provision of pawn database services.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on Banking and Insurance

BR 54 - Senator John Schickel (09/09/10)

AN ACT relating to the exclusion of abortion coverage for health insurance exchanges.

Establish Subtitle 17D of KRS Chapter 304 and create new sections therefor to define "health benefit exchange" and "small employer" for the purposes of health benefit exchange individual and small group health plans; prohibit abortion coverage by a qualified health benefit plan through a health benefit exchange in accordance with the opt-out provision of the federal "Patient Protection and Affordable Care Act," except when the life of the mother is endangered.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on Banking and Insurance

BR 55 - Representative Stan Lee (09/07/10)

A JOINT RESOLUTION claiming sovereignty over powers not granted to the federal government by the United States Constitution; serving notice to the federal government to cease mandates beyond its authority; and stating Kentucky's position that federal legislation that requires states to comply under threat of loss of federal funding should be prohibited or repealed.

Declare state sovereignty over powers not given to the federal government by the U. S. Constitution; demand the federal government to cease mandates beyond constitutionally delegated powers; prohibit federal legislation requiring state passage of laws under threat of penalties or sanctions; direct the Clerk to distribute copies of the Resolution.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on State Government

BR 61 - Representative Jesse Crenshaw (07/22/10)

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 exclude a convicted felon from the right to vote only until 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 State Government

BR 62 - Representative Jim Wayne (07/20/10)

AN ACT relating to public financing for judicial campaigns.

Create new sections of KRS 118A to establish the clean judicial elections fund; define terms; establish fund to distribute transfers to certified judicial candidates; provide that the Kentucky Registry of Election Finance administer the fund and promulgate necessary administrative regulations; designate that moneys in the fund be invested in accordance with regulations developed by the State Investment Commission; require the registry to publish information about

campaign expenditures in the judicial campaigns of the previous year; establish requirements to be designated a certified judicial candidate and gain access to the fund; provide guidelines for distribution of funds to certified judicial candidates; direct that judicial review of any final action of the registry be expedited by the court; provide for a civil penalty up to \$10,000 for an actual violation of these provisions, and a Class D felony for any knowing violation of these provisions; provide that a person entitled to a state tax refund may designate on their income tax return an amount to be credited to the fund; permit the Supreme Court to require members of the Kentucky Bar Association to submit an annual fixed amount not to exceed \$25 to be dedicated to the clean judicial elections fund; provide for a January 1, 2012 effective date.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on State Government

BR 68 - Representative Larry Clark (08/24/10)

AN ACT relating to continuity of health care.

Amend KRS 304.17A-500 to define "acute-care hospital" for health insurance purposes; amend KRS 304.17A-527 to require that an agreement between a managed care plan and an acute-care hospital shall include provisions for a term of not less than three years, a six-month notice to the plan and the commissioner of the Department of Insurance by the acute-care hospital prior to termination or nonrenewal, procedures to ensure continuity of care for covered persons not less than 30 days prior to termination, no less than 20 days' notice prior to termination by the managed care plan to the covered person of the procedures to follow for continuity of care, including an expedited internal appeal process and an expedited external appeal if necessary, and a requirement mediation or binding arbitration between the managed care plan and the acute-care hospital for any dispute regarding a covered person's access to continuity of care in the event of termination or nonrenewal of the provider agreement; amend KRS 304.17B-001 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on Banking and Insurance

BR 69 - Representative Larry Clark (08/24/10)

AN ACT relating to campaign finance.

Amend KRS 121.015 to define “personal funds.”

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 70 - Representative Larry Clark (08/24/10)

A JOINT RESOLUTION authorizing and directing a comprehensive study of the effectiveness of the economic development initiatives and incentives of the Commonwealth.

Direct the Director of the Legislative Research Commission to engage a consulting firm to study the effectiveness of economic development incentive programs; require results to be submitted by December 1, 2011.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Economic Development and Tourism

BR 71 - Representative Leslie Combs, Representative Greg Stumbo (09/02/10)

AN ACT proposing to amend the Constitution of Kentucky relating to hunting, fishing, and harvesting wildlife.

Propose to amend the Constitution of Kentucky to create a right to hunt, fish, and harvest nonthreatened species using traditional methods; submit to the voters for approval or disapproval.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 75 - Representative Mike Cherry (08/13/10)

AN ACT relating to public records.

Create a new section of KRS Chapter 7 requiring the Legislative Research Commission to provide public access to legislative branch financial information by January 1, 2012; create a new section of KRS Chapter 26A requiring the Administrative Office of the Courts to provide public access to judicial branch financial information by January 1, 2012; create a new section of KRS Chapter 42 to require the

Finance and Administration Cabinet to provide public access to executive branch financial information by January 1, 2012; amend KRS 164A.565 to require the governing boards of each postsecondary educational institution to make budget, financial statements, and governing board meeting records available on each institution’s Web site by January 1, 2012; direct the staff of the Legislative Research Commission to study the use of the Internet by local governments to provide citizen access to their financial and other information.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 92 - Senator John Schickel (09/02/10)

AN ACT relating to firearms, including ammunition and accessories for firearms.

Create new sections of KRS Chapter 237 relating to firearms, ammunition, and firearms accessories made in Kentucky, marked as made in Kentucky, and used in Kentucky to specify that these items, with specified exemptions, are exempt from federal law; name law the “Kentucky Firearms Freedom Act”.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 97 - Representative Joni L. Jenkins (08/17/10)

AN ACT relating to crimes and punishments.

Amend KRS 508.025 relating to third degree assault to include an assault on an operator or passenger of a taxi, bus, or other passenger vehicle for hire within that offense; amend KRS 508.050 and 525.060 relating to menacing and disorderly conduct to increase the penalty for those offenses where the offense is committed against an operator or passenger of a taxi, bus, or other passenger vehicle for hire.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 98 - Representative Keith Hall (09/22/10)

AN ACT relating to emergency vehicles.

Amend KRS 189.920 relating to lights

on emergency vehicles to permit publicly owned jail vehicles used for emergency purposes to use blue lights but not sirens; permit elected jailer or chief administrator of a jail without a jailer to use blue lights on one personal vehicle.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 111 - Senator Dan “Malano” Seum, Senator David L. Williams, Senator Elizabeth Tori (08/25/10)

AN ACT relating to school attendance.

Amend KRS 159.070 to permit a parent or legal guardian to enroll for attendance a child in the school nearest to the child’s home, except in cases in which there are academic or skill prerequisites for attendance in the school; provide that those residing the shortest travel distance to a school be given first priority in cases where the capacity of the school may be exceeded; permit a child to attend a school other than the one closest with permission of the district.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 113 - Representative Dennis Keene (10/13/10)

AN ACT relating to driving under the influence and making an appropriation therefor.

Amend KRS 189A.005 to expand the definition of “ignition interlock device”; amend KRS 189A.010 to include driving the wrong way on a four-lane highway among the list of factors for triggering aggravated DUI penalties; amend KRS 189A.070 to provide that a reduction in the time period of a license revocation does not lessen the time required for ignition interlock usage; amend KRS 189A.085 to run the period of a license plate impoundment from the date of sentencing to the day the offender is authorized to resume driving and require ignition interlock usage beginning with the first DUI offense; amend KRS 189A.340 to establish an assistance fund for indigent defendants; amend KRS 189A.410 to require ignition interlock usage while an offender is driving on a hardship license: EFFECTIVE July 1, 2011.

(Prefiled by the sponsor(s).)

BR 114 - Representative Brent Yonts (10/12/10)

AN ACT relating to wills.

Amend KRS 394.150 and 394.300 to allow the will of a nonresident probated longer than eleven years ago to be recorded in Kentucky in the same manner as a Kentucky will for the purpose of passing title to real property without the necessity of undergoing a second probate proceeding in this state.

(Prefiled by the sponsor(s).)

BR 121 - Representative Melvin B. Henley (09/22/10)

AN ACT relating to out-of-state durable medical equipment providers.

Create a new Section of KRS Chapter 216B to require the Cabinet for Health and Family Services to promulgate an administrative regulation requiring a provider of durable medical equipment located in another state to maintain an office or place of business in Kentucky if that state requires durable medical equipment providers with a principal place of business in Kentucky to maintain an office or place of business within that state.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 123 - Senator Tim Shaughnessy (09/09/10)

AN ACT relating to university undergraduate completion.

Create a new section of KRS Chapter 164 to require each public university to submit to the Council on Postsecondary Education by December 1, 2011, a plan adopted by the board of trustees or board of regents listing goals, strategies and timelines to increase the number of students graduating with a bachelor’s degree; require the council to create by August 30, 2011, a tracking system to collect data on the number of attempted and earned credit hours for each freshman and transfer student entering each university in the fall 2011 semester, and thereafter track students from enrollment until degree completion; report to the Legislative Research Commission, no later than November 1, 2013, and annually thereafter, the number of students who complete bachelor’s degrees by time for completion, hours attempted and earned, and average hours per term, the number of students

who complete bachelor's degree program at their university of origin or the number of transfer students who complete bachelor's degree programs, and the average time to degree completion for full-time and part-time students; require the council to report to the Interim Joint Committee on Education by October 31 of each year and post on the council's Web site an institutional profile for each university and a composite system profile which provides current and six-year trends for revenue, full-time enrollment, average ACT score, percentage of freshman taking remedial courses, four, five, and six year graduation rates, tuition rates, and additional accountability measures developed by the council; require the board of trustees or the board of regents of a public university to include, no later than October 31, 2014, progress toward improving bachelor's degree completion as part of the annual evaluation of the president of the institutions.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 130 - Representative Jody Richards (09/14/10)

AN ACT relating to publications of state agencies.

Create a new section of KRS Chapter 57 to prohibit any agency of the state executive or legislative branch from mailing an unsolicited publication to any person who has not requested a copy, unless the mailing is determined to be essential by the Governor or by the General Assembly; require state agencies to submit annual and biennial reports to the General Assembly or the Legislative Research Commission online rather than on paper; amend KRS 12.110 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 131 - Representative Jody Richards (09/17/10)

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.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 132 - Representative Jody Richards (09/10/10)

AN ACT relating to state employee health insurance.

Create a new section of KRS 18A.225 to 18A.2287 to require the Personnel Cabinet to establish a pilot program to improve the health and wellness outcomes of state employees; require the pilot program to provide a reduced monthly cost for a fully insured health benefit plan or self-insured plan offered by the Public Employee Health Insurance Program to an employee who participates in wellness activities; require the wellness activities to be approved by the cabinet; require the cabinet to determine the amount of the reduced monthly cost and the level of participation required to qualify for the reduced cost; establish that the pilot program is to be in effect January 1, 2012 to December 31, 2015; require the Cabinet to submit an annual report on the results of the pilot program on or before December 1.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 133 - Representative Jody Richards (10/14/10)

A CONCURRENT RESOLUTION directing the Legislative Research Commission to create a task force to establish a strategy to provide home laptop computers for middle school students.

Direct the Legislative Research Commission to establish a legislative task force to establish a strategy to provide home laptop computers for middle school students; establish task force by August 1, 2011; report findings to appropriate committee or committees no later than December 1, 2011.

(Prefiled by the sponsor(s).)

BR 136 - Senator John Schickel (09/09/10)

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 6.965 to include provision for funding that is adequate for com-

pliance 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 143 - Representative Marie Rader (09/16/10)

AN ACT relating to coroners. Amend KRS 189.910, 189.920 and 189.940 to permit a coroner or deputy coroner to equip a private or public vehicle with red and blue lights and a siren with the permission of the legislative body of the county, urban-county, consolidated local government, or unified local government and to use the lights and siren only to respond to the scene of an emergency involving the reported death of a human being.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 145 - Representative Ted Edmonds (09/29/10)

AN ACT relating to educational requirements for social workers.

Amend KRS 335.080 to permit an applicant for licensure as a certified social worker to qualify if he or she has received a degree in social work or a related degree; amend KRS 335.090 to permit an applicant for licensure as a licensed social worker to qualify if he or she has received a degree in social work or a related degree.

(Prefiled by the sponsor(s).)

BR 153 - Representative Jeff Hoover, Representative John "Bam" Carney, Representative James R. Comer Jr., Representative Ron Crimm, Representative Jim DeCesare, Representative Bob M. DeWeese, Representative C. B. Embry Jr., Representative Bill Farmer, Representative Joseph M. Fischer, Representative David Floyd, Representative Danny Ford, Representative Mike Harmon, Representative Tim Moore, Representative

David Osborne, Representative Marie Rader, Representative Sal Santoro, Representative Alecia Webb-Edgington, Representative Addia Wuchner, Representative Jill York (09/21/10)

AN ACT proposing an amendment to Section 42 of the Constitution of Kentucky.

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 154 - Representative Jeff Hoover, Representative John "Bam" Carney, Representative James R. Comer Jr., Representative Ron Crimm, Representative Jim DeCesare, Representative Bob M. DeWeese, Representative C. B. Embry Jr., Representative Bill Farmer, Representative Joseph M. Fischer, Representative David Floyd, Representative Danny Ford, Representative Mike Harmon, Representative Brad Montell, Representative Tim Moore, Representative David Osborne, Representative Marie Rader, Representative Sal Santoro, Representative Alecia Webb-Edgington, Representative Addia Wuchner, Representative Jill York (09/21/10)

AN ACT relating to the General Assembly.

Create a new section of KRS Chapter 6 to require a 48 hour waiting period prior to a vote on an appropriation or revenue bill or amendment.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 161 - Representative Sal Santoro, Representative Alecia Webb-Edgington (09/21/10)

AN ACT relating to firearms,

including ammunition and accessories for firearms.

Create new sections of KRS Chapter 237 relating to firearms, ammunition, and firearms accessories made in Kentucky, marked as made in Kentucky, and used in Kentucky to specify that these items, with specified exemptions, are exempt from federal law; name the law the “Kentucky Firearms Freedom Act”.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 162 - Representative Sal Santoro (09/21/10)

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 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 163 - Representative Joni L. Jenkins (09/21/10)

AN ACT relating to fees in public universities and colleges.

Amend KRS 164.400 to permit the boards of regents and boards of trustees of the public universities and colleges to establish fees sufficient for the payment of instructional and operational expenses consistent with the recommendations of the Council on Postsecondary Education; clarify the types of fees that boards may require payment of; prohibit mandatory athletic or meal fees for nonresident or commuter students; delete provision referencing incidental fees.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 167 - Senator Tim Shaugh-

nessy (09/29/10)

AN ACT relating to school districts.

Create a new section of KRS Chapter 159 to require the Commonwealth to provide state funds from the general fund to a local school district to offset the costs of implementing any changes to Kentucky Revised Statutes that result in mandated changes to the local district assignment plan; provide that this expenditure is the state’s first priority over other financial obligations; require the Finance and Administration Cabinet to promulgate administrative regulations to outline the process and procedures to be used in requesting and paying the funds.

(Prefiled by the sponsor(s).)

BR 172 - Senator John Schickel (10/13/10)

AN ACT relating to necessities.

Amend KRS 404.040 to provide for gender neutrality in the furnishing of necessities during marriage; amend KRS 140.090 to conform.

(Prefiled by the sponsor(s).)

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* - denotes primary sponsorship of BRs

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The Kentucky Legislative Research Commission is a 16-member committee of the majority and minority leadership of the Kentucky Senate and House of Representatives. Under Chapter 7 of the Kentucky Revised Statutes, the LRC constitutes the administrative office for the General Assembly. Its director serves as chief administrative officer of the Legislature when it isn't in session.

The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the Legislature, employing professional, clerical and other employees required when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual legislators in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, providing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting orientation programs for new legislators, and publishing a daily index and summary of legislative actions during sessions.

The LRC is also responsible for statute revision, publishing and distributing the Acts and Journals following sessions, and for maintaining furnishings, equipment and supplies for the Legislature. It also functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of the Council of State Governments as it relates to Kentucky.

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