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Juvenile justice gaps targeted by state

by Rebecca Hanchett
LRC Public Information

FRANKFORT— Nearly two years after legislation to reduce the number of minority youth in Kentucky’s juvenile justice system stalled in committee, the state Senate Judiciary Committee chairman says he will champion similar legislation in 2019.

Senate Judiciary Committee Chair Sen. Whitney Westerfield, R-Hopkinsville, announced at the Oct. 5 Interim Joint Committee on Judiciary his intention to file legislation addressing “disproportionate minority contact” in the state’s justice system during the upcoming 2019 session. Westerfield was also the sponsor of 2017 Senate Bill 20, aimed at reducing the disproportionate number of mainly African-American youth in Kentucky’s justice system.

The West Kentucky lawmaker said the ra-



Rep. Gerald Watkins, D-Paducah, at left, talks with Sen. Danny Carroll, R-Paducah, during the Oct. 5 meeting.

cial imbalance among minors in the state’s juvenile justice system became clear after Kentucky passed juvenile justice reforms in 2014.

“It has brought into sharp relief the numbers that we see in Kentucky that are pretty stark, depending on which county you’re looking at,” said Westerfield. “We see a very disproportionate number of youth of color in the system (in some parts of the state). It is out of proportion to their share of the population. It shouldn’t be that way.”

States are required to try and reduce disproportionate minority contact, or DMC—which the U.S. Department of Justice characterizes on its website as “overrepresentation of minority youth in the nation’s juvenile justice system”—per federal law passed by Congress in 2002.

Westerfield said his 2019 proposal will incorporate input based on DMC data from various state agencies including the Administrative Office of the Courts. Data shared by the AOC’s

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Lawmakers study protections for the vulnerable

by Rebecca Hanchett
LRC Public Information

FRANKFORT—State legislators have received the 411 on the state’s plans to improve 911 service in Kentucky using real-time mapping of caller data and locations.

“Geo-information systems – GIS – is a critical element of innovative, 21st century emergency communications. In 911, as in so many other facets of life these days, timely and accurate mapping data is of paramount importance,” Kentucky

Office of Homeland Security (KOHS) Executive Director John Holiday told the Interim Joint Committee on Local Government on Sept. 26. “GIS as a whole must be elevated in stature if Kentucky hopes to compete on a national scale.”

Laying out KOHS’s plan to improve its statewide 911 capabilities was KOHS Deputy Executive Director and Kentucky 911 Services Board Administrator Mike Sunseri. Sunseri said moving from voice-only 911 to next-generation 911, or NG911, would improve both locator and messaging capabilities – including sending 911

messages by text rather than by voice only and allowing photos to be sent as part of a 911 call.

To help the state’s 115 911-call centers move toward NG911, Sunseri said his agency has applied for a \$1.7 million four-year federal NG911 grant. With a required local match, the grant would provide nearly \$2.9 million for NG911 improvements now under discussion.

“The (Kentucky 911 Services) Board has received great feedback from the 911 community thus far. The one common element shared by

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Department of Family and Juvenile Services Executive Officer Rachel Bingham showed that African American youth are the most overrepresented in the state's justice system.

Eleven percent of the state's youth population is African American while 81 percent of the same population is white, said Bingham. Yet for the first six months of 2017, 25 percent of the more than 12,000 complaints made to the state's Court Designated Worker (CDW) program (which processes criminal and noncriminal complaints against juveniles) were levied against African American youth. That percentage dropped slightly to 22 percent for the same period this year, she said.

"Again, if you look at the 25 (percent) and 22 (percent)—over double of what our youth population is for African American youth at 11 percent. We consider that to be disproportionate," said Bingham.

Data regarding "public offenses" — or offenses committed by juveniles which are treated the same as adult crimes — for the first six months of this year also showed disparities between African American and white youth, she told lawmakers. African Americans youth comprise 16 percent of charges for public offenses at school, and 29 percent of charges for public offenses out in the community.

The state looked at national research into why the percentages are so different, said Bingham, and found that the answer may rest in how we see African American youth out in the community.

"We do know that research says there is a way that we see kids of color and we actually age

kids of color—in all actuality up to three years, she said. "Are we more harshly charging our youth out in the community just because of our own ... biases that we related to our own history? What's the difference between those non-school related (charges)?"

AOC Director Laurie Dudgeon said some suggestions of the state Juvenile Justice Oversight Council (JJOC) that lawmakers may want to consider are: eliminating charges for children under age 12, instead referring them to FAIR (Family, Accountability, Intervention and Response) teams created under the 2014 juvenile reforms; mandatory diversion of certain cases, and; close examination of the state's youthful offender law.

"We see the disparity numbers much less coming out of our schools than when we don't know people at all," Dudgeon said. "And I think that's based on the really objective set of criteria we have for our status offenses. I think if we could take another look at the youthful offender statute that would be a great place to start."

Juvenile Justice Advisory Board member Pastor Edward Palmer, Sr. suggested that lawmakers also consider mandatory diversion for eligible children in the juvenile justice system.

"What we know from research is that the deeper they go in, the more likely they are ... to end up part of the adult criminal system," Palmer said.

Sen. John Schickel, R-Union, said lawmakers should also consider where crime occurs when looking at why numbers are what they are.

"There's nowhere in this presentation that addresses the fact that the vast majority of vio-



Rep. Joni Jenkins, D-Shively, asks a question during the Oct. 5 Interim Joint Committee on Judiciary meeting in Frankfort.

lent crime is coming from these areas," he said. "So it would only stand to reason that there would be more contact. And to try and make the contact some correlation between the population is, to me, unfair and is not in the interest of justice."

Rep. Joni Jenkins, D-Shively, said children entering the justice system at a young age is one of her concerns.

"I think the younger you bring a child into the system, the worse your outcomes are. So I think that's one area that we should look at — are we criminalizing children of color at a higher rate than we are white children?" she said.

911 Services,

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those in the trenches ... (is) GIS," which Sunseri said Kentucky's 911 stakeholders want factored into the state's 911 plan. That plan, he said, has not been updated since it was created in 2009.

"We've enlisted a technical consultant to help us in that matter and (the plan will be updated) by the end of the calendar year," said Sunseri. NG911 updates would come later for most 911 call centers around the state.

Rep. Ken Fleming, R-Louisville, asked Sunseri what the cost to create a fully GIS-based statewide 911 system would be. Sunseri said he only has enough information to respond anec-

dotally to that question, specifically mentioning Owensboro — which Sunseri said spends \$8,000 a month to maintain their GIS data. Fleming said the statewide figure would run into millions of dollars.

"I can tell you one thing, it's well north of probably about \$10 million to do that," said Fleming. "But ... every life is important, and it might be worth it."

Rep. DJ Johnson, R-Owensboro, asked if the local matching funds for the NG911 grant are available now or not. Sunseri said there are enough Kentucky 911 Services Board admin-

istrative funds in reserve now to cover the first year or two in matching funds, should the grant be awarded.

"But we would never turn money away from the General Assembly should this august body deem it a worthy use of general fund dollars, and we will be making a formal request in some manner," Sunseri said.

Some lawmakers wanted to discuss changes at the Kentucky 911 Services Board, formerly called the CMRS (Commercial Mobile Radio

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Legislative panel considers bank tax reform

by Jim Hannah
LRC Public Information

FRANKFORT – Don't bank on the fact that small-town banks will survive – at least in Kentucky. The Kentucky Bankers Association told state lawmakers in a Sept. 25 meeting that the commonwealth's tax structure is jeopardizing community banks.

Kentucky taxes its banks at a rate higher than any other state in the nation at an average effective tax rate of 13.3 percent, said bankers association President Ballard Cassady while testifying before the Interim Joint Committee on Banking and Insurance. He added that Indiana's effective tax rate for its banks is 6.5 percent, Ohio's is 7.74 percent and Tennessee's is 9.33 percent.

Cassady said that is why banks in other states can buy Kentucky banks and essentially fund that purchase with tax savings. He explained that acquiring banks do this by reducing the number of employees, branches and moving investment portfolios to other states. Nine Kentucky banks have been purchased by out-of-state institutions since 2014, according to the bankers association.

To make matters worse, Cassady said, Kentucky is taxing its banks at a rate that is an average of 92 percent higher than it taxes any other corporation in the commonwealth.

But that 92 percent imbalance is just the average, Cassady said. For example, First Community Bank of the Heartland in Hickman was taxed at a rate that was 100 percent higher. First State Financial in Middlesboro was taxed at a rate that was 130 percent higher. Bank of Cadiz was taxed at a rate that was 200 percent higher. And Kentucky Farmers Bank in Ashland was taxed at a rate that was 1,000 percent higher, he said.

"When a bank's capital remains at work locally, it ripples through local economies so as to be multiplied," Cassady said of the importance of providing community banks tax relief. "Some economists say by as much as a

"When a bank's capital remains at work locally, it ripples through local economies so as to be multiplied."

Ballard Cassady
President,
Kentucky Bankers Association

factor of 10 – enlarging the local tax base and growing Kentucky's tax revenue the right way."

Senate Majority Caucus Chair Dan "Malano" Seum, R-Fairdale, asked for a clarification of the word "franchise" as used in describing Kentucky's bank tax. Cassady said the use of the word is somewhat misleading because it doesn't mean banks are franchised like many fast-food restaurants. He said the word "franchise" just refers to the industry-specific tax.

Rep. Joseph M. Fischer, R-Fort Thomas, said calling it a "franchise tax" is a misnomer. He said it is a "tax on capital." Fischer then asked for a brief history of state tax policy on banks.

Cassady said the disparity between bank tax rates and all other corporations in Kentucky could be traced to a series of events that began in 1995. Before that, the taxes on banks and other corporations had different names but the overall rate differed very little, he said.

"In 1995, we had a court case that made its way from the Kentucky Supreme Court to the United State Supreme Court and back," Cassady said. "Along the way, Kentucky's method of tax-

ing banks was found to be unconstitutional."

In response, the industry employed tax professionals and lawyers to work with the state revenue cabinet to develop what is now called the "bank franchise tax" which at the time was the model being used in most states across the country, he said. The new model still taxed banks at about the same rate as other corporations.

"That all began to change in 2005 when Kentucky lowered the top tax rate on corporations from 8.25 percent to 6 percent with no change to the bank tax model – leaving banks at 8.25 percent," Cassady said.

It only got worse with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, he said. The federal regulations forced every bank to move more of their assets into capital, the primary component of the state bank franchise tax. Cassady said that immediately skewed state banks' tax rate upward.

Sen. Morgan McGarvey, D-Louisville, asked what types of institutions are negatively impacted by the bank franchise tax. "Are you talking about the JPMorgan Chase of the world or Kentucky community banks?" he said.

Cassady said it is the state's community banks that are being crushed by the franchise tax. "It is more than a 10-ton gorilla sitting on their chest," he said. "They are not only burdened with the compliance costs that came out of the Dodd-Frank ... but also the huge tax burden they are going to have at the end of the year."

Sen. John Schickel, R-Union, asked what the state bankers association's next step was in trying to get tax reform for their industry during the upcoming session. Cassady said his organization would be asking that banks be taxed the same way, and at the same rate, as other corporations in the commonwealth. He added that the organization would provide additional details of how they would like to see that transition take place during an upcoming Interim Joint Committee on Appropriations & Revenue.

911 Services, from page 2

Service) Board. Comments were made about a recent four-year state audit that Sunseri said found improper accounting practices undertaken by a past board that were uncovered by the audit, requested by KOHS. The audit showed the past board improperly spent more than \$250,000 "from a fund dedicated by statute to be used ex-

clusively for 911 call center grants," said Sunseri.

The funds were repaid from the board's administrative fund, Sunseri told lawmakers.

Rep. Steve Riggs, D-Louisville, thanked the agency for cooperating with the state audit.

He added that there should be tough "consequences" for those who improperly handled the

funds.

"I just hope that there are consequences for people who did that, as opposed to just losing their job or their position, that we pursue consequences" said Riggs. "Otherwise, if we don't – if there are no consequences other than losing your position – it will just continue to grow."

2019 REGULAR SESSION CALENDAR

2019 REGULAR SESSION CALENDAR (approved by LRC 9/5/18)

JANUARY PART I

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

FEBRUARY – PART II

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

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

() Denotes Legislative Day

MARCH

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

2018

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INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Human Resources

Minutes of the 1st Meeting of the 2018 Interim

August 30, 2018

Call to Order and Roll Call

The 1st meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, August 30, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Russell Webber, Co-Chair; Senators Denise Harper Angel, Morgan McGarvey, and Stephen Meredith; Representatives Chad McCoy, Kimberly Poore Moser, and Susan Westrom.

Guests: Eric Clark, Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Elizabeth Caywood, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Lesa Dennis, Chief of Staff, Department for Community Based Services, Cabinet for Health and Family Services; Adam Meier, Secretary, Cabinet for Health and Family Services; Jill Hunter, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services; and Eric Lowery, Executive Director, Office of Finance and Budget, Cabinet for Health and Family Services

LRC Staff: Miriam Fordham and Jay Jacobs.

Kinship Care Update

Commissioner Clark, Deputy Commissioner Caywood, and Ms. Dennis gave an overview of the Kinship Care program.

In response to questions by Chairman Webber, Deputy Commissioner Caywood stated that the \$54 million is just the cash assistance portion and does not include Medicaid and the other supportive services. Commissioner Clark reviewed available relative services that are available today through DCBS for the Kinship Care program. Some examples through the kinship care hotline are support groups, health/behavioral health services, social security administration, and training.

In response to questions by Chairman Webber, Deputy Commissioner Caywood stated that she does not foresee the moratorium being lifted in full, it would take additional resources and tough decisions would have to be made. The funds from House Bill 200 are not going to the kinship care program, however they are helping supplement the effect of the *D.O. vs. Glisson* case and they are also being put

towards services that can be utilized for the families that need them. There were families that were in the kinship program prior to the moratorium and they are still receiving funds but they are not receiving any new applicants to the program. The screening process for the kinship care program starts with calling the Hotline, the department mines the case by taking some basic information from the relative or fictive kin caregiver and determines if DCBS had placed the child or recommended placement of the child with the relative that includes a home study, evaluation, and background checks. If permanent custody has been established by the DNA-9 form they would not be qualified.

In response to questions by Representative Moser, Deputy Commissioner Caywood stated that grandparents are not eligible for cash assistance under *D.O. vs. Glisson* if the child has never been in the state's custody, however they can apply for child only Kentucky Transitional Assistance Program. About \$500 million of the budget goes to the foster care program in Kentucky. Relatives can apply for the Childcare Assistance Program if they need help.

In response to questions by Senator Meredith, Deputy Commissioner Caywood stated that the reason the number of children has declined was due to children aging out for services and caregivers not reapplying for services. DCBS has obtained numerous budget cuts and the reduction has been absorbed through these cuts over the years. Inquiries are being processed within 45 days and then the case is assigned; the vast majority of unprocessed inquiries are not eligible.

In response to questions by Co-Chair Alvarado, Commissioner Clark stated he does not know the average age of a child entering into kinship care. Deputy Commissioner Caywood stated that a third child for an existing grandparents in kinship care would not be covered.

Medicaid Budget Update: Fiscal Year 2018 Year-End Report and Fiscal Year 2019 Outlook

Secretary Meier, Commissioner Hunter, Mr. Bechtel, and Mr. Lowery provided an update on the Medicaid Budget.

In response to a question by Chairman Webber, Secretary Meier stated that the Governor's budget reduction had an impact on the \$300 million shortfall, but the cabinet is communicating with the budget office and the legislature about some of the intervening events.

In response to questions by Senator Meredith, Secretary Meier stated that there are no savings assumed in the consensus forecasting group's projection because it was uncertain at that time. Evaluation will have to be done into the next budget session on optional benefits and eligibility. Maximum benefits of the 1115 waiver will not be seen until 2022 or 2023, but that there are opportunities now to upgrade systems and create efficiencies in

administrative processes. These cost savings were not built into the budget due to the uncertainty of the program at the federal level. The main cost of implementing the waiver program are upfront costs and the remainder will be invested in workforce training. The cabinet will continue to look for ways to support getting people connected with employment, job training, educational resources, and promotion of health and financial literacy. The waiver gives people the incentives to get in the door and to be connected with those available resources at the local level.

In response to questions by Co-Chair Alvarado, Secretary Meier stated the increased costs in the last four years is due to medical inflation, pent up demand, growth in expansion and the traditional population. Mr. Lowery stated that the expansion was the biggest part of the growth. Secretary Meier stated the cabinet saw an increase in emergency room utilization after the expansion and that has started to level off. The cabinet can ask the federal government if there is any wiggle room on the budget with the projected savings from renegotiating MCO contracts. Mr. Lowery stated that MCOs are not included in the two percent. Secretary Meier stated that the cabinet is analyzing the data from the PBM report.

In response to questions by Representative Westrom, Commissioner Hunter stated that the concerns of 30 families who have not received compensation have been noted and that her team is reviewing them.

In response to questions by Senator McGarvey, Secretary Meier stated that the Supports for Community Living rate increase was done after the Consensus Forecasting Group met. The budget shortfall will be monitored closely and they will monitor the outcome of the waiver and how close they are to the projection. The cabinet is reviewing IT reforms, new delivery system reforms, value based purchasing, and strengthening MCO contracts as a means to save money. Some payments can be pushed into the next fiscal year, but that is just shifting cost. Pulling benefits is an option if necessary.

There being no further business, the meeting was adjourned at 11: 22 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Justice and Judiciary

Minutes of the 2nd Meeting of the 2018 Interim

August 30, 2018

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, August 30, 2018, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Wil Schroder, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representative Jason Nemes, Co-Chair; Senators John Schickel and Whitney Westerfield; Representatives Daniel Elliott, Joseph M. Fischer, Jason Petrie, Brandon Reed, and Kevin Sinnette.

Guests: Kelly Stephens, Governmental Affairs Liaison, Administrative Office of the Courts (AOC); Damon Preston, Public Advocate, Department of Public Advocacy (DPA); and Sam Cox, Director, Law Operations Division, DPA.

LRC Staff: Zachary Ireland, Savannah Wiley, and Benjamin Thompson.

AOC Update of Tracking of Partial Fees Statewide

Ms. Stephens provided an update of AOC's accounts receivable system.

In response to questions from Representative Reed, Ms. Stephens stated that the decrease in state monies collected from FY 2013 to FY 2018 is at least partially due to the county attorneys' diversion program. Ms. Stephens said that seat-belt violations are now a \$25 fine without additional court costs. Circuit Court clerks have been very receptive to the updated accounts receivable system. Ms. Stephens noted that AOC's goal is to eventually roll out the new prepayment program to every county.

In response to a question from Representative Petrie, Ms. Stephens stated that if a defendant is consistent in making payments for fines, there would be no need for them to go to court.

In response to questions from Senator Schickel, Ms. Stephens said that a restitution ID is an internal control number for the AOC rather than a physical identification card. Ms. Stephens stated that restitution payment timelines are determined on a case by case basis.

DPA Perspective on Tracking Partial Fees Statewide

Mr. Preston and Mr. Cox presented on tracking partial fees from the DPA's viewpoint.

In response to questions from Chair Schroder, Mr. Preston stated that he believes the court system has improved on collection of indigency information. In the past, public defender fees were waivable and assessed at a standard \$50 per case, then raised to \$52.50 per case. The fee was a flat rate regardless of the charge the defendant was facing.

In response to questions from Representative Petrie, Mr. Preston noted that the problem with non-waivable fees is the mechanism for collection. He does not believe anyone should go to jail for failure to pay their lawyer. DPA studied the issue in the 1990s and determined the cost to hire a collection agency would be greater than the amount collected.

In response to questions from Representative Fischer, Mr. Preston said the affidavit of indigency involves debts, assets, ongoing obligations such as child support, and the defendant's financial status. The second factor that should be accounted for in determination of indigency is the case itself and how much in the normal market a similar case would cost a client. Some judges assess fees upon the appointment of a public defender, while most assess fees at the end of a case. The better way is to assess fees at the beginning of a case and address collection during sentencing. Ms. Stephens stated that a lot of judges struggle with how to apply public defender fees. AOC welcomes statutory guidance on the issue of public defender fees.

In response to questions from Chair Schroder, Mr. Cox said that the DPA has no method to track

outstanding fees. Ms. Stephens stated that AOC may be able to track outstanding fees, though not likely at the individual level. Indigency is calculated on a sliding scale based on the Federal Poverty Line. If AOC is attempting to collect fees, the AOC does not have to report the debt as uncollected to the Department of Revenue.

In response to questions from Representative Petrie, Mr. Preston noted that he is not aware of any case where charges were filed for a falsified affidavit of indigency.

In response to questions from Senator Westerfield, Mr. Preston stated that he is not aware of any place in the country where public defenders are required to report their hours worked on a particular case, though rarely judges will ask the public defender how much time they have spent on the case.

There being no further business, the meeting was adjourned at 11:08 AM.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 4th Meeting of the 2018 Interim

September 12, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Transportation was held on Wednesday, September 12, 2018, at 10:00 AM, at the Wayne County Public Library in Monticello, Kentucky. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Ken Upchurch, Co-Chair; Senators Albert Robinson, Brandon Smith, and Mike Wilson; Representatives Lynn Bechler, Tim Couch, Ken Fleming, Robert Goforth, David Hale, Suzanne Miles, Steve Riggs, Jim Stewart III, and Walker Thomas.

Guests: Michael Anderson, Wayne County Judge Executive, Matt Henderson, Commissioner, Department of Vehicle Regulation, Kentucky Transportation Cabinet (KYTC) Tamra Wilson, District 8's Chief District Engineer, KYTC.

LRC Staff: John Snyder, Dana Fugazzi, and Christina Williams.

Welcome

Wayne County Judge Executive Michael Anderson welcomed members and guests to the meeting and showed a short film showcasing the beauty of Wayne County.

Implementation of HB 410 of the 2017 Session (Travel IDs)

Matt Henderson, Commissioner, Department of Vehicle Regulation, KYTC, testified on the implementation of HB 410 of the 2017 Session which concerns travel IDs. In October 2020, standard licenses will no longer meet federal REAL ID Act requirements for Kentuckians to board U.S. domestic flights or enter select federal facilities. New security standards for identity credentials were recommended by the 9/11 Commission to prevent the fraudulent use and reproduction of licenses and IDs. Kentucky has been working to come into compliance with the federal requirements, and in response, will begin offering two new versions of all identity credentials-

-the new Kentucky Standard Credential or the Kentucky Voluntary Travel ID.

Kentucky is one of 22 states and U.S. territories operating under an extension from the Department of Homeland Security. This allows federal agencies to continue accepting Kentucky licenses, permits and IDs to board U.S. flights, enter military bases and enter restricted federal facilities, such as the White House. A phased, statewide rollout of the new credentials will start in January 2019 and end by spring. All credentials will feature mailed delivery which will entail arrival of the credential in the mail after applying with the local Circuit Court Clerk. This will also include an optional lifespan of the ID for a possible eight years as opposed to four. There will also be upgraded security that will include a new look and among the most state-of-the-art security features in the United States of America. After applying for an ID, that person will leave with a temporary document, an altered version of the current credential and receive the permanent card in the mail five to ten business days later. For the first four years of issuance, non-CDL applicants and those 21 and older can choose between a four or eight year credential. Starting Jan. 1, 2023, all applicants will receive an eight year credential. While Kentucky's current credentials meet security standards, the main area of non-compliance with REAL ID Act requirements is our issuance model. By moving production of all credentials from over-the-counter at more than 140 locations to one central, secure location, as well as adding state-of-the-art card security features, Kentucky is reducing the risk of license and ID fraud.

The Standard Credential is state-maintained but not federally compliant. Standard licenses and IDs will always be acceptable for voting, age-restricted purchases, accessing federal and social benefit services like VA hospitals, Social Security offices, federal courthouses and more. Until federal enforcement begins in 2020, as long as Kentucky remains under extension standard licenses and IDs can be used for flying in the U.S. and visiting military bases and restricted federal facilities.

The Voluntary Travel ID is a state-maintained, federally compliant license that will be acceptable for all the uses for which a standard credential may be used, plus flying in the U.S., and visiting military bases and restricted federal facilities. All first-time applicants and anyone requesting a Voluntary Travel ID credential will need to present Proof of identity (Birth certificate, U.S. passport, Permanent Resident Card), proof of Social Security number (Social Security card, W-2 form), and proof of residency (utility bill, lease, pay slip, voter registration card). One form of proof of residency will be required for a standard credential; two will be required for a Voluntary Travel ID. To renew any standard credential, applicants will only need to surrender their current license or ID and have a new photo taken. Commissioner Henderson said that if the current legal name, date of birth, or gender is different than what is displayed on an identity or lawful status document, the person must show legal proof of the changes (i.e. marriage license.) A full list of acceptable proof documents is available at drive.ky.gov/confidentky.

All credentials will have new

pricing to account for the longer shelf-life and security improvements. A new eight year Voluntary Travel ID license will be \$48. A new eight year standard driver's license will be \$43. Non-U.S. citizens who are not permanent residents are eligible to apply for a new standard license or ID and pay the cost of the credential plus a \$30 application fee. They are not eligible for a Voluntary Travel ID. Four year credentials are half the cost of an eight year credential. More pricing information, including pricing for typical CDL endorsements, is available at drive.ky.gov/confidentky.

A chart was provided to show the pricing differences between the standard credentials and the voluntary travel ID for a driver's permit, motorcycle permit, personal ID, driver's license, motorcycle license, and driver/motorcycle license combination. Commissioner Henderson stated the next step is for the new design and security features to be unveiled, an implementation schedule will then be released after that.

Representative Riggs suggested a name change for both the Voluntary Travel ID and the new Standard Credential.

In response to a question asked by Representative Goforth, Commissioner Henderson stated the IDs that will be mailed will be mailed through standard first class mail and will not contain a tracking number. However, the Cabinet will be able to keep track if an ID has not been received.

In response to a question asked by Representative Bechler, Commissioner Henderson stated a passport and standard credential ID would be enough to allow access to a military base. He reiterated that some military bases may require more, but in general, that should allow entrance for most military bases.

In response to a second question asked by Representative Bechler, Commissioner Henderson stated the databases that County Clerks are using will be able to certify that information provided to them is accurate through facial recognition as well as the use of social security numbers.

In response to a question asked by Chairman Harris, Commissioner Henderson stated if during the transition, a specific county is not upgrade capable or the upgrade has not yet occurred, the person would get a standard license and then get an upgraded ID when the site is capable for an additional cost of \$15.

In response to a question asked by Representative Hale concerning the rationale behind having two options for IDs, Co-Chair Harris stated he was unable to get HB 410 of the 2017 session passed in the senate without two options being available. Commissioner Henderson reiterated that most states that are REAL ID compliant are offering two options.

Co-Chair Harris recognized Rick Taylor, Deputy Commissioner Vehicle Regulation, who plans to retire in October, for his many years of service to the cabinet and his work assisting the committee on several key pieces of legislation throughout his tenure.

Presentation from the District 8 Highway Office on projects in the region

Tamra Wilson, District 8's Chief District Engineer, provided project updates for the region. A vital active construction project that is underway is a six lane major widening of I-75 in Rockcastle County

from mile marker 65 through mile marker 69 at a cost of \$35 million. That project was started in January 2017 and was completed in August 2018. Lane widening will also occur on I-75 in Rockcastle County from mile marker 65 to mile marker 55 at a cost of \$81 million. That construction began in January of 2018 and is expected to conclude in October of 2020.

Also mentioned was a KY 61 and KY 90 Bridge rehab project in Cumberland County costing approximately \$10 million. The first bridge will undergo rehabilitation in February 2019 and is expected to be completed by August 2019. The second bridge is expected to begin rehabilitation in June 2019 and is expected to be completed by November 2019. Ms. Wilson stated during both of the rehabilitations of the bridges that neither bridge will be closed completely, only one lane will be closed at a time which is necessary because complete closing would result in a 90 mile detour. A complete list of active construction projects is available in the presentation packet that was provided. Ms. Wilson provided a list of enacted six year plan projects in Clinton, Russell, Lincoln, Pulaski, and Rockcastle Counties. She said the Rockcastle County project on KY 461 was vital.

Ms. Wilson discussed the Bridging Kentucky Program. The purpose of the program is to rehabilitate, repair, or replace more than 1,000 critical structures. The estimated cost is \$700 million over six years. The goal of the Program is to deliver all bridges for construction by 2024, improve safety and soundness of Kentucky bridges, and focus on protecting current structures. The Bridging Kentucky Program has \$340 million budgeted in the 2019-2020 biennium. A total of 350 bridges are funded in the biennium with 17 District 8 bridges being funded. The first of those bridges will be let in October 2018.

A list of pavement asset management projects in Adair, Casey, Pulaski, Rockcastle, Russell, and Wayne Counties were provided, along with the approximate cost of each project. Also provided was a list of KYTC SHIFT unfunded priority needs in Adair, Casey, Cumberland, Lincoln, Russell, and Wayne Counties.

Ms. Wilson briefly discussed projects in the Highway Safety Improvement Project (HSIP) including roadway departure corridors on KY 192 from mile marker 1 to mile marker 7 in Pulaski County at a cost of \$1.9 million, and KY 39 in Pulaski County from mile marker 3 to mile marker 13 at a cost of \$1.4 million. Also included in the HSIP is a shoulder initiative on KY 379 in Russell County from mile marker 11-20 at a cost of approximately \$586,000, and another shoulder initiative on KY 70 in Casey County from mile marker 18 to mile marker 21 at a cost of approximately \$686,000. Both of these shoulder initiatives were completed in 2017. She discussed three local risk mitigations projects on KY 76, the KY80/KY379 intersection, and the US 127/ KY90 intersection.

Ms. Wilson discussed major maintenance and budget categories. She gave a maintenance budget breakdown on drainage issues, bridge maintenance, signs, signals, and lighting, guardrail repair and installation, sweeping, carcass and litter removal, snow and ice removal, tree/bush trimming, weed control, mowing, pavement and pothole patching, rockfall and landslip, road striping and rest areas. A

chart was also provided that broke down snow and ice expenditures from 2007 to 2017.

Co-Chair Harris addressed the issue of scarce funding for projects. Ms. Wilson stated several of the projects are state-funded, but the cabinet is looking for federal funding.

Senator Robinson reiterated the importance of the completion of I-75 construction and asked for a projected date when I-75 construction could begin in the London. Ms. Wilson was unable to give a projected date.

Representative Fleming requested the total number of miles of road way District 8 oversees both in city and county and requested the numbers be compared with per mile maintenance versus other districts.

The being further business, Chairman Upchurch adjourned the meeting at 11:20 a.m.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 4th Meeting of the 2018 Interim

September 7, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Judiciary was held on Friday, September 7, 2018, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Joseph M. Fischer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Joseph M. Fischer, Co-Chair; Senators Danny Carroll, Perry B. Clark, Alice Forgy Kerr, Dan “Malano” Seum, and Robin L. Webb; Representatives McKenzie Cantrell, Jeffery Donohue, Daniel Elliott, Angie Hatton, Stan Lee, Chad McCoy, Reginald Meeks, C. Wesley Morgan, Kimberly Poore Moser, Jason Nemes, Jason Petrie, Brandon Reed, and Kevin Sinnette.

Guests: Laura Sudkamp, Brandon Standifer, B. Scott West, Matthew Henderson, Matthew Cole, David Atha, Jason Siwula, Kelly Stephens, Judge Jerry Crosby, Steve Gold, Jenny Oldham, Martin Hatfield, Lois Linhold, Representative Mark Hart, Representative Diane St. Onge, Cassie Everett, and Taylor Everett.

LRC Staff: Dale Hardy, Alice Lyon, Chandani Kemper, Matt Trebelhorn, Breanna Miller, and Yvonne Beghtol.

Chairman Fischer welcomed those in attendance, and requested a moment of silence on behalf of Corbin Harris, the son of Representative Chris Harris, who is currently in a coma. Having reached a quorum later in the meeting, Chairman Fischer asked for a motion to approve minutes from the July 6, and August 3, 2018 meetings. Representative Reed made a motion, seconded by Representative McCoy, and approved by voice vote.

Drugged Driving

Laura Sudkamp, Laboratory Manager of the Kentucky State Police Forensic Lab, noted that the Lab is the state’s only forensic laboratory, and it is more cost efficient than outsourcing. Fortunately, in 2017 and 2018 the Lab has processed more cases than received, which has lowered the case backlog. Of the cases received, those being tested for drugs jumped

from 30-40 percent to 72 percent, which was the cause for some of the backlog. There are 1,900 cases awaiting analysis, which is down from 4,800 cases in 2015. New drugs have been added, so the Lab is looking at a wider range of drugs. Kentucky has a class type drug law that lists the controlled drugs. As soon as users find a new drug that is not “classified,” they start using it. This keeps the Lab busy. The Lab uses a new line of processes called Pinpoint, which allows it to analyze samples more accurately and quickly.

Brandon Standifer, Toxicology Supervisor for the Kentucky State Police Forensic Lab, stated that seven testing procedures are required for drug confirmation testing and screening. New methods will cut the testing procedures to four. The new process will also cut the time needed to extract drugs from a blood sample in half, allowing more time for the required peer review process, as well as the time needed to analyze additional drugs added to the list. The first new screening process is anticipated to be online before the end of 2018.

Ms. Sudkamp said that the budget increase has helped retain employees. She hopes does not lose employees to Virginia, which is offering \$55,000 for chemists directly out of college and over \$70,000 if already trained. Starting over with new employees and training causes set-backs. In addition, instrument breakdown is the number one area that can cause backlog. Back-up equipment enables the Lab to keep working while the other machine is being repaired.

In outsourcing the testing of synthetics, 18 percent of the cases tested positive. Adding synthetics into the screening process adds to the time and cost of the screening. When considering whether to add a drug to the drug screening list, the cost and the percentage of those that will test positive should be considered. Ms. Sudkamp is working with the toxicology department to see if it has ideas as to how this can be done more efficiently. While outsourcing only costs \$113 per sample, the larger cost is incurred when technicians from outside laboratories are required to testify.

In response to Senator Webb, Ms. Sudkamp stated that the Lab will run a sample to see what drugs (or alcohol levels) appear, regardless of what the officer may think is there. Positive drug screenings that carry the highest charges may be the only ones reported. Now that the lab is catching up, it hopes to increase those tested and reported. Mr. Standifer reported that the percentage of cases that included marijuana is approximately 60 percent, the highest of all the drug findings. Chairman Fischer indicated that 60 percent of the \$3,000,000 cost of screening would be roughly \$2,000,000 for marijuana screenings.

In response to Representative Moser, Ms. Sudkamp verified the cost for outsourcing a blood sample is \$113.00 per sample. The cost can be as much as \$10,000 once the expert testimony costs are added to the testing costs.

In response to Representative Meeks, Ms. Sudkamp stated that when a piece of equipment such as the CMS/MS machine goes down, the Lab must diagnose the issue, get a cost quote, and start the process to finance the repair. This is why back-up equipment is so beneficial. The lab has done this with some of the bigger instruments, but need to also do

it for the smaller units. In regards to requests from outside of the state that may generate revenue, Ms. Sudkamp believes that Kentucky receives toxicology requests.

In response to Representative Lee, Ms. Sudkamp stated that, although the Lab has the same equipment, outsourcing is beneficial because companies may have more staff to dedicate to a more thorough research of the samples, which keeps her agency from becoming further behind in cases. About 116 cases were outsourced over the past two years, and 21 tested positive. The cost for an outside technician to testify includes 50 percent of the fee, plus travel expenses, which is paid through the courts. Five percent to six percent of the 116 would have required testimony. Sixty percent of the cases test positive for THC levels, but it may not be required to be reported. It is only reported when the level is high enough to be confident that it is THC. The screening for THC is part of a series of testing, and the lab goes forward from there with its findings.

Ignition Interlock Issues

Scott West, Deputy Public Advocate with the Department of Public Advocacy (DPA), spoke in favor of the Ignition Interlock system as a means for offenders to continue with a less disruptive way of life, while training them not to drive while drinking, not just when intoxicated. A low average for the cost of installation, calibration, maintenance, and repair would be \$300 to \$350. Mr. West does not believe it should be mandatory since many offenders do not own a vehicle, or, if they do, cannot afford the cost of the device. If made mandatory, it should be exempted for the truly indigent. “May” should be changed to “shall” in KRS 189A.420(7), in which courts are to use the sliding scale established by the Supreme Court of Kentucky for indigent defendants. Another request is to create a process by which a client is protected from unreasonable practices by interlock providers, such as charging for the resetting of a machine when the client states it read a false positive, which is possible. The old regulation had a 90 day recalibration period, whereas the new proposed regulation has a 60 day period. If the machine will work efficiently for 90 days, the client should not have to pay every two months, instead of every three months for the recalibration. The Flege case recently stated that Circuit Courts lack jurisdiction over the issuance of ignition inlock. Mr. West would like to have the statute changed from “The District Court shall have exclusive jurisdiction” to “The Sentencing Court shall have exclusive jurisdiction.”

Matthew Henderson, Commissioner of the Department of Vehicle Regulation, stated that the Ignition Interlock program went into effect in 2015. The process begins when a driver is cited for a DUI, or is driving while suspended on a DUI. The driver can ask for the Ignition Interlock Device (IID) or it can be ordered by a judge. The court will send the order to the Kentucky Transportation Cabinet (KYTC). The driver can then apply for an IID and if approved, will receive a Letter of Approval. The driver then takes the letter to a vendor, certified by the Office of Highway Safety, to have the IID installed. The driver will receive a Certificate of Installation, which he or she can present to the Circuit Clerk to receive a

restricted license. Fourteen days prior to the end of the suspended period, the KYTC will send a Letter of Removal to the driver, which he or she will take to the vendor to have the device removed. The vendor will provide the driver with a Certificate of Removal which the driver presents to the Circuit Clerk to update their driving record and to reinstate a non-restricted driver's license.

Commissioner Henderson stated that the program is not effective in its goal of increasing public safety on our highways. In 2016, there were 20,749 DUI convictions, with 1,403 IIDs ordered, and only 786 (3.8 percent of convicted cases) installed. In 2017, the usage rate increased slightly. There were 20,619 DUI convictions, with 1,585 IIDs ordered, and only 948 (4.6 percent of convicted cases) installed. The KYTC is in favor of any means of increasing the usage rate.

Monitoring of the devices is also a concern. In 2016, 10,396 violations were reported, resulting in 3 convictions. In 2017, 13,424 violations were reported, resulting in 9 convictions. The KYTC is in favor of a more robust monitoring system. One option is for the KYTC to oversee the monitoring. For that to happen, KYTC would require additional funding through fees or some other source. Another area of concern is the confusion in terms of the penalty length. The forms the courts use to report to the KYTC are often confusing. The KYTC would support making the statute simpler and more understandable.

In response to Senator Webb, Matthew Cole, Director of the Division of Driver Licensing, stated that the review process could be written in regulation to keep it from being subjective, because that leads to inequity.

In response to Representative Lee, Commissioner Henderson clarified that one of the reasons for court ordered IIDs not always being installed is that the offender has the option to "sit out" and not drive during that period. Director Cole informed the committee that the cost to install the IID averages from \$85 to \$130, plus a monthly fee (\$85 maximum) for monitoring. Commissioner Henderson explained that the reported violations account for each time the vehicle shut down due to the driver entering the vehicle with an alcohol content level above the allowed amount, as well as possible tampering with the system; however, the violations are not necessarily violations of the law. Convictions stemming from violations may vary on how they are reported, but are often reported by the County Attorney. Commissioner Henderson stated that one of the main goals of the IID is to keep intoxicated drivers off the road. Director Cole stated that an offender's number of offenses usually trends down as the time continues with the IID because he or she realizes that the equipment will not allow drinking and driving.

In response to Representative Petrie, Director Cole noted that the time period can be from 6 to 12 months. Commissioner Henderson stated that the monthly cost is paid directly to the vendor, and can usually be paid month-by-month. Director Cole said that a violation does not result in additional fees.

In response to Representative Reed, Commissioner Henderson stated that many court systems use a continuing alcohol monitoring device

bracelet but KYTC does not.

In response to Representative Nemes, Director Cole explained that the reason for the high number of breath tests required by the IID per month is because more than one test can be required in a single trip. The initial test allows the vehicle to start, and the continued testing allows it to keep running. If they are not driving, they are still required to submit 50 breath tests per 30 days. Documentation of an illness during the testing period may be required, which is something an administratively run program would oversee.

In response to Representative Meeks, Director Cole responded that he has not heard of the device discussed on NPR News that the state of Indiana now has to detect alcohol content in containers, but he will look into it. Commissioner Henderson stated that Kentucky does not currently meet the standards for federal grants, which could assist in paying for the monitoring program. One requirement is that IIDs be mandatory.

In response to Representative McCoy, Commissioner Henderson stated that the 10,396 violations indicate how many times the IID kept someone who was drinking from getting on the road. States with mandatory IIDs have seen a 16 percent decrease in road fatalities.

Kelly Stephens, Government Affairs Liaison with the Administrative Office of the Courts (AOC), stated she has completed a survey of circuit clerks and judges who take particular interest in these issues. The majority of feedback indicates that the process is too confusing and complicated. A statutory revision making it more of an administrative process would improve the usage. There are inconsistencies in interpretations by KYTC regarding the mandatory period. A clearer statutory period about revocations and suspensions, finite periods, and making it possible for judges to refer someone over to the KYTC for the IID would be preferable. AOC is also concerned with the financial challenges for those who cannot afford it, and in how the violations are reported. Ms. Stephens believes improvements through a stakeholder driven bill are possible, and AOC looks forward to working with legislators during the 2019 Session.

In response to Chairman Fischer, Judge Jerry Crosby, District Court Judge in Oldham, Henry, and Trimble Counties, responded that when having the option to not drive for 30 days versus the cost of having the IID installed for 60 days, most first time offenders will opt for the 30 days, resulting in not having the IID installed at all. The cost for the IID is a large part of why it is not being used. Judge Crosby grants the IID when requested. The violation report shows how often it has kept the vehicle from being on the road due to a positive (.02) test, which has led Judge Crosby to favor granting the devices.

Steve Gold, President of the Kentucky County Attorney's Association and Henderson County Attorney, referred to the current IID law, and stated that an alcohol-related DUI, if not a first offense with an aggravating circumstance, does not require the IID to be mandated. Therefore, the number of offenses subjected to the IID is a small percentage. There is a concern as to whether or not the finding of alcohol is accurate, resulting in not having the IID as an option.

Jenny Oldham, Hardin County Attorney, stated that a first offense runs approximately \$630.00 minimum, which includes installation, maintenance, and the \$200.00 fee for the KYTC ignition license. For a second offense, the minimum is \$990.00. A third offense is \$710.00. While Ms. Oldham does not have an issue with making DUIs costly, the reality is that there is no one to pay those fees. Vendors are private companies that will not make the IIDs available without a profit. Staffing issues are also a concern, if each county is required to monitor the system. Ms. Oldham believes administrative monitoring makes the most sense in regulating the program.

Martin Hatfield, Pulaski County Attorney, clarified that the term "violation" is not a violation of the law, but of the IID terms of use. Knowing what to do when a violation is reported is another concern. Pulaski County does not have an IID installer, so he is not sure who to send the offender to when granted the IID device. One offender reported that a vendor offered to install a bypass breathalyzer for an additional charge, which in turn would be reported to law enforcement. Mr. Gold reiterated the concern of access when a county does not have an installer and the offender, who is not supposed to be driving, has to go to another county to get the device installed.

In response to Representative Petrie, Mr. Gold stated that every life saved by not having an intoxicated driver on the road is of great value. Ms. Oldham agrees that the funding and cost for the system requires us to be resourceful in where we place the money for this program to have the most impact.

Lois Linhold, Founder of MADD Kentucky, believes the IID is the only tool we have that will save lives. If one person's life is saved as a result of the IID, it was worth the cost. Ms. Linhold told the story of Detective Schweitzer, who was on the sidewalk talking to an individual, and was struck by a vehicle driven by an impaired repeat offender, killing both pedestrians in 2016. The MADD Kentucky members are in support of the IID program and ask that it be mandated for all offenders. In 2017, West Virginia mandated the program for all offenders. That year West Virginia reported 69 lives lost, whereas Kentucky had 175. Ms. Linhold stated that Jefferson County uses the real-time SCRAM monitoring system, but it does not prevent that person from getting in a vehicle and driving. MADD Kentucky would like to see the KYTC handle the administrative license revocation.

Representative Reed was reminded of when he was 7 years old, and experienced the horrific bus crash with a drunk driver in 1988 that took the lives of 27 people. In response to Representative Reed, Ms. Linhold believes that using both the IID and Alcohol Monitoring Bracelet would be very valuable, so that an intoxicated offender who chooses to drive another vehicle without the IID would still be reported, in real time, as intoxicated. It would then be left to the authorities as to how they would handle the situation.

In response to Representative Petrie, Ms. Linhold agrees that the resources and tools need to be used for the maximum effect.

In response to Representative Donahue, Ms. Linhold stated that there is a protocol for a vehicle that reads your breath before it will start.

Medical Marijuana

Representative Hart began with saying medical marijuana can have positive effects on disorders such as epilepsy and other seizure disorders. He reiterated that marijuana allowed under this bill would not be for recreational purposes, but solely for medical use. The goal is to set the guidelines for the medical community to be able to recommend it for treatment. This is an effort to bring a resource to Kentucky that Kentuckians are currently going out of state to purchase. As a paramedic for 30 years, Representative Hart states he has never taken someone to the hospital for overdosing on marijuana.

Representative St. Onge stated that this bill is not the same as what was presented last year. This is not for recreational purposes nor is it meant to be a revenue generator for the state. It addresses the concerns of Kentuckians who have been seen by a doctor, for whom traditional therapy has not been effective, and whose quality of life has been reduced by medications. Authorities would be aware of who is allowed to have home-grown marijuana. Representatives St. Onge and Nemes feel the best place to house these regulations is the Justice Cabinet. The number of allowed home-grown plants has been reduced from 12 to 6. The reason to allow home-grown plants is cost, distance, and quality. Those in rural areas may not have the means to travel into cities for purchasing, and the quality of what they would buy off the streets would not be monitored.

This bill does not contain a list of qualifying medical conditions. That is to be left up to the discretion of the doctors. Not having a list will also keep conditions not listed from having approval sought each year. Cities and counties will have the opportunity to opt out of the provision, allowing them to remove themselves from the businesses associated with medical marijuana, but does not remove the ability of a resident to use medical marijuana.

Representative Nemes stated that this bill builds off of HB 166. Changes were made to hold the line between recreational and medicinal marijuana, such as reducing the number of plants allowed, allowing the doctor to determine the qualifying conditions, allowing the landlord to prohibit growth on the property, and misuse through sharing or selling resulting in potential prosecution and the loss of your card forever. The prohibition in HB 166 against cooperation between state and federal law enforcement has been removed. The “no smoking” provisions were strengthened to include no smoking in public places. When a doctor certifies that the patient may benefit from the product, he or she will tell the Kentucky Board of Medical Licensure, and put it into a system to be monitored immediately. If a doctor thinks he or she may begin to certify patients, the doctor has to inform the Kentucky Board of Medical Licensure so that the doctor can be monitored. If a patient is able to home-grow, the Kentucky State Police, the Sheriff, and local law enforcement will be informed. These changes are being made in an effort to keep it from becoming recreational.

Mrs. Cassie Everett shared her testimony. She was diagnosed with juvenile epilepsy at the age of eleven, with a 70 percent chance of outgrowing it and 30 percent chance of it becoming worse. At the age of 17, she experienced her first grand mal seizure.

When she became pregnant her medicine dosage was increased, causing her to not be able to drive, trouble sleeping, and difficulty with walking and balance. She showed the amount of her daily medications. Mrs. Everett said she would like the option to be taken off of some of the medications that medical marijuana could replace.

Mr. Taylor Everett, Cassie’s husband, explained the frustrations of not having the option to use medical marijuana to replace the medications that cause his wife to be in pain or to not be able to function properly. Mr. Everett pointed out that their daughter, Lexi, was born with one femur shorter than the other. Testing showed that the medication Mrs. Everett had to take while pregnant was the main possible cause. Mrs. Everett has epilepsy throughout her brain, so surgery is not an option. They have tried Vagus Nerve Stimulation (VNS) but it did not help. The only current option is to continue to increase her medication as it progresses.

Representative Nemes said he was contacted by the Everetts. Mrs. Everett was a third grade teacher and is now a kindergarten classroom assistant. Her neurologist told her medical marijuana is an option he would like her to have. The Everetts have spoken with people from around the country who are getting the relief that they would like for her to have. Representative Nemes stated that there is no panacea, but everyone needs to know that medical marijuana helps people.

In response to Senator Webb, Mr. Everett stated the current monthly medication cost, after insurance, is \$500.

Senator Seum testified that his granddaughter has epilepsy. She is 22 years of age now and is an illegal user of medical cannabis. Because of the help it has given her, she now has a man in her life, a job, and a life.

Representative Donahue testified that he lost a sister to cancer who was assisted by the use of medical marijuana to improve her quality of life towards the end.

Representative Sinnette testified that his mother is 90 years old and a retired oncology nurse, and has been an advocate of medical marijuana since the 1970s, after seeing so many patients die, not from the cancer, but from lack of nutrition. He stated that his sister died from lack of nutrition while having liver cancer. Representative Sinnette believes some of the reasons for not legalizing medical marijuana may be due to farmers not being geared for it and wanting to stick with what they know, as well as law enforcement and social workers being concerned that legalizing marijuana could result in a loss of jobs for their profession. There will always be illegal drugs, so he does not believe this will be an issue. People want to use natural products to treat symptoms and pain rather than chemicals.

Representative St. Onge confirmed Friday, September 14th, as the date this issue will be taken up at the Licensing, Occupations, and Administrative Regulations Committee meeting.

In response to Representative Moser, Representative Nemes stated the FDA cannot approve marijuana because it is a Schedule I drug. Representative Nemes reminded the committee

that he and Representative Moser both voted for the Right to Try legislation, allowing the state to go around the FDA. Hemp is currently being used and it violates federal law. Marijuana should not be held under a different standard. A recent study from the University of Kentucky shows a 6 percent decrease in the prescription of opioids in states where medical marijuana is approved. Representative Moser stated she has a report showing states that have approved medical marijuana have an upward trend on opioid overdoses. Representative St. Onge said she has studies showing the opposite and will be happy to supply those to Representative Moser. Representative St. Onge agrees that the FDA is not the “end all, be all.”

Mr. Everett commented that Epidiolex is a drug approved by the FDA that comes from a fractured marijuana plant, but the neurologist cannot prescribe it because it stems from a Schedule I plant. Representative Moser mentioned a six month expedited FDA fast track system available. She also stated she will look into the Schedule I rating for Epidiolex.

In response to Representative Moser, Representative Nemes does not know the cost to regulate, enforce the new laws, and establish a cannabis commission. They will receive the fiscal note when the bill is finished. Their understanding is that it will not be a big money maker for Kentucky but will pay for itself and have a little extra to put into the General Fund. Representative Moser stated that for every \$1 raised in taxing alcohol and tobacco, Kentucky spends about \$10 enforcing those laws and regulations. Kentucky does not tax pharmaceuticals, so she believes this will end up costing more than it generates. Representative Nemes stated that medical marijuana will be taxed at the wholesale level, but not on the retail side.

In response to Representative Cantrell, Representative St. Onge said the wholesale taxes collected will be outlined in the bill. What is leftover will go to law enforcement to help support their needs regarding this issue. The main thing to remember is that legalizing medicinal marijuana is not expected or intended to be a major money maker for Kentucky.

Representative Nemes commented that one intention is to keep it affordable and accessible to those who need it, without adding taxes.

In response to Senator Webb, Representative Nemes does not know what the average monthly cost for this prescription would be. The University of Kentucky study indicates a 6 percent decrease for opioid prescriptions, giving a significant savings. Reducing opioid overdoses saves on hospital costs, and transportation.

Representative St. Onge mentioned how helpful this can be in reducing anxiety in veterans, allowing them to function.

Mr. Everett commented that in the amount of savings for them, one bottle of the oil would cost them \$300.00 and would last approximately three months.

In response to Representative Petrie, Representative Nemes agrees that the bill needs to be presented in a timely manner, allowing time to review each issue. They want to make sure it is the right bill when presented.

There being no further business, the meeting

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS

Minutes of the 3rd Meeting of the 2018 Interim

September 14, 2018

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Friday, September 14, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Joe Bowen, Tom Buford, Julian M. Carroll, Denise Harper Angel, Jimmy Higdon, Christian McDaniel, Dan “Malano” Seum, and Damon Thayer; Representatives Tom Burch, Jerry T. Miller, C. Wesley Morgan, Kimberly Poore Moser, David Osborne, Ruth Ann Palumbo, Phillip Pratt, Arnold Simpson, Walker Thomas, and Susan Westrom.

Guests: Senator Stephen Meredith; Charlie Corbett, Vice President, Bob Weiss, Executive Director, Home Builders Association of Kentucky; Senator Alice Forgy Kerr; Ainslie Walton, cosmetologist; Julie Campbell, Administrator, Kentucky Board of Hairdressers and Cosmetologists; Representative Joe Fischer; Father Stef Bankemper; Sidney Fogle, Funeral Directors Association of Kentucky; Kevin Sabet, PhD, Director, Drug Policy Institute, Assistant Director, University of Florida College of Medicine, Division of Addiction Medicine; Michael Fletcher, MD, President, Kentucky Society of Addiction Medicine.

LRC Staff: Tom Hewlett, Bryce Amburgey, Jasmine Williams, Melissa McQueen, and Susan Cunningham.

Minutes

The minutes of the August 24, 2018, meeting were approved without objection.

SB 207 – AN ACT relating to causes of actions for building code violations, sponsored by Senator Stephen Meredith.

Senator Meredith said this bill was an effort to help the building industry recover from the previous recession and remove obstacles for affordable housing for Kentuckians.

Charlie Corbett, Vice President of the Home Builders Association of Kentucky, said that expecting a perfect outcome in building a home was an unreasonable expectation due to many factors that include terrain, materials, weather, and other issues. He stated that KRS 198B.130 requires perfection because it allows for recovery of attorney fees in lawsuits for violation of the Uniform Building Code by not allowing for normal defects or benign non-conformance, and provides incentive for litigation rather than reconciliation or remediation because it allows attorney fees to be added to the monetary award.

Mr. Corbett said that the building code has

grown significantly during the last 20 years. The new building code manual includes international codes. Eliminating the recovery of attorney fees in suits when a certificate of occupancy is issued by a licensed inspector will incentivize builders in rural areas of the state to have inspections performed during the construction process. This will give a reasonable assurance that the home meets or exceeds consensus based standards.

Bob Weiss, Executive Vice President of the Home Builders Association of Kentucky, said the attorney fees would only be eliminated in areas that enforce the building code and issue a certificate of occupancy.

In response to a question from Representative Koenig, Mr. Corbett said rural areas that do not adopt the building code and do not issue a certificate of occupancy would not be required to pay attorney fees that people in urban areas, who have inspections and a certificate of occupancy, would be required to pay. Mr. Weiss said that a structural inspection is necessary to for a certificate of occupancy.

In response to a question from Senator Buford, Mr. Weiss said that about one-third of the counties in Kentucky do not have code enforcement inspectors to issue final occupancy certificates. Senator Buford said he felt language in the bill might be found unconstitutional.

SB 183 – AN ACT relating to cosmetic services, sponsored by Senator Alice Forgy Kerr.

Ainslie Walton, cosmetologist, said that she has been a small business owner for five years. Thirty-two percent of the licensees in the cosmetology industry are self-employed small business owners. Legislation limits cosmetologists from expanding the industry. Current law requires cosmetologists, nail technician, or esthetician to practice in a licensed salon. If they have a client who has become home-bound, they are not permitted to go to that person to render a service. Mobile salon units are not permitted.

Mobile units would make it possible to service the home-bound community. Recent studies show that the nation's home-bound population is 5.6 percent. There is a need for more mobility for the individual cosmetologists as well as mobile units. A mobile unit would not be different than a mobile dental clinic, or mobile massage unit, which are already authorized. All have equal or higher sanitation standards and inspections, and all are legal in the state of Kentucky.

The younger generation requires changes in the way businesses provide services. Uber, Amazon, and food trucks require small businesses to adapt in the way services are delivered. There are 30 other states, including the contiguous states, that allow mobility of individual cosmetologists and mobile salons.

Julie Campbell, Administrator, Kentucky Board of Hairdressers and Cosmetologists, said the board is fundamentally and completely against this legislation. She understands the need to serve infirm individuals' needs, however there is a high risk to those individuals because of their medical conditions. A mobile salon is very dangerous. There are no resources for oversight and human trafficking in this industry makes it highly dangerous. This will put the public at risk regarding safety and infection control. The proposed inspection schedule defeats the purpose of surprise inspections.

HB 601 – AN ACT relating to the disposition of human remains, sponsored by Representative Joe Fischer.

Representative Fischer said that, under his bill, funeral directors would have the option to inter ashes if cremated human remains are unclaimed for two years. If they choose to do inter, they could deliver the remains to a bona fide religious society, veterans organization, or civic group for the sole purpose of interment, burial, entombment, or placement in a columbarium to allow a proper burial. Funeral directors would be required to keep records of the disposition or transfer for 10 years.

Father Stef Bankemper, a priest in the Covington Diocese, said he had recently become aware that there were unclaimed remains in funeral homes. He said that the Catholic Church is responsible, through the corporate works of mercy, to see that all remains are buried with dignity.

In response to a question from Senator Schickel, Father Bankemper said this bill regards only cremated remains and not bodies. Sidney Fogle, Executive Director for the Kentucky Funeral Directors Association, said that the Funeral Directors Association had no problems with the legislation.

In response to a question from Representative Simpson, Sidney Fogle said certain counties have funds to bury the indigent. Funeral directors contact family, but they sometimes are reluctant to come forward due to lack of funds or other reasons.

Representative Simpson said that there should be language to require the funeral director to notice a family if there is an actual address so that remains are available to be picked up.

Opposition to Medical Marijuana

Kevin Sabet, Ph.D, President of Smart Approaches to Marijuana (SAM), Director, Drug Policy Institute, Assistant Professor, University of Florida College of Medicine, Division of Addiction Medicine, said that after the legalization of marijuana in Colorado in 2013 it became clear that the medical marijuana industry was growing toward commercializing the heavy use of marijuana. Top academic experts from around the country, as well as Operation Unite in Kentucky, have discussed the issue and agree that marijuana legalization should be evidence based and not based on emotions. SAM is not about criminalizing users or denying medicine that could be helpful for people who have terminal illnesses, and people with a severe disability or illness that may gain some comfort from the components of marijuana. However, science, not politics, should determine medicine. Voting on medicine is a strange precedent, only seen once before with Laetrile.

There are separate issues, often conflated, in the legalization of marijuana. The plant is highly complex, with hundreds of components in it. Science has revealed a few uses of these components, however there is little known about most of the components of the plant, such as effects produced when they are together or when isolated. Experience with marijuana is very different than the experience with opium and the poppy plant in that the poppy is a far less complex plant.

All the questions about medical marijuana are difficult to answer. Opium is not smoked to get the

effects of morphine. Willow bark is not chewed to get the effects of aspirin. He questioned why there is a need for whole plant-based applications for marijuana. There are marijuana based medications that have passed FDA muster. There are many groups researching the benefits of marijuana for medical use. There could and should be exceptions made for people who have terminal illnesses. This is a very limited subset. Marijuana is a schedule one drug. The FDA recently performed an exhaustive eight factor analysis of the scheduling of marijuana, with zero input from the Department of Justice. This review found no basis to reschedule the entire marijuana plant. It is grown in different ways, and there are unknown components. Mr. Sabet said he is a proponent of expanding research to make it easier for researchers to study the plant.

Examples of marijuana-based drugs include Cannabidiol. It has been approved, and it is an active component in marijuana. Another product, Marinol which is THC, the psycho-active component in marijuana, has been available for 30 years. This product has been effective for nausea related to cancer chemotherapy. This is one of the strongest areas where THC has been found to be effective. Another synthetic of THC is Cesamet (nabilone) and a third Epidiolex Cannabidiol (CBD) used to treat a few very rare disorders. The Department of Justice has not yet scheduled Epidiolex. Sativex, an extract of marijuana, has been approved in 28 countries but not in the United States for lack of patients who will enter clinical trials. Epidiolex has been approved for use with children who have Lennox-Gastaut Syndrome and Dravet Syndrome.

It is a mistake to think marijuana approved for medicinal use will be easily regulated. It is difficult at the state level to provide enough resources to regulate and ensure there are no contaminants. There is a mistaken idea that there is a difference between medical and recreational marijuana. In Colorado, after marijuana was legalized, stores put a curtain in the middle of the recreational store to separate identical inventories. People who want to purchase medical marijuana should go to their pharmacists or physician. Psychologically, in the short term, it is possible that THC could help people feel better from some diagnosis. Long term studies show that heavy use for depression and anxiety are associated with schizophrenia.

There have been infomercials that promote marijuana as a cure-all for multiple ailments. There is some promise with the medical potential of the components of marijuana, but claims being made outside the bounds of science. Many groups are trying to sell CBD drugs without going through the FDA process. Those drugs have no safety assurances. Random testing of approximately two dozen CBD products sold on Amazon and other online venues show that the products do not contain the CBD that the label claimed. Rather, these products contained THC, heavy metal, mold, pesticides, and bacteria.

Surveys reveal that the average user of medical marijuana is an otherwise healthy, usually young male, with no history of life threatening disease. When a state legalizes marijuana there is a cycle beginning with medical marijuana. Home growing gives cover for the black market. Legalization increases supply

and lowers the price and the black market undercuts the legal price and therefore thrives. There are adulterated products in the black market often laced with Fentanyl. There are more locations as a result of legalization of medical marijuana. This leads to acceptance of marijuana, and then recreational marijuana is made legal.

Legalization leads to issues such as crime and youth use. The alcohol business is now getting into the pot business because the products are used together. If an employee tests positive for marijuana he can say to the employer they cannot prove they were high when they were on the job because THC marijuana is fat soluble and stays in your system longer than alcohol.

There are also many regulatory failures due to cartels using a license to cover for other operations. There is a misconception that if something is legal it is regulated. However, the industry puts profits before health. Foreign cartels are taking full advantage.

There are companies that promise seed to sale tracking of plants, but there are worrisome loopholes in this business. Law enforcement is constantly devoting resources to prevent sales to minors. Edibles are increasing due to the decline of smoking. Top researchers have debunked the theory that if marijuana is legalized the opioid use will decrease.

Michael Fletcher, M.D., President of the Kentucky Society of Addiction Medicine, said that, as an addiction medicine physician, there need to be safe guards in all jurisdictions where marijuana has been or may be legalized. The American Society of Addiction Medicine (ASAM) does not support the legalization of marijuana and recommends that jurisdictions that have not yet legalized this take caution and not adopt a policy until more can be learned from the natural experiments now underway in places where marijuana is legal. ASAM does support research monitored by safety regulations through FDA research and post-marketing processes. ASAM's position on cannabis-based products and other drug delivery modalities is that they are outside the normal practice of modern medicine and should be subject to the same efficacy and safety standards applicable to all other prescription medications. ASAM rejects smoking as a way of drug delivery. To clarify recent statements that Senator McConnell is seeking to have marijuana changed from C1 to a C2 medication, this is misleading and inaccurate. The policy regarding the legalization of hemp as an agricultural product should not be confused with the legalization of marijuana.

In response to a question from Senator Schickel, Mr. Sabet said there is no data on the number of claims for disability being filed by young males. Drugs are all used together creating an addiction epidemic. It is his position that marijuana should not be legalized. If legalized, Louisiana and perhaps New York and New Jersey have more successful models regarding legalization of marijuana.

Senator Seum opined that if marijuana were legalized for medical use it would be safer to go to a store than a patient purchasing "off the street." Mr. Sabet responded that he is sympathetic to his situation as he also has family members with conditions who may benefit from medical cannabis.

In response to a question from Representative

Moser about testing individuals for their level of marijuana intoxication, Mr. Sabet said there are tests in development. THC metabolizes differently in the body than alcohol, and different people react in different ways, making it difficult to prove impairment.

In response to a question from Senator Carroll, Mr. Sabet said law enforcement is able to tell the difference between a hemp plant versus the THC plants and how to regulate growing laws.

In response to a question from Senator McDaniel, Mr. Sabet said there are regular lawsuits, either by employees who feel they have been discriminated against or employers who claim there is damage to their business, as a result of drug use, often with marijuana. In the current environment, someone has something they think is legally prescribed, which it is not until the Controlled Substances Act is amended.

Representative Westrom commented that this topic has been around for 30 years and is continually avoided by the federal government and the FDA. The federal government does not want to rock the boat in the vast pharmaceutical industry that is a multi-million dollar industry and the general public is not getting a fair shake.

In response to a question from Representative Miller, Dr. Fletcher said less regulation is better but there are always unintended consequences with legislation. It is a tough call and the doctor/patient relationship is key. A majority of patients who shoot heroin at some point previously smoked dope. Access to care and getting reimbursement from people who are uninsured is a component.

In response to a question from Representative Osborne, Mr. Sabet said Alaska legalized a grow-your-own medical marijuana bill but repealed it in 1990 and recriminalized marijuana. Daily use is on the rise because there is an industry pushing the medical use idea.

In closing Dr. Fletcher commented that cannabinoid receptors one and two were discovered less than 20 years ago. Research and development of drugs takes a long time. Good research has only been possible recently.

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

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

Minutes of the 2nd Meeting of the 2018 Interim

September 13, 2018

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 13, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Albert Robinson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Tim Moore, Co-Chair; Senators Julian M. Carroll, Denise Harper Angel, Jimmy Higdon, Dennis Parrett, Wil Schroder, Mike Wilson, and Max Wise; Representatives Linda Belcher, John Blanton,

Tom Burch, Jeffery Donohue, Myron Dossett, Jim DuPlessis, Chris Fugate, Jeff Greer, Mark Hart, Regina Huff, DJ Johnson, Ruth Ann Palumbo, Rob Rothenburger, and Walker Thomas.

Guests: Susan Ryan-Bisig, Distinguished Veteran; Dean Stoops, Chief of Staff, Kentucky Department of Veterans Affairs; Colonel Blaine Hedges, Executive Director, Kentucky Commission on Military Affairs; Stewart Ditto II, Executive Director, Kentucky Aerospace Industry Consortium; Corey Ann Howard Jackson, Policy and Constituent Services Liaison, Office of the Secretary of State; Lindsay Hughes Thurston, Senior Advisor, Office of the Secretary of State; Joe Slaughter, Co-Founder of KNS Community Development; Isaac VanHoose, Commissioner of Department of Professional Licensing and Public Protection Cabinet; Tony Cado, Executive Advisor, Office of Legal Services for Public Protection Cabinet.

LRC Staff: Erica Warren, Jessica Zeh, Jonathan Philpot, and Elizabeth Hardy.

Representative Donohue moved to adopt the August 13, 2018 minutes. The motion was seconded by Senator Parrett. The minutes were adopted.

Pledge of Allegiance

Co-Chair Moore introduced the distinguished veteran, Susan Ryan-Bisig, before she led the committee in the pledge.

Distinguished Veteran

Susan Ryan-Bisig was rewarded the Distinguished Veteran coin for her 9.5 years in the military. She had a degree in hospital administration before being stationed on Edwards Air Force base in the early 1980s. She went to graduate from pilot training in 1987. Her primary role in the military was as a KC135 air refueling pilot. She encouraged others to pursue a career in the military.

Other Business

Co-Chair Moore went introduced Dean Stoops, the new chief of staff for the Kentucky Department of Veterans Affairs. Co-Chair Moore reminded members that next month's meeting will be in Hopkinsville and there will be a tour of Fort Campbell, a dinner reception the night before, and a luncheon on the day of the meeting.

Senator Higdon recognized Brigadier General Benjamin Adams III, upon his retirement from the military. General Adams is the Commissioner of the Kentucky Department of Veterans Affairs. A citation was read and presented to General Adams, thanking him for his years of service.

Kentucky Aerospace and Defense Industry

Colonel Blaine Hedges, Executive Director, Kentucky Commission on Military Affairs gave members an overview of the Aerospace Industry Study that took place from 2015 until 2017. The study started with the Office of Economic Adjustment grant in which Kentucky received \$1.2 million for phase one. Phase two received \$1.7 million in grant money. The industry is implementing the recommendations that came from phase one. Colonel Hedges introduced his colleague, Stewart Ditto II, Executive Director of Kentucky Aerospace Industry Consortium (KAIC).

Kentucky makes 11.7 billion dollars in aerospace exports. Stewart Ditto said there are over 600 companies, of which about 100 are manufacturers,

with over 17,000 employees in the industry. The goal is to unify the Kentucky Aerospace and Defense Industry under one voice and hope to build more relationships.

Promoting the industry not only within the state but outside state borders is important to the consortium. They want to inform Kentucky citizens about KAIC and the potential opportunities it has to offer. Lieutenant Ditto has attended events throughout the country and Canada to promote and showcase the growth of the industry in Kentucky.

Lieutenant Ditto stated it is important that the Kentucky Aerospace companies have the same opportunities as other companies which is being achieved in part by creating a workshop to educate and calculate the cost of the AS9100 Quality Management Certification that is needed for companies in the industry. Stewart Ditto explained that Kentucky companies also need to be educated on cyber security standards and the International Traffic in Arms Regulations (ITAR).

Much of the aerospace industry has migrated to the south and midwest. Some states include Alabama, North Carolina, South Carolina, and Georgia. Reasons why companies are attracted to these areas are tax incentives, low energy costs, low rates of unionization, and having a military presence. KAIC sees this as a window of opportunity and wants to make Kentucky the main focus of the Aerospace growth in the midwest and south.

Education in Kentucky is very important to KAIC. The University of Kentucky developed Next-Generation Entry Thermal Protection. Morehead State is a leader in CubeSat and small satellite technologies and they are also part of the NASA Deep Space Network (DSN). The University of Louisville has done research in micro and nanotechnologies and has a large rocketry program. Murray State has developed an Aerospace Engineering track to support an aerospace career.

KAIC has been putting together a new initiative called Elevate Kentucky, an initiative which focuses on taking Kentucky to the next level in the aerospace industry. The goal is to bring autonomous technologies to Kentucky. However, because of cultural issues, restrictive regulatory systems, and need for new infrastructure, autonomous technology has not gained popularity. Kentucky is taking steps to becoming the leader in developing this technology, and Lexington and Louisville are trying to find ways to bring autonomous technologies to their cities.

In response to Senator Carroll's question, Lieutenant Ditto explained that the Aerospace Industry is number one in Kentucky's exports.

Responding to Representative Donohue's question, Stewart Ditto stated that because of strict federal laws and restrictive regulations, many companies wanting to work with drones and other vehicles will look to other countries, such as Canada for their businesses.

Representative Rothenburger questioned if the study broke down those tax incentives mentioned in the presentation. Lieutenant Ditto explained that the study was just in the state of Kentucky and did not look into other states.

Representative DuPlessis wanted to know

what regulations the state of Kentucky can do about autonomous vehicles. Lieutenant Ditto explained that regarding the autonomous technologies, no new restrictive regulations or legislation should be put in place. There are already laws about invading privacy. Companies that see states with more regulations and laws in place will be more likely to take their business elsewhere.

Boots to Business Initiative

Corey Ann Howard Jackson, Policy and Constituent Services Liaison, Lindsay Hughes Thurston, Senior Advisor, and Joe Slaughter, Co-Founder of KNS Community Development gave a presentation and update on the Boots to Business initiative.

HB 319 passed, and Boots to Business is now Kentucky law. They explained the initiative helps veterans transition from their time in the military to building a business. Veterans who create new business are exempt from paying initial filing fees to the Secretary of State's office, as well as waived annual report filing fees for the next four years if businesses qualify. This initiative is for veterans of the U.S. Armed Forces and Reserves, as well as National Guard service members.

Boots to Business is used to notice and distinguish veteran-owned businesses as a way to say thank you to the veterans who have sacrificed for our country. Since the program started a month and a half ago, over 100 veterans are now participants, according to the Secretary of State's office. Joe Slaughter testified that Boots to Business helped economic efficiency of his company overall.

Corey Ann Howard Jackson informed members that four state veterans' centers will be used as polling locations in upcoming elections. The Secretary of State's office partnered with the Kentucky Department of Veterans Affairs, and the Hopkins, Hardin, Jessamine and Perry county clerks to bring these locations to the state.

Corey Ann Howard Jackson also talked about the Military Heroes Voting Initiative which allows military and overseas citizens to register to vote, update voting registration online, as well as request absentee ballots. The Secretary of State's office has received 1,033 military or overseas voting ballots.

Representative Greer wanted to know what is being done to get the word out on the Boots to Business Initiative. Lindsay Hughes Thurston said her office speaks with interest groups across the Commonwealth and goes to events to educate others. Social media is another great way of informing the public. The Secretary of State's office offered to promote this in committee members' communities.

Consideration of Referred Administrative Regulations

The committee considered the referred administrative regulation 830 KAR 001:010 relating to application, certification of registration, and fees. Isaac VanHoose and Tony Cado from the Public Protection Cabinet talked briefly about the regulation. This is updating a regulation for secondary metal recyclers in Kentucky and lowering the registration fee from \$100 to \$75. The committee took no action on the referred regulation.

There being no further business, the meeting

was adjourned at 2:10 PM.

CHILD WELFARE OVERSIGHT AND ADVISORY COMMITTEE Minutes

September 17, 2018

Call to Order and Roll Call

The Child Welfare Oversight and Advisory Committee meeting was held on Monday, September 17, 2018, at 2:00 p.m., in Louisville, Kentucky at the Crowne Plaza Louisville Airport, 830 Phillips Lane, Pendleton Room, Crowne A Ballroom. Senator Julie Raque Adams, Co-Chair, called the meeting to order at 2:00 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative David Meade, Co-Chair; Senators Denise Harper Angel, Reginald Thomas, and Whitney Westerfield; Representatives Lynn Bechler, Angie Hatton, Joni L. Jenkins, and Suzanne Miles.

Guests: Jill Seyfred, MSW, Executive Director, Prevent Child Abuse Kentucky; Jaime Pittenger, MD, FAAP, Board President, Prevent Child Abuse Kentucky, Program Director, Pediatrics, Associate Clinical Professor, UK HealthCare, Department of Pediatrics; Kevin Payton, Immediate Past President, Prevent Child Abuse Kentucky, Top Shelf Lobby; Eric T. Clark, Commissioner, Elizabeth Caywood, Deputy Commissioner, and Lesa Dennis, Chief of Staff, Department for Community Based Services, Cabinet for Health and Family Services; Michelle M. Sanborn, MSW, President, Children's Alliance; Elizabeth Croney, Executive Vice President of Clinical Advancement, KVC Health Systems; and Anya Weber, Cabinet for Health and Family Services.

Guest Legislator: Representative Addia Wuchner.

LRC Staff: Ben Payne and Gina Rigsby.

Approval of the Minutes

A motion to approve the minutes of the August 20, 2018 meeting was made by Representative Bechler, seconded by Senator Harper Angel, and approved by voice vote.

Welcome to the 22nd Annual Kids Are Worth It® Conference

Jill Seyfred, MSW, Executive Director, Prevent Child Abuse Kentucky, welcomed the members to the 22nd Annual Kids Are Worth It!® Conference. Approximately 650 people registered for the conference from across the Commonwealth. The conference is the state's only multidisciplinary child abuse prevention conference.

Jaime Pittenger, MD, FAAP, Pediatric Hospitalist, Board President, Prevent Child Abuse Kentucky, Program Director, Pediatrics, Associate Clinical Professor, UK HealthCare, Department of Pediatrics, and Kevin Payton, Immediate Past President, Prevent Child Abuse Kentucky, Top Shelf Lobby, were there for questions.

Executive Branch Contracting: Foster and Adoption Services

Elizabeth Caywood, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services, stated that a child-caring facility is defined in KRS 199.011(5) as any institution or group home, including institutions and

group homes that are publicly operated, providing residential care on a 24-hour basis to children, not related by blood, adoption, or marriage to the person maintaining the facility. KRS 199.011(6) defines a child-placing agency as any agency licensed by the cabinet, which supervises the placement of children in foster family homes or child-caring facilities, or which places children for adoption. 922 KAR 1:300 sets the standards for child-caring facilities and 922 KAR 1:310 sets the licensure of child-placing agencies or licensed foster care and adoption providers. An agency or facility has to be licensed to conduct business in Kentucky. The DCBS promulgates the administrative regulations for child-caring facilities and child-placing facilities and are enforced by cabinet's Office of Inspector General. Some agencies are licensed by do not provide services to the state such as private adoption agencies. To take a child in the cabinet's custody, a provider has to make application with the state that is reviewed by a multi-faceted team, and pass an onsite inspection. Once the application is and the onsite inspection are approved, the agreement is executed. Currently, the cabinet has agreements with 47 providers, 25 facilities and 22 child-placement agencies. A facility or agency is paid on a per child per diem basis established by KRS 199.641 and 922 KAR 1:360. The per diem paid is a bundled rate that is inclusive of room and board, watchful oversight, facility or agency operations, and behavioral health care. On August 1, the per diem for Level IV and V facilities and emergency shelters was increased. The department has a contract with the Children's Review Program to help with referrals and matching the child's needs with the appropriate provider and level's the child that establishes the child's per diem. The providers can contract hold other licenses and contract with other state agencies for services such as the Department for Juvenile Justice.

As of June 2018, only 43 percent of all children in the foster care population are eligible under Title IV-E of the Social Security Act. Of those who are eligible, the federal fund sources covers approximately 71 percent of their foster care maintenance. The average care and support per child per year is \$39,074.

Lesla Dennis, Chief of Staff, Department for Community Based Services, Cabinet for Health and Family Services, stated that 74 percent of children in foster care are in private child placing (PCP) and DCBS foster homes. The other 26 percent are in private child caring (PCC) residential facilities, with a relative or fictive kin placement or placed in detentions centers, psychiatric hospitals, or an in independent living or education setting. Of the children in PCP therapeutic foster care placement, 81 percent are Levels 3 and 4. There are 797 children in private child care and 3,029 children in DCBS foster homes who do not have a level. Approximately 57 percent of children in private child care residential facilities are a level 5.

Eric T. Clark, Commissioner, Department for Community Based Services, Cabinet for Health and Family Services, stated that House Bill 1 enacted in the 2018 Regular Session: (1) amended KRS 199.641 to facilitate provider participation in the state Medicaid program and solicitation of proposals to improve or expand alternative services to help leverage federal

funds for foster children; (2) created a study group on performance-based contracting in KRS 199.665 that is required to send its one-time recommendations by December 1, 2018 to the Governor, the Interim Joint Committee on Appropriations Revenue, Interim Joint Committee on Health and Welfare and Family Services, and the Child Welfare Oversight and Advisory Committee; (3) created a privatization study group in KRS 629.345 that is required to send its one-time recommendations by July 1, 2019 to the same groups previously mentioned; (4) standardized home study requirements for foster parents, whether publicly or privately approved in KRS 199.474; (5) specified timelines to permanency for foster children in multiple statutes; and (6) mandated advanced 10-day notice to foster parents in regard to a foster child moving placements in KRS 620.365. The cabinet has implemented the performance-based contracting and privatization study groups moderated by Casey Family Programs and Chapin Hall. Currently the department is on target to meet the deadline of December 1, 2018 and July 1, 2019. but if for any reason it needs more time, the committee will be notified that the department needs more time.

The federal Family First Prevention Services Act Pub. L. 115-123 passed in February 2018 shifts Title IV-E of the Social Security Act funding away from foster care maintenance and adoption assistance and toward in-home services to try to prevent children from entering out-of-home care (OOHC). The Act's emphasis is to prevent children's entry into foster care through enhanced funding flexibility for evidence-based prevention services for children and youth determined to be candidates for foster care. All states must comply with the Act by October 1, 2021, but states can opt in as soon as October 1, 2019. DCBS has decided to opt in on October 1, 2019 to make sure that the state is in compliance by October 2021 and sustain the resources given to the cabinet in House Bill 1.

In response to questions by Senator Westerfield, Deputy Commissioner Caywood stated that the different types of facilities are residential, emergency shelters with or without treatment, child-placing agencies that do adoption services that do not work with the state, and foster care and adoption service agencies. Ms. Dennis stated that once a child is placed in OOHC, staff works with the Children's Review Program, and if a child is placed in a private child-caring or child-placing agency a level is assigned. The level is reviewed every 6 months unless there is a need to review it sooner if needed. Staff uses a DPP-886A, Application for Referral and Needs Assessment for the initial assessment and screen to see if the Child and Adolescent Needs and Strengths (CANS) Comprehensive Assessment completed by the private child-caring agency or community mental health center. There is a face-to-face screening. It is very rare for a child to be placed in a detention center for a short period of time until another placement can be found. It is harder to find a placement for a child with behavior issues. Senator Westerfield asked that the department send the committee the number of times a child is placed in a detention center and the average length of stay.

In response to questions by Senator Raque

Adams, Ms. Dennis stated that the department struggles to find appropriate placements for some children that will meet the child's needs because of limited capacities. Commissioner Clark stated that the study groups meetings are open to anyone who wants to attend if the room is able to accommodate everyone.

In response to questions by Representative Jenkins, Deputy Commissioner Caywood stated that the Title IV-E funding will be used for foster care maintenance and adoption subsidy, but the Family First Prevention Services Act adds additional flexibility on how the Title IV-E funding can be used. Commissioner Clark stated that the Kentucky Sobriety Treatment and Recovery Team (START) program addresses the substance abuse disorder in homes. Ms. Dennis stated that the START program is in Jefferson County, Boyd County, Northern Kentucky, Daviess County, and Fayette County. The START program works with families with substance abuse issues that are identified during the initial investigative phase. The program partners with community mental health centers (CMHCs) to get quick access to treatment. The program includes family mentors who have past experience with the child welfare system and substance abuse. The program is available to families with children five years of age and younger. Commissioner Clark stated that the goal is for Kentucky's START program to become the national model. On July 1, 2017, Kentucky implemented the Kentucky Strengthening Ties and Empowering Parents (KSTEP), a child welfare waiver demonstration that is an evidence informed intervention that will stabilize and support families by providing intensive, strengths based, in-home services that will intervene with appropriate evidence-based practices (EBPs). KSTEP includes case coordination services, partnership with the family, and rapid access and provision of clinical services including substance use treatment. Both programs have early intervention with families to help prevent children from entering the foster care system.

In response to questions by Representative Bechler, Deputy Commissioner Caywood stated that the definition for the levels of care are found in 922 KAR 1:360. Commissioner Clark stated that the cabinet does not have a contract with Casey Family Programs or Chapin Hall. Deputy Commissioner Caywood stated that as of August 10, 2018, there were 1,000 qualified relative or fictive kin caregivers. There were 4,711 payments issued to relative and fictive kin caregivers for a total of \$4.7 million. These caregivers are eligible for the foster care per diem as long as they care for a child that is either in the cabinet's custody or a child whose custody is transferred from the cabinet to the relative that has been approved by the cabinet to take the placement and has a temporary or shared custody with the cabinet. The vast majority of individuals that have contacted the cabinet's hotline has been denied because the cabinet never had custody of the child. The cabinet's understanding of the DO vs Glisson ruling is that the cabinet has to have had custody of the child at some point during the time of the child's removal in order for a relative to receive payment.

Private Sector Contracting; Foster and

Adoption Services

Michelle M. Sanborn, MSW, President, Children's Alliance, stated that since 2014, the number of children in OOHC has increased by 22 percent. On September 2, 2018, there were 9,654 child in OOHC compared to 6,654 in May 2004. There are currently more children in PCC foster homes than DCBS foster homes. In 2018, private providers cared for over 50 percent of the children in OOHC. Partnering and contracting for OOHC services by private providers helps improve outcomes for children.

The federal Family First Prevention Services Act aims to prevent children from entering foster care by allowing federal reimbursement for mental health services, substance use treatment, and in-home parenting skill training. House Bill 1 is a comprehensive plan to strengthen supports for children impacted by abuse and neglect, increases supports to keep families together safely, and addresses neonatal substance exposure to ensure women seek and receive substance use treatment.

Elizabeth Croney, Executive Vice President of Clinical Advancement, KVC Health Systems, stated that the Impact Plus program helped children by paying for services while allowing them to stay in their homes. A private agency nor a public agency can do a great job unless there is a team effort. Kentucky has 16 family preservation programs and diversion programs that are an effective model for keeping families together. There was public and private collaboration to design the KSTEP program.

In response to a question by Senator Raque Adams, Ms. Croney stated that it was pay for performance for a number of years but switched back to contract based with performance measures included.

The 2018 statewide Family Preservation statistics show that 96.8 percent of children at risk of removal were able to remain at home at the end of the case. KVC has eight contracts for family preservation and diversion. More families will be served because of the Family First Prevention and Services Act. The 2008 Comprehensive Family Preservation Program evaluation showed that FPP services are provided to families with high risks, young children, and more chronic involvement with child protective services (CPS). Family Preservation program services are successful in reducing entry to OOHC, speeding reunification for children, and promoting family wellbeing. Each dollar spent on FPP saved \$2.85 in cost avoidance.

There is a strong network of providers in Kentucky that can help alleviate the stress on the child welfare system and the capacity issues the cabinet is currently experiencing. Private providers are working with the cabinet to look at performance-based contracting and increased accountability for private providers. Public-private partnerships are the key to a successful child welfare transformation.

In response to a question by Senator Raque Adams, Ms. Sanborn stated that she would provide the recruitment numbers of DCBS foster homes and the number of PCC foster homes to the committee.

In response to questions by Senator Thomas, Ms. Croney stated that KVC is regulated by the state and reimbursed through the Medicaid program

that has strict standards for hiring practices. KVC hires social workers, family and marriage therapists, nurse practitioners, psychiatrists, psychologists, and licensed professional counselors. She would like to hire more people with these degrees, but unfortunately, there is a shortage of individuals who are interested in obtaining one of these degrees. There needs to be a better recruitment for these degrees before having criteria that mandates someone have one of these degrees before working for the state.

In response to questions by Representative Miles, Ms. Sanborn stated that the increase in children in OOHC has increased since 2014 due mainly to substance abuse. Many states are experiencing the same OOHC increases.

In response to questions by Representative Hatton, Ms. Sanborn stated that the cabinet releases a monthly Foster Care Fact Sheet that lists foster care placements. Representative Hatton stated that different regions have different statistics and access to services. Ms. Croney stated that telehealth will allow people to get more services into regions that do not have access to services. Combining FPP and diversion eliminates a lot of cost by not have duplicative requirements like two separate supervisors. The goal is to keep a child from being removed from the home.

Adjournment

There being no further business, the meeting was adjourned at 3:01p.m.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE AND FAMILY SERVICES

Minutes of the Fourth Meeting of the 2018 Interim

September 19, 2018

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Health and Welfare and Family Services was held on Wednesday, September 19, 2018, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Addia Wuchner, Co-Chair, called the meeting to order at 10:08 a.m., and the secretary called the roll.

Present were:

Members: Representative Addia Wuchner, Co-Chair; Senators Ralph Alvarado, Tom Buford, Danny Carroll, Julian M. Carroll, David P. Givens, Denise Harper Angel, Stephen Meredith, Reginald Thomas, and Max Wise; Representatives Danny Bentley, Larry Brown, George Brown Jr, Daniel Elliott, Joni L. Jenkins, Mary Lou Marzian, Chad McCoy, Russ A. Meyer, Kimberly Poore Moser, Melinda Gibbons Prunty, Steve Riley, and Russell Webber.

Guest Legislators: Representative John Blanton.

Guests: Brandon J. Smith, Executive Director, Office of Legislative and Regulatory Affairs, Cabinet for Health and Family Services; Honorable Paul Sherlock, Retired Jefferson County Family Court Judge; Jaime Pittenger, MD, FAAP, Program Director, Pediatrics, Associate Clinical Professor, UK HealthCare, Department of Pediatrics; Scott Lengle, Lieutenant, Kentucky State Police; Steve Shannon, Executive Director, Kentucky Association of Regional Mental Health-Mental Retardation Programs; Elizabeth

Caywood, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Jill Seyfred, Executive Director, and Joel Griffith, Director of Programs and Prevention Services, Prevent Child Abuse Kentucky; Jamie Ennis Bloyd, MPA, President, Cancer Pediatric Research Trust Fund; Eric B. Durbin, DrPH, MS, Director of Cancer Informatics, Kentucky Cancer Registry; John D'Orazio, MD, PhD, Pediatric Hematology/Oncology, University of Kentucky, Kentucky Children's Hospital; Ashok Raj, MD, Chief of Pediatric Hematology/Oncology, Bone Marrow Transplant Unit, University of Louisville Norton Children's Hospital; Tommy Howard, parent; Steve Davis, Inspector General, and Stephanie Brammer-Barnes, Regulation Coordinator, Office of Inspector General, Cabinet for Health and Family Services, Beth Gamble, PhD, MSN, RN, CNE, Education Consultant, Kentucky Board of Nursing; Adam Meier, Secretary, Cabinet for Health and Family Services; Dawn Radcliff, RN, graduate student; Phyllis Sosa, Jennifer Dudinskie, and Janet Hall, Department for Aging and Independent Living, Cabinet for Health and Family Services; Janet Luttrell, Department for Public Health, Cabinet for Health and Family Services; Amy Womack, Tami Delimpo, Elizabeth and David Turner; Thalia Peters, Kentucky Association of Sexual Assault Programs; Carol Steckel, Commissioner, David Gray, Director for Provider Relations, and Stephanie Bates, Department for Medicaid Services, Cabinet for Health and Family Services; and Terri Thomas, Harbor House.

LRC Staff: DeeAnn Wenk, Ben Payne, Dana Simmons, Gina Rigsby, and Becky Lancaster.

Approval of Minutes

A motion to approve the minutes of the August 15, 2018 minutes was made by Senator Buford, seconded by Senator Alvarado, and approved by voice vote.

Kentucky Pediatric Cancer Research Trust Fund

Jamie Ennis Bloyd, MPA, President, Kentucky Pediatric Cancer Research Trust Fund, thanked the General Assembly for the \$5 million appropriation to the trust fund in the 2018-2020 biennial budget. Scientific peer reviewers have looked at proposals and decided how the appropriation would be spent. September is Childhood Cancer Month. A private donor has given a \$6 million donation for other projects to run concurrently with the projects at the University of Kentucky and the University of Louisville.

Eric B. Durbin, DrPH, MS, Director of Cancer Informatics, Kentucky Cancer Registry, stated that Kentucky Cancer Registry data from 2007 to 2016 showed that over 2,000 children have been diagnosed with cancer in Kentucky. Cancer occurs 54 percent in males and 46 percent in females. The most frequently occurring types of cancer are leukemia, brain and central nervous system (CNS), lymphomas, and other epithelial neoplasms. Incidences of cancer among males and females has risen approximately 18.6 percent. The increase in cases has risen in Kentucky and throughout the United States. Childhood cancer occurs more frequently in Eastern Appalachian regions of Kentucky, however there are no statistically significant differences across Kentucky's 15 area

development districts (ADDs) or comparing Appalachian to non-Appalachian Kentucky. The rates for brain and CNS tumors is higher in the Appalachian area than in the United States. From 2005 to 2014, Kentucky was ranked 22nd nationally for cancer rates and is ranked 4th in brain and CNS tumors. The data for 2009 to 2013 show that survival rates for children with leukemia and brain and CNS tumors was significantly lower. The data also shows that brain and CNS tumors were the leading cause of death among all children in the United States.

John D'Orazio, MD, PhD, Pediatric Hematology/Oncology, University of Kentucky, Kentucky Children's Hospital, stated that data from the Kentucky Cancer Registry show that cancer is the major cause of death from disease in young people. Approximately 2,500 children and teenagers in the United States die from cancer annually. Over 220 Kentucky children are diagnosed with cancer each year. From 2011 to 2015, over 1,091 Kentucky children were diagnosed with cancer. Children are diagnosed with leukemia, brain tumors, lymphomas, neuroblastoma, muscle, kidney, bone, eye, liver, and other types of cancer. One of the challenges of children that have leukemia is to understand who will relapse with or after completion of therapy. The Pediatric Cancer Research Trust Fund projects awarded to the University of Kentucky are to develop circulating tumor DNA as a prognostic biomarker in acute lymphoblastic leukemia (ALL), collect blood and spinal fluid from children with ALL before and after chemotherapy, to identify factors associated with high incidence of pediatric brain tumors in Kentucky, and to develop mithramycin derivatives as new drugs for the treatment of Ewing sarcoma, cancer of the bone with a now survival rate because of the lack of new therapies. The University of Kentucky has partnered with the Children's Hospital of Philadelphia to help leverage \$1.25 million for the DNA sequencing.

Ashok Raj, MD, Chief of Pediatric Hematology/Oncology, Bone Marrow Transplant Unit, University of Louisville Norton Children's Hospital, stated that the most common childhood cancer in the United States is acute lymphoblastic leukemia with a 90 percent survival rate. More than two-thirds of children have more than one organ system affected. On March 29, 2018, the Food and Drug Administration (FDA) granted accelerated approval to blinatumomab (Blincyto, Amgen Inc.) for the treatment of adult and pediatric patients with B-cell precursor acute lymphoblastic leukemia (ALL) in first or second complete remission with minimal residual disease (MRD) greater than or equal to 0.1%. A chimeric antigen receptor (CAR) engineered T-cell is a patient's T-cell (a component of the immune system) that has been genetically modified to express a protein on its surface with the capability to bind to a target protein on another cell. Upon binding the target protein, the CAR protein will send a signal across the cell membrane to the interior of the T-cell to set in motion mechanisms to selectively kill the targeted cancer cell. Compound CAR T cells simultaneously target two leukemia markers and will eliminate highly resistant leukemia disease. Supercharged CAR T cells have a decoy protein that will prevent tumor cells from escaping elimination and will kill childhood

neuroblastoma and brain tumors.

Senator Alvarado stated that patients who use CAR T therapy have an 83 percent complete resolution from their cancers.

External Child Fatality and Near Fatality Review Panel

Representative Wuchner stated that in 2012, the Governor issued an executive order to establish the External Child Fatality and Near Fatality Review Panel to help to determine why children were dying while in the care of the Commonwealth or in their own home. The panel was codified in statute in 2013.

Jaime Pittenger, MD, FAAP, Pediatric Hospitalist, Program Director, Pediatrics, Associate Clinical Professor, UK HealthCare, Department of Pediatrics, stated that the panel consists of physicians, Department for Community Based Services (DCBS) staff, Department for Public Health (DPH), medical examiners, court appointed special advocates (CASAs), and the Kentucky State Police. The panel's goal was to look at the issue in a multifaceted approach to improve the welfare for children. The panel reviews cases referred from the DCBS and DPH. If cases are referred from DCBS, the panel has access to the department's data collection system, SharePoint. If the cases are referred to the panel from DPH, staff from the Justice and Public Safety Cabinet uploads the information for the panel. The panel gets information from DCBS reports, legal reports, medical records, and any information pertaining to a case. The cases are divided between the panel's analysts and groups for panel discussion. The analyst summarizes each case and creates a timeline. Each group reviews a certain amount of cases and reports back to the full panel for in-depth, comprehensive discussions of each case to see how Kentucky can do better. Data is collected on family characteristics to see who the most vulnerable children are and then focus on preventative measures. The panel will make a determination in the case on what caused the fatality or near fatality of the child.

Child abuse happens in every county in Kentucky with children under the age of four years being the most vulnerable. In 2017, the panel findings include: 85 percent of the cases reviewed had a prior history with child protective services, 75 percent of all cases are potentially preventable, 41 percent of all cases of abusive head trauma (AHT) were found to be in the care of a substitute caregiver at the time of the incident, 39 percent of the fatalities reviewed were cases of sudden unexplained death in infancy (SUDI), and 65 percent of the SUDI cases involved an impaired caregiver who shared a sleep surface with their baby and the baby died from suffocation or asphyxiation. Focus areas of prevention of the panel include safe sleep practice, plan of safe care at birth, drug testing caregivers at the time of an unexpected death, additional law enforcement training regarding child death scenes, education and standardization of reporting child deaths to the appropriate authorities by coroners, implementing hospital-based prevention education to the parents of all newborns, and encourage reporting by family members, neighbors, and professionals. Bruising in babies is not normal.

Honorable Paul Sherlock, Retired Chief Judge of Jefferson County Family Courts, stated that in 2009, Kentucky lead the nation in child-related deaths. The

panel tries to identify and fix problems within the medical profession, the cabinet, the courts, and law enforcement that hinder the protection of Kentucky's children. The panel makes recommendations for system and process improvements to help prevent child fatalities and near fatalities that are due to abuse and neglect. An annual report is sent to the Governor, the Cabinet for Health and Family Services (CHFS), the Chief Justice of the Supreme Court, the Attorney General, and the Legislative Research Commission (LRC) to be distributed to the Interim Joint Committees on Health and Welfare and Family Services and Judiciary.

In response to questions by Senator Danny Carroll, Dr. Pittenger stated that the adolescent population is a difficult population to take care of, and if they think they are going to be reported for drug use, the likelihood of that person telling anyone lessens. Judge Sherlock stated that few of the cases of fatalities and near fatalities reviewed by the panel were ever heard in court. Jefferson County will begin a Family Drug Court in October. Parents who suffer from drug addiction need quick and efficient intervention and affordable treatment.

In response to questions by Representative Gibbons Prunty, Elizabeth Caywood, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services, stated that she would send the committee the department's policy and practice guidelines for acceptance criteria for investigation of a report of abuse or neglect. The department has conducted extensive work in regard to safe plans of care for children born with neonatal exposure to substances. There has to be a risk for the child before the department accepts a report. If the mother is compliant to treatment, a plan of safe care is implemented.

In response to questions by Representative Moser, Dr. Pittenger stated that availability of services in the Kentucky Sobriety Treatment and Recovery Team (START) or Health Access Nurturing Development Services (HANDS) programs depends on where someone lives in Kentucky. The more difficult and challenging something is for new parents, the less likely they are to take advantage of the available resources. Judge Sherlock stated that START is an intensive, hands-on and accountable program. All research shows that parents who can keep a connection with their child while they are in drug treatment are more likely to be successful.

In response to questions by Senator Givens, Dr. Pittenger stated that one of the most important things that new parents need to hear at the hospital is about safe sleep practice. The panel has analytics on household characteristics and a history of criminal activity, substance abuse, domestic violence, or mental illness. Most of the cases reviewed by the panel have one or more high risk traits. Judge Sherlock stated that everyone needs to be aware that bruising in non-mobile infants is not normal. Do not leave a child with a non-biologically related person if that person has a history of violence or domestic violence. Senator Givens challenged everyone to start a conversation with a pregnant woman or new parents about safe sleep practices and quality caregivers and offer to help them find available resources that could make a

difference in the life or death of a child.

Senator Thomas stated that the HANDS program is very successful and should be available across Kentucky.

In response to a question by Representative Bentley, Dr. Pittenger stated that the Kentucky All Schedule Prescription Electronic Reporting (KASPER) system is used in a hospital before prescribing a patient medications. She was unsure if a parent's medical record that shows a drug abuse problem is linked to a child's record.

Panel members Scott Lengle, Lieutenant, Kentucky State Police, and Steve Shannon, Executive Director, Kentucky Association of Regional Mental Health-Mental Retardation Programs were available to answer questions.

Consideration of Referred Administrative Regulations

The following administrative regulations were on the agenda for consideration: **201 KAR 2:015** – establishes requirements for the continuing pharmacy education of registered pharmacists and requires all registered pharmacists holding a license issued by the board to participate in continuing pharmacy education as a means of renewal of their licenses; **910 KAR 1:090** – establishes the Personal Care Attendant Program; **910 KAR 2:030** – establishes accounting provisions for adult guardianship; **910 KAR 2:052** – repeals 910 KAR 2:050, which unnecessarily restricts the cabinet from collecting fees for services pursuant to KRS 387.760(2); **921 KAR 1:380** – specifies the process by which an individual may apply for child support services, the scope of services available, and the process for an intergovernmental case; and **921 KAR 3:030** – establishes the application and the voter registration processes used by the cabinet in the administration of the Supplemental Nutrition Assistance Program (SNAP). A motion to accept the administrative regulations was made by Senator Buford, seconded by Representative Elliott, and accepted by voice vote.

Introduction of New Cabinet for Health and Family Services Staff

Brandon J. Smith, Executive Director, Office of Legislative and Regulatory Affairs, Cabinet for Health and Family Services, introduced Carol Steckel the new Commissioner of the Department for Medicaid Services, and David Gray, the new Director of Provider Relations, Department for Medicaid Services.

Prevent Child Abuse Kentucky

Jill Seyfred, Executive Director, and Joel Griffith, Director of Programs and Prevention Services, Prevent Child Abuse Kentucky (PCAK), stated that organization's vision is to engage partners to utilize PCAK to end child maltreatment. PCAK's mission is to prevent the abuse and neglect of Kentucky's children. According to the 2018 annual report by the United States Department of Health and Human Services, Kentucky was ranked third in the nation per capita rate of child maltreatment. In 2017, 23,827 children were confirmed victims of child maltreatment with substance abuse and family violence the top risk factors. The average lifetime cost for each confirmed victim in Kentucky is \$210,012. PCAK and its partners have services available in all 120 counties in Kentucky. PCAK hosts an annual Kids

Are Worth It!® statewide multidisciplinary conference that focuses on child abuse and neglect prevention and intervention.

PCAK has served as the sole source provider of parent education, self-help, and support services offered throughout the state for more than 20 years. There is at least one provider in every DCBS region. From 2014 to 2016, funded providers served approximately 41,000 participants. Referrals from DCBS account for more than 60 percent of the referrals to parenting education classes across the state. Referrals are made to assist families in the prevention of child abuse and neglect or because of safety concerns identified by the various referral sources. These families may be at risk of having children removed from the home or have already had their children placed outside the home. Most parents want to be able to take care of their child even though some have problems.

All providers are required to screen participants for substance abuse issues. In addition to teaching the nurturing parenting curriculum, providers make referrals to outside agencies to meet the needs of their clients. Service providers are trained to assure services are delivered in a respectful and supportive manner. The Adult-Adolescent Parenting Inventory (AAPI) measures a parent's skill level and strengths. The AAPI measures expectations, empathy, use of corporal punishment, parent-child roles, and supportiveness of a child's independence associated with child abuse and neglect. PCAK currently offers 17 different trainings that can be altered to meet the needs of a specific agency.

In 2010, the General Assembly enacted HB 285 that addressed prevention of pediatric abusive head trauma (PAHT). Since the legislation was enacted, PCAK has trained over 4,000 social workers, child care staff, and other professionals in face-to-face trainings. Other professionals have received on-line training. PCAK's goal and the intent of HB 285 is to help professionals recognize the signs of PAHT, to help parents understand the dangers of shaking a child, and given parents alternatives to lashing out in response to an inconsolable crying child. PCAK has partnered with the Kentucky Hospital Association, Norton Children's Hospital Prevention and Wellness program, and others to assure that resources and information is provided consistently to the parents of newborns at every Kentucky hospital.

In response to a question by Representative George Brown, Mr. Griffith stated that parenting discipline styles range from permissive to overly harsh. PCAK teaches parents that not all kids respond the same to the same type of discipline. Children thrive in structured environments with expectations and discipline. The goal is to teach parents the difference between discipline and abuse. Representative Brown stated that children need to be taught respect.

In response to a question by Representative Jenkins, Director Seyfred stated that PCAK was aware of the baby box program that some states and some other countries send home with a new mom that gives a safe sleeping alternative for the newborn, but did not know if Kentucky was close to implementing this program. Representative Jenkins said that parents are required to have a car seat to take their newborns home from the hospital, and said that a safe place to

sleep should be required for every child.

Decubitus Ulcers

Representative John Blanton, House District 92, stated that in the United States, approximately 2.5 million patients a year will be diagnosed with pressure ulcers with almost 60,000 deaths and an estimated cost of almost \$11 billion. Anyone across the medical spectrum is susceptible to pressure sores with some being fatal. It is vital to bring awareness to the issue and as a legislative body to explore every avenue available to find ways to prevent as many individuals as possible from developing bedsores.

Tommy Howard, stated that his 32-year old paraplegic daughter, Bridgette, was admitted to the hospital for a pancreatic attack and died nine days later on October 12, 2013 from complications of three bedsores, one stage 4. Having a bedsore is a horrible way for someone to die. If a facility knows it can be charged with a serious offense, it would follow protocol closer. The hospital where his daughter was staying was negligent with her care. When a patient cannot turn themselves, it only takes a few minutes for a bedsore to develop. His daughter Bridgette was paralyzed from her waist down and taken care of by her mother and never developed a bedsore until she went into the hospital. Stiffer laws and penalties are needed to help people who cannot help themselves.

Steve Davis, Inspector General, Office of Inspector General, Cabinet for Health and Family Services, stated that upon review of Bridgette's case, the OIG's surveyor found wound care and infection control deficiencies against the hospital. Surveyors spend three to four days on the road conducting inspections. They are not advocates for facilities or clients of facilities, and try to be fair and ethical. When a complaint is investigated, the surveyor looks at what type of protocol, and policies and procedures of the facility are in place, and apply federal and state licensure laws to the case. Healthcare is the most heavily regulated industry in the United States. State licensure laws regulate the facility standards. The cabinet has a contract with the Centers for Medicare and Medicaid Services (CMS) that designates the OIG as the state agency for conditions of participation. CMS has specific references in regulation for care and prevention of pressure ulcers. Avoidable pressure ulcers should not happen in a long-term care facility. With the state licensure process, the OIG has the ability to issue a Type A, imminent danger or substantial risk of death or serious mental or physical harm, or Type B, direct or immediate relationship that does not present a direct harm, citations. An administrative regulation was filed by the cabinet in September 2018 that recognizes that if a facility receives a pressure ulcer violation, either under state or federal law, it is now designated as a specific act that would warrant issuance of a Type A or Type B violation depending on how it is classified. CMS recently added language to the existing pressure ulcer laws that a facility has an obligation not just to prevent and treat pressure ulcers but to apply professional standards.

The OIG has developed a quality program that exists separate and apart from the enforcement program funded by the \$32 million federal civil money penalty (CMP) imposed against skilled nursing facilities (SNFs), nursing facilities (NFs),

and dually-certified SNF/NF for either the number of days or for each instance a facility is not in substantial compliance with one or more Medicare and Medicaid participation requirements for long-term care facilities. The CMP funds will also fund an incentive program to help attract and retain staff in healthcare facilities. The OIG has partnered with the New Jersey Hospital Association and will use CMP funds to distribute a pocket guide on pressure ulcers to all healthcare providers who treat clients at risk of developing a pressure ulcer and every regional office. Surveyors will be trained on the information provided in the pocket guide.

The OIG is collecting data on all deficiencies to measure the quality of a surveyor. A telecommute model has been implemented, because the surveyors are conducting surveys in the field a large portion of the time.

Beth Gamble, PhD, MSN, RN, CNE, Education Consultant, Kentucky Board of Nursing, stated that any force of pressure to the skin compromises blood flow to the area, cuts off oxygen and nutrients causing cells to die. The risk factors of developing a bedsore are immobility or limited movement, numbness, elderly, children and premature babies, previously had pressure ulcers, medical conditions, cognitive deficiency, and poor nutrition. Pressure ulcers can develop anywhere, but tend to develop more in areas that have very thin skin that is not able to provide a cushion. A patient's clinical condition needs to be evaluated and the more risk factors a patient has, the more prone a patient is to develop a pressure ulcer. An evidence-based prevention program needs to be implemented. A patient needs to be evaluated when entering the facility, followed by thorough, comprehensive daily assessments of the skin. Turning and repositioning a patient is critical as are the use of pressure redistribution surface devices such as alternating mattresses, gels, and foams. An avoidable pressure ulcer is when a facility does not follow protocols. Not every pressure ulcer is unavoidable because of some acute illnesses that redistribute the blood flow to major organs of the body for survival. The end of life process makes a patient more susceptible to pressure ulcers because of physiological changes in the body.

Stephanie Brammer-Barnes, Regulation Coordinator, Office of Inspector General, Cabinet for Health and Family Services, was available for questions.

In response to a question by Senator Meredith, Inspector General Davis stated that he would talk to the commissioner for the Department for Medicaid Services to provide an answer to the committee as to why the state cannot increase the reimbursement rate to nursing homes by increasing the provider tax that the nursing home industry is willing to do.

There being no further business, the meeting was adjourned at 12:35 p.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 2nd Meeting of the 2018 Interim

July 9, 2018

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Education was held on Monday, July 9, 2018, at 12:00 p.m. CDT, at Trigg County High School. Representative John Carney, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative John Carney, Co-Chair; Senators Danny Carroll, Jimmy Higdon, Alice Forgy Kerr, Stephen Meredith, Reginald Thomas; Representatives Mark Hart, Phil Moffett, Kimberly Poore Moser, Melinda Gibbons Prunty, Jody Richards, Steve Riley, James Tipton, and Russell Webber.

Guests: Senator Stan Humphries; Christina Weeter, Director, Division of Student Success, Kentucky Department of Education.

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

Welcome and Opening Remarks - Trigg County High School

Travis Hamby, Superintendent, Trigg County Schools, welcomed members to the Trigg County High School. Additionally, Chairman Carney extended his thanks to the school staff for their assistance in this meeting as well as to Senator Humphries, Representative Imes, and Representative Thomas. Senator Humphries thanked the committee for coming to visit in his district and Senator Higdon introduced a special guest, his grandson, David.

Sources of Strength Program

Shannon Burcham, Principal, Trigg County High School; Laura Shelton, Youth Service Center Director, Trigg County High School; and Cathy Prothro, Suicide Prevention Enhancement Site Coordinator, Division of Behavioral Health, were all present to speak about the Sources of Strength Program being implemented at Trigg County High School. Additionally, Cade Bleidt, Adrianna Phillips, Garret Knight, and Hope Howard, student leaders in the program, were also present to give their insights into the positive effect the program is having on students.

Mr. Burcham began by explaining that there had been a student suicide a few years prior which precipitated a desire to enhance relationships with the students in an effort to improve the negative atmosphere at the school. The staff looked at several programs and models before choosing the nationally recognized program Sources of Strength. They began with a group of 60 students, representing a tenth of the student population and drawn from diverse backgrounds, to serve as student leaders. In addition, several surveys were performed to get input from students, teachers, and other stakeholder populations. He said this was a proactive approach to reaching emotional and social well-being for all the students and that the program supports all levels of learning. There were additional adult partners both within the school and the community that provide ongoing support to the program. One of these is Ms. Prothro

of the Division of Behavioral Health.

Ms. Prothro said that the program was started in Trigg County High School in March, and there are 45 other schools across the state participating in the Sources of Strength Program. In her opinion, however, the students at Trigg County have been some of the most passionate about the program, and she recommends them as a model to other schools looking to adopt Sources of Strength. It is a very adaptable program and allows for the school to customize it to fit their needs and abilities, as well as for the students to take ownership of the program. Funding support for implementation was provided through a youth suicide prevention grant which has been used to establish the program in schools across Kentucky. The cost for the program implementation is \$5,000 per school. To receive funding support from the Division of Behavioral Health, schools perform an online assessment every year to review policies and procedures regarding suicide prevention. This assures that schools and staff remain current in training for early referral and treatment of youth at risk of suicide.

In her words, Sources of Strength is a movement more than a program because it works by changing the mindset of students through improving their attitudes and their lives with the help of positive adult supporters and peer leaders. Strategic messages are used to create positive cultural change and a shared sense of community in the school environment. This kind of approach is referred to as 'upstream prevention' because it seeks to prevent youth suicides by addressing negativity before it reaches a breaking point and to steer students who need enhanced levels of support to services as soon as a problem is identified. Treatment and intervention methods will continue to be valuable and essential, but this switches the approach from 'putting out fires' to preventing them from ever starting. Through the intentional messaging and networking of students, positivity and support 'spread like a virus' causing a net effect of positive change.

The students next defined the mission of Sources of Strength as encouraging hope, help, and strength. They explained that this was achieved through focus on eight components: Family Support, Positive Friends, Mentors, Healthy Activities, Generosity, Spirituality, Medical Access, and Mental Health. They illustrated each of these as a segment of a wheel and further provided individual examples of how each of them had worked on a segment. For example, Mr. Knight explained how the Connection Groups formed at the school had been a source of mentoring for him and others. Ms. Shelton said that they had worked very hard to customize the wheel for Trigg County Schools, going so far as to even include faces of the students on the illustrative graphics that were distributed and displayed around the school. This made it more personal to the students as they literally could see themselves and their friends reflected in the components.

In concluding their presentation, the students went on to describe other areas where they had implemented and personalized the Sources of Strength program through the use of school activities, social media, art, presentations, events, and audio/visual messaging. They also briefly highlighted planned

activities for next school year, including a freshman mentoring program for incoming freshmen planned for the first week of school where upper class mentors will assist freshmen with the sometimes challenging transition to high school.

Chairman Carney said the work the school and students are doing is very encouraging and truly illustrates the power of positive thinking to improve situations.

In response to a question from Senator Thomas, Mr. Knight said that creating an atmosphere of positivity helps to prevent all kinds of violence, including bullying and fighting. Ms. Phillips said that whenever there is a school shooting, there was a person holding the gun. In her mind, this program helps prevent individuals from being motivated to bring guns at all. Ms. Howard added that the program strongly encourages peers to identify those that may be struggling and to inform teachers or other trusted adults so the struggling students can get the support they need before things get out of hand. In an environment of positivity, negative individuals and behaviors tend to stand out more. Mr. Bleidt concluded saying that school shootings do not develop overnight, there are generally always warning signs. By starting with young students and planting positivity early, it is possible to root out bad thoughts and begin needed discussions among troubled students and supportive adults.

Responding to questions from Senator Carroll, Mr. Burcham said that there is obviously a loss of peer trust when a student reports another student to an adult, but they do have a system of anonymous reporting established so students can bring issues directly to the guidance counselor or other trusted adult. Also, they have strongly encouraged the 'if you see something, say something' mentality and that even though a friend may be upset for a short while, they will not likely stay mad for long. Mr. Knight added that students are much more likely to be able to tell if someone is just having a bad day as opposed to having developed a problem. Mr. Bleidt added that because the Sources of Strength peer leaders were picked by the student body, they feel the responsibility to communicate with adult mentors, but they also feel like their peers have placed trust in them to only speak up when the situation warrants it.

In response to a question from Senator Kerr, Ms. Prothro said that the Sources of Strength program has so far only been implemented in middle and high schools, but the model can certainly be taken to the elementary grades. The training provided from the program is only designed for middle and high schools so it would have to be significantly adapted for use at the lower levels, but it has been implemented in schools of various sizes including alternative schools as small as 35 students. The program can also be implemented by youth community groups such as church groups because it encourages mentoring of students by their peers, regardless of the setting.

Responding to questions from Representative Gibbons Prunty, the panel said that the adult mentors range from teachers to staff, including maintenance workers, who were identified by the students as their preferred trusted adults. There is no restriction against community individuals being mentors, but

it helps for the mentors to be individuals who can interact with students on a daily basis. In order to reach 'wall flowers' and others who may be on the fringes, the program strongly encourages the peer leaders to reach out to everyone and get outside of their comfort zone. Also, the group of peer leaders is so large and diverse it represents a majority of the pre-existing social groups in the school, so everyone can feel represented and involved.

Responding to Representative Moser, Ms. Shelton said that there are two mental health providers who provide in-house mental health and substance abuse counseling services which includes both individual and group sessions for students in need of substance abuse counseling and treatment. Inclusion of the families of students is left at the discretion of the therapists.

In response to a final question from Senator Meredith, the students provided many answers as to why they participate in this program when there are so many extracurricular activities to choose from. Ms. Howard said she really enjoys the program, it is fun, and helps build her own strengths as well as helping others build theirs. Ms. Phillips said that she felt a great deal of pride in being selected by her peers and wants to live up to that good reputation. Mr. Knight answered that he had held a close friendship with the student who committed suicide as well as another who had attempted suicide. He did not want anyone else to have to endure that kind of loss. Mr. Bleidt said that he especially liked seeing the positive change that a small group could have in just a few hours a week.

Ensuring the Psychological Safety of Our Students

Vestena Robbins, PhD., Executive Advisor, Kentucky Department for Behavioral Health, Developmental and Intellectual Disabilities; and Kathryn Tillet, MSSW, CSW, Project Director, Kentucky AWARE, Kentucky Department of Education next gave a presentation regarding the various ways Kentucky is attempting to address the psychological needs of students. Ms. Robbins began by stressing that there is a sense of urgency to address the psychological safety of students in recent years. The key messages she wished to convey were that: physical safety combined with psychological safety result in student safety, psychological safety requires multi-tiered systems of support, and Kentucky already has several best practices in place that can be taken to scale.

Addressing the first key message, she reiterated that students need both the physical security of locked doors as well as the psychological safety of peer and adult support to be safe. It has been shown, as well as discussed at previous legislative meetings, that one of the key safety measures needed in schools is strong, positive relationships. Students need to feel confident and empowered to report concerns as well as have a sense of belonging within their school communities. There is no single program, however, that can do it all.

Kentucky students also face significant adversity. Recent reports have shown that Kentucky students have a higher than average amount of childhood adversity so many students are experiencing significant traumas that they carry with them to school. Studies show that one in five youth from birth

to age 18 years has a diagnosable mental disorder, meaning that in a classroom of 30 students, six of them has a diagnosable mental health disorder. However, that is not to say that they have been diagnosed or that they are receiving any treatment to help address their needs. The adversities and traumas impacting students are also significant impacts on their school performance and achievement. Approximately half of all lifetime mental health disorders start by the mid-teens and the onset of all major mental illnesses happen as early as 7 to 11 years of age. Detection of mental health needs at an early age is critical to ensuring not only student learning, but also school safety and positive community engagement as adults.

Ms. Robbins then presented some examples of excellence in action in Kentucky. There are several strategies already being implemented which provide benefit and support to all students. These include Sources of Strength, Olweus bully prevention, Ripple Effects, Restorative Practices, Youth Mental Health First Aid (to be discussed in depth later), and many other relationship building programs and strategies. There are many that are also low to no cost, such as greeting all students by name, increasing positive interactions versus negative ones, and taking advantage of mental health screening tools in the form of private, self-reported questionnaires that allow students to answer without fear of stigma or ridicule.

Targeted strategies available to help at-risk students include the Handle with Care program, Check In/Check Out, and mentoring. Ms. Robbins highlighted the Handle with Care program in which law enforcement give a 'heads up' to a school when a child has been identified at the scene of a traumatic event. Police are trained to identify children at the scene, which school they attend, and send a confidential email or fax that simply says to handle the student with care. No details of the event are shared, but it provides the school with some information to help assist the student in the immediate aftermath of a severe trauma. Finally, there are intensive strategies for the most chronic or complex mental health needs. These include individual therapy, wrap-around services from a multi-disciplinary team of professionals and family, and Functional Behavioral Assessment-based behavior intervention plans. Ms. Robbins illustrated all of these interventions using a pyramid diagram of the multi-tiered systems of support model.

Ms. Tillett then presented on the Kentucky AWARE program. AWARE stands for Advancing Wellness and Resilience in Education and is part of a five-year award from the U.S. Department of Health and Human Services. The purpose of the program is to increase student access to mental health services and to make schools safer. Three Local Lab districts were identified: Fayette County Public Schools, Pulaski County Schools, and the Kentucky School for the Deaf. Select activities were designed to benefit those districts, but other programs were designed for statewide use and benefit. There are also other initiatives which consisted of two- to three-year community level grants focused exclusively on providing Youth Mental Health First Aid training. Many of these programs are in their final year

of work or already complete. Additionally, the AWARE initiatives will not be re-funded by the U.S. Department of Health and Human Services when the grant period expires in September of 2019.

Youth Mental Health First Aid was defined as the initial help offered to a person developing a mental health or substance abuse problem, or experiencing a mental health crisis. This treatment is provided until appropriate treatment and support are arranged or until the crisis resolves. One of the primary aims of the Kentucky AWARE project has been to increase the knowledge and skills of communities so that more individuals are certified to provide this form of first aid. At the end of March 2018, over 3,000 individuals have been certified in mental health first aid and over 8,000 youth were connected to mental health supports by a first aid certified individual. Specifically within the three local lab districts, 214 licensed mental health professionals were providing school-based mental health and substance abuse services. This helped contribute to a formal process for student access to mental health and other supports.

The process begins with a data-driven identification of student needs, with teacher/school staff identification of students who would benefit from additional supports, or from parent/family/self-identification of a student needing support. The youth and their caregivers are then provided with a pathway to either mental health services through Family Resource and Youth Services Centers (FRYSCs) or to Positive Behavioral Interventions and Supports (PBIS) intervention initiated by school staff and matched to student needs. Some students may even need both forms of support. Student data is reviewed at least monthly through the school PBIS team which results in one of three situations. If adequate improvements have been made and maintained, the additional interventions are phased out and the student returns to receiving universal supports as were discussed earlier. If there has been improvement, but more maintenance is required, interventions are continued with data monitoring. Finally, if there has been inadequate improvement, steps are taken to ensure adequate participation in the intervention tool or to add to or alter the intervention strategy.

Ms. Robbins stressed that trauma informed practices for educators need to be included in professional development, but currently it is unclear which best practices can be universally agreed upon. Collaboration between agencies, schools, and communities will need to happen before it can be fully incorporated into professional development. Sustainable and effective change takes time and individual schools will vary in their readiness to implement improvements. She recommended that they be provided the necessary time and resources to develop programs that will be sustainable.

In response to questions from Senator Carroll, Dr. Robbins said that there is a statutory mandate for the state interagency council, which is the governing body for children's mental health care. It meets monthly and is chaired by the Commissioner of Education. It needs to have more focus on mental health. While there have been great strides in increasing interventions and access, there now needs to be a strategic focus on prevention. The task force

formed by the council to focus strictly on mental and emotional health meets monthly and will continue to report on what is being implemented statewide.

Senator Wise asked when information regarding students who may be a danger to themselves or others is shared with law enforcement. Dr. Robbins answered that it varies based on school and the degree of the threat. In schools with a school resource officer who does not follow the relationship model, more students get referred to law enforcement instead of mental health services.

Safe Schools Assessments

Jonathan Wosoba, Director of Student Services, Oldham County Schools, and Jill Canuel, Mental Health Consultant, Oldham County Schools presented their model for school threat assessments to the committee. Their presentation covered Personnel, Protocols, Process, and Forms used in performing threat assessments in Oldham County Schools. They feel that several individuals are necessary to approach any potential threats that come into the building. A Threat Assessment Team comprised of at least two individuals, but often more, is assembled comprised of school administrators, guidance counselors, SROs, school psychologists, and/or teachers. The school receives threat information from the safe schools anonymous tip line via text message, email, or voice message. Oldham County received approximately 58 tips last year in this way. They were all investigated by the Threat Assessment Team and ranged from reports of bullying to reports of possible weapons being brought to school. Threat information is also gathered from students who report concerns, including social media posts, to teachers or administrators.

A threat assessment is started any time there are reports or observations containing references to weapons, suicide, lethal violence, severe rage, severe destruction of property, serious or repetitive fighting, or severe depression, anxiety, or other mental health concerns. At that point, the Threat Assessment Team determines if there is or is not an imminent threat from the available information. If there is no imminent threat, they develop an in-school plan which can involve guidance, mental health referrals, parent conference, an intervention plan or some other follow-up procedure. If a threat is found to exist, the team conducts a Safe Schools Assessment which usually includes suspension from school and a follow-up assessment prior to the student in question being allowed to return to school. Mr. Wosoba emphasized that this was always a collaborative effort involving several individuals who can bring in information from all sources and multiple perspectives in order to have a more complete understanding of the risk and any potential solutions.

Ms. Canuel briefly discussed the specifics of the forms which the Threat Assessment Teams use and which were provided as samples to members of the committee. These forms include a threat assessment form, documentation of action taken, consent forms, a parent contact acknowledgement form, an authorization of use and disclosure of information, school based monitoring forms, and a "pink sheet" which is a tracking form used by the Director of Pupil Personnel and is retained in the school's permanent files. She said that many times the threats are able

to be handled by the school staff through increased supervision and a positive end result is possible that keeps the school and the student safe.

Chairman Carney said that every school should have a threat assessment tool and thanked the presenters for sharing theirs as a model for other schools.

Responding to a question from Representative Gibbons Prunty regarding students getting 'lost' in the system, Mr. Wosoba said that because Oldham County Schools is a large system, it is sometimes difficult for any individual to have a sense of the school 'pulse,' however, using a team for threat assessments helps to give a more well-rounded perspective on any issues which arise.

In response to a question from Senator Wise, Mr. Wosoba said that the same protocols are followed any time there is a report, regardless of credibility of the reporter, because it is unknown until an investigation is made whether the threat is real or a hoax. He would not be opposed to legislatively increasing the punishments for making false reports.

Proposed Changes to State Academic Standards

Amanda Ellis, Associate Commissioner, Office of Teaching and Learning, Kentucky Department of Education, and Jennifer Fraker, Interim Director, Division of Program Standards, Office of Teaching and Learning, Kentucky Department of Education, gave an overview of the proposed changes to state academic standards for Reading and Writing and Mathematics. According to Senate Bill 1 of the 2017 Regular Session, which created new standards revision requirements, the standards revision to content standards shall focus on critical knowledge, skills, and capacities needed for success in the global economy; result in fewer, but more in-depth, standards to facilitate mastery learning; and communicate expectations more clearly and concisely to parents, students, and citizens.

The Standards and Assessments Review Process is to occur every six years and is composed of 12 major steps. Presentation of the standards to the Interim Joint Committee on Education is the eighth step in that process, and follows the formation of Review/Development Committees and Advisory Panels, solicitation of public comment, consideration and incorporation of public comment by the Advisory Panels, and the Review/Development Committee reviewing the recommendation of the Advisory Panels and making a proposal to the Commissioner. Next, the Commissioner will report to the Standards/Assessments Process Review Committee who will recommend the proposal to the Kentucky Board of Education if the Committee determines the standards/assessments review process was followed. The Board has final approval of the proposed changes, begins the regulation change process, and new standards will be implemented in all schools no later than the second academic year following the process.

During the public comment period on Reading and Writing Standards, there were responses from 456 individuals, primarily teachers but also including school administrators, students, state education agencies, retired teachers, parents, higher education institutions, business/community members, and

others. Roughly 76 percent of all Kentucky counties were represented. Highlights of the draft proposal for Reading and Writing Standards include a reconstructed framework and vision to align the goals and purposes of the standards; 10 interdisciplinary literacy practices, which provide overarching goals for literacy instruction for each student across the state; revised standards for early literacy that denote comprehension strategies, development of schema, and increased analysis; a multidimensional approach highlighting the three dimensions of literacy; and standard K-12 progressions in addition to the grade-level view.

Ms. Ellis next gave an illustration of how these standards will be displayed to better improve their use by educators. Clarity was a primary focus of the Review/Development Committees as public comment had identified ease of use of the framework as a desire by teachers and other interested parties. While this presentation focused on the Reading and Writing Standards throughout, the process was identical for the review of the Mathematics Standards, but discussion of the Mathematics standards was abbreviated due to time constraints. More than 800 individuals participated in the public comment period for the Mathematics Standards with approximately 84 percent of Kentucky counties being represented. Again, the need for a user-friendly framework was identified as well as general clarification. Highlights of the proposed changes to the Mathematics Standards include an architecture structured to emphasize essential ideas or conceptual categories in mathematics; standards which emphasize the importance of mathematical practices, equipping students to use reason and problem solve; connections between content standards and practice standards where applicable; intentional alignment to numeracy trajectories; coherence to indicate the mathematics connections within and across grade levels; and better communication of expectations to teachers, parents, students, and stakeholders through examples and illustrations. While the process for review and revision was the same for all content areas, the final framework of the standards will vary based on the needs of each content area for clarity.

In response to a question from Representative Tipton, Ms. Fraker said that getting more responses during the public comment period will likely be a result of better timing. The comment period for these standards was at the end of the school year when many stakeholders were preoccupied. Business/community leaders were involved more on the development panels. A less cumbersome review tool would also likely result in greater feedback.

There being no other business, the meeting adjourned at 2:40 p.m. CDT. Chairman Carney announced that the next meeting will be Monday, August 13, 2018, at the Capitol Annex in Frankfort.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 5th Meeting of the 2018 Interim

September 21, 2018

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Friday, September 21, 2018, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Phillip Pratt, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Phillip Pratt, Co-Chair; Senators Perry B. Clark, Rick Girdler, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Stephen Meredith, Reginald Thomas, Mike Wilson, and Max Wise; Representatives Lynn Bechler, McKenzie Cantrell, Daniel Elliott, Mark Hart, Dennis Horlander, Joni L. Jenkins, James Kay, Kim King, Adam Koenig, Jerry T. Miller, Jason Petrie, Rob Rothenburger, Dean Schamore, Diane St. Onge, Wilson Stone, Walker Thomas, Russell Webber, and Addia Wuchner.

Guests: Representative John Blanton; Nate Nedley, CFO, E-Z Pack Holdings LLC; Alex Barnett, Judge Executive, Harrison County; Tony Toups, Principal, Advantage Capital; Gary Jones, Director, Muhlenberg Alliance for Progress; Peggy Williams, Chairperson, Muhlenberg Alliance for Progress; Alyssa Manning, President, Felix E. Martin Jr. Foundation; Secretary Derrick Ramsey, Education and Workforce Development Cabinet; Deputy Secretary Josh Benton, Education and Workforce Development Cabinet; and Katie Houghlin, Director, Division of Unemployment Insurance.

LRC Staff: Carla Montgomery, Andrew Manno, Candice Smith, and Sasche Allen.

Approval of Minutes

A motion to approve the minutes of the August 16, 2018 meeting was made by Representative Walker Thomas, seconded by Representative Adam Koenig, and approved by voice vote.

2019 Rural Jobs Act

Representative John Blanton of House District 92, Nate Nedley, the Chief Financial Officer of E-Z Pack Holdings LLC, Alex Barnett, the Judge Executive of Harrison County, and Tony Toups, a Principal at Advantage Capital, spoke about the Rural Jobs Act that was proposed in the 2018 Regular Session as HB 6. HB 6 would have created new sections of KRS Chapter 136 to establish a new tax credit against the taxes imposed on insurance companies and financial institutions for contributions into rural growth funds; required an entity to follow a process to apply for certification as a rural growth fund and for investors in that entity to receive tax credits awarded by the Department of Revenue; allowed the department to issue \$60,000,000 in tax credits; provided credit sunset terms and other conditions for participating in the program and for claiming the credit; provided for revocation of tax credits; allowed the department to audit rural growth funds; limited any liability of the Commonwealth in regard to rural growth funds or investments made by them; and required various

reports to be filed with the department and the Legislative Research Commission. The legislation passed the House but was amended in the Senate and was not voted upon prior to the adjournment of both House. The Rural Jobs Act is intended to create opportunities for rural Kentucky by creating access to capital for rural businesses and small firms and is modeled after the New Markets Program. Similar legislation has been enacted in four states: Utah, Ohio, Georgia, and Pennsylvania. The program would be available to those businesses in counties with populations of less than 50,000, fewer than 250 employees, and with not more than \$15 million in net income. This differs from the 2018 version that had a requirement of less than 70,000 people within the county.

Nate Nedley spoke about how his company has benefited from a tax credit program similar to the Rural Job Tax Credit after explaining the evolution of the business located in Cynthiana, Kentucky. Commercial Specialty Truck Holdings LLC purchased EZ Pack Refuse Hauling Solutions and Continental Mixers in 2014 and was able to save about 80 individuals from losing their jobs when the company was to move to another state under the previous ownership. The company faced some struggles but was eventually able to qualify for the Kentucky Business Investment Program through the Cabinet for Economic Development, adding 100 new jobs, and then in 2016 formed a partnership with Advantage Capital and Enterprise Bank to secure the New Market Tax Credit. Due to the amount of employees tripling since 2014 and consistent and profitable output, EZ Pack has applied for another tax credit program through the Cabinet for Economic Development which will add even more jobs and allow for product and output expansion.

Judge Executive Alex Barnett discussed some of the positive effects that companies like EZ Pack have had on Harrison County. The success of companies such as EZ Pack and 3M in Cynthiana have brought more economic development opportunities to the area. The county has seen the opening of a new brewery, clothing stores, a healthy shake shop, and two new event spaces. Mr. Barnett explained that there is now more jobs than workers and with workers coming from about 15 other counties to work in Cynthiana, there is not enough housing options to make it possible for all of the individuals who work in the county to live there as well. Although this is not necessarily a bad problem to have, it is a problem that requires a solution according to Mr. Barnett. Therefore, plans are currently being made with developers to increase the amount of housing available in Harrison County.

Tony Toups of Advantage Capital explained the role that his company plays in the success of businesses like EZ Pack and how that success can translate to economic growth in the area as a whole. Advantage Capital is a participant in the Kentucky New Market Tax Credit Program, which has primarily benefited businesses in urban areas. Mr. Toups states that the proposed 2019 Rural Jobs Act would benefit smaller businesses in only rural communities. His company has assisted in raising investment funds for the proposed tax credit program in Ohio, Georgia, and

Utah. The National Conference of State Legislators (NCSL) completed a study in April 2018 pertaining to the tax credit program legislation like the Rural Jobs Tax Credit which are jump starting rural economies. As the New Market Tax Credit has developed around the country on the state and federal level, Advantage Capital has learned how to ensure it remains as fiscally responsible as possible and that there is a return to the state. HB 6 and the proposed 2019 Rural Jobs Act requires investors to have a federal license, either being licensed as a small business investment company through the Small Business Administration (SBA) or as a rural investment company through the United States Department of Agriculture (USDA). Companies are also required to display their ability to manage investments like the Rural Jobs Tax Credit and to be able to raise capital in a timely manner. The tax credits that fund part of the investments are delayed so there is no fiscal impact on the General Fund until the third fiscal year after the implementation, and 100 percent of the capital raised has to be invested within the first two years. It is also required that a company receiving the tax credit show that they have created a predetermined number of new jobs, and if not there are back end penalties. Representative John Blanton added that there are also requirements for workforce training, and it is being considered to lower the county population size to truly seek to develop opportunities in the most rural areas throughout the Commonwealth.

Responding to a question from Representative Kim King, Mr. Nedley said that EZ Pack offers training in welding, specialized equipment, safety, and leadership. Answering a follow up question, Representative John Blanton confirmed that the county population size that is being considered is 50,000. NCSL considers anything over this amount to be an urban area.

Replying to Representative Rob Rothenburger regarding his comments on penalties for new jobs not being created, Mr. Toups explained that the businesses receiving the tax credit would not be penalized. The investing or managing firm would be responsible for any penalties under the 2019 Rural Jobs Act.

Senator Stephen Meredith expressed concerns about a portion of HB 6 that explains reasons for revocation of the tax credit, as follows: "The rural growth fund in which the credit-eligible capital contribution associated with the tax credit certificate was made does not invest one hundred percent (100%) of its investment authority in rural growth investments in this state within two (2) years of the closing date, a minimum twenty percent (20%) of which shall be in counties with labor force participation rates below the national average as determined by data available from the United States Bureau of Labor Statistics and the Cabinet for Workforce Development as of the date of the rural growth investment." Representative Blanton further explained this stipulation by stating the 20 percent was included to ensure that a portion of the funds go to counties that have unemployment rates greater than the national average but said that it could be reviewed and changed if it is deemed necessary. Senator Meredith voiced his opinion that unemployment rates may not be a reliable statistic.

Representative Addia Wuchner commended

EZ Pack for offering workplace training that is transferable and mentioned her many constituents who are employees of the company that make the long commute.

Senator Jimmy Higdon echoed previous statements made by Senator Meredith and said he would like for programs like these to be available to distressed and rural communities across the state that actually need the economic development opportunities. Representative Blanton said that is the reasoning for changing the population requirement.

Responding to Representative Adam Koenig, Mr. Nedley stated that although EZ Pack has yet to see effects from state and federal tax changes, the company may see an impact in the future.

Representative Dean Schamore asked a follow up question in regards to earlier inquiries and statements about the population requirement after stating that according to the previous requirement in HB 6 about 109 counties would be eligible. Representative Blanton confirmed that although he was unsure of the exact number of counties that would be eligible using the 50,000 criterion, about eight to ten fewer counties would qualify for the tax credit.

Senator Rick Girdler said that because of the population and geographical location of his county he would like to see the requirement remain at 70,000 in the 2019 version of the legislation. Representative Blanton said that lowering the number would be in the best interest of the state as a whole and would benefit those rural counties that are currently unable to recover from downturns in the economy.

Senator Stephen Meredith suggested factoring in workforce participation which may be a more realistic measurement for the criteria for eligibility.

Muhlenberg Alliance for Progress

Gary Jones, the Director of Muhlenberg Alliance for Progress (MAP); Peggy Williams, a Chairperson of Muhlenberg Alliance for Progress; and Alyssa Manning, the President of the Felix E. Martin Jr. Foundation, gave a brief overview of the organization and highlighted their partnerships that aid in the economic development of Muhlenberg County. In the 1970s, the coal industry in Muhlenberg County employed over 3,000 people but for 2018 that number has decreased to about 300. Ms. Williams explained that a solution had to be formulated in order to provide opportunities to the residents of the county and for the economy to once again flourish, specifically through education and economic development. One partnership that was formed was with the Madisonville Community College and the city of Central City that donated land, to construct the Madisonville Community College-Muhlenberg Campus. This was also made possible through \$3 million of personal donations from the residents and businesses of the county. MAP is working with the school to implement new training in advanced integrated manufacturing and technology. MAP also partners with local government, businesses, and citizens.

One of the main partnerships that MAP utilizes is with the Felix E. Martin Jr. Foundation. Mr. Martin passed away in 2007 and willed \$50 million to support civic, cultural, and educational projects in Muhlenberg County. The Community Foundation of

Louisville assisted the executors of Mr. Martin's estate in finding individuals who would serve as full time staff for the foundation. An assessment was completed to determine county needs and it was found that jobs and economic development were needed the most. Ms. Manning said that the foundation wanted to take on projects that would make Muhlenberg County appealing to businesses and companies wanting to locate in the state. Due to the nature of how the foundation was formed, there was not an abundance of nonprofit organizations to partner with to support the needed projects. Therefore, unique partnerships were formed and funds were donated to the local government and school system by using the foundation's money to leverage additional state and federal funds. Foundation staff researches various projects and opportunities and presents them to state and local government, acting as a catalyst for economic growth in Muhlenberg County. Since the foundation began giving funds in 2009, over \$23.3 million has been distributed in the county and it intended to give about \$2.2 million yearly indefinitely due to how the endowment was set up.

Ms. Manning discussed some of the projects that the Felix E. Martin Jr. Foundation has made possible including forming MAP in Muhlenberg County that exclusively handles economic development projects. Another project that the foundation helped with was the Paradise Regional Business Park Expansion. It donated some funding to buy land to make the expansion possible which is one of the largest industrial parks in the states with 239 acres. A county owned wireless broadband network was also created after it was designed by a resident of Muhlenberg County with a \$250,000 donation from the foundation and funds from the county. There is a charge to utilize the network but those funds are managed by a nonprofit which then puts the funds back towards building new towers for the network. During the foundation's initial needs assessment it was found that transportation was an issue for individuals to get to work or school. As a result, the foundation partnered with the state and the Pennyrile Allied Community Services to create the Ride to Work Program. Another conclusion that was met after the assessment was that people should want to work and also live in Muhlenberg County. The Greater Muhlenberg Parks and Recreation System and the Felix E. Martin Jr. Auditorium were created for the families and visitors of the county.

The foundation and MAP has also partnered with the SBA, USDA, and the local community college to offer entrepreneur development programs and workforce training. The Martin Scholars is another program that was created that encourages adults who have some college to complete their associate degrees by paying incentives each semester and a similar incentive program was created to assist individuals in obtaining their GED. The foundation gave some funds for a wing to be added to the local high school that will house classrooms designated for advanced integrated manufacturing training. Students will be able to graduate with a skilled operator's certification and credits towards an associate degree. The wing is being utilized by the community college for adults to take classes in the evenings. The foundation contributes to early childhood education, including

the SOAR Early Childhood Education Program; Work Ready Youth Programs, which provides college and career exploration field trips for K-12 grades, and the Muhlenberg Achieves Postsecondary Success Program, which offers college tours and e-coaching mentoring.

Gary Jones discussed challenges that MAP faces and some solutions that are being developed. One issue that he discussed was getting businesses to build at the Paradise Regional Business Park that was recently expanded upon. Mr. Jones explained that although the park is equipped with water, sewer, and electric, there is not an existing gas line. MAP is in the process of trying to create incentives for companies locating their business in Muhlenberg County. The organization is also working diligently to develop the county's opportunity zones and working closely with the Cabinet for Economic Development. In addition, MAP is collaborating with the Greater Muhlenberg Chamber of Commerce, the Muhlenberg County Board of Education, Madisonville Community College, and the Education and Workforce Development Cabinet to obtain full Work Ready Certification.

Representative Walker Thomas inquired about a Public-Private Partnership involving Lake Malone State Park, which is partially located in Muhlenberg County. Mr. Jones explained that the boat dock was temporarily closed due to needed repairs but reopened after the Felix E. Martin Jr. Foundation partnered with residents of Muhlenberg, Todd, and Logan to raise the funds to make those renovations.

Responding to Co-Chair Philip Pratt, Mr. Jones said that the foundation has donated funds to assist with the addition to the local high school that will house classrooms designated for advanced integrated manufacturing training.

Senator Stephen Meredith commended MAP and the Felix E. Martin Jr. Foundation for all of the work done to revitalize Muhlenberg County and said that the county sets a great example for other rural communities across the state.

Replying to a question from Senator Ernie Harris, Mr. Jones stated that the Muhlenberg County Airport is equipped with a 5,000 foot runway, a new terminal, and new fuel tanks. After a follow up question, he said that although there may be some geographical obstacles, expansion of the length of the runway may be possible.

Apprenticeship and Unemployment Insurance Update

Secretary Derrick Ramsey, Education and Workforce Development Cabinet, Deputy Secretary Josh Benton, Education and Workforce Development Cabinet, and Katie Houghlin, the Director of the Division of Unemployment Insurance, testified on the progress of the apprenticeship program and the status of unemployment insurance. As of June 30, 2016 Kentucky's apprenticeship program featured 148 registered programs and four competency based programs. There were 2,422 registered apprentices made up of 94 females, 298 minorities, 266 veterans, 1,082 youth that ranged in ages 16 to 24, and zero individuals with disabilities. Since that time, additional state and federal funding has been given to the program, and as of July 18, 2018, the

apprenticeship program is within the Education and Workforce Development Cabinet. There are 251 registered programs and nine competency based programs. There are 3,391 registered apprentices made up of 403 females, 201 minorities, over 600 veterans, 1,614 youth, and five individuals with disabilities. Secretary Ramsey discussed the 2018 Registered Apprenticeship Summit, which was a collaboration with UPS, the Work Ready Skills Initiative, and the TRACK Program. He explained two concepts which will help ensure Kentucky's apprenticeship program continues to grow in future which included intermediaries and the adoption of P-Tech Schools. Nearly \$1.1 million in federal funding was allotted to the state apprenticeship initiatives to enable Kentucky to establish and grow intermediaries to better connect apprentices with employers. An intermediary recruits from a diverse pool of potential apprentices to match their skills with the needs of employers and works with high schools, juvenile justice agencies, the unemployed, veterans, and high education facilities. Secretary Ramsey also described the concept of a P-Tech school, which are Pathways in Technology Early College High Schools that span grades nine to 14. Students would graduate in six years with an associate's degree in applied science, engineering, or other competitive STEM disciplines.

Deputy Secretary Josh Benton and Director Katie Houghlin spoke about the modernization of the state's unemployment insurance system. Deputy Secretary Benton expressed gratitude for the passing of legislation in the 2018 Regular Session that allowed the cabinet to upgrade the Service Capacity Upgrade Fund (SCUF), which was enacted July 1, 2018. Technology was upgraded through the acquisition of new software to increase delivery capacity in support programs administered by UI. Projected SCUF collections for the third quarter of 2018 are \$1.5 million and for the fourth quarter \$1.4 million. For the calendar years of 2019 to 2023, projections are between \$10 million and \$12 million for each year. The UI Assistance Line was implemented February 2018 in response to local office service alignment. The average wait time is 6.48 minutes, but the deputy secretary and director explained that the amount of time includes Monday, which is the busiest day of the week. The wait time every other day is closer to 2.5 minutes.

As of August 31, contributions to the UI in 2018 totaled \$295,875,221 and benefits paid totaled \$211,020,992, numbers which have decreased dramatically since 2012 as a result of fewer people being on unemployment. The fund balance has a total of \$543,455,889. The maximum weekly benefit for Kentucky is \$502, the average weekly benefit is \$341, and the maximum weeks of eligibility is 26, all of which are higher than surrounding and competing states. Deputy Secretary Benton explained some of the challenges of unemployment insurance that include aging technology, the duration of benefits received compared to the national average, reemployment activities, and customer service in the career centers that is often provided by a third party. Although there are 134,234 open jobs, the average benefit duration is 18.4 weeks compared to the national average of 15.4 weeks. The cabinet is setting goals to solve all of

these issues and in particular decrease the duration of benefits.

Senator Mike Wilson commented that he was excited about the direction of the cabinet and especially the apprenticeship program. Secretary Ramsey responded by saying he believes apprenticeship has the potential to change the trajectory of the state.

Senator Jimmy Higdon made remarks regarding the apprenticeship program and commended the partnerships among different cabinets to accomplish goals. Deputy Secretary Benton replied that after moving to the cabinet and doing research it was found that across the state all workforce partners are only engaging with about 12 percent of Kentucky's employers but that needs to improve.

Addressing concerns voiced by Representative Dean Schamore, Secretary Ramsey said that there are plans to utilize public libraries for unemployment insurance.

Replying to Representative Lynn Bechler, Secretary Ramsey said he is aware of the decrease in the number of minorities that participate in the apprenticeship program, and the cabinet is planning to be more active in engaging minorities.

Representative Addia Wuchner made comments pertaining to the possibilities of the apprenticeship program and how she believes alternative education and training models do work from what she has seen. She said she tries to encourage youth to explore apprenticeships and other methods of technical training.

Responding to Representative Kim King, Secretary Ramsey said that he and cabinet representatives would be willing to visit her district in an effort to increase employer participation rates within the apprenticeship program. He explained that there has to be a level of loyalty amongst employers and employees and employers have to be willing to do their part in order to build their workforce.

There being no further business, the meeting was adjourned at 11:59 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement

Minutes of the 3rd Meeting of the 2018 Interim

September 27, 2018

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 27, 2018, at 10:00 AM CST, at the Paducah Campus of Murray State University, 4430 Sunset Drive, Paducah, KY. Representative Suzanne Miles, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representatives Myron Dossett, Co-Chair; Suzanne Miles, Co-Chair; Senator Stan Humphries; Representatives Tim Couch, Jim Gooch Jr., Richard Heath, Michael Meredith, Jerry T. Miller, and Steven

Rudy.

Guests: Greg Harkenrider, Deputy Executive Director, Governor's Office for Economic Analysis; Adam O'Nan, Union County Judge-Executive; Greg Shanks, Fiscal Branch Manager, Kentucky Emergency Management (KEM); Jeremy Blansett, Area 1 Manager, KEM; Jerome Mansfield, Director, Paducah-McCracken County Office of Emergency Management.

LRC Staff: Tammy Branham, Justin Perry, David Talley, and Spring Emerson.

Coal Severance Tax

Greg Harkenrider, Deputy Executive Director, Governor's Office of Economic Analysis (GOEA), provided an overview of the Coal Severance Tax.

In response to questions from Senator Carroll, Mr. Harkenrider said the difference in pricing of coal relates to the amount of energy and pollution produced. High sulphur content and the presence of particulate matter affects the quality of Western Kentucky coal, and therefore, the price. Plants that use scrubbers to clean the coal can burn the cheaper coal; however, there are very few power plants that can use the higher sulphuric acid coal. The GOEA has staff closely following the coal market, and one of the members of the Consensus Forecasting Group is an economist who assists with monitoring the different markets. Also, a forecast is purchased from Global Insight that predicts coal prices into the future. There is an increasing demand for Eastern Kentucky coal in the export market, with additional upward pressure resulting from recent hurricane activity on the east coast.

Chair Miles commented that the most recent budget bill resulted in a larger percentage of Coal Severance tax receipts going back to the counties.

Adam O'Nan, Union County Judge-Executive, provided an overview of the use of Coal Severance funds in Union County.

In response to a question from Representative Meredith, Judge O'Nan said the US60 highway project is not in the Road Plan, but the project affects every person coming to or going from Union County.

Chair Miles explained that US60 had been on the Road Plan for over 20 years to get a four-lane highway. At some point, it was changed to a Super-Two, which was unwanted by the residents at the time. This caused a delay and Union county was affected negatively and cut off completely to the north, due to flooding being a recurring issue. There was a very dire need to raise the road elevation in order to provide a safe route for local citizens and businesses. The project in the Road Plan was not moving as quickly as it should, therefore the non-traditional use of Coal Severance funds was considered.

Representative Meredith commented that it was a great use of Coal Severance funds, and from an economic development perspective, it is very important for some projects to be moved forward. Smaller communities, unfortunately, may fall behind due to lack of funds.

Emergency Management

Greg Shanks, Fiscal Branch Manager, KEM, and Jeremy Blansett, Area 1 Manager, KEM, provided an overview of the agency overall, as well as its activities in the area.

In response to questions from Representative Meredith, Mr. Shanks said the positions listed as non-merit are federally-funded, time limited positions. The current state threshold for federally declared disasters is approximately \$6.3 million, but will increase to \$40 million shortly. The Federal Emergency Management Agency (FEMA) provides oversight, auditing grants and awards. The KEM is considered the applicant and recipient of the federal funds, with the local entities being considered as sub-recipients; therefore, KEM is ultimately responsible for their actions.

In response to a question from Senator Humphries, Mr. Blansett said the KEM has a great working relationship with Ft. Campbell for different services. Mr. Shanks added that the KEM has established relationship with other states, and response time has greatly improved.

In response to a question from Senator Carroll, Mr. Shanks said the KEM is working hand-in-hand with the Kentucky State Police to ensure interoperability. Mr. Blansett added that communications is the number one issue.

Jerome Mansfield, Director, Paducah-McCracken County Office of Emergency Management, provided an overview of the agency and its activities.

In response to a question from Senator Carroll, Mr. Mansfield said it is a requirement to report any evidence of an oil spill, however small. The spill would then be assessed by the Kentucky Department for Environmental Protection.

Adjournment

A motion for adjournment was made by Representative Miller, seconded by Representative Meredith, and the meeting was adjourned at 12:02 PM.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 3rd Meeting of the 2018 Interim

September 28, 2018

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Agriculture was held on Friday, September 28, 2018, at 10:00 AM, in Lexington, Kentucky. Representative Richard Heath, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Richard Heath, Co-Chair; Senators David P. Givens, Dennis Parrett, Damon Thayer, Robin L. Webb, and Stephen West; Representatives Myron Dossett, Derrick Graham, David Hale, Mark Hart, James Kay, Kim King, Phillip Pratt, Brandon Reed, Rob Rothenburger, Steven Rudy, Dean Schamore, Wilson Stone, Walker Thomas, James Tipton, and Susan Westrom.

Guests: Drew Graham, Assistant Dean, UK College of Agriculture, Food and Environment; Dr. Nancy Cox, Dean, UK College of Agriculture, Food and Environment; Dr. Eli Capilouto, President, University of Kentucky; Dr. Eric Monday, Executive Vice President for Finance and Administration, University of Kentucky; Patrick Perry, Research Coordinator, University of Kentucky Tobacco Research Development Center; Dr. Mark Williams,

Professor and Interim Chair, Farming Apprenticeship Program, University of Kentucky; Dr. Seth Debolt, Professor, Distillation, Wine and Brewing Program, University of Kentucky; Ms. Patsy Wilson, Extension Specialist, Viticulture and Enology Program, University of Kentucky; Mr. Jeff Wheeler, Extension Specialist, Viticulture and Enology Program, University of Kentucky; Dr. John Strang, Extension Professor, Fruit Production, University of Kentucky; Dr. Rachel Rudolph, Assistant Extension Professor, Vegetable Production, University of Kentucky; and Dr. Krista Jacobsen, Associate Professor, Organic High Tunnel Production, University of Kentucky.

LRC Staff: Stefan Kasacavage, Nathan Smith, and Susan Spoonamore, Committee Assistant.

The August 23, 2018, minutes were approved by voice vote, without objection, upon a motion made by Representative Rudy and seconded by Representative Reed.

Opening Remarks and Welcome

Dr. Nancy Cox, Dean, UK College of Agriculture, Food and Environment, stated that the UK Horticulture Research Farm had enabled the UK College of Agriculture to be a national leader in organic and conventional farming systems research for vegetable production. She said that the Research Farm produces wine along with educating students in the science and business of farming. All of UK's research farms are used to produce unbiased research and extension results. There are eight animal research units, five farm research units, and one forest unit which together serve 14 different academic departments. Dr. Cox said the Grain and Forage Center of Excellence at Princeton was made possible through a \$15 million investment by the Kentucky Agricultural Development Board with the stipulation that matching funds are to be provided by the University of Kentucky. (The University stands at \$9.4 million towards the match.) The Extension system is valued by rural communities. The UK College of Agriculture, Food and Environment is in the process of completing a needs assessment in each county regarding the extension system, along with a return on investment study of each extension across the state. Dr. Cox said that the College of Agriculture is starting a farm incubator program to help young farmers who cannot get credit or land. The program will help to prove the young farmers' creditability, ability to produce, and ability to manage finances. The College of Agriculture is formulating a spirits research institute to help the burgeoning bourbon and spirits industry.

Dr. Eli Capilouto, President, University of Kentucky, stated that the University of Kentucky's story starts with the people being served across the Commonwealth. UK takes seriously the responsibility to be the university for Kentucky. It takes infrastructure, research, and ideas to advance an economy. It is important to provide a good, healthy workforce at the individual level and community level. The University of Kentucky is committed to turning the opioid crisis around. The land grant mission is to keep the doors open wide and serve everyone you can. UK has record retention rates, record graduation rates, and groundbreaking research. The Extension system strengthens everything across Kentucky

including developing leaders, economic development, and healthier living. The information provided at this meeting positions the agriculture sector to remain competitive. Agriculture is a \$45 billion industry in Kentucky.

Dr. Eric Monday, Executive Vice President for Finance and Administration, University of Kentucky, stated that with the support of the General Assembly, UK has been able to invest over \$2.2 billion in the campus in order to build the best physical environment for students to succeed, help build community, and achieve belonging. UK had invested approximately \$500 million on housing and dining which contributed to 23,000 direct and indirect jobs. That equates to \$25 million in taxes paid to Kentucky. UK is committed to a sustainable food supply for use in the dining program. In 2017, through the local purchasing initiative, UK purchased \$1.7 million in food supplies.

Discussion on Artemisia Research

Mr. Patrick Perry, Research Coordinator, University of Kentucky Tobacco Research Development Center, discussed the production of the antimalarial drug Artemisinin from the medicinal plant *Artemisia annua* L. (sweet wormwood). Malaria is a worldwide epidemic, transmitted by mosquitoes and is most prevalent in underdeveloped regions. In 2015, there were 214 million cases and 438,000 deaths reported. The World Health Organization (WHO) recommends using Artemisinin-combination therapy (ACT) for the most effective treatment. The medicine supply is expensive and scarce, and the market demand is high. Sweet Wormwood (*Artemisia annua* L.) is primarily grown in southeast Asia and arable Africa. It is the only plant in the world that produces the active compound, *Artemisia*. It is a summer annual and belongs to the daisy/sunflower family. Artemiflow, which is a German company, has been able to increase efficiency through a continuous flow system that targets artemisinin and chemical relatives. It has increased higher yields, which lowers the cost. Artemisinin has also shown to be effective for cancer treatment (in human trials now at the UK Markey Cancer Center). Since artemisinin is already FDA approved, the only other step needed is repurposing approval. There is potential that artemisinin could have diabetes and veterinary applications. The Kentucky Tobacco Research Development Center (KTRDC) has been tasked with propagating sweet wormwood in a tobacco type production system. There is very limited information on how to grow from seed, especially in terms of transplant production. The KTRDC started with greenhouse testing in the winter, then moved on to field and harvest testing. He was able to put the transplants into a tobacco transplanter and prepare the field as if it were a tobacco field. The plant would be hand cut, hung outdoors for a few days, and then finish drying in a barn. Because the material dries quickly, bailing would be out of the question. The price per acre return should be similar to tobacco. Artemiflow plans to establish a facility in Kentucky and expects to start with 30 acres in 2019, 3,000 acres by 2020, and hopefully 12,000 acres by 2026.

In response to Representative Tipton, Mr. Perry stated that the literature indicates sweet wormwood requires soil with high nitrogen and potassium, and

he recommended Dual Magnum II and Trifluralin (Triflan) as herbicides. The *Artemisia* plant is cut and left in the field for several days so it can soak up the sunlight to help the conversion process, and then it is hung in the barn.

In response to Representative Rothenburger, Mr. Perry stated that the typical growing season is 300 days. The compounds needed for artemisinin develop just prior to flowering. The plant is resilient in hot and dry weather.

In response to Representative King, Mr. Perry stated that artemisinin can be used for colon cancer, breast cancer, and other common and aggressive types of cancer.

In response to Representative Pratt, Mr. Perry said that no treatment was applied or needed for mites or ladybugs. Natural nitrogen and potassium were used.

In response to Representative Dossett, Mr. Perry said that the seeds were started in a greenhouse. KTRDC had the nitrogen and potassium available so that is what was used. He did not have information regarding the economics of using other products.

In response to Representative Rudy, Mr. Perry said that the seed looks like sawdust. It is smaller than a tobacco seed; the seeds are extremely small. The seeds that the KTRDC used were elite hybrids bought from Switzerland and Thailand. Seeds can be bought in another state but they are undomesticated.

In response to Representative Westrom, Mr. Perry said that to the best of his knowledge, there are no American pharmaceutical companies synthesizing or producing their own material.

In response to Representative Pratt, Mr. Perry said sulfate is used instead of muriate because it is in the barn and readily available. Using muriate would be more cost effective.

Discussion on Department of Horticulture Programs

Dr. Mark Williams, Professor and Interim Chair of the Department of Horticulture gave an overview of the research done at the Horticulture Research. The farm is broken up into units, with the majority of the farm being used for conventional fruit and vegetable production research. The Viticulture and Enology program includes distillation of wine and brewing studies. There is a substantial vineyard with four to five acres of grapes in production. There is an ornamental section for woodies and annual plants. The organic farming unit contains approximately 30 acres that is a part of the farming apprenticeship program. The department sells wholesale fruits and vegetables to UK Dining Services. There is the potential of creating new programs such as beginning farmer training programs for non-degree seeking students where students can stay a year or longer to understand farm business plans, the science of farming, and the practice of farming. The Distillation, Wine and Brewing Program received a National Science Foundation grant for \$6 million to look at lodging, which effects corn and sorghum. The philosophy of the department is sustainability.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 3rd Meeting of the 2018 Interim

September 26, 2018

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on State Government was held on Wednesday, September 26, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representatives Jerry T. Miller, Co-Chair, and Kenny Imes, Co-Chair; Senators Ralph Alvarado, Christian McDaniel, Morgan McGarvey, Albert Robinson, and Damon Thayer; Representatives Lynn Bechler, Kevin D. Bratcher, Tom Burch, McKenzie Cantrell, John Carney, Derrick Graham, Mark Hart, Richard Heath, Dennis Horlander, DJ Johnson, Mary Lou Marzian, Reginald Meeks, Phil Moffett, Tim Moore, C. Wesley Morgan, Sannie Overly, Jason Petrie, Rick Rand, Jody Richards, Attica Scott, Tommy Turner, Ken Upchurch, and Jim Wayne.

Guests: Jenny Goins, Lesley Bilby, and Mary Elizabeth Bailey - Personnel Cabinet; Don Parkinson, Donnie Holland, Jean Bird, and Ron Vanover - Tourism, Arts and Heritage Cabinet; and Lindsay Thurston and Jenni Scutchfield, office of the Secretary of State.

LRC Staff: Alisha Miller, Michael Callan, Daniel Carter, Kevin Devlin, Roberta Kiser, Karen Powell, and Peggy Sciantarelli.

Approval of Minutes

A motion to approve the minutes of the August 22 meeting was seconded and passed without objection. (This occurred later in the meeting.)

2019 Kentucky Employees' Health Plan

Jenny Goins, Commissioner, Department of Employee Insurance, Personnel Cabinet, discussed the Kentucky Employees' Health Plan (KEHP) and highlights for the 2019 plan year, in conjunction with a PowerPoint presentation. Four plans are being offered: LivingWell CDHP (consumer driven health plan), LivingWell PPO, LivingWell Basic CDHP, and LivingWell Limited High Deductible Plan. Open enrollment will be October 8 to October 26, and enrollment for the 2019 plan year is mandatory for all members.

KEHP is the largest self-insured plan in the state and covers six percent of the entire state population. School boards comprise 52 percent of the membership, early retirees 24 percent, state agencies 19 percent, and quasi groups five percent. In 2019, there will be no premium increases for most members. There will be a small increase for approximately 17,000 members; couple and family coverage levels in the LivingWell CDHP plan will have per-month increases of \$8 and \$10, respectively, in order to align the claims cost of those plans.

COPD (chronic obstructive pulmonary disease) and asthma are being added to the value benefit program in 2019. Approximately 20,000 plan members utilize COPD and asthma medications. It will cost about \$792,000 to implement the benefit.

Although pharmacy costs are expected to increase initially, KEHP believes it is the right thing to do for its members. KEHP is breaking even on costs for the diabetes value benefit that was introduced in 2016.

In 2019, all planholders must fulfill the LivingWell Promise by completing either the Go365 Health Assessment or a biometric screening. They must fulfill the Promise by July 1, 2019, in order to receive a \$40 monthly premium discount in 2020. In 2018, 93 percent of planholders complied.

In 2019, KEHP will offer "Rethink," a new free benefit to support those who care for children with learning or behavioral challenges. It will include 24/7 phone or video chat with a behavior expert and will be available for all developmental disabilities, including autism. The benefit applies to all employee dependents, regardless of age and/or medical plan eligibility. Members must provide a 4-digit code when calling or going online; the code is "KEHP"

In 2019, there will be no changes to deductibles, co-insurance, or co-payments. The LivingWell CDHP and LivingWell PPO plans will not change; 86 percent of members are in those two plans. The LivingWell Basic CDHP is the same as the 2018 Standard CDHP; the name was changed to reflect the LivingWell Promise requirement. The new default plan, LivingWell Limited High Deductible, is a "catastrophic" plan that has the lowest premium but higher deductibles and out-of-pocket maximums. It replaces the 2018 Standard PPO, which has about 15,000 members. When those members migrate to the LivingWell CDHP, LivingWell PPO and LivingWell Basic CDHP plans, KEHP expects to save from \$9-13 million.

About 85 percent of plan participants use generic drugs. The value formulary of the LivingWell Basic CDHP and the LivingWell Limited High Deductible plans will focus more on generics and less on brand-named drugs and should save KEHP about \$597,000. Many companies are beginning to implement value formularies. The more popular LivingWell CDHP and LivingWell PPO plans will have the advanced control formulary in 2019, which is the same as the 2018 formulary.

In 2019, employer-sponsored optional dental and vision coverage will be available to active public employees at no cost to the employer. Premiums will be payroll-deducted. Through the state's RFP process Anthem was selected as the carrier for those benefits.

Ms. Goins said that KEHP always considers cost and claims data before changing the health plan. Premiums for 2019 will not increase because the budget for 2019 and 2020 allowed rollover of surplus funds from prior years. Based on the current outlook, it is expected that premiums will not increase in 2020.

The requirement for all planholders to complete the LivingWell promise in 2019 has the goal of getting people "kick started" on their wellness. Data indicates that when people become more engaged with their health and the Go365 initiative, health risk scores go down, which saves the plan money.

State wellness director Twany Beckham is working on changing the culture. He has grown the statewide wellness coalition by 49 percent; the coalition is composed of people in local agencies who help spread the word about wellness. More

than 16,000 people have participated in two step challenges. A KEHP video about breast cancer survivors will be relaunched in February during breast cancer awareness month. There is also a video about the Champions Step Challenge Winners on the LivingWell website. KEHP LivingWell initiatives have increased face-to-face interactions and promoted activity through social media channels.

The number of medical visits via the LiveHealth Online free benefit is growing and has brought KEHP \$3.9 million in cost-of-care savings. Each visit costs the plan only \$49, substantially less than for an emergency room visit. Behavioral health visits to a psychologist or therapist were added to this free benefit in 2017. In 2019, visits to a psychiatrist will be included.

The Vitals SmartShopper benefit began in 2013. Kentucky's plan is serving as a role model for other states. As of June 2018, this benefit has paid \$1,919,460 in incentives to planholders. After payment of the incentives, KEHP saved \$13,228,176.

In the diabetes prevention program, KEHP is meeting goals set by the Centers for Disease Control and Prevention. Since implementation of the diabetes value benefit, a greater number of members with diabetes are taking their medications regularly. Members participating in the program reduced their average starting A1C from 6.05 to 5.63. There were 1,865 newly adherent diabetic members in 2016, the program's first year, and an additional 1,719 newly adherent members in 2017. In the program's first year, prescription costs increased 13.9 percent, but medical costs decreased seven percent. KEHP broke even on the program; based on that success, the COPD/asthma benefit has been added for 2019.

Ms. Goins discussed the dependent eligibility verification audit. When the audit ended, KEHP was forced to terminate 9,483 unverified dependents at the end of July 2017. However, approved appeals have added 4,281 back to the plan with no break in coverage; 1,679 appeals are pending and expected to be approved. Alight Dependent Verification Services (formerly Aon Hewitt) is the vendor who performed the eligibility audit. From a fiscal responsibility perspective and to ensure that the right people are covered, KEHP will begin an ongoing audit process, starting December 1.

Senator Alvarado expressed interest in the opportunity, transparency, and cost savings offered by the Vitals SmartShopper program. He asked about its implementation and the name of the organization's contact person. Ms. Goins said that Vitals SmartShopper handles much of the necessary research and contacts providers to determine the contracted rates for medical procedures that they have negotiated with Anthem, KEHP's third-party administrator. The negotiated rates are then listed on the Vitals SmartShopper website. The program was not difficult to implement. The challenge has been to encourage engagement by planholders, and KEHP has focused on getting the information out. Ms. Goins said that Rob Graybill was the vendor's initial contact person but that she would e-mail contact information to Senator Alvarado.

Responding to questions from Representative Bratcher, Ms. Goins said that when early retirees

transition from KEHP to Medicare coverage, they join a Medicare supplement plan offered by the retirement systems. Quasi-governmental agencies are local city and county government organizations who are allowed to join KEHP if they are participating in Kentucky Retirement Systems.

Responding to questions from Representative Miller, Ms. Goins said that the Vitals SmartShopper service is used only for medical or surgical procedures. Completion of the LivingWell Promise applies to planholders but not their spouses, but KEHP has had internal discussions about possibly including spouses. Representative Miller said that would be a great next step.

Representative Meeks asked about security and confidentiality of plan members' information. Ms. Goins said that KEHP pays close attention to confidentiality of information and has not had a major breach. KEHP and its vendors sign business associate agreements, and everyone involved in the health plan abides by Health Insurance Portability and Accountability Act rules (HIPAA). As an example, KEHP receives only aggregate data from biometric screenings but not the results for individual members. Those screening results go straight from the provider to Go365. They are then forwarded to Anthem, so that the nurses in the disease management program can reach out and offer assistance to members. Representative Meeks asked whether KEHP makes an effort to advise members that their data is secure. Ms. Goins said she believes KEHP legal documents include that information but that she would double check.

Answering questions from Representative Graham, Ms. Goins said the new COPD/asthma value benefit and the Rethink telehealth behavioral health benefits are available to members at no additional cost. The 4,795 dependents who were removed from the plan in 2018 may file a Level 2 appeal, but the appeal window ends on October 8, the beginning of open enrollment. The \$10/month premium increase for family coverage in the LivingWell CDHP plan will apply to about 10,878 members; the \$8/month increase for couple coverage will apply to 6,340 members. Representative Graham expressed appreciation to Ms. Goins for the help her office provides.

There were no additional questions, and Senator Bowen thanked Ms. Goins for her attendance and presentation. He encouraged the committee to reach out to Ms. Goins and her staff whenever they have questions about the health insurance plan.

Kentucky State Parks Update

Guest speakers from the Tourism, Arts, and Heritage Cabinet were Don Parkinson, Secretary, Jean Bird, Deputy General Counsel, John Cox, Communications Director, Donnie Holland, Commissioner, Department of Parks, and Ron Vanover, Director, Recreational Parks and Historical Sites. The testimony included a PowerPoint presentation.

Secretary Parkinson said that funds which the legislature allocated for the state parks system (\$18 million and \$20 million over the last two bienniums) have been beneficial. Sales have increased over the last 2½ years. The parks system is improving, but there is not enough money to take care of the \$240 million in

deferred maintenance. The cabinet cannot “do it all” and has been working with communities to address problems. He stressed the importance of keeping the parks open and maintaining historical sites.

The parks drive tourism, support job creation, strengthen economic impact, and preserve history. The continuing strategy for the parks system is to partner with local governments, protect resources, require parks operations to continue, develop innovative ownership, management, and operational tools, and ensure that natural and historical resources are preserved and enhanced for generations to come.

Commissioner Holland expressed appreciation for the monies that were allocated to help stem the tide of deferred maintenance issues and to begin the process of turning the parks around. He said that in many cases local governments are best suited to address deferred maintenance needs and to support recreational programming and events at the parks. Local citizens should have input in the operation of their parks. Kentucky has 49 parks—more than the average in other states. The parks have 1,500 employees during the summer and approximately 800 full-time employees in the winter months. The parks appreciate help from their partners in local communities. Those partnerships are conditioned on continuity of the parks; otherwise, control would revert to the state. It is not a new approach. There were similar agreements in prior administrations: Constitution Square State Historic Site partnership with the city of Danville in 2012 and a partnership with the city Owensboro for the golf course at Ben Hawes State Park in 2010. Four state park golf courses were closed in prior years: Rough River Dam (2013), Kenlake (2013), Jenny Wiley (2012), and Lake Cumberland (2006). Others have been closed during the current administration because of low utilization.

Commissioner Holland recounted success stories in working with local communities. The Calvert City airport, which is located at Kentucky Dam Village State Resort Park, had been downgraded to “airstrip” status and needed extensive repairs. The city is building hangers to accommodate 10-plus private aircraft and is adding aviation fuel service. The improvements are designed to support economic development in western Kentucky and to reestablish the airstrip as an FAA-approved airport. My Old Kentucky Home State Park amphitheater in Bardstown had a history of structural and electrical issues and was closed for safety reasons. The Stephen Foster Story production continued this summer after an agreement was reached between the state and the Nelson County fiscal court. Local leaders made the needed repairs for a fraction of what it would have cost the state. The amphitheater at Jenny Wiley State Resort Park was closed due to electrical and structural issues. The state leased the theater to the city, which made the necessary repairs, and the show continued there this summer. The swimming pool at Jenny Wiley had been idle and was leased to the city of Prestonsburg. The city is working to make repairs and plans to reopen the pool in the spring of 2019. A local charitable foundation paid to demolish the dilapidated boat dock at Lake Malone State Park marina and replaced it with a new one. The dock was condemned in December 2015 but is now back

in business, creating significant savings for the local management. At Kincaid Lake State Park the state leased the park's 9-hole golf course to Pendleton County, after meeting with Representative Hart and local officials. The county made improvements, kept the course open, and created significant savings for the local management. Representative Hart expressed thanks for the partnership at Kincaid Lake State Park. He said it has been more successful than anticipated. The manager of the golf course had a goal to break even at the end of the 2018 but was able to reach that goal at the end of July. The golf course is back up to par and is an enhancement not only for the state park but also the local community. Senator Bowen thanked Representative Hart for that information and stated that public-private partnerships (P3s) by state and local governments are critical to meeting the needs of the Commonwealth.

Commissioner Holland said the cabinet is in the process of working on other projects with local communities. Local officials want to operate and manage Levi Jackson State Park in London. After being contacted by Mayor Troy Rudder, the state is working on an agreement to transfer the park to the city. In Lincoln County, if management of the William Whitley House State Historic Site can be transferred to the Lincoln County Historical Society, public access to the Whitley House will increase, and additional funding will be available for its continued preservation. Boone Station (not to be confused with Fort Boonesborough) comprises 47 acres in southeastern Fayette County that Robert Strader deeded to the Department of Parks in 1992 in his will. The will states that if the Department of Parks does not develop the property as a “historic state park” within 15 years, ownership of Boone Station would be deeded to David's Fork Baptist Church in Lexington. In 2004, the Department of Parks requested \$400,000 to develop the park, but the request was not approved and the development did not occur. The property includes two old, dilapidated barns that have no historical significance and pose a safety concern. There are three picnic tables and a single porta-toilet. The Department of Parks and the Kentucky Historical Society placed a few signs and interpretive panels. A marker lists Daniel Boone's relatives, but there is little evidence that they are buried at the site.

Senator Bowen thanked the speakers and for addressing concerns that had been voiced previously by some committee members. He said he recently visited Breaks Interstate Park. He asked about the partnership between Kentucky and Virginia for administration of the park. Commissioner Holland said the lodge is in Virginia. The partnership does relatively well and comes close to breaking even. He believes Kentucky provides a little less than 50 percent of the funding. There had been concern about safety because rangers stationed in Virginia were not authorized to enter the Kentucky section in order to exercise police powers. With Justice Cabinet Secretary John Tilley's support, the rangers now have authority to police on both sides of the border. Mr. Vanover said that Breaks Interstate Park is run by a commission, with four members from Kentucky and four from Virginia. Two-thirds of the park is in Virginia and one-third is in Kentucky. When the park was created

jointly by the two states in 1954, law enforcement officers in Virginia had no control within the 1,700 acres in Kentucky. The states have worked on that issue for the last four or five years and were able to obtain the needed law enforcement authority.

Senator Bowen asked whether the Kentucky State Parks Foundation is still active. Secretary Parkinson said it is and is still headed by Molly Caldwell. The foundation recently conducted t-shirt and poster fundraisers and will host a fundraiser at Keeneland within a few weeks. The foundation members also host park visits and exhibits for children. Senator Bowen explained that the foundation was created after the parks system received a bequest of several thousand dollars from a Kentucky citizen.

Senator Robinson said he endorses London local government's involvement in Levi Jackson State Park but has concern whether there are guidelines and restrictions to protect the natural resources on the property. The park contains some of the best forests in that area of the state. Ms. Bird said the state intends to preserve the land as it now exists. There are historical preservation and conservation easements for the property, and if it were to cease being used as a park it would automatically revert to the Commonwealth.

Representative Wayne thanked Secretary Parkinson and Commissioner Holland for their service to the parks. He said it appears that the parks may be in a state of crisis, considering the maintenance needs of \$240 million. He questioned whether there is a long-term strategy for the parks. He suggested looking at the state of Minnesota, which gathered a coalition of rural and urban citizens to organize a system to continuously fund its state parks. He believes the parks present great opportunity for Kentucky but that more needs to be done to restore and perhaps expand the parks system. Secretary Parkinson said there is a strategic plan. The cabinet is working on updating it and will be able to share it with the committee. Two-thirds of the U.S. population can drive to Kentucky within one day. Customers of the parks seem to like what is being done, and the hope is to make the parks system bigger and better. He visited Pine Mountain State Resort Park recently and thinks it looks better now than when it opened in 1924. There are many good things about the parks system, but more can be done.

Representative Meeks said he hopes that the strategic plan will incorporate the former Cherokee State Park, a blacks-only state park located in western Kentucky. The park opened in 1951 and was closed in the 1960s. It is now part of Kenlake State Resort Park. Secretary Parkinson said that African American history is an important support for tourism and is a priority for the cabinet. Representative Meeks asked about legislation that Congress is considering to designate Camp Nelson as a national monument. Secretary Parkinson said Camp Nelson is not part of the Kentucky parks system but that he would get an update about that.

Representative Miller said he served as state parks commissioner for a brief period in 2006 and 2007. The needs were massive then and continue to be. He believes a root cause was that more than 20 years ago the focus was on building and growing, without sufficient money for maintenance. The parks

had strayed from their mission of being the nation's finest. He is glad to see movement in that direction, and he would like to hear more at a future meeting about P3s for the parks. He commended Mr. Vanover for his faithful service as a parks employee.

Senator Bowen thanked the speakers for their testimony and for their efforts in the parks system. He invited them to return to a future meeting.

Administrative Regulation Review

31 KAR 3:010 Current address of Kentucky registered voters and distribution of voter registration lists – This regulation was reviewed and amended by the Administrative Regulation Review Subcommittee on August 14, 2018, and was assigned on September 5 to the Interim Joint Committee on State Government for secondary review. Lindsay Thurston, Executive Advisor, and Jennifer Scutchfield, Assistant Director, testified on behalf of the office of the Secretary of State and the State Board of Elections.

Ms. Thurston answered questions from Senator Thayer regarding the fee increases proposed in the amended regulation. She said the increases were recommended by the executive director and the assistant director of the State Board of Elections and then approved by the board in April 2018. Requests for the statewide voter list will increase from \$450 to \$2,000. The fee for an alphabetical paper list or a street order paper list will increase from \$4 to \$10. The fee for mailing labels will increase from \$10 to \$30 per 1,000 labels. The Commonwealth of Kentucky has one of the lowest fee structures for its voter registration data. Indiana charges \$5,000 for a statewide voter list, and Alabama charges \$36,000. After research, the board adopted the fee increases to bring them more in line with fees in other states. Answering further questions from Senator Thayer, Ms. Thurston said there was no disagreement about the recommended fee increases. The amended regulation is designated as emergency because elections are a critical infrastructure, and the increase in revenue will support established security efforts.

Senator Thayer asked about the status of the federal consent decree that directed Kentucky to clean its voter rolls. Ms. Thurston said that the State Board of Elections has submitted a comprehensive plan to the Department of Justice in a timely manner. The plan is currently receiving review and is under consideration for improvement. The final plan is due by the middle or end of October, and staff is in constant communications with the Department of Justice.

Senator Thayer suggested an oral amendment, or deferring the regulation for a month, in order to correct the misspelling of "credit" on page 11. Some members of the committee pointed out that an amendment would not be necessary in order to correct a typographical error. Ms. Thurston said she would be happy to accommodate the wishes of the committee.

Senator Bowen said that the committee would not be able to take any official action due to lack of a quorum. Pursuant to KRS Chapter 13A, the committee has only 30 days from the date of assignment to review a regulation, so the period for review will have elapsed before the committee meets in October.

Representative Petrie asked whether there was a cost analysis relating to the fee increases, in addition to the comparison with other states' fee structures. Ms. Scutchfield said the fees had not been changed in decades and that the increases were needed. She said she did not find a written analysis.

The meeting agenda included the following regulations from the Personnel Cabinet: 101 KAR 2:020, 101 KAR 2:034, 101 KAR 2:076, 101 KAR 2:095, 101 KAR 3:045, and 101 KAR 3:050. Guest speakers from the cabinet were Lesley Bilby, Deputy Secretary, and Mary Elizabeth Bailey, Commissioner, Department of Human Resources Administration. Senator Bowen said that because the committee cannot take action due to lack of a quorum, he would entertain a motion to adjourn if that would be acceptable to the guest speakers. They indicated they would defer to the chair.

A motion to adjourn passed without objection. Business concluded, and the meeting was adjourned at 2:58 p.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 3rd Meeting of the 2018 Interim

September 26, 2018

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Local Government was held on Wednesday, September 26, 2018, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Rob Rothenburger, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Rob Rothenburger, Co-Chair; Senators Ralph Alvarado, Christian McDaniel, Morgan McGarvey, Albert Robinson, Dan "Malano" Seum, and Damon Thayer; Representatives Danny Bentley, George Brown Jr, Ken Fleming, Kelly Flood, Kenny Imes, DJ Johnson, Kim King, Adam Koenig, Stan Lee, Michael Meredith, Jerry T. Miller, Phil Moffett, Steve Riggs, Attica Scott, Arnold Simpson, and John Sims Jr.

Guests: John Holiday, Mike Sunseri, and LeAnn Straley, Kentucky Office of Homeland Security; Joe Baer, Kentucky Professional Firefighters; Dr. Kerry Ramella, International Association of Firefighters Advisory Committee for the Center of Excellence for Behavioral Health Treatment and Recovery; Valerie Areaux, Bluegrass Family Therapy; Jo Terry, Covington; Ehrin Ehlert, First Responder Network Authority; and Eric Flannery, FirstNet Program, AT&T.

LRC Staff: Mark Mitchell, John Ryan, Joe Pinczewski-Lee, and Cheryl Walters.

Approval of Minutes

Upon the motion of Senator Alvarado, seconded by Representative Bentley, the minutes of the August 22, 2018 meeting were approved.

NextGen 911 Services and 2016 HB 585 Update

Mr. John Holiday, Executive Director of the Kentucky Office of Homeland Security (KOHS) and Chairman of the Commonwealth's 911 Service Board,

told the Committee that while 911 is primarily a communications operation, Geographic Information System (GIS) is a critical element of innovative, 21st century emergency communications. For 911 purposes, timely and accurate mapping data is of paramount importance. GIS as a whole must be elevated in stature if Kentucky hopes to compete on a national scale.

Increased GIS capability in the state can propel state government and the private sector to new heights, in terms of profits, savings and security. GIS is far more than points on a map. GIS creates the opportunity to share layer upon layer of information to an easy-to-interpret manner that gives users the opportunity to critically analyze multiple data points, identify trends and determine courses of action based on accurate, real-time information.

Mr. Mike Sunseri, Deputy Executive Director of KOHS, told the Committee that no matter what type of phone people have or where they are in the United States, dialing 911 connects people in need with telecommunicators—first responders ready to offer timely and professional assistance, whether that be a police, fire or medical response. In a world where seconds can literally mean the difference between life and death, it is vitally important that Kentucky has the best possible emergency response infrastructure.

Kentucky's 911 system is at a critical crossroads. Last year, the Governor issued an executive order giving KOHS daily oversight and management of the 911 Services Board. The General Assembly codified, in large part, the executive order with the passage of HB 424 this past legislative session. Since taking over daily operations in May of 2017, KOHS has taken aggressive action to strengthen the board's operational foundation. For example, KOHS enlisted the State Auditor to do a four-year audit of the board's administrative fund as the past board was behind on its statutory requirement of auditing the books every two years. The audit revealed the past board had improperly spend more than \$250,000 from a fund dedicated by statute to be used exclusively for 911 call center grants. Once KOHS learned of the issue, Director Holiday took immediate action and repaid the grant fund out of the Board's administrative fund. As Kentucky's 115 certified 911 call centers work toward adopting Next Generation 911 (NG 911) technology, every penny counts. So it is critical that as many dollars flow to local call centers as possible.

For the last ten years, 911 call centers, also known as public safety answering points (PSAPs), have been looking for guidance on how to move from antiquated, voice-only technology to NG911 technologies. While a copper-wired based analog system can only carry voice data NG911 uses internet-based digital networks to allow 911 call centers to receive and send texts, photos, video and other data.

The federal government is investing almost \$110 million in a new grant to help states adopt NG911 equipment and operations, and Kentucky now stands poised to receive \$1.7 million from that grant. However, the project requires a 40 percent local match. With Kentucky's own contribution, the combined project would total nearly \$3 million.

After the grant was announced, a letter was sent to all 115 certified PSAP directors to seek their input

on how to best move forward Kentucky's NG911 efforts. The board received good feedback from the 911 community thus far. The one common element shared by those in the trenches was GIS. For the NG911 to work, there must be updated and accurate electronic mapping on a statewide level.

Looking beyond the grant, the Kentucky 911 Services Board is in better shape than ever before. During the last year, KOHS has realized significant operational savings. The Board's administrative fund finished fiscal year 2018 well under budget, and is in such a sound financial position, that it can provide the first round of matching funds for the federal grant.

The passage of 2016 HB 585 established a new method of collecting 911 fees from prepaid cellular customers. While most people (2.7 million subscribers) pay a 70-cent-per-month 911 fee along with their monthly cell phone bill, more than a half-million people have pay-as-you-go, or prepaid, wireless plans. For prepaid wireless customers, 93 cents is collected by retailers at the point-of-sale for each prepaid wireless transaction—either the initial sale or adding minutes to an existing account. The new prepaid collection model went into effect in January, 2017. In the first full year of the program, Kentucky collected \$9 million in prepaid 911 fees. Because 95 cents out of each dollar collected in 911 fees goes right back to Kentucky's 115 certified call centers, this new prepaid program led to a record amount of funding for PSAPs, many of which are struggling with decreasing revenues from landline customers. Receipts totaled just under \$30 million in FY 18. This compares to revenues of \$26.8 million in FY 16.

As Kentucky moves toward NG911, it will require PSAPs to utilize more technology to keep pace, which has a price tag. One of the benefits of NG911 is that, once a statewide network is created, all participating call centers will be connected, much like computer workstations on a business network. So if a natural disaster were to strike and a call center lost the ability to take calls, all 911 call traffic could be instantly switched over to a neighboring call center, or even one on the other side of the state. Adopting NG911 technology will not be an easy task for many. Each PSAP will need to have its electronic mapping updated on a regular basis by GIS professionals. NG911 simply cannot work without accurate GIS data, so this will need to be a major focus of Kentucky's new statewide NG911 plan.

In response to a question from Representative Fleming, Mr. Sunseri said he did not have statewide figures of what it would cost to fully bring all the GIS systems up to date, but that it costs the City of Owensboro \$8,000 per month to maintain its GIS.

In response to another question from Representative Fleming, Mr. Sunseri stated that moving forward, there has never been greater accuracy on cell phones in terms of fixing a person's location in an emergency. Local governments and their related PSAPs have the responsibility of ensuring the GIS systems they use are accurate and updated regularly.

Representative Fleming commented that there should be a coordinated effort between fire departments, police, and local officials to find out the total cost for GIS.

In response to a question from Representative Johnson, Mr. Sunseri said that in terms of matching the money for the federal grant, there are presently enough agency funds in reserve to cover one or two years of the four year grant term.

In response to a question from Representative Miller, Mr. Sunseri said the 37.5 cent flow back from the wireless phone tax to PSAPs is a flat, equal share.

In response to a question from Senator McDaniel, Mr. Sunseri replied that, statewide, emergency texting has been highly beneficial. When a 911 operator texts a caller after a hang-up, the response rate has been greater than when they call.

Representative Riggs commented that there should be consequences for the people who misused the 911 funds. He also commented that other states have 90 percent fewer PSAPs than Kentucky and that having 115 PSAPs is costly. He suggested that a task force or subcommittee be formed to look into the efficient distribution of PSAPs.

In response to a question from Representative Riggs, Mr. Sunseri said that there have been no requests to merge PSAPS since July 2016 despite a \$200,000 incentive in 2016 HB 585 which was increased from \$100,000.

Representative Koenig said that the General Assembly should look into the possibility of taxing smart phones, and a cost analysis should be performed for PSAP operations at current levels and various other numbers of PSAPs at less than the present 115.

In response to a question from Representative Lee, Mr. Sunseri stated that grant money was spent on a technical consultant which was never completed. No documentation could be found regarding the work. Some staff salaries were also charged to the grant contrary to law.

In response to another question from Representative Lee, Mr. Sunseri said there are seven members on the board and three staff members and that the board derives operational efficiency from its location within KOHS offices.

In response to a third question from Representative Lee, Mr. Holiday said that up-to-date GIS maps decrease response time, and decreasing response time means probably saving more lives. Each community needs to regularly update its GIS maps. The department is working toward quantifying the statewide costs for doing so.

Chairman Rothenburger shared an example of how accurate mapping of parkland covering multiple fire districts could shorten response times.

Senator Robinson commended Director Holiday for his military service and his work with KOHS.

In response to a question from Representative Imes, Mr. Sunseri said that some areas do have challenges with cell service. For example, certain areas of Perry County do not have cellular coverage. Service providers do look at costs versus benefits, and equipment is expensive. Ensuring cell phone coverage is definitely a challenge.

FirstNet Program Implementation from AT&T

Mr. Ehrin Ehlert, Field Operations Director for First Responder Network Authority, told the Committee that the FirstNet Program is an independent federal agency charged with deploying

a Public Safety Broadband Network. FirstNet became law February 22, 2012. The FirstNet board has 15 members with industry and public backgrounds. Each governor appoints one single point of contact (SPOC) and governing body to represent the state's interest to FirstNet. The 42 member Public Safety Advisory Committee (PSAC) advises FirstNet on public safety intergovernmental matters. Seven billion dollars was authorized to build the FirstNet network, funded by spectrum auctions through 2022. The band class is 14, and 20MHz of bandwidth has been dedicated to public safety in the prime upper 700 MHz frequency range which is an advantageous frequency range.

Regarding FirstNet request for proposals, the Middle Class Tax Relief and Job Creation Act requires "open, transparent, and competitive request for proposals to private sector entities for the purposes of building, operating, and maintaining the network." The Act also establishes a public/private partnership to deliver the best possible network solution for the public safety community.

FirstNet's journey began with the 9/11 attack in 2001, where radio communication challenges impacted responding law enforcement, fire, and EMS. In 2004, the 9/11 Commission Report recommended national radio spectrum for public safety purposes. Public safety united to advocate for a broadband network. In 2012, FirstNet was created. From 2012 to 2015, there was outreach to the public safety community and Governors identify SPOCs for FirstNet. In 2016 and 2017, there were network request for proposals, a partnership award to AT&T, and delivery of state plans. From 2018 through 2022, there will be nationwide expansion and buildout of Band 14 for the Public Safety Broadband Network.

FirstNet represents the First Responder Network Authority organization, which was established to deliver the nation's public safety broadband network, oversee the Network contract with AT&T, consult with the public safety community to ensure its voice and needs are heard, and drive public safety innovation for the Network. FirstNet also represents the FirstNet network and services built with AT&T, whose key features include dedicated connection with priority and preemption over a secure and reliable network.

FirstNet is a public agency for public safety by public safety. It exists because public safety organizations wanted FirstNet to exist and to be available for their use. FirstNet continues to seek input from public safety organizations on a daily basis to improve the network so that more crimes can be solved and more lives can be saved.

In response to a question from Representative King, Mr. Ehlert said that Derek Nesselrode, Kentucky State Police, is the SPOC for Kentucky.

In response to a question from Representative Moffett, Mr. Ehlert said that FirstNet seeks to bring public safety's GIS network into the system in the best and non-duplicative manner.

Mr. Eric Flannery, Principal Consultant for AT&T's FirstNet Program, said that there is little overlap needed from NextGen 911.

In response to a question from Representative Rothenburger, Mr. Ehlert stated that the public safety broadband network has access to existing cellular communication towers. Public safety cellular traffic is

routed differently than citizen cellular traffic. Public safety communications devices are registered with FirstNet to facilitate that. In addition to the \$7 billion that FirstNet and the government allocated, AT&T is allocating \$40 billion not only to improve the network for public safety and to help the citizens that public safety serves.

In response to another question from Representative Rothenburger, Mr. Ehlert said the time line includes a five year build-out plan with a 25 year contract.

Firefighter Post-Traumatic Stress Disorder

Mr. Joe Baer, President of the Kentucky Professional Firefighters, told the Committee that firefighters' cumulative occupational exposure to traumatic events far exceeds civilians' exposure. The most common number of traumatic events Americans will experience in their lifetime is three. The number of traumatic event firefighters will routinely encounter on a single call is four. The majority of career firefighters work a minimum of 20 years.

The kinds of traumatic events that firefighters encounter include: structural fires, multi-causality accidents, natural disasters, chemical or biological exposures, suicide of co-worker or civilian, terrorist attacks, life threatening events involving children, and large-scale catastrophic events.

Research says that approximately 22 percent of firefighters will meet full diagnostic criteria for PTSD at some point in their career. Between seven and 11 percent of firefighters suffer from clinical depression. Combat veterans with PTSD are six times more likely to commit suicide. Many firefighters consider suicide at some point in their career—46.8 percent have had suicidal ideation, 19.2 percent have made suicidal plans, and 15.5 percent have made suicidal attempts.

The National Broadcasting Company (NBC) collaborated with the International Association of Firefighters (IAFF) on a national survey, which explored behavioral health concerns in the fire service. Nearly 7,000 IAFF members responded, and over 75 percent report stress of the job contributes to unresolved emotional issues. It is important to note that the survey was not a scientific study.

There were several behaviors identified in the survey that firefighters report are a result of the work-related stress and Mr. Baer noted the group's educational efforts toward de-stigmatizing the necessity of seeking psychological help.

Most firefighters will not receive a PTSD diagnosis. Of the total 459 patients treated at the IAFF Center of Excellence (COE) since it opened, 273 were not admitted with a PTSD diagnosis. Furthermore, of the five potential PTSD cases from Kentucky treated at COE since it opened, only three were diagnosed PTSD cases.

Dr. Kerry Ramella, with the IAFF Advisory Committee for the Center of Excellence for Behavioral Health Treatment and Recovery, told the Committee that firefighters can experience multiple traumatic exposures each shift over the course of their careers. The IAFF represents over 313,000 professional firefighters in the U.S. and Canada. For the last several years, behavioral health concerns and solutions have become the number one initiative.

Breaking down the stigma for behavioral health will allow the firefighters to get the treatment they need to continue their careers and enjoy their retirement. The IAFF developed an online behavioral health class for firefighters, developed peer programs and curriculum, worked on legislation and partnered with a behavioral health provider to offer treatment.

Twenty-two percent of firefighters probably experience clinically-diagnosable PTSD sometime in their career and many more suffer the symptoms of post-traumatic stress. Every firefighter probably suffers symptoms of post-traumatic stress. Only a small percentage receives a clinical diagnosis of PTSD. There are many valid and reliable psychometric assessments that can be used to diagnose PTSD and determine whether or not it is a result of on-the-job exposure. PTSD is not something that someone can simply claim.

There is a cumulative effect to PTSD. Sometimes firefighters are asked to identify one incident or exposure that caused the PTSD which can be difficult to determine. Sometimes there can be one particular incident they can point to as a cause. Over the course of their career, symptomology can begin to occur with other life events.

Why is PTSD talked about more often now than in the past? As with any medical condition, diagnoses get better with time. Psychology is a fairly new science. PTSD has been there, but professionals are now better able to diagnose and treat it.

The Department of Veterans Affairs has spent millions of dollars researching treatments and concluded that there are multiple effective evidence-based treatments for PTSD. Sixty percent of those receiving an evidence based treatment report symptom improvement, with 40 percent no longer meeting PTSD diagnostic criteria at the end of treatment. Most patients report a return to functional status which is important because a preponderance of evidence indicates PTSD is treatable as opposed to being a chronic condition.

If mental health professionals are aware that there are certain events that can create long-lasting effects, they can intervene and begin treatment and forestall a clinical diagnosis. Firefighters tend to have a delayed response. While many studies occur after major incidents, mental health professionals are looking at everyday wear and tear. Life changes can change how firefighters respond to stressful exposures. In major incidences, there can be a two to ten year delay in a firefighter's presentation of symptoms. This is thought to be because of the perceived stigma of treatment and a delay in seeking treatment.

Legislation for presumption is so important because if PTSD can be acknowledged, accepted and treated without having to fight for treatment, prove and justify a need, secondary and betrayal trauma can actually be minimized and stigma can be reduced for early intervention.

People have to fight claims, have to find attorneys, and find providers who are skilled to render the treatment that they need. Firefighters are using their own money and leave time which make recovery challenging. Sometimes in treatment, the firefighter must be removed from the stressful environment. They need time off, or placement in a

non-operational position. These factors can inhibit progress in treatment.

In conclusion, epidemiological and clinical assessment studies clearly document that firefighters are exposed to trauma at higher levels in their work. Data also clearly shows that firefighters are at increased risk of developing PTSD. The current workers' compensation system places an enormous burden on an individual firefighter who is diagnosed with PTSD from a work related exposure. Presumption of PTSD in the fire service is becoming accepted throughout the US and Canada, as well as within the mental health provider community.

Ms. Valerie Areaux, a therapist with Bluegrass Family Therapy, told the Committee that she currently treats seven firefighters with PTSD, three of whom presented with suicidal ideation, and all of whom had exhausted their employee assistance program (EAP) therapy sessions before seeking her services. Being out of the network, the firefighters are directly paying for her service. In 2017, she treated four firefighters with PTSD, so the number of firefighters diagnosed with PTSD is increasing. She reaffirmed Dr. Ramella's statement that with skilled intervention, the PTSD symptomology can resolve, and the firefighters can return to work with reasonable mental health.

Typically firefighters are referred to her through peer support intervention, or after the exhaustion of EAP benefits. She noted common symptoms patients exhibit related to PTSD which includes avoidance of triggering stimuli that can affect job performance.

Ms. Areaux is collaborating with the local union president and the Lexington Fire Department to develop a tiered approach to treating PTSD where the groups hope to provide education to all members of the fire department and their families, to offer a bi-monthly peer support open meeting for firefighters and their families, to expand one-on-one peer support to firefighters who request it, to provide access to qualified therapists and to provide referrals to the IAFF Recovery Center in Maryland. She hopes that the legislature will support firefighters' psychological health.

Ms. Jo Terry told the Committee that her husband, a retired firefighter, committed suicide five years after he retired. He suffered from PTSD and did not know there was treatment available specifically for PTSD. She wanted to bring a face to PTSD and showed a video of her husband at his retirement wherein he talked about his experiences as a firefighter.

He had himself admitted to the University of Cincinnati Medical Center's psychiatric unit. Once out of the unit, he receive intensive out-patient therapy—three hours a day for four days a week as he tried to balance being a husband, father, and work all at the same time. During counseling sessions, persons with substance abuse problems were present and he ended up counseling them about how to change. Unbeknownst to her, this was the wrong counseling setting for her husband and she indicated that she felt let down by the services.

The best possible care through workers compensation, through health benefits, or any means should be provided to the first responders. Ms. Terry then read a portion of her husband's final note.

Representative Riggs commented that mental

injuries are just as important as physical injuries.

In response to a question from Representative Riggs, Mr. Baer said that most employers were self-insured and that the benefits vary. While some employer assistance programs are effective, some are not. The programs of which he had experience were not beneficial for firefighters. Dr. Ramella noted that EAPs are not designed for the firefighter community. Mrs. Areaux responded that with a presumption status, the firefighter could take time off work to obtain the necessary treatment without having to schedule around a work schedule treatment and possibly compounding existing trauma.

In response to a question from Representative Meredith, Mr. Baer replied that there has been an effort to include PTSD awareness training within the Firefighters Foundation Program Fund basic and continuing education training.

In regard to another question from Representative Meredith, Mr. Baer said the difference between PTSD Presumption states and PTSD Benefit Eligibility states, is the assumption that mental injuries are the same as physical injuries.

Representative Meredith asked that the volunteer firefighters not be left out.

Representative Flood stated that she would work with the chairman and the firefighters to get presumption legislation.

In response to a question from Senator Alvarado, Ms. Terry said there was some movement to partner with the VA.

In response to another question from Senator Alvarado, Dr. Ramella replied that any health care professional can make a PTSD diagnosis.

In response to a question from Representative Koenig, Dr. Ramella said peer support is used to help with trauma before it progresses to PTSD.

Representative Fleming commented that he is interested in doing something similar to 2018 HB 68 with the firefighters. He also said that the EAP services compensation rates needed to be addressed.

Representative Rothenburger stated that he was fully supportive of legislation that will help emergency services providers.

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

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 4th Meeting of the 2018 Interim

September 27, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 27, 2018, at 1:00 PM CST, in Room 143 of the Crisp Center on the Paducah Campus of Murray State University. Representative Steven Rudy, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Steven Rudy, Co-Chair; Senators Danny Carroll, David P. Givens, Stan Humphries, Dennis Parrett, and Brandon Smith; Representatives Matt Castlen, Ken Fleming, Suzanne Miles, Jason Nemes, Jody Richards, Jim Stewart III, James Tipton, Russell Webber, and Jill York.

Guests: Dr. Robert L. Jackson, Murray State University Interim President; Brandi Harless, Mayor of Paducah; Sandra K. Dunahoo, Commissioner, Department of Local Government; Amy Barnes, Executive Director, Office of Grants; Will Rich, Attorney; Mrs. Jewelee Romine; Mr. Tyler Romine; Carla Pobst; Mary Hammond, Executive Director, Paducah Convention & Visitor's Bureau; Hank Phillips, President and CEO of the Kentucky Travel Industry Association.

LRC Staff: Jennifer Hays, Katy Jenkins, and Chase O'Dell.

Welcome and Opening Remarks from Paducah

Brandi Harless, Mayor of Paducah, welcomed members to Paducah and made her opening remarks.

Welcome and Opening Remarks from Murray State University

Dr. Robert L. Jackson, Murray State University Interim President, welcomed members to the Paducah regional campus of Murray State University and made his opening remarks.

Discussion of Tourism in Western Kentucky

Hank Phillips, President and CEO of the Kentucky Travel Industry Association, and Mary Hammond, Executive Director, Paducah Convention & Visitor's Bureau, discussed tourism in western Kentucky.

Mr. Phillips presented the Kentucky Economic Engine Award to McCracken County.

Mr. Phillips testified that Kentucky's travel and tourism industry is a \$15 billion industry that provides over 196,000 jobs. Tourism in McCracken County has an economic impact of more than \$367 million; tourism supports 3,000 jobs.

Mary Hammond testified that tourism and economic development go hand-in-hand.

Paducah is a UNESCO Creative City. UNESCO Creative Cities are built on culture, creativity, and innovation. Paducah follows the sustainable development goals of the UNESCO Creative Cities program.

Discussion of Air Ambulances

Jewelee Romine, Tyler Romine, and Carla Pobst discussed air ambulances.

Mr. Romine testified that he and Mrs. Romine received a bill from Rocky Mountain Holdings for \$64,999 a few months after their son's air ambulance flight. Mr. Romine stated that a few months later Anthem Blue Cross Blue Shield sent the family a \$10,000 check to pay to Rocky Mountain Holdings. Rocky Mountain Holdings filed an appeal after Anthem Blue Cross Blue Shield only offered to pay \$10,000. Anthem declined the appeal because it did not have a contract with Rocky Mountain Holdings. The Romines filed an appeal that was also declined and, thus, they have a \$54,000 bill.

Carla Pobst testified that Rocky Mountain Holdings billed her for \$59,999 after her daughter's air ambulance flight. Anthem Blue Cross Blue Shield sent her a check for \$18,148.51, which she then sent to Rocky Mountain Holdings. She was told that she would owe \$41,850.49.

Ms. Pobst testified that there is no in-network provider of air ambulance flights in Kentucky. Air ambulance flights are not regulated like health vehicle ambulances.

Senator Humphries stated that there is no simple fix for the air ambulance issue.

Senator Parrett said that the legislative body needs to address the cost of air ambulances and when they can fly patients.

In response to questions from Senator Carroll, Mr. Romine testified that purchasing an area provider's insurance would not have helped him because that particular company was not used. The company that flew him was based out of Indiana. The issue stemmed from not being made aware that his flight would not be insured beforehand. Ms. Pobst testified that there are no in-network air evac providers in Kentucky. She did not know about insurance for air ambulance flights until after her flight.

In response to a question from Senator Smith, Mr. Romine stated that his family was flown in an airplane. Senator Smith said that he was shocked by the bill of \$64,000.

Representative Rowland stated that the Banking and Insurance committee has had several discussions on air ambulances. When other states have tried to regulate air ambulances, they have sought protection under the Federal Aviation Administration (FAA). States need the ability to regulate air ambulances, but that will take federal action. Representative Rowland said that, on August 15, 2018, Anthem Blue Cross Blue Shield went into contract with Air Evac and Rocky Mountain Holdings.

Discussion of TVA In-Lieu-Of Taxes

Sandra K. Dunahoo, Commissioner, Department of Local Government, Amy Barnes, Executive Director, Office of Grants, and Will Rich, Attorney, discussed TVA In-Lieu-Of Taxes.

Commissioner Dunahoo stated that many communities struggle to match federal funds from the Department of Local Government (DLG).

Commissioner Dunahoo said that there were 39 counties eligible to participate in the set aside program. On September 11, 2018, DLG sent copies of the application for the set aside program to all 39 counties eligible to participate. The deadline for counties to respond is November 9. The account is not yet fully funded.

In response to a question from Representative Miles, Amy Barnes testified that counties can partner with a neighboring county or a regional IDA. Some counties are in the process of creating an IDA. Commissioner Dunahoo stated that DLG does not intend to dictate how dollars are spent in communities.

In response to questions from Senator Carroll, Commissioner Dunahoo said that DLG anticipates the JFA contracts for 2018 to issue soon. DLG has received applications from Allen, Ballard, Barren, Carlisle, Grayson, Henderson, and Hickman counties.

In response to questions from Representative Rudy, Commissioner Dunahoo said that it would be a local decision as to whether a county could bond money it receives. There are a few counties struggling to make bond payments. In-lieu-of taxes fluctuate. Amy Barnes stated that she hopes to have many of the checks to counties by the end of the year.

List of Reports Received Since August, 2018

Chairman Rudy reviewed a list of reports received since the last meeting.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection

Minutes of the 2nd Meeting of the 2018 Interim

September 27, 2018

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 27, 2018, at 10:00 AM CDT, in Room 131 of the Paducah Campus of Murray State University, 4430 Sunset Avenue, Paducah, KY. Representative Jill York, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jill York, Co-Chair; Senator Perry B. Clark; Representatives Bart Rowland and Steven Rudy.

Guests: Mary Hammond, Executive Director, Paducah-McCracken County Convention & Visitors Bureau; Brandi Harless, Mayor, City of Paducah; Tammara Tracy, Director, Paducah City Planning Department; Hank Phillips, Kentucky Travel Industry Association; and Frank Bennett, Chief Executive Officer (CEO), National Quilt Museum.

LRC Staff: Nick Peak and Benjamin Thompson.

Overview of the Many Tourism Opportunities in Paducah-McCracken County and Benefits of UNESCO Designation

Ms. Hammond summarized the tourism prospects in Paducah and spoke of the tourism and cultural benefits of being designated a United Nations Educational, Scientific and Cultural Organization (UNESCO) Creative City.

In response to a question from Chair York, Ms. Hammond said that it would benefit the region if Paducah pooled its resources with other cities like Owensboro and Bowling Green to market jointly.

In response to a question from Senator Clark, Ms. Hammond stated that the region's tourism funding from the state had decreased, making it more difficult to effectively market jointly.

Overview of City's Perspective of the Impacts of Tourism

Mayor Harless spoke on the factors the city takes into account when deciding what projects to undertake for tourism purposes.

In response to questions from Senator Clark, Mayor Harless stated that Paducah's Artist Relocation Program (ARP) began in 2001, and there are only a few properties still available. Mayor Harless said that the ARP allowed any artist to purchase a home in Lower Town for \$1 if the home will be repaired and revitalized. Ms. Hammond said there galleries, studios, and an art school in the rejuvenated Lower Town Arts District.

In response to questions from Chair York, Ms. Hammond said that Public Private Partnerships (P3s) have been instrumental in bringing venues like the

Luther Carson Performing Arts Center to Paducah.

Overview of Processes that Address Blighted Areas and Transformation toward an Artist Community

Ms. Tracy presented a video demonstrating how Paducah's Lower Town was transformed from a rundown area to a thriving artistic community.

Overview of Tourism Industry Impacts to Entrepreneurial Businesses and Companies

Mr. Phillips spoke on the impact of tourism on local economies.

In response to questions from Senator Clark, Mr. Phillips said that, for every \$1 Kentucky spends on tourism advertising, \$150 comes back into the economy. The one percent restaurant tax that fourth and fifth class cities are allowed to levy for tourism purposes generates about \$12 million per year. Mr. Phillips stated that he and his organization were not able to support recently proposed legislation that would give larger cities like Paducah the ability to levy the restaurant tax. Mr. Phillips stated that the Kentucky Travel Industry Association is very interested in discussions on the topic of expanded restaurant tax.

There being no further business, the meeting was adjourned at 12:06 PM.

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 4th Meeting of the 2018 Interim

September 21, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, September 20, 2018, at 10:00 AM, in Covington, KY. Representative Diane St. Onge, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representatives Diane St. Onge, Co-Chair; Senators Perry B. Clark, Wil Schroder, and Mike Wilson; Representatives Larry Brown, George Brown Jr, Jeffery Donohue, Chris Fugate, Robert Goforth, David Hale, Angie Hatton, Richard Heath, Kim King, Michael Meredith, Melinda Gibbons Prunty, Brandon Reed, Bart Rowland, and Jill York.

Guests: Joseph Meyer, Mayor of Covington; Brian Mefford, Executive Director of the Office of Entrepreneurship, Kentucky Cabinet for Economic Development; John Putnam, Senior Program Manager, Cincinnati Bell; Chuck Scheper, Chairman of the Board, Bexion Pharmaceuticals; Jeanne Schroer, President/CEO, Catalytic Development Funding Corporation of Northern Kentucky; Rosanna Robertson, Program Manager of Chem-Biodefense, U.S. Department of Homeland Security; Steve Dennis, Director, Data Analytics Engine, Homeland Security Advanced Research Projects Agency of the Science & Technology.

LRC Staff: Carla Montgomery, Chip Smith, Candice Smith, and Emma Mills.

Welcome to Covington

Mayor Joseph Meyer welcomed the committee to Covington with remarks about the development of Covington as an innovation hub in Northern Kentucky. Mayor Meyer highlighted some programs that Covington offers start-up businesses, such as rent assistance, to foster a growing tech industry in the city.

Chairwoman St. Onge also extended a welcome to Rosanna Robertson, Program Manager of Chem-Biodefense, U.S. Department of Homeland Security, and Steve Dennis, Director, Data Analytics Engine, Homeland Security Advanced Research Projects Agency of the Science & Technology, from Washington D.C. Ms. Robertson and Mr. Dennis made brief remarks about the Department of Homeland Security's interest in learning about different initiatives involving the Fentanyl crisis and greater opioid epidemic.

MIT Regional Entrepreneurship

Brian Mefford, Executive Director of the Office of Entrepreneurship for the Kentucky Cabinet for Economic Development updated the committee on some of the activities of the Office of Entrepreneurship. Mr. Mefford talked about the Kentucky Innovation Network, a state-wide initiative established in 2001. While this initiative has worked well for the Northern Kentucky area, the Office of Entrepreneurship is taking requests for proposals from other regions of the Commonwealth on how to spend funds allocated to the Kentucky Innovation Network. Mr. Mefford indicated the Office of Entrepreneurship is interested in investing in logistics and the infrastructure needed to allow entrepreneurs to not be tied to a physical location.

Mr. Mefford discussed mobilizing capital. Access to capital is a real challenge for entrepreneurs and small companies. The Office of Entrepreneurship would like to improve access to capital by investing in companies to de-risk follow-on capital at the earliest stages of the company's life. For example, companies that have received grants from Small Business Innovation Research program (SBIR) through the federal government are eligible for matching funds through the Office of Entrepreneurship. Mr. Mefford asked the committee to re-evaluate the moratorium on the Angel Investor Tax Credit. The moratorium on the program has stifled the progress made with investors in the region.

Mr. Mefford discussed the transfer of technologies from Kentucky's universities into the private sector. The Office of Entrepreneurship is looking at how to best take advantage of talent and innovative ideas coming about of the university system in the state, as well as providing resources to students and graduates to help turn their ideas into businesses. The University of Kentucky and the University of Louisville already provide resources to students and graduates and the Office of Entrepreneurship would like to open those resources up to all of the state's universities.

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strengthening innovation driven entrepreneurial ecosystems. The REAP team in Kentucky includes members from Kentucky's universities, the executive branch of government, risk capital entities, Kentucky corporations and regional entrepreneurs. The idea is to bring regional stakeholders together with research, data, and mentoring from MIT to produce a plan for long-term, sustainable economic growth for the region. Mr. Mefford said the Office of Entrepreneurship is excited and dedicated to supporting this program.

Responding to a question about funding from Representative St. Onge, Mr. Mefford indicated there are two sources of revenue that have been allocated to these programs since 2001. The Office of Entrepreneurship gets about half of the revenue through the Cabinet for Economic Development. The other half comes from the Council for Post-Secondary Education. These funds had previously been outsourced to third parties for entrepreneurial planning, but as the new director and in order to evaluate the effectiveness of investments, Mr. Mefford says the Office of Entrepreneurship is assessing all of the funds that have been spent since 2001.

In response to an additional question from Representative St. Onge, Mr. Mefford discussed the MIT REAP process. Initially, MIT helps a team take stock of regional strengths and weaknesses, though no REAP region has the same plan going forward. Mr. Mefford indicated Kentucky's REAP team may focus on rural entrepreneurship and connecting those entrepreneurs with established resources in other parts of the region. Participants on the REAP team are public and private entities. The endeavor is largely independently funded, though they are eliciting funds to help fund the project.

In response to Representative Goforth, Mr. Mefford indicated the amount of funding for the Office of Entrepreneurship total to be about \$10 million. This budget helps fund programs such as the Kentucky Innovation Network, the funds that match federal funding to small businesses, and a high tech construction pool. There are funds available for early stage companies, previously known as the Kentucky Enterprise Fund, the Kentucky Innovation Fund, and the Rural Commercialization Fund. Over time, those funds coalesced under the Kentucky Science and Technology Corporation (KSTC) in Lexington, one of the third parties running these programs.

Responding to a question from Representative Donohue, Mr. Mefford indicated he did not have detailed data about return on investment from companies given state moneys with him but would be able to provide that to the representative at a later date. The Office of Entrepreneurship focuses on investing in high-growth companies to create net new jobs in Kentucky's economy, which is the best investment in these kinds of public dollars.

Cincinnati Bell Smart City Proactive Opioid Crisis Project

John Putnam, Smart City Program Manager for Cincinnati Bell for the Northern Kentucky Region, discussed the smart city concept. The essential criteria for a smart city is free public Wi-Fi available within the community intended to drive economic development in such a community. With the rise in smart city advancements, Mr. Putnam says he

focused on how to apply smart city technology to the opioid crisis problem. Recognizing that text messaging is a preferred way of communicating, Mr. Putnam and Cincinnati Bell created a text messaging service to provide people with essential information about opioid related programs and topics. For non-life threatening situations, this program can send text messages to participants about needle exchanges, family counseling, rehab or recovery services can all be addressed with this text messaging service in partnership with a 24 hour traditional call center hotline.

This program uses artificial intelligence (AI) to process the contents of text messages and provide appropriate responses in order to alleviate the volume of calls coming into the traditional call center, however, operators at these call centers would have the ability to further localize the messages going out to participants. Mr. Putnam gave the example of a participant asking for nearby needle exchanges in from Cincinnati, but maybe the phone has a Kentucky area code, the operator can ask where the participant is located to find the actual nearest location. The service can also provide education videos about drug related topics for family members as well if requested from the participant.

Cincinnati Bell Smart City Proactive Opioid Crisis Project uses Google Analytics to evaluate what kind of sessions the project has experienced thus far. With this information, the project can further customize the AI for users. Mr. Putnam feels this can provide people with safe and readily available options that may eventually lead to recovery. If an individual asks for treatment options, the program will ask the person a series of questions and based on the answers provided, the program will provide four treatment facilities with beds available that day. In addition, after someone is discharged from a treatment facility, the program can provide support to that individual. Daily surveys are sent participants to evaluate their recovery progress. Survey questions ask if the person took the day's medicine, had spoken with a counselor, or felt like using drugs. If a participant does not answer the survey or gives an answer that may indicate a relapse, the program will send a message to the call center for a human to contact the participant to pass on preventative information to help prolong recovery.

The text messaging system also has a mass text messaging tool for providing pertinent information to all participants in a particular area. For example, if authorities are seeing an increase in overdoses due to heroine laced with Fentanyl, a mass text message can be sent to all participants warning of higher than normal potency drugs are on the street.

Responding to a question from Representative St. Onge about privacy, Mr. Putnam said this text messaging program uses the same privacy standards as a call center would use. Participants also have an opt-out option, which would cease any proactive responses from the program. Pending federal funding, Cincinnati Bell intends to have this program running by the end of 2018.

Bexion Pharmaceuticals

Chuck Scheper, Chairman of the Board of Bexion Pharmaceuticals, discussed Bexion Pharmaceuticals and how state funds have contributed to its success

as a company. Bexion, formed in 2006, is a cancer treatment development company currently testing a drug to help cancer patients. The drug has had no serious adverse effects in clinical trials. While the drug is showing promising signs, direct development of these types of treatments takes a lot of capital and time. In 2006, Dr. Ray Takigiku, a former employee of Procter & Gamble, started Bexion to promote a new treatment being used at Children's Hospital in Cincinnati. The company started out with a little bit of seed money from Children's Hospital and received a Small Business Innovation Research (SBIR) grant to do further research. After being turned down by the state of Ohio for some matching funds, Mr. Scheper suggested applying for matching funds to the state of Kentucky, which was approved but only if the company relocated to the state, which it did.

In 2008, the company applied again to the state of Kentucky for Kentucky Enterprise Fund. The state approved \$400,000.00 upon the contingent that Bexion match the funds through another source. Mr. Scheper became involved with Bexion at this point to help raise the money. The company raised \$2.6 million instead. In 2016, the Enterprise Fund invested another \$350,000.00.

The company is about to start a Phase II trial and a pediatric trial, 13 employees and 4 trial sites, including the Markey Cancer Center in Lexington. Due to Bexion's success, the company has received additional grant matches from the state progress the research. Mr. Scheper noted that if it were not for that initial SBIR grant match from the state, Bexion probably would have remained in Ohio.

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mixed use spaces for businesses, residential and entertainment venues.

Ms. Schroer talked about how the investments of the Catalytic Fund attracted other investors into the city. This led to more small business activity in the area, which lead to larger investments in the area, such as a \$70 million office complex update. With these updates came a robust job market. Ms. Schroer emphasized investments like these do require the continued support of state funded economic development programs such as the historic tax credit legislation, Kentucky's TIF program and the industrial bond revenue financing program. However, she emphasizes that for smaller investment projects like Hotel Covington, it is economic development programs like the historic tax credits that are most important for this type of investment.

There being no further business, the meeting was adjourned at 11:19 a.m.

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 4th Meeting of the 2018 Interim

September 20, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, September 20, 2018, at 10:00 AM, in Covington, KY. Representative Diane St. Onge, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representatives Diane St. Onge, Co-Chair; Senators Perry B. Clark, Wil Schroder, and Mike Wilson; Representatives Larry Brown, George Brown Jr, Jeffery Donohue, Chris Fugate, Robert Goforth, David Hale, Angie Hatton, Richard Heath, Kim King, Michael Meredith, Melinda Gibbons Prunty, Brandon Reed, Bart Rowland, and Jill York.

Guests: Joseph Meyer, Mayor of Covington; Brian Mefford, Executive Director of the Office of Entrepreneurship, Kentucky Cabinet for Economic Development; John Putnam, Senior Program Manager, Cincinnati Bell; Chuck Scheper, Chairman of the Board, Bexion Pharmaceuticals; Jeanne Schroer, President/CEO, Catalytic Development Funding Corporation of Northern Kentucky; Rosanna Robertson, Program Manager of Chem-Biodefense, U.S. Department of Homeland Security; Steve Dennis, Director, Data Analytics Engine, Homeland Security Advanced Research Projects Agency of the Science & Technology.

LRC Staff: Carla Montgomery, Chip Smith, Candice Smith, and Emma Mills.

Welcome to Covington

Mayor Joseph Meyer welcomed the committee to Covington with remarks about the development of Covington as an innovation hub in Northern Kentucky. Mayor Meyer highlighted some programs that Covington offers start-up businesses, such as rent assistance, to foster a growing tech industry in the city.

Chairwoman St. Onge also extended a welcome

to Rosanna Robertson, Program Manager of Chem-Biodefense, U.S. Department of Homeland Security, and Steve Dennis, Director, Data Analytics Engine, Homeland Security Advanced Research Projects Agency of the Science & Technology, from Washington D.C. Ms. Robertson and Mr. Dennis made brief remarks about the Department of Homeland Security's interest in learning about different initiatives involving the Fentanyl crisis and greater opioid epidemic.

MIT Regional Entrepreneurship

Brian Mefford, Executive Director of the Office of Entrepreneurship for the Kentucky Cabinet for Economic Development updated the committee on some of the activities of the Office of Entrepreneurship. Mr. Mefford talked about the Kentucky Innovation Network, a state-wide initiative established in 2001. While this initiative has worked well for the Northern Kentucky area, the Office of Entrepreneurship is taking requests for proposals from other regions of the Commonwealth on how to spend funds allocated to the Kentucky Innovation Network. Mr. Mefford indicated the Office of Entrepreneurship is interested in investing in logistics and the infrastructure needed to allow entrepreneurs to not be tied to a physical location.

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There being no further business, the meeting was adjourned at 11:19 a.m.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 2nd Meeting of the 2018 Interim

September 25, 2018

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, September 25, 2018, 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 Rick Girdler, Morgan McGarvey, Dennis Parrett, Albert Robinson, John Schickel, and Dan "Malano" Seum; Representatives Joseph M. Fischer, Adam Koenig, Stan Lee, Michael Meredith, Steve Riggs, Dean Schamore, Wilson Stone, and Addia Wuchner.

Guests: Ballard Cassady, President and Chief Executive Officer, Debra Stamper, Executive Vice President and General Counsel, and John Cooper, Governmental Affairs Consultant, Kentucky Bankers Association; Patrick O'Connor, Deputy Commissioner, Kentucky Department of Insurance; David Dillon, Senior Vice President and Principal, Lewis & Ellis; Tom Peterson, Executive Director, and Kevin Griffith, General Counsel, Kentucky Life and Health Insurance Guaranty Association; Lawrence Ford, Senior Director of Government Relations, Anthem Blue Cross and Blue Shield; and Rob Hardy, Executive Vice President and General Counsel, Investors Heritage Life Insurance Company.

LRC Staff: Sean Donaldson, Jessica Sharpe, and Dawn Johnson.

Approval of Minutes

A motion by Senator Schickel and second by Senator Robinson to approve the minutes of the August 28, 2018, meeting carried by voice vote.

Bank Franchise Tax

Ballard Cassady, Kentucky Bankers Association (KBA), explained that Kentucky's bank franchise tax rate is on average 92 percent higher than any other corporate tax rate in the state. Corporate tax reforms enacted by the 2018 General Assembly increased the taxation gap. Mr. Cassady provided a historical overview of the state's bank taxation disparity and noted the effects of excessive taxation on local banks and their communities. Kentucky banks have an average effective tax rate of 13.3 percent, the highest rate nationally and is of five states that still has the bank franchise tax. Data provided by three CPA firms comparing effective bank tax rates for Kentucky and nearby states reflected Kentucky's much higher rate

and taxes collected. The bank franchise tax calculation used for Kentucky-based banks as compared to multi-state banks. While the taxation formula for multi-state banks is apportioned, those based solely in Kentucky are calculated on 100 percent of payroll, property, and revenue. Surrounding states no longer use the franchise tax and use the corporate tax instead. Companies based in other states can buy Kentucky based banks and fund the purchase with tax savings. Once a Kentucky-based bank is acquired, approximately 35 percent of employees are lost and bank branches are closed resulting in payroll and property tax decreases. Multi-state banks will take advantage of the ability to transfer lending activity to the state with the most advantageous tax requirements. Acquisition of Kentucky banks is accelerating resulting in reduced franchise taxes collected along with other tax receipts. Kentucky has lost approximately \$665 million in capital over the past five years.

Responding to Senator Seum's questions, General Counsel Debra Stamper, KBA, said "franchise tax" is an antiquated term that is still used. Banks are not franchised but are instead chartered. Banks pay the franchise tax, not the corporate tax.

Senator Schickel said he has received much feedback from locally owned banks. In response to his question, Mr. Cassady said the KBA will lobby the 2019 General Assembly to convert to the corporate tax rate and will present this request at the upcoming legislative Appropriations and Revenue Committee meeting.

In response to Senator McGarvey's question, Mr. Cassady explained that the franchise tax affects locally owned banks. The smaller the bank the heavier the burden.

Responding to Representative Koenig's question, John Cooper, Governmental Affairs Consultant, KBA, said taxing net profits at corporate rate would incentivize from moving capital base offshore. Some areas are falling through the cracks and need further examination, such as internet based lending. Most constituents would rather have a community bank.

In response to Representative Riggs's question Mr. Cassady said the original intent of the franchise tax in 1995 was to apportion revenue of multi-state banks. At that time, most states had the franchise tax. Ms. Stamper explained that financial institutions were more limited so the taxation structure was different. This is the reason most states have switched to a corporate tax. Representative Riggs suggested the legislature will want to know more about tax deductions and tax credits compared to other corporations.

Long-Term Care Insurance in Kentucky

Patrick O'Connor, Deputy Commissioner, Kentucky Department of Insurance explained the purpose of long-term care insurance (LTCI) insurance is to fund LTCI costs and to protect assets an individual wants to bequeath to family. LTCI provisions and types of plans available. As of 2017, average nursing home costs were \$97,500 and assisted living facilities average \$49,000. As premiums escalate, the potential value of LTCI exceeds premiums paid. The number of LTCI carriers has decreased drastically. The Department of Insurance is required to review

and approve rate increases to protect consumers. The department provides a long term care insurance consumer guide.

David Dillon, Lewis & Ellis said LTCI is relatively new. Early actuarial cost analyses were wrong for reasons including low interest rates, regulatory limitations on needed rate increases, decreasing mortality rates, and under estimation of lapse rates and care costs. Corrections can be difficult to overcome. Mr. Dillon reviewed financial data for the 15 LTCI insurance providers.

Mr. Dillon noted that changes in the Life and Health Guaranty Act caused a major impact to the health insurance industry. The Penn Treaty liquidation made health insurers liable, even those not in the LTCI market. Kentucky's share of the liability is approximately \$30 million. Because of the LTCI issues with first generation policies, 85 percent of new policy sales are life and annuity hybrids. Mr. Dillon reviewed rate increase data for Kentucky and comparable states. Regardless of the rate increase request by carriers, the average approval amount is 25 percent. Mr. Dillon discussed regulatory, pricing, and review approaches to rate increases. To achieve more consistency within the National Association of Insurance Commissioners (NAIC), the long-term pricing subgroup was created. Actuaries from all 50 states are currently developing a framework to achieve greater transparency and predictability in the review and approval of rate increase rates.

Tom Peterson, Executive Director of Kentucky Life and Health Insurance Guaranty Association (KLHIGA), gave an overview of the agency. It was created by the legislature in 1978 and has been amended several times to be more aligned with the NAIC Life and Health Guarantee Association Model Act (Model Act). Since the early 1990s, KLHIGA has participated in approximately 50, primarily multi-state, insolvencies that have affected more than 90,000 Kentucky residents. Kentucky liabilities have been approximately \$400 million. The overall net cost was approximately \$94 million. When a multi-state insolvency occurs KLHIGA works through the National Organization of Life and Health Insurance Guaranty Association (NOLHGA). NOLHGA helps guaranty associations fulfill their statutory obligations to provide continued protection for respective policy holders. When an insolvency occurs, a task force of representative guaranty associations of states most affected is established. Accountants, attorneys, and actuaries advise the task force throughout the liquidation process. The KLHIGA is not in a position to make a recommendation or express an opinion on matters associated with the NAIC's recent Health Maintenance Organization amendments to the Model Act. It can only observe that Kentucky has traditionally sought to keep the statutes in line with the Model Act which provides uniformity of consumer protection among states.

Kevin Griffith, General Counsel, KLHIGA, said insurance companies are excluded from the federal bankruptcy code. When an insurance company gets into financial difficulty it is the charge of the insurance commissioner where the insurance company is incorporated to take action. Penn Treaty Network America got into financial difficulties in the 1990s

and a corrective action plan was implemented in the early 2000s. It was permitted to continue business and sell under this plan until January 2009 when the company went into receivership. Stakeholders fought liquidation and the Pennsylvania Commonwealth Court denied the petition and directed the establishment of a functional rehabilitation plan. By July 2016, Penn Treaty failed and a liquidation petition was approved March 1, 2017. Penn Treaty reflects all of the problems with long-term care insurance industry from an actuarial perspective. As a mono-line company, it had no profitable business to offset losses incurred under long term care only. It was ultimately underfunded by \$2.7 billion. The risk profiles were misunderstood and shifted so much the only option was to increase premiums. Action should have been taken much earlier. The KLHIGA was called upon to protect 840 Kentucky residents. The present liability is \$30.6 million.

Lawrence Ford, Senior Director of Government Relations, Anthem Blue Cross and Blue Shield, reviewed the guaranty process when a company is liquidated. Long term care insurance is defined as health insurance although very few health insurers write long term care insurance policies. However, when a long term care insurance insolvency occurs, 80 percent of the liability falls to health insurers. This resulted in the NAIC developing a compromise among major life insurers, health insurers, and NAIC. Anthem did not have any liability when Penn Treaty was addressed. The agreement adopted by the NAIC included a provision requiring HMOs be added to the Guaranty Association fund, and long term care insolvencies being equally addressed by health and life insurers. Anthem supports the recommended amendments to the Model Act. It is fair, sustainable and offers consumers greater protections and will result in greater confidence in insurance matters.

In response to Representative Meredith's question, Mr. Griffith said that while damage has been done with the first long term care policies, the market has done much to respond to the liabilities. It has moved to more hybrid products and standalone policies have become better rated. It would be difficult to segment types of insurance policies without compromising consumer protection. Representative Meredith expressed concern about ever increasing insurance rates and health insurers subsidizing a product that most consumers do not use. Mr. Dillon said that long term care has a mix of health and life insurance elements. The new hybrid model is a more stable. There are good reasons to keep a private market.

Rob Hardy, Executive Vice President and General Counsel, Investors Heritage Life Insurance Company, provided background on the company. As numerous other financial segments have experienced difficulties under federal regulation, the insurance industry has remained solid because of the state regulatory process along with the support of the guaranty associations. Potentially, small insurance companies face significant impact by the changes in the guaranty fund assessments. Long term care was originally categorized as a health insurance product and the guaranty association system was based on that. Small companies, none of whom write long

term care insurance, face a major impact. Given the potential impact it would be appropriate to provide an exemption for the small life insurance company segment. This would avoid a disproportionate effect on small life insurance companies. The exemption would have minimal impact to the guaranty assessment process.

There being no further business, the meeting adjourned at 11:55 AM.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 5th Meeting of the 2018 Interim

October 5, 2018

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Judiciary was held on Friday, October 5, 2018, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative Joseph M. Fischer, Co-Chair; Senators Danny Carroll, Perry B. Clark, Alice Forgy Kerr, John Schickel, Wil Schroder, Dan "Malano" Seum, and Robin L. Webb; Representatives McKenzie Cantrell, Jeffery Donohue, Daniel Elliott, Angie Hatton, Joni L. Jenkins, Stan Lee, Chad McCoy, Reginald Meeks, C. Wesley Morgan, Kimberly Poore Moser, Jason Nemes, Brandon Reed, and Gerald Watkins.

Guests: Laurie Dudgeon, Rachel Bingham, Pastor Edward Palmer, Eric Clark, Elizabeth Caywood, Carey Cockerell, Jason Reynolds, John Fitzpatrick, Eileen Recktenwald, Laela Kashan, and Michelle Wang.

LRC Staff: Katie Comstock, Dale Hardy, Matt Trebelhorn, Breanna Miller, and Yvonne Beghtol.

Approval of Minutes from September 7, 2018

A motion to approve the minutes for the September 7, 2018 meeting was made by Representative Reed, seconded by Senator Schickel, and approved by voice vote.

Disproportionate Minority Contact (DMC)

Chairman Westerfield said that the statistics presented at a previous Juvenile Justice Oversight Council meeting regarding Disproportionate Minority Contact (DMC) needed to be heard and that various agencies had been asked to present.

After an introduction by Laurie Dudgeon, Director of the Administrative Office of the Courts (AOC), and Rachel Bingham, Executive Officer of Family and Juvenile Services, presented on DMC in Kentucky, with a focus on African American youth. In January through June of 2017, 25 percent of the complaints filed against youth were against African American youth, who make up 11 percent of Kentucky's youth population. There was a slight reduction in 2018 to 22 percent. From January to June of 2018, African American youth received 25 percent of the public complaints and 16 percent of the status complaints, which includes truancy charges. Of those public complaints, 29 percent are non-school related and 16 percent are school related. Research shows

that youth of color are seen as approximately 3 years older. This may be a contributing factor as to why the non-school related charges are higher.

Pastor Edward Palmer, Senior Pastor at the Sign of the Dove Church, added that, during his work with the Louisville Metro Police Department, officers said they view predominately Caucasian and affluent areas differently from minority and poverty stricken areas. This may also be a contributing factor to the higher charges against African American youth.

Ms. Bingham stated the trend continues with status offenses. Within status complaints, the disproportionality is greater in non-school related complaints. African American youth make up 15 percent of school related complaints, but 19 percent of non-school related complaints. Complaints against African American youth make up 22 percent of all complaints filed against Kentucky's youth. African American youth make up 16 percent of the diversion agreements and 29 percent of the no diversion agreement categories. Not being offered a diversion agreement is not considered a positive point of contact. African American youth make up 15 percent of successful diversions and 21 percent of unsuccessful diversions. The Court Designated Worker Program (CDW) handles all pre-adjudicated youth in regards to detention at intake. The CDW is the first point of contact for law enforcement in determining if a youth should be released to a family member, to a program, or if a judge needs to determine if a youth needs to be detained. African American youth made up 43 percent of those detained at intake in 2017, and 37 percent in 2018.

Ms. Bingham explained that detention criteria involve looking at the least restrictive placement option for youth, based on what is available to them in the community. Parents and family members are their first resource. Not all agencies that have bed space are willing to take youth who have charges against them. Transportation, location, and funding are all issues of concern. Unless it is an absolute necessity, based on public safety, the goal is to not have the youth placed in detention. Ms. Dudgeon added that law enforcement are the primary source of transportation for the youth. Ms. Bingham continued by stating that transporting across county lines and the cost of reimbursement becomes an issue.

African American youthful offenders made up 49 percent of the referrals in 2017 and 60 percent in 2018. The office of Juvenile Justice and Delinquency Prevention (OJJDP) reported Hardin, Fayette, Christian, and Jefferson County as the top four DMC counties, with African American youth being the majority of youthful offenders, in spite of being the minority of their population.

Ms. Dudgeon added that SB 200 dictates who is eligible for diversion, but whether or not it is successful lies on the CDW. Ms. Bingham indicated that lack of transportation to appointments and access to services can lead to an unsuccessful diversion. Service access that are appropriate for youth in the community is another factor. As of October 5, 2018, 78 percent of youth in detention in Jefferson County are African American.

Pastor Palmer reviewed the success of SB 200. While SB 200 was successful among Caucasian youth,

it was not successful with African American youth. Pastor Palmer believes the cause is due to doing different things for different children. He agrees with Chairman Westerfield that we need to figure out what is causing these disparate outcomes. Pastor Palmer advocated for a bill that allows for the collection of data to strategize about the best possible way to create the same positive outcome for all youth. Pastor Palmer believes this disproportionate data would be the same across the country, not just in Kentucky. Changing the culture of the agencies who deal with minority children could be beneficial.

Ms. Bingham stated that the DMC data along with Chairman Westerfield's leadership efforts has moved the AOC to make improvements and changes. Data from 2014 to 2017 shows that 60 percent of those given diversion do not re-offend. This data was shared with local community agency staff in an effort to get their input. One area determined to make the most positive impact was an internal policy change on appointment scheduling. Changes were made to the policy so that the youth and family can make appointments at a time and date convenient for them, which has reduced the failure to appear statistics. The AOC is also moving out of the downtown Jefferson location and establishing locations across the county. More release options that cater to both male and female, and partnerships with African American community leaders to create programs and mentoring opportunities has also been initiated, such as Pastor Farmer's church community works program.

Ms. Dudgeon, addressed considerations of the Juvenile Justice Oversight Committee. The first is that no children under the age of 12 should be charged, and should instead be referred to the Family Accountability, Intervention and Response (FAIR) Team. The second suggestion is mandatory diversion of certain cases when the child has no prior adjudications. The third is to examine the criteria used in determining when a youth is referred to circuit courts. Taking a deeper look at the youthful offender statute may be a place to start. Pastor Palmer suggests making diversion mandatory by changing "may" to "shall" for all of those who are fully eligible. By putting children in detention who are not a threat, Pastor Palmer stated that we are creating worse children in the end. Getting into the communities and building a relationship, and compassion for these youth will help keep them from going deeper into the system. Texas does not charge a youth as an adult unless the adult has committed an egregious crime against a person.

After an introduction by Commissioner Eric Clark, Cabinet for Health and Family Services (CHFS) Department of Community Based Services (DCBS), Deputy Commissioner Elizabeth Caywood presented on DMC and how it affects Child Welfare in Kentucky. Deputy Commissioner Caywood stated that the data shows that African American and bi-racial children are over represented from the start, and have poor permanency outcomes. African American and bi-racial children are over represented in child welfare, as victims of child maltreatment and entering foster care. CHFS's quarterly report for 2018 shows that the majority of children, regardless of race, exit Out of Home Care (OOHC) between two and twelve months. However, data shows a greater percentage of

African American children exit in less than a month. This may be too soon, which suggests a deficiency of in-home service providers and/or relative placement support. The data also shows that African American and bi-racial children experience longer lengths of stay in care. Deputy Commissioner Caywood stated that African American and bi-racial children are more likely to be placed in more restrictive settings, which is not good for a child's development. African American children experience more placement moves, which leads to poor permanency placement outcomes. Based on the overall foster care population, the Relative Rate Index indicates the greatest disparity for African American children is that they are more likely to age out of care. While there is a downward trending in the number of children who do age out of care, reforms in juvenile justice needs to reach the African American population so that they can receive the same benefits, to avoid aging out of care.

Commissioner Clark stated that adoption, foster care, and child welfare are a top priority for the CHFS. The agency is appreciative of HB 1 and the Executive Branch Budget Bill, which offered the Department for Community Based Services additional funding and support. CHFS has reviewed the structure for child welfare to see where it can make improvements. A formal project management structure has been created, which consists of nine workgroups that began meeting monthly as of April 2018. In September, the workgroups came together to review their progress and get feedback from each other. Family First Prevention Services Act (FFPSA) is national child welfare legislation that transforms how child welfare systems will be operated and funded. Previously, Title 4 E funding was primarily for foster care, maintenance payment, and adoption assistance payments, which encouraged children to enter OOHC. FFPSA changes that focus and puts Title E funding toward service and support, to prevent children from entering OOHC. FFPSA also restricts the time in which children can enter congregate settings. While the FFPSA is not mandatory until October 1, 2021, Kentucky is going first. DCBS has an ongoing initiative to identify and address racial disproportionality through race, community, and child welfare initiatives. Commissioner Clark would like to commend the courts in being the most dedicated partner in this initiative. Examples of the efforts include: training for staff, training for foster parents, referral sources, adequate court representation, timeliness for minority children, and diligent recruitment for foster homes that best match the needs of the foster children, with focused, and intentional recruiting efforts for African American foster homes.

Pastor Palmer added that the consistency in racial disparity as one moves through the Child Welfare system mirrors that of the juvenile justice system. The five major counties account for 70 percent of the minority population. In January, Pastor Palmer inherited a girl in the system who is mentally disabled and was sleeping in a parking garage. She now has a job and is headed to college. This entryway into the Child Welfare system increases the likelihood of juvenile justice involvement by 55 percent. In visiting the juvenile detention centers, Pastor Palmer has seen many young people who have prior child welfare

connections. Research has shown that three or more movements in the child welfare system puts one at a greater risk for Post-Traumatic Stress Disorder (PTSD) than combat veterans.

Commissioner Clark continued with other DCBS strategies. Dedicated funding for continued implicit bias training, protection and permanency staff, cultural humility training sessions, development of implicit racial bias curriculum pilot program. Review of initial and ongoing training for all DCBS staff. Right now the DCBS is at a record high of the number of children (9,700) in OOHC. Over 200 children have entered into DCBS care since July. Due to these record highs, social workers average 30 cases a day. A child typically stays in the welfare system 35 months before being adopted, which is another all-time high for Kentucky. The FFPSA works towards safely preventing children from coming into the system by enabling services in the home. If the number of children coming into care is lowered, caseloads will decrease, which leads to maintaining a workforce that is trained and not burned out. With a manageable caseload, one has more time and resources to offer the families and children can be placed in more permanent homes. The goal is to never reach these record highs again, so that the program can be more effective.

Commissioner Carey Cockerell, Department of Juvenile Justice (DJJ), began by stating that the DJJ is involved at the end of the process, when a child is presented for detention. The data presented was broken into four categories: 1) bookings; 2) probated and probated/suspended commitments; 3) children committed to the department; and 4) youthful offenders.

Bookings show a 20 percent decrease between 2014 and 2017, with a projected decrease for 2018. Bookings are not equitable by gender. Male bookings decreased by 16.5 percent and female bookings decreased by 32 percent. Decreases are not equitable by race. White youth decreased by 30.5 percent and African Americans decreased by less than 1 percent. The booking data does not include Jefferson County because it operates its own detention center. While African Americans represent only 7.4 percent of the population, they represent 24 percent of those booked. Three DMC counties identified in the OJJDP data are Christian, Fayette, and Hardin. Each shows an over representation of African Americans bookings based on their population. The decrease in bookings has largely impacted those 15 years of age and under, showing a decrease of 34 percent for ages 13 and under, 28 percent for ages 14-15, and 14 percent for 16-17 years of age.

In regards to probated and probated/suspended commitments to the DJJ there has been a decrease of 19.3 percent between 2014 and 2017, with a forecast of a 29 percent decrease for 2018. Since the creation of the Probated/Suspended Commitment Classification with SB 200 there has been a 19.3 percent decrease in probated and an increase in probated/suspended commitments. Males continue to be probated at a higher rate than females. Males decreased from 2014 to 2017 by 15.9 percent and females by 37.2 percent. As was previously stated, SB 200 affected Caucasians

more so than African Americans. African American youth on probation has increased by 11.4 percent since 2014, while Caucasian youth has decreased by 28 percent. A comparison of the state, non-DMC counties and DMC counties was presented. In 2017, Jefferson County reported 115 African American probations and 28 Caucasian probations. Christian and Fayette counties also reported a majority of African American probations, while Hardin County reported more Caucasian probations. Ages 14 to 17 are the highest represented group of probation and probation/suspended commitments, although all age groups have shown a decrease since 2014.

Overall commitments have decreased by 10.7 percent since 2014, with a projected decrease of 16 percent for 2018. Male commitments have decreased by 5 percent between 2014 and 2017. While African American youth commitments have increased by 20 percent between 2014 and 2017, Caucasian youth commitments decreased by 32.6 percent. African Americans remain the majority of commitments for Kentucky, and are only outnumbered in the non-DMC counties by Caucasians. Jefferson County reported 108 African American commitments and only 18 Caucasian commitments. Christian and Fayette counties reported a majority of African American commitments, while Hardin County reported zero. In the category of confined youth (youthful offenders), an increase of 23 percent is reported between 2014 and 2017, and is consistently represented by males. SB 200 did not address youthful offenders. African American youth confined has increased by 60 percent, while white youth confinements have decreased by 35 percent. Ages 16-17 are the highest represented group in youthful offenders.

SB 20 categories for the DJJ to consider. One area is whether or not a father has involvement in the home or with the youth. Regardless of race, over 50 percent of all youth reported no involvement with a father.

Senator Schickel stated that looking at the statistics solely by racial breakdown is the wrong approach. If the majority of violent crimes comes from certain areas, it is unfair to make the correlation that it is race related. In working with the students who are having disciplinary issues in the Boone county school system, he finds that some are scared to discipline certain students because they are afraid it will be viewed as negative. In not disciplining, Senator Schickel believes we are cheating that student who is crying out for structure and guidance. They do not want to be perceived as being racist. While he appreciates and finds the information useful, this is why Senator Schickel opposed the legislation last year.

In response to Senator Carroll's comment that, if the non-DMC areas are not showing African Americans as the majority, then maybe this is more of a geographical issue and not a system issue, Ms. Bingham confirmed that the trend is the same in non-DMC counties. Whenever AOC reviews how Caucasian youth are charged and how African American youth are charged, the trend continues across the state. She believes that the legislation will allow them to look deeper and review areas such as where the point of contact came from, how children start in the system, how end up, and what the trends

look like, wherever one is in the state. Pastor Palmer agrees that there is a geographical component to how racial disparities appear. In response to non-DMC counties, Pastor Palmer says it is still seen in these counties but the volume is so small that it does not appear on the reports. In response to Senator Schickel's previous comment, Pastor Palmer believes the data is not racial biased and would be willing to meet with him to discuss further.

In response to Representative Jenkins inquiry, Ms. Bingham confirmed that the statistics are broken down by gender and that AOC has a human trafficking screener report. The percentage of children of color entering the system is much higher in some counties, but the number is diluted when considering all counties because of those areas where African Americans are such a minority. Ms. Bingham said she could provide the breakdown of each county.

In response to Representative Nemes, Pastor Palmer suggested reading the agencies' reports, as well as *The New Jim Crow*, because it deals with some of the systemic nuances as to how we build biases into the system. A spike in Jefferson County elementary school suspensions occurred in 2014-2015 and has continued to increase. The disproportionate impact of children being suspended at an early age will be reflected on the DJJ, AOC, and DCBS's data in four years.

Updates from the Kentucky Association of Sexual Assault Programs

Eileen Recktenwald, Executive Director of the Kentucky Association of Sexual Assault Programs (KASAP), stated that KASAP represents Kentucky's 13 regional rape crisis centers that also assist with those who may have experienced sexual harassment, abuse, assault, or any sexual violence. KASAP offers a network of services and providers who offer emotional support and education to survivors; such as hospitals, law enforcement, medical personnel, 24-hour hotline, crisis counseling, therapy, and advocacy. This includes meeting victims in emergency rooms and accompanying them to court as many times as necessary. KASAP works toward preventing sexual violence, by providing a bystander intervention program called Green Dot in high schools across the Commonwealth. This program has proven to reduce rape, dating violence, sexual harassment, and sexual bullying by 50 percent. This past fiscal year the rape crisis centers provided services to over 5,000 primary victims, and 909 secondary victims. KASAP's mission is to speak against sexual victimization.

Ms. Recktenwald is strongly aware of the need to make survivors aware of these services. Crisis Centers are reporting an increase in calls from survivors since the recent events in Washington. The National Sexual Assault Hotline reported more than 3,000 calls the day after the Christine Blasey Ford testimony. The Rape, Abuse & Incest National Network (RAINN) is the nation's largest anti-sexual violence organization. This was the busiest day in its history, along with a 2001 increase in daily calls. Self-care during times like this cannot be underplayed. It may involve taking a break from social media or the news, or even seeking help. We can encourage each other to be supportive and understanding of the stress of others.

Ms. Recktenwald stated that working together

with local and state agencies is the key to KASAP's success. KASAP co-chairs with the Kentucky State Police's Sexual Assault Response Team Advisory Committee (SARAC). The agencies assist victims to seek justice.

SB 63 (the SAFE Act) passed in 2016, which has led to great progress in the testing of sexual assault kits. Implementation of SB 63 has identified that the legislation needs a few tweaks. Of the 3,090 SAKI kits, 2,653 have been reviewed, 1,232 entered, and 408 hits received. A requirement to track the kits was not included in the legislation, due to the cost. However, the lab has come up with a cost effective, and simple bar coding system. Since it is not yet mandated, only 67 hospitals are bar coding the kits. Current legislation requires data collection to ensure a backlog does not occur. However, gaps in collecting data were detected. Having sexual assaults reported to law enforcement documented on a specific form (such as a JC-3) would be more efficient. In addition, following a report from start to finish is difficult due to the code changing between agencies. While requiring law enforcement agencies to be trained in these areas, not all agencies come in contact or report on sexual abuse and could be dropped from this requirement. Sexual Assault Nurse Examiners (SANEs) have increased from 200 to 278 but Kentucky needs more. Hospitals need to be convinced that this is a critical need in dealing with victims of sexual abuse. KASAP received a grant from the Office of the Attorney General (OAG) to produce a training video for hospitals and others who may not encounter sexual assault victims on a regular basis. Ms. Recktenwald thanked all of the agencies that assisted in providing information to create the SAFE Act Report.

Laela Kashan, Staff Attorney for KASAP, thanked the legislators for their support of SB 48 and SB 109. KASAP's public policy positions have been updated. Over 100 responses were received when conducting a survey on the policy. In addition to the survey, KASAP is focusing on what to do as it moves forward in the effort to end sexual harm. Addressing all forms of oppression and inequality is a must. Oppression is the root cause of all sexual harm. The aim is to build a society founded on justice, equality, human rights, human dignity, social inclusion, and non-violence. Sexual violence is historically gender based, but sexual violence happens to everyone, regardless of gender. Native Americans, African Americans, lesbians, gays, bi-sexuals, transgenders, queers, and those with intellectual or physical disabilities are at a higher risk of being sexually violated. As an advocate against sexual harm, KASAP needs to be involved with all legislation that comes into contact with sexual harm. To end sexual violence, Ms. Kashan stated that one must look at all of the issues. Intersectionality is key. Intersectionality is a term coined by Kimberle Crenshaw to discuss how we have different identities and experience layers of prejudice or privileges based on those layers, such as being female and being African American. Intersectionality helps identify how individuals interact with others, based on their historic identity with the world. KASAP has trained over 20 staff members, so that when dealing with individuals KASAP is inclusive and offering holistic services. Ms. Kashan also highlighted KASAP's efforts

to address issues that contribute to the ability for people to commit sexual harm. With the joint effort of the numerous agencies and legislators, KASAP will continue to move forward to make Kentucky a safer and better place.

Survivor Bill of Rights

Michelle Wang, RISE Representative, spoke about the Sexual Assault Bill of Rights. As a fourth year medical student at the University of Alabama's Birmingham School of Medicine, she has become aware of the tragedies surrounding sexual assaults. Such as giving birth to a child that is a product of rape, or not knowing your rights as a sexual assault victim, and realizing that any forensic evidence was washed down the drain of the hospital shower. To wake up one day with the financial and emotional resources to fight your assailant only to find that the rape kit had been destroyed without any notice. It is a privilege as a women's health provider to share these joys and sorrows with women. But these are preventable sorrows and injustices. The work is not done. There are rights to protect.

RISE was founded by Amanda Nguyen to protect the rights of survivors of sexual assault. Ms. Nguyen's fight to protect her own post-assault forensic evidence from being destroyed inspired her to write her own civil rights into existence, and to teach other survivors and advocates to do the same. The sexual assault rights include, but are not limited to, the right to consult a sexual assault counselor, fair and efficient rape kit procedures, standard procedures for ensuring survivors are informed of their rights, and that these rights are inalienable regardless of reporting or further legal action. The federal bill was signed into law by the President in 2016, and stands as one of the few pieces of legislation in recent American history to pass unanimously through the House and the Senate. It brought legislators together to codify a basic set of civil rights for the more than 25,000,000 rape survivors across the country. Survivors who, like Amanda, had been left feeling broken and hopeless after attempting to navigate the legal system alone.

Ms. Wang started the RISE system in Alabama and expanded into the southeast region, to work with lawmakers, and community stakeholders to ensure these basic civil rights for survivors. The majority of rape cases are adjudicated on the state level. Despite the passage of the federal bill, to ensure the survivors rights to the nearly 1.2 million survivors in Kentucky, there is still work to be done. These rights must be codified in state law to ensure their rights in three important domains: Rape kit procedures, notification of rights, and sexual assault counselors. Survivors must have the right to retain their rape kit indefinitely or until the statute of limitations for rape expires. When kits are vulnerable to be destruction, then rapists are more likely to walk free, commit another offense, and destroy another life. Though some law enforcement departments and crisis centers have made a choice to never destroy kits, this is not required. Justice for survivors should not be dependent on a private citizen's or organizations altruism. It should be protected by law. The burden of survivor advocacy often falls on the shoulders of survivors themselves. A survivor may not know about a legally protected right to be notified, in writing, of the nearest crisis centers

or institution with a Sexual Assault Nurse Examiner who is able to properly collect forensic evidence. A survivor has the right to a copy of the police report, a copy of the medical records, and the right to retention of all rights, regardless of whether he or she chooses to report at the time of post-assault care or ever. If the burden is placed on the survivor, the state must ensure every piece of evidence is available to make it a fair, just fight. Informed survivorship should be a standard in law. The RISE movement is spreading across the nation. Since the passage of the federal bill, laws have been passed in 11 states. It is time to come together in Kentucky to support survivors and codify these rights into Kentucky law.

Chairman Westerfield commented that Marsy's Law and the SAFE Act have already addressed many of Ms. Wang's issues and suggested she connect with KASAP to collaborate on any other areas of concern.

Chairman Westerfield reminded members of the November 2nd meeting to be held at the University of Louisville, Louis D. Brandeis School of Law. There being no further business, the meeting adjourned at 11:58 am.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Education Minutes of the 4th Meeting of the 2018 Interim

September 27, 2018

Call to Order and Roll Call

The 4th meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, September 27, 2018, at 10:00 AM, in Room 141 at the Paducah Campus of Murray State University. Representative Regina Huff, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representatives James Tipton, Co-Chair, and Regina Huff, Co-Chair; Senators C.B. Embry Jr., and Mike Wilson; Representatives George Brown Jr., Matt Castlen, Tim Moore, Melinda Gibbons Prunty, Steve Riley, and Steven Rudy.

Guests: Dr. Wayne Lewis, Interim Commissioner of Education, Kentucky Department of Education; Rhonda Sims, Associate Commissioner, Office of Assessment and Accountability; Robin Kinney, Associate Commissioner, Office of Finance and Operations.

LRC Staff: Chuck Truesdell, Joe Lancaster, and Jonathan Eakin.

Approval of Minutes

Representative Riley made a motion, seconded by Representative Castlen, to approve the minutes of the August 30, 2018, meeting. The motion carried by voice vote.

School Accountability Performance Standards Under ESSA

Dr. Lewis, Ms. Kinney, and Ms. Sims provided an overview of Kentucky's new education accountability model. The overview included information on the standard setting process, software, and additional recommendations.

In response to a question from Representative Tipton, Dr. Lewis said that when a school is identified

as a priority school the decision making power is taken away from the Site Based Decision Making Council and given to the district superintendent. Ms. Sims said that Title I schools are identified by the level of income. Dr. Lewis added that Title I designation provides the opportunity for additional federal funds.

In response to a question from Chair Huff, Dr. Lewis said the proposal from Kentucky Department of Education (KDE) would use a reading, mathematics, social studies, and science assessment that would be developed at the high school level. The new end of span assessment will be developed by Kentucky teachers and based on Kentucky academic standards. Students with special needs would have extra resources and modifications during the assessment.

In response to a question from Representative Prunty, Ms. Sims said that schools will still be responsible for identifying students who qualify for free and reduced lunch.

In response to a question from Representative Riley, Dr. Lewis said that the portfolio would include a student's transcripts, test scores, college and career plans, and evidence that a student can demonstrate competence in reading and mathematics. KDE will provide broad parameters and the local school board will develop a more specific plan for appeals that will go to the local superintendent.

In response to a question from Representative Brown, Dr. Lewis said that the push to make students transition ready, before the new assessment takes effect, would come from the current accountability system.

In response to a question from Senator Wilson, Dr. Lewis said that the reading and mathematics academic standards have had second readings and will go to the State Board of Education for approval on October 2, 2018. There are many ways for a student to demonstrate transition readiness, as required by the proposal. There are not enough state funds to administer a college entrance exam at the tenth-grade level.

In response to a question from Chair Huff, Dr. Lewis said that forty percent of students at the eighth-grade level scored novice or apprentice in reading and mathematics.

In response to a question from Representative Moore, Dr. Lewis said that KDE will continue to release individual school performance data along with the new designations. In the near future, Kentucky schools will start to use a more parent-friendly report card.

In response to a question from Representative Prunty, Dr. Lewis said that schools across the country are experimenting with competency-based assessments. However, a large-scale departure from traditional standardized assessments is a long way off for Kentucky schools.

In response to a question from Chair Huff, Dr. Lewis said that while the arts are critically important, not everything can be included or assessed in the accountability system.

In response to a question from Senator Wilson, Dr. Lewis said that a district can create and implement a turnaround plan without using a third-party. However, the audit cannot consist of any district staff.

In response to a question from Representative

Tipton, Dr. Lewis said that providing the necessary support and intervention during early childhood education is imperative to improving literacy and numeracy.

There being no further business, the meeting was adjourned at 12:00 P.M.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

2018 Interim

September 13, 2018

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, September 13, 2018, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Lynn Bechler, Chair, called the meeting to order; Senator Carroll led the audience in prayer and the Pledge of Allegiance; and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Lynn Bechler, Co-Chair; Senators Tom Buford, Perry B. Clark, Dan “Malano” Seum, Reginald Thomas, and Stephen West; Representatives Chris Fugate, Adam Koenig, Steve Riley, Rob Rothenburger, Arnold Simpson, and Walker Thomas.

Guests: Secretary William M. Landrum III, and Pamela Trautner, Director of Communications, Finance and Administration Cabinet.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall, Colleen Kennedy; Van Knowles; Jeremy Skinner; William Spears; Shane Stevens; Susannah Stitzer; Joel Thomas; Richard Schufelt, Graduate Fellow; and Kate Talley, Committee Assistant.

Minutes for August 9, 2018

Upon motion by Representative Rothenburger and second by Representative Fugate, the minutes for the August 9, 2018, meeting were approved by voice vote without objection.

Presentation on Contracting Policies and Procedures for Public Private Partnerships and Capital Projects Similar to KentuckyWired

Secretary Landrum, who is the chief purchasing officer for Kentucky, described the four contracting methods under the Kentucky Model Procurement Code. The KentuckyWired project falls under competitive negotiation. Proposals deemed responsive to the RFP are evaluated, scored, and ranked by scorers. Technical advisors are also involved in this step in the process. Negotiations then begin with the highest ranking vendor. If negotiations break down, an option is to proceed with negotiations with the second highest ranking vendor. Once there is agreement, a contract is eventually awarded.

For KentuckyWired, the first step was a request for proposal (RFP) on December 18, 2018 for a consultant to help with a request for information (RFI).

Representative Bechler noted that the committee requested a number of people involved in awarding the contract to attend today’s meeting. Only two attorneys who are now in Washington DC agreed to attend.

In response to questions from Senator Carroll,

Mr. Landrum said an RFI is the main process for those representing the state to gain information on how best to proceed. All potential vendors are welcome to respond.

In response to a question from Representative Rothenburger, Mr. Landrum said only personal service contracts are reviewed by the Government Contract Review Committee. He described the process.

Mr. Landrum said that an RFP for a private sector concessionaire partner was issued on July 11, 2014, based on information gathered through the RFI. Five scorers and five technical advisors were involved in evaluating the four vendors deemed responsive. The contract was awarded to Macquarie Infrastructure Development LLC on December 22, 2014, without negotiations having been completed. At this stage, there were jumping off points that would have required Kentucky to pay \$8 million to \$9 million should negotiations have broken down. Because the contract was awarded before negotiations were finished, allocation of risk moved heavily toward the state. Budget and timeline were the driving forces that led to the contract being awarded before negotiations were completed.

The environment affecting the project included the need to fill service gaps. Also, moving to a new network allowed funds that were being paid to providers to be used as a funding stream. This includes federal E-rate funds paid to school districts. In July 2014, the Federal Communications Commission (FCC) had ruled that the E-rate program could be used for dark fiber. The Finance and Administration Cabinet (FAC) proceeded as if the contract with Macquarie met the FCC’s competitive bid requirements to access E-rate funds. Approving the procurement before the previous administration left was also a factor.

In order to use E-rate funds, the FCC advised that there should be a separate competitive RFP and a separate entity to manage KentuckyWired. The Kentucky Communications Network Authority (KCNA) was created by executive order in August 2015. The Kentucky Information Highway, version 4 (KI4) procurement was must win to guarantee \$11 million in E-rate revenue as a funding source. The KCNA executive director, who was the former deputy secretary of FAC, was a participant in selling the \$289 million in bonds for the KentuckyWired project through FAC and in the preparation of the KI4 RFP through KCNA. AT&T filed a protest on November 6, 2015. The KI4 RFP was canceled and not reissued.

Between the driving forces of the timeline and budget, project risks became apparent. Kentucky needed Competitive Local Exchange Carrier (CLEC) status to negotiate pole attachments. There were no pole attachment agreements with AT&T, Windstream, or any of the other 70-plus utility providers across the state. Nearly 45,000 property easements needed to be processed. Unfunded items such as site preparation, road relocation, getting commercial power to communication huts and nodes, and system refreshes at 10 and 20 years needed to be worked out. These project risks caused direct project claims, which are outside of project funding.

Public-private partnership (P3) legislation took

effect on April 8, 2016, 2 years after the KentuckyWired RFP. Under the legislation, an agency establishing a P3 must conduct a qualitative and quantitative analysis that covers risk controls and efficiency of delivery, leverage private sector partner expertise, and allocate risk to and return on investment for private partners. The RFP must include methods of oversight the agency will use; responsibilities of the agency; plans for financing and operating the project; needed revenue, service payments, bond financing, and appropriations; and considerations resulting from the qualitative and quantitative analysis. Currently, universities have the only P3 projects in Kentucky.

In response to questions from Representative Bechler, Mr. Landrum said he is unaware of any other contracts that have been awarded before negotiations were finalized. The KentuckyWired contract was an anomaly due to its time and budget constraints. Pole attachments with AT&T and Windstream and easement agreements became immediate supervening events because they were not negotiated prior to the award of the contract. Before accepting responsibility, FAC investigates each supervening event to determine if it could have been mitigated or solved by the private vendor. Mr. Landrum said he is not sure of the CLEC process, but Kentucky not being a CLEC caused a delay.

In response to questions from Senator West, Mr. Landrum said he has never awarded a contract prior to negotiations being completed. Awarding the KentuckyWired project prior to negotiations being completed put the state at a disadvantage. Doing the project in stages would have been better. AT&T protested the KI4 RFP because it knew the former FAC deputy secretary was involved in the bond sale and preparation of the RFP, and then became the director of KCNA, which was a bidder for the RFP. The RFP was a must win for Kentucky to secure E-rate revenue as a funding source for KentuckyWired.

In response to a request from Senator West, Mr. Landrum said that he could provide a list of the attorneys who represented Macquarie.

In response to questions from Representative Koenig, Mr. Landrum said that whether a project is bonded all at once or in parts depends on the situation. In any case, a request must be made to the General Assembly every 2 years for appropriations for debt service. The KentuckyWired project has greatly energized the private sector. Some local governments are also improving broadband access. The intent of the KentuckyWired project was for state and local agencies to pay for access to the middle mile. Changes in the RFP process for P3s are not necessary because guidelines and regulations are already in place.

In response to a question from Senator Thomas, Mr. Landrum said that the state had assumed that the initial bid was sufficient for E-rate funding. The FCC said that this did not meet the competitive bid requirement for E-rate, so there would have to be a separate bidding process.

In response to a question from Senator Thomas, Mr. Landrum said that it could cost up to \$475 million to complete the KentuckyWired project

In response to questions from Senator Carroll, Mr. Landrum said that the way the original contract was competitively bid was within the scope of how

procurement should proceed. During the process, decisions were not always wise given the constraints. The lack of expertise was not the problem. The primary issue was the timeline, which meant that the process was rushed. E-rate funding was not known and pole agreements were not in place. Senator Carroll said that under the contract, contractors can be rewarded for not performing in a timely fashion. Mr. Landrum said there was widespread involvement of agencies in the process, which included the Kentucky Department of Education regarding E-rate funds. The FAC secretary would have made the final decision to sign the contract.

In response to a question from Senator Carroll, Mr. Landrum replied that he had not reviewed the other proposals submitted for KentuckyWired. It is not normal to put all the risk on the state. Sometimes, the state buys insurance to mitigate risk. The FAC Office of Financial Management handles bond issues. He did not know if the E-rate problem was known at the time the bonds were issued. The state was counting on a \$28 million funding stream. The state has authority to move public sector entities to KentuckyWired, but the project is about providing the middle mile and is not trying to compete with the private sector.

Mr. Landrum said there is a need to move forward. The driving factors of funding and time led to decisions that put Kentucky at risk. Some of the issues that became supervening events could have been handled before the signing of the master agreement. The process took 8 or 9 months; it normally takes about a year and half.

In response to questions from Representative Simpson, Mr. Landrum confirmed that Kentucky was under no financial obligation prior to the execution of the contract in December 2014. FAC is still negotiating pole attachments; this responsibility could have been placed on the vendor during the negotiating process.

In response to questions from Senator Seum, Mr. Landrum said bond funds are drawn down as needed and Kentucky does have oversight as the money is drawn down. The KentuckyWired Infrastructure Company was set up to sell bonds and the KentuckyWired Operations Company was set up to manage the project and provide oversight of the operation. Easements are individually negotiated and then funds are drawn down. Responsibilities were not well defined during negotiations.

In response to questions from Representative Rothenburger, Mr. Landrum said Kentucky did not terminate the contract because there was a need for the project. The turning point regarding risk management was when authority was given to sell the bonds. At the time, there was no immediate call date on the bonds.

In response to questions from senator West, Mr. Landrum said invoices for attorneys from Baller, Stokes, & Lide PC and Polsinelli Law Group for approximately \$800,000 were approved by the FAC Office of General Counsel. He did not know if the attorneys advised on project risks.

In response to questions from Representative Bechler, Mr. Landrum said his predecessor was responsible for deciding whether to sell the bonds. KCNA may be able to explain why the FCC

determined that the competitive process for E-rate funding was insufficient.

In response to questions from Senator Carroll, Mr. Landrum said he could provide the names of the five scorers and five technical advisors for the RFP. P3 projects need to continue to move forward once begun. After bonds were sold, there was no avenue for punitive action or termination.

Senator Carroll commented that the need for the project was evident. Many in the private sector are filling the voids for internet access. Mr. Landrum said the project accelerated the private sector's efforts across the state.

The meeting was adjourned at 11:51.

SCHOOL SAFETY WORKING GROUP

Minutes of the 5th Meeting of the 2018 Interim

September 10, 2018

Call to Order and Roll Call

The 5th meeting of the School Safety Working Group was held on Monday, September 10, 2018, at 9:00 AM, in Glasgow, Kentucky at the Barren County Technology Center (BCTS). Senator Max Wise, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Senators Danny Carroll and Alice Forgry Kerr; Representatives John Blanton, George Brown Jr, and Brandon Reed.

LRC Staff: Jo Carole Ellis, Yvette Perry, Maurya Allen, and Christal White.

Representative Steve Riley welcomed members of the committee to Barren County and introduced the Superintendent of Barren County Schools, Mr. Beau Matthews. He also invited members to a meal prepared by the culinary class upon adjournment. Senator Wise recognized Barren County Superintendent Beau Matthews and welcomed the many other superintendents in attendance.

Co-Chair John Carney was absent due to attending an NCSL Conference with school safety as the primary focus.

Senator Wise introduced the new working group member, Mr. Andy Smith, a social studies teacher from Woodford County High School (WCHS). Mr. Smith has more than 12 years of teaching experience and has served on the WCHS Safety Committee, worked with threat assessments, and served on the site-based council. Mr. Smith replaced Ms. Glass who was unable to fulfill her appointment.

Approval of Minutes

On a motion by Representative Blanton and a second by Senator Kerr, minutes of the August 13, 2018, meeting were adopted by voice vote.

Superintendents

Fayette County School District

Dr. Manny Caulk, Fayette County School District, said finding viable school safety solutions was precipitated as state and national events unfolded throughout the country. On February 14, during the 2018 National Superintendent's Conference, a school shooting at Marjory Stoneman Douglas High School

in Parkland, Florida precipitated calls from media outlets throughout the nation, prompting many superintendents to cast doubt if measures within their own schools adequately ensure student safety. Since the 1999 Columbine, Colorado school shooting, 425 students and educators have been injured or slain in our nation's school shootings, with nearly one-quarter of the shootings occurring from January through May 2018.

Fayette County Schools immediately enhanced safety procedures but quickly found the measures were insufficient. A tip from a student via an anonymous tip line prompted an investigation, resulting in a search which uncovered a student had purchased an AR 15 rifle and 500 rounds of ammunition. The student, who displayed no obvious warning signs and was on track to graduate, was charged with 2nd degree terroristic threatening. Following that incident, a student at Henry Clay High School brought a loaded gun onto campus, creating such fear among students that 80 percent of the student body did not attend school the following day. In yet another incident at Frederick Douglas High School a student smuggled a loaded gun into the school which accidentally discharged, injuring his hand. These incidents revealed that school shootings can happen anywhere and at any time.

Fayette County Schools formed a District Safety Advisory Council (DSAC) of internal and external stakeholders in the community to ensure schools are safe and successful. The DSAC was comprised of first responders, school leaders, district leaders, teachers, families, students, members of the business community, faith-based community leaders, civic organizations, representation from the district-wide PTA, and a governance team. The council was charged with providing research, evidence, and actual recommendations to ensure the safety of children in school, at home, and in the community. Fayette County Schools sought national and state experts to engage in discussions on school safety, social media, and mental health. The DSAC also received student-panel recommendations to create a safe environment and Fayette County Schools examined juvenile justice across the spectrum. Dr. Caulk said legislation passed by the General Assembly reforming the adoption and foster care system was a significant step to ensure children are safe at home. DSAC recommendations were proposed to increase the in-school safety of students through a 10-Point Safety Investment Plan.

Fayette County Schools proposed a comprehensive plan to increase safety in facilities while also being proactive regarding mental health needs. The plan included additional law enforcement officers, additional mental health professionals, exterior and interior facility upgrades, student and staff IDs, comprehensive adolescent assessment and health promotion, metal detectors and security ambassadors, secure vestibules, social media monitoring, education and training, and an upgraded emergency communication system.

The Fayette County School District has retained its own law enforcement division for more than 47 years at the high school level and have a goal to have one law enforcement officer in every middle and grade school as well. The officers provide protection in the

event of a threat, facilitate Drug Abuse Resistance Education (DARE) programs, and create a positive and healthy relationship among children and law enforcement.

Many in-state and out-of-state facilities have replicated Fayette County Schools model. Dr. Caulk said funding of legislation to hire retired law enforcement officers as School Resource Officers (SRO) is a positive step for a well-trained, well-versed support staff. The addition of counselors, social workers, and mental health professionals will enable schools to decrease counselor-student ratio from one counselor for 550 students to the nationally suggested practice of one counselor for 250 students. Dr. Caulk said many elementary schools currently have a ratio of one counselor for 650 to 700 students.

With over 1,700 entrances in Fayette County Schools, exterior emergency door alarms and interior facility door locks increase security. Dr. Caulk said visibility from windows is also a concern. For increased security, middle and high school students and staff will carry identification badges at all times.

Comprehensive assessment and health promotion is another component of the 10- point plan and includes a health assessment for each high school student at the beginning of the year. The assessments will expand to middle schools, providing appropriate support to reduce suicide and addressing mental health. Dr. Caulk said partnering with the University of Kentucky will allow the presence of full-time nurses in each high school and will eventually expand to middle and elementary schools.

Dr. Caulk said minor capital projects are necessary to ensure buildings are welcoming and safe. Fayette County Schools have added hand-held wands in every school and will move forward with stand-alone metal detectors at a single-entry vestibule. The addition of a computer application connected to the local emergency management system is part of the plan. Fayette County Schools will contract with an entity for social media monitoring and inform families of available resources to ensure student safety.

Dr. Caulk said Fayette County School's one-time investment will cost \$13.4 million and revenue from the five cent property tax will generate \$13.2 million in November. A timeline for implementation of the 10-point Safety Investment Plan has been finalized.

Additional meeting materials included a booklet entitled *Fayette County Public School's Annual Report 2017-2018, Champions for Children*. For a copy contact Fayette County Public Schools, 701 East Main Street, Lexington, KY 40502, or call 859/381-4100.

In response to a question by Senator Carroll, Dr. Caulk said Fayette County police officers serve in the school system's law enforcement division. Senator Carroll said a drafting error in 2017 legislation did not include continued health care coverage for all retired officers and because KRS language was specific to SROs, Senator Carroll said additional legislation will be filed in January to include Special Law Enforcement Officers (SLEOs) in the statute. Staff of Kentucky State Police (KSP) are designing contracts regarding structure and liability issues to allow troopers to contract individually with school districts. Senator Carroll commended Fayette County

Schools for raising taxes for additional funding for the increased protection of children.

Dr. Bargione thanked Dr. Caulk for sharing the comprehensive approach of Fayette County Schools. With this being National Suicide Prevention Week, he is impressed with the physical and psychological safety of students in schools, homes, and community.

Responding to a question by Dr. Bargione, Dr. Caulk said the training provided in Fayette County Schools is the same training Kentucky law enforcement officers endure during a rigorous 32-week program. The training includes law enforcement agencies from other counties as well as Fayette County Metro officers. With the addition of officers in middle and grade school, Dr. Caulk said students can build trust and form positive relationships with them.

In response to Dr. Bargione's second question, Dr. Caulk said Fayette County administration is working with schools to identify the need for additional counselors, social workers, and mental health professionals. The five cent tax is separate from the general fund and can only be used for the initiatives in the comprehensive safety investment plan. Fayette County Schools plan to hire 37 officers through in-state and out-of-state job fairs.

Responding to a question from Mr. Akers, Dr. Caulk said parental responsibility regarding safe gun control and monitoring children's phones is essential. Fayette County School's STOP tip line enables students and families to facilitate safety in our schools through family education and training.

Ms. Mohammadzadeh thanked Dr. Caulk for taking corrective measures for the incident at Dunbar High School. In response to her statements, Dr. Caulk said the Fayette County School District will create a safer environment by moving forward with social and emotional K-12 curriculum and bringing in additional mental health resources. The district will ensure a welcoming and positive school climate and culture in peer to peer relationships as well as staff to students. The student voice at Dunbar High School has been phenomenal in helping shape a positive culture.

Hart County School District

Mr. Nathan Smith, Superintendent, and Steve Caven, Director of School Safety, said structural security, communication, policy practices, and training are necessary moving forward.

Mr. Smith described the Hart County School District as a small district with 2,300 students, 450 employees, and the largest employer in Hart County. Hart County Schools consist of six school, 94 exterior doors, and a SRO in every school. The plan mirrors Fayette County School's plan. The district is looking for available resources to meet school safety needs.

The Hart County School District is building a new high school and vocational school ensuring the facilities are up-to-date, including camera placement and exterior door alarms. Mr. Caven said a common sense approach taken during the planning of the new schools included 20-inch thick exterior walls and bollards to prevent accidental or intentional collisions with the building. Foyers and vestibules are secure and opportunities are minimized for access to the buildings. Hart County Schools contracted with a local health professional to provide medical services

in each building. Other initiatives include available mental health professionals to treat children who intend to harm themselves or others. Mr. Smith said two school psychologists are responsible for testing special needs students, administering mental health assessments, and building trusting relationships.

Mr. Caven said Hart County Schools assess building safety on a regular basis through active-shooter trainings with the Hart County Sheriff's Department. Regardless of district size, Mr. Caven said safety issues are identical while financial needs differ. Resources ensure a quality education and helps students to become productive citizens. Without funding, other areas of education are compromised and schools must seek financial resources through tax increases.

Mr. Smith's first achievement was putting a nurse in every building. His next priority is to generate new revenue to enable Hart County Schools to retain a law enforcement officer in every building, as currently-stationed deputies could be called away for an emergency.

Mr. Caven performs regular safety walkthroughs, ensures teachers are present in hallways during class changes, and advocates the importance of relationship building. With the utilization of the STOP tip line, children are less afraid. Students and teachers are taking responsibility to keep schools safe.

Moving forward, Mr. Smith said initiatives include having SROs in every building, increasing the number of school psychologists, and installing tempered safety glass and enhanced camera systems in all facilities. Bus and event safety are other critical issues on which he wants to focus.

In response to a question by Senator Wise, Mr. Caven said Hart County Schools entertained a proposal to use veterans as school safety officers, a veteran completed an assessment and provided valuable information, but no action has been taken.

Mr. Caven said Hart County Schools reached out to Tim Early, Director of Green River Regional Educational Cooperative (GRREC), who was unable to attend. He reported that GRREC has a quarterly meeting of a safety work group and Mr. Early provided correspondence to each legislator on school safety.

Senator Kerr said responsible gun owners should be informed that recent shootings were by a student with access to family-owned guns. Mr. Caven said information could be posted on the school Facebook page and other ways to share with the community.

Senator Carroll said while securing guns is critical, there is a great need to facilitate a balance to provide gun owners immediate access as protection for their families. In response to Senator Carroll's statement, Mr. Smith said this year's tripling of Title IV dollars was spent to have a nurse in every building. Mr. Akers said the Kentucky Council for School Safety (KCSS) staff continually searches for available funds from Congress. Responding to Senator Carroll's question, Mr. Smith said the addition of nurses has created a safer environment. Mr. Caven said having on-site health professionals has given districts insight into student mental health.

In response to a question by Senator Carroll, Mr. Caven said the Hart County Sheriff's department

provides assistance at a cost of \$5,000 per year versus other resources at a cost of \$58,000 per year.

Responding to a question by Representative Reed, Mr. Caven said metal detector wands are not currently being used in Hart County Schools but administration has plans to visit Green County Schools to observe the effectiveness of the system.

In response to a question by Senator Wise, Mr. Caven said his schools have not asked for any training programs to arm teachers.

Shelby County Schools

Michael S. Clark, Director of Student Services, presented *Shelby County School Safety Measures, 2018 and Beyond*. Shelby County Schools are focusing on three distinct categories including facilities, staff and students, and community. Comprehensive reviews after the tragic shootings determined safety measures used at the time were inadequate.

Shelby County Schools installed an Aiphone entry system at every school at a designated locked entry. All exterior doors are locked and numbered and visitors enter and exit through a single-entry system, providing visual and verbal contact as the first layer of protection. Should an incident occur, first responders are directed to the area of concern with directionally-labeled floors. The Shelby County School District welcomes all first responders to become familiar with the layout of the district's 3 schools, students, and staff. First responders are provided with floor plans of the schools and conduct trainings after school hours to hone their skills. To decrease response time, at least three emergency notification systems have been installed in each school and sends a stress message to local law enforcement, all staff members, and district administrators.

Proactive staff and student measures include at least one SRO in every school, eight licensed mental health consultants on staff, three student counselors, a critical response plan, and first responders who attend school staff and student meetings. Mr. Clark said Shelby County Schools plans to expand mental health professionals in the district to help students affected by trauma, most often experienced outside of school. A recent study shows one in six children have some sort of mental health issue, translating to approximately 1200 students in Shelby County Schools alone.

Community measures include monthly meetings with first responders and administration from each school within the district, evacuation and reunification sites, incident response procedures, and agreements with the local health department and Red Cross. Shelby County Schools are also identifying the vulnerabilities and threats of industry and railroads in close proximity to each school and the traffic patterns for evacuation.

Shelby County Schools will implement additional measures including linking the camera systems to the local Emergency Management Center, active shooter training for school staff, delayed response procedures, additional mental health consultants, and additional SROs. Delayed response procedures are observed during a fire alarm to determine if the drill was planned, warranted, or unwarranted. SROs are provided by the sheriff's department but Shelby County Schools need on-site law enforcement and

mental health professionals.

In response to a question by Senator Wise, Mr. Clark said local law enforcement will work with state police on active-shooter training for teachers.

Responding to a question by Senator Carroll, Mr. Clark said students who are comfortable with a trusted adult, parent, or another student can provide valuable information. Shelby County Schools conduct parent academies to aid parents in what to look for in a child's social media account. Mr. Clark said an anonymous tip line has been part of the discussion but has not yet been implemented.

In response to a question by Representative Reed, Mr. Clark said Shelby County does not utilize the Sources of Strength (SOS) program but pairs younger and older students using Link Crew. Due to the success of the SOS program, Representative Reed recommended the district check availability of federal grants.

Mr. Akers said Shelby County Schools received the Steve Kimberling Award at the Kentucky Association of School Administrators (KASA) Conference for being a model district including first responders meetings, training for active shooters and responders, and other outside hazards. Mr. Akers said The Kentucky Center for School Safety (KCSS) offers a free STOP tip line upon request.

Major General Humble commended speakers for three excellent presentations and said an easily accessible, broad program of best practices is needed for all districts since the need is the same but resources vary. In response to his question, Mr. Clark said the way to find best practices for school safety is through research findings regarding practicality, expense, and benefit. Mr. Akers acknowledged the need to consolidate school safety best practices into one easily accessible location. He is hopeful superintendents and central office staff will utilize 17-years of experience from KCSS staff and the STOP tip line.

In response to questions by Senator Carroll, Mr. Akers said KCSS and KASA partner for the KASA conference every year. Mr. Akers said a free, first-time School Safety Coordinators Symposium will be offered on September 26, 2018 at ECU in Richmond. Last year, KCSS met with school counselors throughout the state regarding school safety and mental health. Mr. Akers said KCSS trains on a regular basis at cooperatives, conducts symposiums and workshops, and hosts non-public symposiums for private schools. Senator Carroll will ask the General Assembly to support the efforts of KCSS.

Senator Wise announced there will be no IJCE meeting in October and said the next meeting of the SSWG will be held in Northern Kentucky on October 8, 2018 at 10 A.M. Senator Wise suggested reaching out to CPE and focus on school safety on college campuses as well.

Senator Wise said Moms Demand Action and Kentucky Youth Advocates are potential groups from whom the SSWG may add to a future agendas.

Expressing difficulty in hiring SROs, Mr. Griesser suggested Senator Carroll's proposed legislation regarding insurance for retired officers as a future agenda topic. Senator Carroll said McCracken County Schools operate on a budget of \$350,000 per year and staff includes a director who acts as chief

of police with other administrative responsibilities within the district along with seven retired officers. Senator Carroll will contact the Justice Cabinet and recruit someone from SLEO to testify.

Senator Wise announced student-led tours of the Barren County Technology Center and lunch was provided by the culinary students of BCTC upon adjournment.

There being no further business, the meeting was adjourned at 10:45 A.M.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

September 18, 2018

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, September 18, 2018, at 1:00 PM, in Room 169 of the Capitol Annex. Representative Larry Brown, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Larry Brown, Co-Chair; Senator Rick Girdler; Representatives Steven Rudy and Diane St. Onge.

Guests: Ms. Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Mr. Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Ms. Donna McNeil, Executive Director, Kentucky Infrastructure Authority; and Mr. Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; and Jenny Wells Lathrem, Committee Assistant.

Approval of Minutes (August 21, 2018)

A motion was made by Representative Rudy to approve the minutes of the August 21, 2018 meeting. The motion was seconded by Representative St. Onge and approved by voice vote.

Information Item

Ms. Halloran reported one school district bond issue with 100 percent locally funded debt service for two projects in Daviess County. No tax increase was necessary to pay debt service for the bond issue.

Project Report from the Finance and Administration Cabinet

Ms. Tomes reported that the Secretary of the Finance and Administration Cabinet approved, pursuant to KRS 45.750(1)(g) and 45.780, a \$9 million emergency repair, maintenance, or replacement capital project funded with insurance proceeds: Tourism, Arts and Heritage Cabinet, Kentucky Center for the Arts, Fire Damage Restoration. A fire on June 13, 2018 caused extensive fire and water damage to the interior and exterior roof, interior and ceilings of the main lobby, restrooms, and flooring as well as extensive damage to the Bomhard Theatre control room. No action was required.

Lease Report from the Finance and Administration Cabinet

A motion was made by Senator Humphries to roll four new lease renewals with the same terms and conditions into one roll call vote. The motion was seconded by Representative St. Onge and approved

by voice vote.

Mr. Aubrey submitted a lease renewal for the Department of Corrections in Campbell County, \$16.89 per square foot for 8,262 square feet of office space, through June 30, 2020.

Mr. Aubrey next submitted a lease renewal for the Cabinet for Health and Family Services (CHFS) in Warren County, \$12.95 per square foot for 8,284 square feet of office space, through June 30, 2027.

The two other lease renewals were for CHFS in Martin County, \$10.50 per square foot for 12,685 square feet of office space, through June 30, 2027, and the Department of Agriculture in Franklin County, \$8.41 per square foot for 10,640 square feet of office space, through June 30, 2024.

A motion was made by Senator Humphries to approve the lease renewals, seconded by Representative Rudy, and approved by unanimous roll call vote.

Lastly, Mr. Aubrey reported an under \$50,000 lease modification for CHFS in Fayette County. The improvements included security and network infrastructure, fencing and gates (with card reader access) for secure parking, and HVAC for three network rooms. Two estimates were obtained for each improvement, with the low bid for each one selected, for a total amount of \$49,761, amortized through the current lease term expiring June 30, 2024. No action was required.

Report from the Office of Financial Management

Ms. McNeil submitted a Kentucky Infrastructure Authority loan request. The Paducah McCracken Joint Sewer Agency (JSA) requested a \$9.1 million Fund A (Clean Water State Revolving Fund Loan Program) loan for construction of a 15 million gallon sewer storage tank [Combined Sewer Storage Tank PWWTP project] to receive excess wet weather flows. This project is required under JSA's Long Term Control Plan and Consent Judgment. The monthly sewer bill for 4,000 gallons is \$23.32. The term is 20 years with a 1.75 percent interest rate.

A motion was made by Representative Rudy to approve the Fund A loan, seconded by Senator Humphries, and approved by unanimous roll call vote.

Follow-up for Previously Approved Bond Issues

Mr. Barrow reported two previously approved conduit debt transactions. The first was the Kentucky Economic Development Finance Authority Taxable Hospital Revenue Refunding Bonds, Series 2018A (Baptist Healthcare System Obligated Group). The 30 year transaction sold August 9, 2018, with net proceeds of just under \$130,000,000. No action was required.

The second was the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Henry Green Apartments Project), Series 2018. The short-term three year transaction, which financed a \$17 million multifamily project in Louisville (Jefferson Street), sold on August 7, 2018, with net proceeds of exactly \$8.2 million at an about two percent net interest rate. No action was required.

School District Bond Issues with School

Facilities Construction Commission (SFCC) Debt Service Participation

Mr. Barrow submitted four school district bond issues with School Facilities Construction Commission (SFCC) debt service participation for projects [in East Bernstadt Independent (Laurel County), Erlanger-Elsmere Independent (Kenton County), Fulton County, and LaRue County]. The total estimated issuance amount was \$11.1 million, with SFCC's portion around \$1.65 million, just under 15 percent. No tax increases were necessary to pay debt service for any of the bond issues.

A motion was made by Representative Rudy to approve the school district bond issues, seconded by Senator Humphries, and approved by unanimous roll call vote.

With there being no further business the meeting adjourned at 1:15 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

September 18, 2018

Call to Order and Roll Call

The 3rd meeting of the Office of Education Assessment and Accountability Review Subcommittee was held on Tuesday, September 18, 2018, at 1:00 PM, in Room 129 of the Capitol Annex. Representative Daniel Elliott, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Daniel Elliott, Co-Chair; Senators Gerald A. Neal and Mike Wilson; Representatives Derrick Graham and Regina Huff.

Guests: Erin Klarer, KHEAA.

LRC Staff: Josh Collins, Yvette Perry, and Christal White.

Approval of Minutes June 19, 2018

On a motion by Representative Graham and a second by Representative Huff, minutes of the June 19, 2018 meeting were approved by voice vote.

OEA Report on Homeschooling in Kentucky

The Office of Education Accountability (OEA) presented a report on Homeschooling in Kentucky. This report was approved by the subcommittee as part of the 2018 Research Agenda and provided information about homeschool enrollment. OEA staff presenters were David Wickersham, Deputy Director; Dr. Bart Liguori, Research Division Manager; and Dr. Deborah Nelson, Research Analyst.

The five homeschool categories presented by Dr. Nelson were background and major conclusions, enrollment, available outcomes, Kentucky and national laws, and challenges enforcing Kentucky law.

Dr. Nelson stated that the Kentucky Constitution protects the right to educate a child consistent with the conscience of a parent or guardian. While homeschool advocates sight social and academic benefits, public school officials have a major concern homeschooling is used as a means to avoid truancy charges. Other reasons cited for increased homeschool enrollment are religion, flexibility, and safety. Homeschooling in Kentucky includes instruction solely in the home, home instruction combined with online education,

tutors, part-time or full-time enrollment in a non-accredited school, or homeschool cooperatives. Homeschool parents attend conventions and workshops with their children and invited OEA to attend a workshop led entirely by current or former homeschool students advocating homeschool interests.

Data used in the report was based on results of an OEA staff survey from school district Directors of Pupil Personnel (DPPs), staff review of homeschool laws in other states, Kentucky Department of Education (KDE) data, the Kentucky Council on Postsecondary Education (KCPE) data, and interviews with officials from school districts, Cabinet for Health and Family Services (CHFS) staff, Administrative Office of the Courts (AOC) staff, and homeschool parents and groups. The report summarizes available data and reviews legal requirements for homeschools in Kentucky compared to other states and describes challenges in enforcing Kentucky laws.

Dr. Nelson explained that homeschools are considered by KDE to be private, unaccredited schools operated by parents or guardians and receive no financial support from the state. In a survey by Christian Home Educators of Kentucky (CHEK), members said the most frequent reason for homeschooling was lack of trust and information provided by public schools.

Kentucky homeschool enrollment has increased, slightly exceeding the national average. Outcome and demographic data for the majority of homeschooled children are not available in Kentucky or the nation; however, available data indicates that homeschool graduates who enroll in Kentucky colleges outperform public school graduates although enrolling in lower percentages. A homeschool diploma may not have the same legal status an accredited school provides.

Dr. Nelson said Kentucky requirements for homeschools are higher than some states but lower than others. Homeschool groups believe Kentucky law provides accountability for education although many DPPs report insufficient accountability and express concern that some families take advantage of flexibility in homeschool laws to avoid legal consequences of public school truancy. DPPs' authority to monitor or enforce homeschool laws is limited and accountability rests ultimately with CHFS or local courts under laws pertaining to lack of adequate education for children and considered a form of child neglect in Kentucky.

Other challenges faced enforcing homeschool laws include the division of monitoring and enforcing responsibilities among DPPs, KDE, and AOC; minimum criteria required for homeschool attendance and scholarship reports; and time limitations for public officials responsible for enforcing laws. The report notes that statute permits greater roles for the Kentucky Board of Education (KBE) in clarifying requirements for homeschool attendance and KDE in reviewing these reports.

Dr. Nelson indicated over 26,500 Kentucky school-aged children were reported as being enrolled in homeschool in 2017, or 3.6 percent compared to the national average of 3.3 percent. Although historical data is not available in Kentucky, the national percentage of students who entered

homeschooling has more than tripled since the 1970s. It is nearly impossible to distinguish the number of students who are homeschooled compared to those being reported. The majority of homeschool students in Kentucky fall within a few percentage points of the state average, with seven districts having less than one percent and ten districts having more than seven percent. There is little association among districts in the percentage of students being homeschooled and the percentage of students in the district considered to be living in poverty. The report noted that the percentage of homeschool students is typically lower in independent districts versus county districts.

Figures are skewed by students never enrolled in public schools, students previously enrolled in public school and transferred to homeschools, and those who transfer from homeschool and returned to public school within a year. In recent years, studies indicate elementary and middle students experienced steady but moderate increases in transferring to homeschools. In 2016, the number of students in grades 9 through 12 transferring to homeschools increased, possibly associated with the anticipated change of the legal dropout age from 16 to 18. Forty-six percent of DPPs believe families are transferring to homeschool to avoid legal consequences of public school truancy, including fines and withdrawal of driving privileges.

Dr. Nelson said chronic absence was defined as ten percent or more absences of days enrolled. In 2017, chronic absences among students who were subsequently homeschooled was four times greater than currently enrolled public students. Chronic absence does not necessarily indicate reluctance of a child or parent to educate the child since social anxiety or fear for school safety may be contributing factors prior to withdrawal.

Homeschool academic achievement and outcome data in Kentucky and the nation is limited. The majority of homeschool students' outcome data is unknown since KDE lacks authority. In 2017, Dr. Nelson said 400 homeschooled students were enrolled in dual credit classes compared to 25,032 students from public and other schools. Other schools include private or religion-based schools. Seventy-three percent of homeschooled students, 57 percent of public school students, and 60 percent of students in the other category maintained a grade point average (GPA) of 3.5 or higher. The data also revealed the number of homeschool students with a GPA below 2.0 was nearly half of those who attended public and other schools. The average ACT composite score for homeschool students was slightly lower than the other student category and slightly higher than public school students. Comparison of these groups during their first year of college revealed 61 percent of homeschool students, 41 percent of public schools students, and 49 percent of other students maintained a GPA of 3.5 or above. The homeschool group had a lower percentage of students who earned a GPA of 2.0 or less than public and other schools. Also noted is that less than 20 percent of homeschool students enroll in Kentucky institutions compared to approximately half of public school graduates.

Homeschool parents interviewed for this study reported that homeschool children are actively

recruited by colleges because they are known to be academically prepared and have good work ethic. Parents said homeschool students learn to manage their time and studies, be independent, and experience real world situations. Homeschool parents shared names of prominent Kentuckians who are homeschool graduates.

Dr. Nelson said that Kentucky compulsory homeschool attendance laws require all school-aged children attend public school unless statutory requirements are met. Homeschools are required to report enrollment to school districts annually and keep attendance and scholarship reports. While these two items are subject to direct monitoring by DPPs, required subjects and duration of the school term are not monitored.

Kentucky homeschool laws are difficult to compare with other states since Kentucky offers one legal homeschool option while other states offer two or more. Some states have higher requirements than Kentucky in the primary homeschool option while others have much lower requirements. Alternative options are often based on religious or conscientious objections to public school education. The report provides a broad comparison of Kentucky requirements with all 50 states and a more detailed comparison with surrounding states. Comparison with the surrounding states shows similar results, with both higher and lower requirements. Comparisons are complicated considering legal requirements and the manner in which they are executed.

In response to a question by Representative Graham, Dr. Nelson said Kentucky does not require the reporting of outcome data annually as required in some states but agrees outcome data should be included. Fourteen states require homeschools to report outcome data; however, comparisons appear more rigorous on paper than are actually enforced. Dr. Nelson said it is possible to contact each state which requires outcome data to determine the number of laws each state has and the public resources devoted to enforcing the laws. Representative Graham requested this information be made available to members. He expressed concern about the cost to Kentucky when students do not register in the public school system and subsequent related costs once they become adults and are unable to find employment due to lack of skills or a formal education. In response to his question, Dr. Nelson said OEA has identifying information for students who withdrew after being enrolled in public schools but was unable to gather information on those who were never enrolled. She said the reporting of social security numbers, birthdates, and other personal information to allow for tracking would require a statutory change, at which time lost funds to specific districts could be calculated. Dr. Nelson said the effort required to analyze the data would be minimal once available data is entered into the system; however, accruing the information would be a difficult process.

Dr. Nelson said that DPPs have strong concerns about Kentucky homeschool laws. Almost half responded it is nearly impossible to enforce compulsory attendance laws for homeschools and less than one third said it is likely that a homeschool not educating children will face consequences unless

there is evidence of physical neglect or abuse. Many DPPs believe Kentucky homeschools should have minimal requirements for attendance and stronger requirements for outcome data and scholarship reports.

Based on interviews, homeschool advocates believe sufficient accountability exists under current law and that higher requirements would place an undue burden on families educating children without state support. They feel some forms of accountability in other states compel parents to make choices which are not beneficial to a child's education. Kentucky law gives children a fundamental right to educational instruction and lack of adequate education is considered a form of child neglect in Kentucky.

Dr. Nelson said DPPs have the duty to enforce compulsory attendance laws but do not have authority to monitor or enforce all homeschool requirements associated with the laws. They are directly authorized only to monitor whether enrollment is reported annually and request and review scholarship and attendance reports. Without legal guidance and minimum standards, DPPs are confused about criteria used in reviewing reports, how to report concerns, how to deal with conflicting information received from various sources, and withdrawals from public school due to truancy. A DPP or any CHFS or Department for Community Based Services (DCBS) staff member has a legal obligation to report to authorities if they have legitimate concern about the quality of educational being provided.

Dr. Nelson said CHFS, DCBS, and local courts have legal authority to take action on charges of educational neglect. If substantiated, CHFS can investigate in the interest of a child are not being met and design a case plan requiring the parent to provide education. If conditions of the plan are not met, the case worker can refer the family to court, the county attorney can order a court appearance, and a judge may require a parent to produce evidence of education or enroll them in public school. Neither the cabinet nor the local courts are required to take any specific action on reports of neglect. OEA found these agencies have discretion in how reports are handled and found educational neglect alone is unlikely to be addressed unless child neglect or abuse appear present.

The report notes two challenges with the implementation of Kentucky laws requiring children to be educated as they apply to homeschools. The authority to monitor and enforce the laws is dispersed among various individuals and entities. CHFS and local courts have discretion to take specific actions on reports of educational neglect while DPP, the public school official designated to enforce the laws, lacks authority to require change made for accountability. There is little guidance in the law for DPPs to ensure that homeschool children are educated and that determination is made at the discretion of judges or caseworkers.

Dr. Nelson indicated that in an attempt to clarify the responsibilities of homeschools and DPPs, a best practice document was developed in 1997 and updated by the CHEK, Kentucky Home Education Association (KHEA), DPPs from four Kentucky districts, and the KDE liaison for nonpublic schools.

It outlines the requirements and huge responsibility for families wanting to homeschool and describes and interprets the laws relating to attendance and scholarship reports. Many DPPs are confused about the document as to whether it represents law or informal guidance.

DPPs, CHFS, and courts report there are limitations of time and personnel available to address their many duties as described under the law. DPPs feel their primary responsibility is to address duties related to public school attendance whereas CHFS or local courts may prioritize report of physical abuse, educational neglect, or case overload.

While many DPPs sight concerns about accountability, almost one-third report concerns that homeschool parents or guardians who are not educating will not ultimately face consequences of educational neglect without other forms of neglect or abuse due to lack of time and employees' heavy workloads.

Dr. Nelson said that all findings contained on the report relate to the potential for greater clarity and guidance under existing laws as they apply to homeschools, especially KRS 159.040, which authorizes but does not require the roles of KBE and KDE. KRS 159.040 state that attendance at private and parochial schools shall be kept by the authorities of such in a register provided by the KBE, and such school authorities shall make attendance and scholarship reports in the same manner as is required by law or by regulation of the KBE of public school officials. Such schools shall at all times be open to inspection by DPPs and officials of KDE.

Dr. Nelson's said OEA staff concluded that homeschool enrollments are increasing in Kentucky and the nation but vary among districts, outcome data for the majority of homeschool children is not available, Kentucky requires more from homeschools in some states and less than others, many DPPs have concerns about insufficient accountability for homeschools, and current law allows room for greater clarification of homeschool requirements.

In response to a question by Senator Wilson, Dr. Nelson said OEA found that only a minority of truant students withdrew and began homeschooling. She said 15 percent of DPPs reported that social anxiety, mental health, bullying, and decisions being made by school administrators were the top reason for withdrawing from public school and enrolling in homeschool. Dr. Nelson said almost five times as many students withdraw and then re-enroll, but coding errors skew the number of students returning from homeschools to public schools. While OEA staff tracked the achievement of students who returned from homeschool, they felt it would be misleading to present the findings due to the small percentage of homeschool responses. Dr. Nelson said data for incoming homeschooled students is not distinguished between students who have never been in public schools or students who have re-enrolled. Additionally, a separate category relates to public school students who are highly mobile and numbers are hard to capture. The student information system has the capacity to monitor these students if a unique identifier were provided.

In response to a question by Representative

Graham, Dr. Nelson said that KRS 159.040 states that current law allows room for greater clarification of homeschool requirements in the same manner as required by law or by regulation of public school officials. If KDE proposed a regulation about required information in a scholarship report, it would also apply to homeschool students. Dr. Nelson said tracking students would require a statutory change to include legal guidance regarding information included in attendance and scholarship reports and could be useful in a judge's determination to see if students are educationally neglected. She said DPPs who have previously engaged with truant students may have observed red flags such as the lack of books or instructional materials, lack of electricity or internet connection, or being homeless. Dr. Nelson said DPPs can authoritatively ask for only a school attendance and scholarship report that provides minimal information. The regulation is flexible enough for homeschools to skirt stricter guidelines, which could provide public school officials with valuable information to ensure a quality homeschool education.

Dr. Nelson said OEA conducted eight interviews with superintendents and DPPs to understand their concerns. A good representation of large and small, rural and city schools were included in the interviews. In response to Representative Graham's question about revising the statutes, Dr. Nelson said most DPPs expressed concern about the requirements but a variety of concerns were expressed among each district. She said while one DPP may work closely with the county attorney and CHFS, other districts may have no accountability.

On a motion by Senator Wilson and a second by Representative Huff, OEA's report, *Homeschooling in Kentucky*, was adopted by voice vote.

Representative Elliott said tension exists between homeschools that are providing an acceptable education as opposed to those who are abusing the homeschool privilege. He said Kentucky needs to revisit legislation, but it is difficult to make an informed decision due to lack of statistics.

In response to a question from Representative Graham, Dr. Nelson said it difficult to know if a majority of homeschool students are provided with proper tools to succeed beyond high school without more data. She said only a small minority of DPPs had grave concerns about a few homeschool families but are not concerned about the majority.

There being no further business, the meeting adjourned at 2 p.m. The next meeting will be held Tuesday, October 16.

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 2nd Meeting of the 2018 Calendar

September 18, 2018

Call to Order and Roll Call

The 2nd meeting of the Capital Planning Advisory Board was held on Tuesday, September 18, 2018, at 10:00 AM, in Room 169 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Senator Whitney Westerfield, Representative DJ Johnson; Charles Byers, John Chilton, Carole Henderson, John Hodgson, Stephen Knipper, and Katie Shepherd.

Guests: Scott Aubrey, Director, and Nancy Brownlee, Staff Assistant, Division of Real Properties, Andy Casebier, Director, Division of Engineering and Contract Administration, Finance and Administration Cabinet; David Beck, Chief Executive Officer, Kevin Moore, Chief Financial Officer, and Cody Patterson, Director of Communications, Kentucky State Fair Board.

LRC Staff: Shawn Bowen and Jennifer Luttrell.

Approval of Minutes

A motion to approve the minutes of the August 21, 2018 meeting was made by Senator Westerfield, seconded by Representative Johnson, and approved by voice vote.

Information Item

Ms. Bowen briefed members on the capital planning process for the 2020-2026 planning period. Starting in May 2019, the board will meet the third Tuesday of each month at 10 a.m., with the exception of the July meeting, which will start at 9:30.

Ms. Bowen noted there was one change to next year's capital planning process. In place of the LRC Statewide Debt Report, the Office of State Budget Director will provide a presentation on the state's financial outlook. This report is provided annually to the A & R Committee and is similar in nature to the LRC Statewide Debt Report.

Capital Plaza Redevelopment Project in Downtown Frankfort Presentation

Mr. Aubrey gave an overview of the Capital Plaza Redevelopment project located at 500 Mero Street in downtown Frankfort, Kentucky. The project includes demolition of the Capital Plaza area, except for the YMCA, hotel, and associated parking, and construction of a 385,500 square-foot office building for about 1,500 employees. Construction will also include a parking garage attached to the Transportation Cabinet Office Building parking garage.

Senate Bill 238, 2017 Regular Session of the Kentucky General Assembly, authorized the Finance and Administration Cabinet to enter into a public-private partnership, built-to-suit lease agreement for the renewal of the Capital Plaza Complex. The procurement process for built-to-suit projects is part of a public-private partnership whereby the company constructing the building will finance the cost of construction. The property was conveyed to CRM/DW Wilburn LLC and is being leased to the commonwealth. At the fulfillment of the lease term, the property will be returned to the commonwealth. The lease will have a maximum annual cost of \$7,594,254, with biennial renewals through June 30, 2050.

In response to questions from Senator Westerfield, Mr. Aubrey said the occupants of the building will be selected by the end of the year. If employees are transferred to the new building from state-owned space, tenants currently occupying leased space will be relocated to the vacated state-

owned space.

Representative Johnson requested that the Finance Cabinet provide a list (when available) of the state agencies that will occupy the new facility, including the disposition of the agencies' current leased or state-owned space.

In response to a question from Representative Johnson, Mr. Casebier explained that Leadership in Energy and Environmental Design (LEED) is a green building certification program administered by the U.S. Green Building Council. There are four levels of certification: certified, silver, gold, and platinum. To achieve certification, new or remodeled buildings must include certain energy saving measures and HVAC improvements that create a healthier environment for employees.

In response to questions from Mr. Chilton, Mr. Aubrey stated that the rent will be paid to the landlord, CRM/DW Wilburn LLC, and at the fulfillment of the lease term, the property will be returned to the commonwealth. CRM/DW Wilburn is responsible for maintaining and managing the building during the term of the lease agreement. Mr. Casebier added that the cost of the furniture will be financed through J.P. Morgan for a term of eight years. Agencies occupying the facility will be responsible for the cost of the furniture.

In response to another question from Mr. Chilton, Mr. Casebier said the new building does not include a large number of meeting spaces or a food services area. The facility was designed in this manner to avoid interfering with downtown businesses. Employees may utilize the Transportation Cabinet Building cafeteria located next door, the Capital Plaza Hotel, and other downtown businesses.

In response to questions from Mr. Knipper, Mr. Aubrey said the new building will consolidate state agencies located in multiple buildings. Finance and Administration Cabinet leadership and other cabinet officials will make the final determination.

Senator Humphries asked why construction is so far ahead of schedule. Mr. Casebier stated that the developer is utilizing the built-to-suit method which enables him to take certain risks that speed up construction. He noted that the same developer and construction team were used for the 300 Building, and the building design is similar to the 300 Building.

In response to another question from Senator Humphries, Mr. Aubrey said the final completion date for the facility and the parking garage is October 2019.

Senator Humphries asked what steps the developer will take to ensure the building is maintained properly over the life of the 30-year lease. Mr. Casebier said the developer is using high-quality construction materials which will help extend the life of the building well beyond 30 years. At the fulfillment of the lease term, when the property is returned to the commonwealth, warranties will still be in effect for the roof, chillers, and other construction materials.

CHR Building and Health Services Building (HSB) Facility Study Presentation

Mr. Casebier provided an overview of the CHR building and HSB building facility study conducted by Sherman Carter Barnhart Architects. Facility assessment studies of state-owned buildings are

conducted when facilities are close to 50 years old. The results of the studies are used by the Division of Engineering to determine future construction needs. The two buildings received facility assessment scores of 43 and 35.9 respectively.

The results of the study provided four options. Option one, at a cost of \$123,660,000, consists of renovations and updates required to meet current functional requirements and to bring the CHR and HSB buildings into compliance with Kentucky building and energy codes and ADA requirements. Option two, at a cost of \$119,030,000, consists of renovations and updates required to meet current functional requirements and to bring the CHR building into compliance with Kentucky building and energy codes and ADA requirements. This option also includes the construction of a new HSB building attached to CHR Building. Option three, at a cost of \$4,450,000 is an additive option and would be completed in conjunction with option one or two. The project would construct an elevated parking deck with access from the upper-level roadway, and add 185 parking spaces and have ADA compliant spaces with access to the main building lobby. The last option, determined to be the best choice, would provide for a major renovation of the CHR building, and demolition and reconstruction of the HSB building separate from the CHR building. The new HSB building will consist of an approximate 150,000 square foot facility sited on the back parking lot of the CHR property. The project is estimated to cost \$128,820,000.

In response to a question from Senator Westerfield, Mr. Casebier said the CHR building will be renovated while the building is occupied. To free up space in the CHR building, tenants that are not part of CHR would be relocated to other space. The unoccupied space would then become swing space to be utilized by CHR staff as various areas of the building are being renovated.

Mr. Knipper asked if the facility assessment score for the building will be reevaluated based upon the selection of option four. Mr. Casebier said whichever option was undertaken, one, two or four, in essence, changes the assessment score.

In response to a question from Mr. Hodgson, Mr. Casebier explained that option four was selected because it is more cost effective, and it includes advantages not associated with the other options.

Kentucky State Fair Board/Kentucky Exposition Center Presentation

Mr. Beck said the Kentucky State Fair Board (KSFB) oversees two convention facilities in Louisville, the Kentucky Exposition Center (KEC) and the Kentucky International Convention Center. The facilities host a variety of events throughout the year.

The 2018-2020 Executive Budget authorized three capital projects for the Tourism, Arts, and Heritage Cabinet, KSFB: Construct Gate One Hotel, Construct Hotel Development, and Construct Agri-Plex. The projects will be constructed on land at KEC.

Mr. Beck said KSFB is seeking innovative development concepts to more fully utilize and maximize its return on the KEC property while providing an attractive investment for private sector

developers and maintaining the core mission of KSFB.

On May 16, 2018, the Finance and Administration Cabinet released a Request for Information relative to the development of a hotel(s), restaurants, entertainment venues, and retail outlets at KEC. The responses to the solicitation may potentially be used to create one or more Requests for Proposal for construction of the hotel(s) and associated facilities. Responses were due June 19, however, the due date was extended to July 12.

The project will include two parcels of land totaling 133 acres. Parcel 1 is 45 acres located on the south end of the property bordered by I-65, I-265, Phillips Lane and the main entrance to KEC. A portion of this property was previously considered for a full-service hotel attached, via pedway, to the KEC South Wing to serve as a focal point at the entrance to KEC. Parcel 2 includes approximately 88 acres on the north end of the property bordered by I-65 and the northern entrance to KEC facilities. It includes two vacant structures and two occupied buildings. Old Cardinal Stadium will be demolished prior to the development. KSFB also desires to develop an approximate 8-acre portion of parcel 2 as a multi-purpose exposition center. The facility will be constructed by a third-party developer and leased back to KSFB from the developer for a designated period of time.

In response to questions from Senator Humphries, Mr. Beck stated that Cardinal Stadium would be demolished in early 2019 or as soon as possible without interrupting events.

In response to a question from Senator Humphries regarding the projected revenues from the new hotel development project, Mr. Beck said the hotel could be a good revenue source. KSFB's goal is to add full-service lodging, as well as food and entertainment amenities for guests attending events at its facilities. The potential revenues may come from the lease of the property and from the sales side as well.

Other Business

Senator Humphries said the board will convene its next meeting in May 2019.

Adjournment

There being no further business, the meeting was adjourned at 11:10 a.m.

DIABETES MEDICAL EMERGENCY RESPONSE TASK FORCE

Minutes of the 1st Meeting of the 2018 Interim

September 20, 2018

Call to Order and Roll Call

The 1st meeting of the Diabetes Medical Emergency Response Task Force was held on Thursday, September 20, 2018, at 10:30 AM, in Room 171 of the Capitol Annex. Representative Danny Bentley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Danny Bentley, Co-Chair; Senator Reginald Thomas, Representatives Mary Lou Marzian and Addia Wuchner; Chris Bartley, Gregg Bayer, Robert Couch, Chuck O'Neal, Pat Thompson, and

Troy Walker.

Guests: Stewart Perry, National Diabetes Volunteer Leadership Council.

LRC Staff: DeeAnn Wenk, Chris Joffrion, and Becky Lancaster.

Where Kentucky Stands in the Fight Against Diabetes: Statistics, Trends, Recent Advancements, and Future Opportunities

Bob Babbage, Babbage Cofounder, stated that Kentucky is ranked seventh in the nation for incidents of diabetes. The Cabinet for Health and Family Services recognizes that 13 out of every 100 Kentuckians have diabetes. Kentucky has approximately 449,000 people with diabetes, and an additional 26,000 people are diagnosed with diabetes each year. Kentucky's obesity rate is 34.3 percent and ranks eighth in the nation. There is a new urgency around diabetes and the high cost to individuals and health plans. The Kentucky Employee Health Plan (KEHP) has seen success implementing the Diabetes Prevention Program (DPP). DPP is a lifestyle change course taught by diabetes educators who have been trained to help people deal with the extreme difficulties of diabetes. For KEHP the financial benefits of DPP are positive and have been measured by actuaries. KEHP examines supplies and medications differently than other health plans and is more aggressive about providing them to members. The diabetes value benefit in KEHP offers diabetic members a reduced copayment and coinsurance with no deductible, for most all of their maintenance diabetic prescriptions and supplies.

Kentucky is not offering DPP as a part of Medicaid. There is a formal working group with representatives from managed care, hospitals, health providers that specialize in diabetes, major insurance companies, primary care associations, and key leaders from public health that are examining the complex aspects and issues of Medicaid as it relates to offering DPP. The Kentucky Prescription Assistance Program (KPAP) serves citizens, who face hardships, in obtaining diabetes related drugs at low or no cost from major companies. In 2018, drug companies have given over \$8 million in products to 1,321 Kentuckians in need of assistance. The Diabetes Action Plan (DAP) passed by the Kentucky legislature has been copied by other states. DAP pulls together medical professionals, public health employees, Medicaid employees, and public employees to review diabetes progress in the state. The next DAP report is due in January of 2019. Kentucky was the first state to add licensing of diabetes educators. Kentucky has increased the number of professionals who are qualified and available to teach DPP. Kentucky is the only state to recognize in statute that November 14th is World Diabetes Day.

In response to questions from Gregg Bayer, Mr. Babbage stated that there are many initiatives to address the issues of eating healthier and lowering the financial burden for Type 2 diabetic patients.

In response to questions from Senator Alvarado, Mr. Babbage stated that Dr. Jeffrey Howard and Dr. Connie White, in the Department for Public Health at the Cabinet for Health and Family Services, would be a good points of contact for legislators and task force members to discuss recommendations and

other concerns regarding diabetes in Kentucky.

Access to Insulin, Other Diabetes Drugs, and Supplies

George Huntley, Treasurer, National Diabetes Volunteer Leadership Council; Treasurer, Children with Diabetes; Past National Chair, American Diabetes Association; and Chief Operating Officer, Chief Financial Officer, Theoris Group Incorporated, stated that the National Diabetes Volunteer Leadership Council (NDVLC) is a patient advocacy organization committed to improving the safety and quality of life for people with diabetes. Christel Marachand Aprigliano, Chief Executive Officer, Diabetes Patient Advocacy Coalition, stated that the Diabetes Patient Advocacy Coalition (DPAC) is a patient-led policy advocacy organization focused on federal and state diabetes issues in the areas of safety, quality, and access. Mr. Huntley stated that the typical type 1 insulin pump user list price per month is approximately \$835. The type 1 insulin pump user with a \$35 copayment and a 30 percent coinsurance, the price per month is approximately \$116. The majority of that cost is the insulin.

The National Center for Health Statistics reports that 43 percent of employees are covered by high-deductible health plans. A high deductible plan requires that pharmacy benefits be part of the deductible. There is an increase in the use of coinsurance in pharmacy benefit and an increase in the list price of drugs. Pharmacy Benefit Managers (PBM) have been instrumental in the rise of the cost of drugs by using higher rebate and discount programs, having exclusive formularies, and implementing non-medical switching of prescriptions. In 2016, 83 percent of employer plans have a pharmacy deductible in comparison to 55 percent in 2006. The average price of brand name drugs have more than doubled from 2008 to 2016. Between 2014 and 2018, more than one-fifth of all the formulary exclusions announced by Express Scripts and CVS were for diabetes related medications and treatments.

The Centers for Disease Control and Prevention (CDC) recognizes that one in every three adults with diabetes require insulin every day. The CDC reports that 57 percent of people on insulin are affected by list price at some point in the year. Actuarial studies show that if a patient taking basal insulin pays more than \$75 per month, then patients will start to ration their diabetes medications. Insulin rebates can exceed 60 percent. The discounts negotiated by PBM and others are not passed on to patients at the point of sale. Nonadherence to insulin therapy affects many parts of the body and is associated with serious complications. However, if adherence increases 10 percent, the annual healthcare cost is decreased between 9 to 29 percent.

The contracts between a PBM and the drug companies are not transparent and it is not known how much of a drug rebate is held by a PBM. The PBM and plan provider will receive more money when the higher priced brand insulin is covered rather than the less expensive biosimilar. Manufacturers increase list prices mostly to pay larger rebates. From 2007 to 2016, the list price of insulin grew 252 percent while the net price grew 57 percent. There are patient assistance programs for individuals that

are uninsured or have low income, but the programs can be difficult to navigate. For individuals covered by commercial insurance there are copayment assistance programs that are usually temporary, difficult to navigate, and there is no credit towards the insurance deductible when using these assistance programs. The Blink Health program offers assistance for patients with diabetes; however, there is no credit towards the insurance deductible or out-of-pocket costs. The Lilly Diabetes Solutions Center is a call center offering individual assistance to people with diabetes.

Patient advocacy organizations are asking policy makers to consider through legislation: that insulin be on the preventive drug list and be exempt from the deductible; that the PBM be required to pass rebates and discounts on to patients at the pharmacy; ensure that insulin be affordable and accessible; address non-medical switching; pass gag clause bills, and pass patient-centric transparency bills. New legislation should increase adherence, decrease complications, and provide open dialogue on how to increase insulin dosage adherence by decreasing rationing and omission, thereby decreasing hospitalizations.

In response to a question from Senator Alvarado, Mr. Huntley stated that the \$562 monthly cost of insulin at list price is based on a rapid acting insulin product.

In response to questions from Senator Thomas, Mr. Huntley stated that eliminating PBM would solve problems regarding prescription costs. He stated that if the legislature would exempt insulin from a health plan's deductible, it would force PBM to pass the savings of a rebate on to the consumer providing immediate relief for people with diabetes. Ms. Aprigliano encouraged everyone to read *An American Sickness* by Elisabeth Rosenthal, for an insight to the history of health insurance in the United States.

In response to questions from Representative Wuchner, Ms. Aprigliano stated that DPAC has a website, theaffordableinsulinproject.org, that provides data and statistics for patients to take to their human resource department when inquiring about having insulin exempt from their deductible to increase affordability. She has created a worksheet available on the website, to help patients compare current and proposed insurance plan costs. Stewart Perry, National Diabetes Volunteer Leadership Council, stated that that the average doctor treating patients with diabetes spends 1500 hours a year doing appeals on non-medical switching without receiving reimbursement.

In response to questions from Representative Marzian, Mr. Perry stated that one out of every four healthcare dollars are spent on diabetic related illnesses. In 2012, Kentucky spent \$3.85 billion on medical costs and lost wages due to diabetes. The projected economic impact for 2020 is \$6.5 billion in total medical costs and lost wages. KEHP gives diabetic members their diabetes medications and supplies without a deductible or copayment.

In response to a question from Dr. Couch, Ms. Aprigliano stated that diabetes patients spend a great amount of time each year asking for prior authorizations for diabetes medicine and supplies that were previously approved.

Adjournment

There being no further business, the meeting was adjourned at 12:35 P.M.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

October 9, 2018

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, October 9, 2018, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Stan Lee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Stan Lee, Co-Chair; Senators Julie Raque Adams; Representatives Chris Fugate, Al Gentry, and Mark Hart.

Guests: Beau Barnes, Brandon Smith, Deck Decker, Kristi Putnam, and Lindsay Hughes Thurston.

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

AUGUST DEFERRED ITEMS:

DEPARTMENT FOR MEDICAID SERVICES

Myers and Stauffer, LLC, 1900002320. Brandon Smith, Deck Decker and Kristi Putnam discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

KENTUCKY TEACHERS RETIREMENT SYSTEM

Williams and Jenson, PLLC, 0007. A motion was made by Representative Fugate to defer the contract to the November 2018 meeting. Senator Meredith seconded the motion, which passed.

SEPTEMBER DEFERRED ITEMS:

SECRETARY OF STATE

Kinhead & Stilz, PLLC, 1900002235. Lindsay Hughes Thurston discussed the contract with the committee. A motion was made by Representative Gentry to defer the contract to the November 2018 meeting of the committee. Representative Hart seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY

National Association of Student Personnel Administrators, 181922. A motion was made by Senator Meredith to defer the contract to the November 2018 meeting of the committee. Representative Hart seconded the motion, which passed.

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

A motion was made by Representative Hart to consider as reviewed the Personal Service Contract

List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

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

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

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

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF ACCOUNTANCY

Scanlan Associates, LLC, 1900002621.

DEPARTMENT FOR INCOME SUPPORT

Bornstein Psychological Services, Inc., 1900000403-1.

DEPARTMENT OF CRIMINAL JUSTICE TRAINING

Elizabeth Messer, 1900000337; Jacqueline D. Alexander, 1900000572.

DEPARTMENT OF EDUCATION

Kelly Stewart, COMS, LLC, 1900002459.

DEPARTMENT OF MILITARY AFFAIRS

Timothy Roark, 1900002757.

DEPARTMENT OF VETERANS AFFAIRS

Amerathon, LLC, 1900002642.

EASTERN KENTUCKY UNIVERSITY

Shirley Clarke Education, LLC, 20-124.

FACILITIES & SUPPORT SERVICES

CMTA, Inc., 1900002342; Staggs & Fisher

Consulting Engineers, Inc., 1900002437; Third Rock Consultants, LLC, 1900002766.

KENTUCKY RETIREMENT SYSTEMS

Morris James, LLP, 1900002128.

KENTUCKY STATE UNIVERSITY

Ronald Chi, 19-08; BKD, LLP, 19-11.

MILITARY AFFAIRS COMMISSION

Thomas P. Miller and Associates, 1900002651.

MOREHEAD STATE UNIVERSITY

Robinson, Kirlew & Associates, 19-029.

NORTHERN KENTUCKY UNIVERSITY

Moody Nolan, Inc., 2019-124.

PERSONNEL - OFFICE OF THE SECRETARY

Rethink Autism, Inc., 1900002445.

UNIVERSITY OF KENTUCKY

Optimum Healthcare IT, LLC, K19-213; Leidos Health, LLC, K19-214; Hammes Company Healthcare, LLC, K19-215; Subsidiary Healthcare LLC d/b/a Schumacher Clinical Partners, K19-216; Ankura Consulting Group, LLC, K19-217; The Mako Group, K19-218; Greenwood/Asher & Associates, Inc., K19-219; Prism Healthcare Partners, Ltd., K19-220; The CSI Companies, Inc. d/b/a CSI Healthcare IT, K19-221.

UNIVERSITY OF LOUISVILLE

HBSA dba/PIRE, 19-048; Learfield Communications, LLC, 19-049.

WESTERN KENTUCKY UNIVERSITY

Steven Weintraub, 182029; Multi, 182031; Ruffalo Noel Levitz, LLC, 182032.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Res-Care, Inc., 1900001582; The Chyron Group, LLC, 1900001728.

BOARD OF MEDICAL LICENSURE

Multi, 1900000777.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Public Consulting Group, Inc., 1900001870.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

URS Corporation, 1000001352; Stantec Consulting Services, Inc., 1600001285; Aecom Technical Services, Inc., 1600001323; Stantec Consulting Services, Inc., 1800000573.

DEPARTMENT FOR INCOME SUPPORT

Michelle D. Bornstein, 1900000403.

DEPARTMENT OF HIGHWAYS

QK4, 1000000927; S&ME, Inc., 1100000552; Stantec Consulting Services, Inc., 1200001443; Strand

Associates, Inc., 1500001578; Hanson Professional Services, Inc., 1600000599; Stantec Consulting Services, Inc., 1600001742; Stantec Consulting Services, Inc., 1800002069; Gresham Smith and Partners, C-01209233.

FACILITIES & SUPPORT SERVICES

Ross Tarrant Architects, Inc., 1500001017; Omni Architects, 1800000919; Stantec Consulting Services, Inc., 1800001103; Ross Tarrant Architects, Inc., 1800001197; Biagi Chance Cummins London Titzer, Inc., 1900002688.

MURRAY STATE UNIVERSITY

Multi, 001-19; Multi, 003-19; Multi, 006-19; Multi, 007-19.

UNIVERSITY OF LOUISVILLE

K. Norman Berry Associates Architects, 16-002.

WESTERN KENTUCKY UNIVERSITY

Multi, 182014; Multi, 182026.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF INTERPRETERS FOR THE DEAF AND HARD OF HEARING

Department for Professional Licensing, 1900002153.

BOARD OF LICENSING HEARING AID DEALERS & FITTERS

Department for Professional Licensing, 1900002146.

BOARD OF OPHTHALMIC DISPENSERS

Department for Professional Licensing, 1900002134.

BOARD OF PODIATRY

Department for Professional Licensing, 1900002436.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Larue County Conservation District, 1900002084.

DEPARTMENT FOR LOCAL GOVERNMENT

Rockcastle County, 1900002335; Harlan County Fiscal Court, 1900002464; Harlan County Fiscal Court, 1900002466; Harlan County Fiscal Court, 1900002472; Floyd County Fiscal Court, 1900002610; Floyd County Fiscal Court, 1900002617; Floyd County Fiscal Court, 1900002619; Floyd County Fiscal Court, 1900002627; Morgan County Fiscal Court, 1900002641; City of Pikeville, 1900002672; Webster County Fiscal Court, 1900002694; Taylor County Fiscal Court, 1900002695; City of Paducah, 1900002721; City of Beattyville, 1900002722.

DEPARTMENT FOR NATURAL RESOURCES

Multi, 1900001854; Multi, 1900001863; Multi, 1900001864; Multi, 1900001865; Multi, 1900001866; Kentucky Department of Fish and Wildlife Resources,

1900002263.

DEPARTMENT FOR PUBLIC ADVOCACY

University of Kentucky Research Foundation, 1900002385.

DEPARTMENT FOR PUBLIC HEALTH

Norton Healthcare, Inc., 1900002349.

DEPARTMENT FOR WORKFORCE INVESTMENT

Options Unlimited, Inc., 1900002345.

DEPARTMENT OF EDUCATION

Department of Corrections, 1900001347; Kentucky School Board Association Educational Foundation, Inc., 1900001878-1; Walton-Verona Independent School District, 1900002266; Pendleton County Board of Education, 1900002558; Daviess County Board of Education, 1900002646.

DEPARTMENT OF JUVENILE JUSTICE

Louisville Jefferson County Metro Government, 1900002185.

EDUCATION - OFFICE OF THE SECRETARY

Harvard University, 1900000008.

KENTUCKY DEPARTMENT OF PARKS

City of Taylorsville, 1900002593.

KENTUCKY FISH AND WILDLIFE RESOURCES

Eastern Kentucky University, 1900001616.

KY RIVER AUTHORITY

United States Department of the Interior, 1900000268.

OFFICE OF INSPECTOR GENERAL

Christian Care Communities, Inc., 1900002177; McKenzie Healthcare, 1900002178.

TOURISM - OFFICE OF THE SECRETARY

Multi, 1900002424.

TRANSPORTATION - OFFICE OF THE SECRETARY

The Research Foundation for the State University of New York, 1900002529; Kentucky Association of Chiefs of Police, 1900002655; Kentucky Association of Chiefs of Police, 1900002656; Kentucky Association of Chiefs of Police, Inc., 1900002657; Kentucky Association of Chiefs of Police, 1900002658; Kentucky Association of Chiefs of Police, 1900002659; Norton Healthcare, Inc., 1900002662.

UNIVERSITY OF KENTUCKY

Northern Kentucky University, 005-19.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Morehead State University, 1600000957; Morehead State University, 1600000958; Morehead

State University, 1600000959; Morehead State University, 1600000961; Northkey Community Care, 1600001042; Pennyroyal Mental Health, 1600001044; Mountain Comp Care Center, 1600001045; Morehead State University, 1600001048.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

St. Elizabeth Medical Center North, 1800000509.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Employment Solutions, Inc., 1800001630; Boys and Girls Club, Inc., 1800001632; Community Action Kentucky, Inc., 1800001946; Kentucky Housing Corporation, 1800001948; Kentucky Housing Corporation, 1800001949.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

U.S. Department of the Interior, 1900000371; Kentucky State Nature Preserves Commission, 1900001156.

DEPARTMENT FOR LOCAL GOVERNMENT

Ohio County Fiscal Court, 1900002298.

DEPARTMENT FOR MEDICAID SERVICES

University of Pennsylvania Trustees, 1800001671.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 1800001925.

DEPARTMENT OF AGRICULTURE

Multi, 1700001659; Multi, 1700001857.

DEPARTMENT OF EDUCATION

Kentucky Valley Education, 1900000451; Hart County Board of Education, 1900001048; Meade County Board of Education, 1900001157; Kentucky Community and Technical College System, 1900001527; Fayette County Board of Education, 1900002184.

DEPARTMENT OF MILITARY AFFAIRS

Oldham County Fiscal Court, 1700000729; Eminence Independent Board of Education, 1900001518.

JUSTICE - OFFICE OF THE SECRETARY

Unlawful Narcotics Investigations Treatment and Education, 1900001531.

OFFICE OF INSPECTOR GENERAL

U of L Research Foundation, 1800000928.

THE FOLLOWING FILM TAX INCENTIVES WERE REVIEWED WITHOUT OBJECTION:

TOURISM - OFFICE OF THE SECRETARY

High Impact Productions, LLC, 1900002649.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

KY TEACHERS RETIREMENT SYSTEM

Mulloy Borland, LLC, 0008. Beau Barnes discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Fugate seconded the motion, which passed.

OFFICE OF THE ATTORNEY GENERAL – CONTINGENCY FEE BASED LEGAL CONTRACTS:

The item was not discussed.

EXEMPTION REQUESTS:

DEPARTMENT OF AGRICULTURE:

The Department of Agriculture requested an exemption from the two year contracting restrictions for the purpose of implementing educational and compliance activities related to the USDA Produce Safety Rule. A motion was made by Representative Fugate to grant the request to June 30, 2021. Representative Hart seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET:

The Energy and Environment Cabinet – Division of Forestry requested an exemption from the two year contracting restrictions for the Upland Oak Sustainability and Management Grant. A motion was made by Representative Fugate to grant the request to September 30, 2021. Representative Hart seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 11:24 AM.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 6th Meeting of the 2018 Interim

October 3, 2018

Call to Order and Roll Call

The 6th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, October 3, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Senator C.B. Embry Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Myron Dossett, Co-Chair; Senators Stephen Meredith, Dennis Parrett, and Robin L. Webb; Representatives Kim King, Brandon Reed, and Dean Schamore.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy (GOAP); Bill McCloskey, Deputy Executive Director, GOAP; B. Mark Evers, M.D., Director, University of Kentucky Markey Cancer Center (MCC); and Jason Chesney, M.D., Ph.D., Director, University of Louisville James Graham Brown Cancer Center (JGBCC).

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

Governor's Office of Agricultural Policy Report

Warren Beeler discussed his schedule for the months of September through November.

In response to a question from Senator Meredith, Mr. Beeler stated GOAP is still in discussion with Kroger regarding dairy farmers. There are new projects involving cheese, butter, and yogurt that will increase profits. The Trump Administration added dairy to the new trade agreement that replaced the North American Free Trade Agreement. The problem is that dairy has a quota system in Canada.

In response to a question from Representative King, Mr. Beeler stated that border fences and electronic tags are needed to enclose grazing cattle. The issue is that broadband is required.

In response to a question from Senator Meredith, Mr. Beeler stated that grape and wine production is a growing industry.

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

Requested program amendments discussed included:

Clinton County Farm Bureau Federation requested an additional \$90,000 in Clinton County funds for CAIP. The board recommended approval, which would bring the program total to \$192,000.

Mercer County Conservation District requested an additional \$20,711 in Mercer County funds for CAIP. The board recommended approval, which would bring the program total to \$188,764.

Projects discussed included:

The Kentucky Department of Agriculture was approved for \$280,000 in state funds to be divided evenly across two years to support the efforts of the Kentucky Grape and Wine Council.

The Greenup County Fiscal Court was approved for \$3,000 in Greenup County funds for agricultural building improvements at the Greenup County Fairgrounds.

The Kentucky Department of Agriculture was approved for \$2,908,425 in state funds to continue initiatives of the state's official agriculture marketing and promotion program, Kentucky Proud.

University of Kentucky Markey Cancer Center

B. Mark Evers, M.D., stated that lung cancer accounts for 35 percent of total cancer deaths in Kentucky, compared to 28 percent in the United States. In Kentucky, more than 24 percent of adults use tobacco, but the number of adults using tobacco has decreased the last several years. Annual health care costs attributed to tobacco use are \$1.9 billion, and productivity losses account for \$2.8 billion.

The MCC mission is to reduce cancer mortality through cancer research, treatment, education, and community engagement with a particular focus on the underserved population of Appalachian Kentucky. In the next 5 to 10 years, MCC wants to reduce the cancer mortality rate by 50 percent.

The Kentucky Lung Cancer Research Program

has a significant economic impact as a result of dedicated funding support that leverages \$11.34 per dollar invested. The total economic impact is \$707.4 million, 5,426 jobs, and \$24 million in state and local tax revenue. Due to the National Cancer Institute designation, there has been an increase in funding from \$28.4 million in 2012 to \$39.7 million in 2018.

There are 20 MCC affiliate network sites and six research network sites. The MCC directly or indirectly cares for 59 percent of all new cancer cases in Kentucky.

The Kentucky Clinical Trials Network was established to increase access to relevant research and serve Kentucky communities. There are 4,273 participants in clinical trials.

There are highly effective efforts to improve the health of Kentuckians. About 34 percent of the population is covered by statewide smoke-free acts. The Cigarette Excise Tax in Kentucky is below the national average of \$1.72 and should be increased. The smoking prevalence would decrease as the excise tax increases.

In response to a question from Senator Webb, Dr. Evers stated that affiliate networks are hospitals that partner with MCC. There are efforts to reduce the number of former tobacco users who utilize vaping because vaping is not considered a safe alternative to smoking.

University of Louisville James Graham Brown Cancer Center

Dr. Chesney, M.D., Ph.D., stated that in Kentucky, 35 percent of cancer deaths are related to lung cancer and 119,000 youths die prematurely. Each year there are approximately 5,000 new cases of lung cancer and 9,000 deaths from smoking.

The JGBCC was founded in 1981 by the people of Louisville in response to the growing cancer crisis in Kentucky. Its mission is to reduce cancer-related suffering and deaths locally and globally. It has a national reputation for the discovery of novel cancer drugs and testing of immunotherapeutics. Its approach in reducing lung cancer-related deaths is prevention, early detection, pre-clinical therapeutics, and clinical therapeutics.

The impact of a \$2 million investment in tobacco settlement funds includes an investment of \$14.5 million in awarded grant funding for cancer research resulting in an economic impact of \$38 million, development of a nationally recognized clinical trials program, publishing of peer-reviewed cancer research articles, securing five patents related to cancer treatment, and trials of test agents that are saving the lives of cancer patients.

The next meeting will be November 16, 2018. Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.

PUBLIC PENSION OVERSIGHT BOARD

Minutes

September 24, 2018

Call to Order and Roll Call

The 6th meeting of the Public Pension Oversight Board was held on Monday, September 24, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Joe Newton and Danny White, GRS Retirement Consulting; Brad Gross and Bo Cracraft, Legislative Research Commission; David Eager, Executive Director, Kentucky Retirement Systems.

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

Approval of Minutes

Representative Fleming moved that the minutes of the August 27, 2018 meeting be approved. Representative Johnson seconded the motion, and the minutes were approved without objection.

Trends in Investment Return Assumptions for Public Pension Plans

Joe Newton and Danny White, GRS Retirement Consultants, reviewed recent trends in investment return assumptions for public pension plans. The consultants discussed the purposes and use of assumptions in the annual valuation process, the standards of practice in place regarding the selection of assumptions, current economic conditions, along with a review of what an appropriate time horizon is for selecting assumptions.

Mr. Newton reviewed the historical distribution of assumptions used across large retirement plans from fiscal year 2001 to the present. He discussed how the majority of plans were utilizing an 8 percent assumption in 2001, but since 2008 and 2009, there has been a pretty consistent decline in assumptions across plans with fewer and fewer plans above 7.5 percent. Mr. White summarized plans that had conducted experience studies over the past couple years and had continued to drop return assumptions with a median assumption of 7.33 percent.

In response to a question from Representative Miller regarding the trend going forward, Mr. White stated that GRS expected the downward trend to continue at least over the next five to six years.

Mr. White reviewed the purpose of an actuarial valuation and how assumptions factor into the valuation process. The primary purpose of a valuation is to assess the current funded status of the plan and identify historical trends. The valuation is more forward-looking with the intent to identify the future contribution requirements given a plan's current funding policy, fixed contribution rate, or the pattern of contributions. Several assumptions are

incorporated into a valuation to help anticipate or manage the process, but over the long term, the true cost of the plan is borne by the cost of benefits and actual experience of the plan, not just the assumption.

In response to a question from Representative Miller regarding how plans tend to implement assumption changes, Mr. Newton noted that it was largely situation-dependent and many times subject to a plan's funding policy. Plans that began reducing assumptions earlier tend to be lower and can tolerate more incremental changes. Conversely, plans that have been slow to change will have a larger gap between where they are and where they need to be, so the changes have been more dramatic and bigger. Funding levels and health of a plan can impact, but small incremental changes are the desired outcome.

Mr. White explained the critical nature of the investment return assumption given it is used to predict at what percent a future benefit payment will be financed versus what contribution rate will be needed. The lower the return assumption, the higher the plan's required contribution rate. In addition, the investment return assumption is critically sensitive on impacting short term contribution rates as compared to other assumptions, like cost-of-living adjustments (COLA).

Mr. White and Mr. Newton reviewed the Actuarial Standards of Practice (ASOP) and several guidelines found within ASOP #27, regarding the Selection of Economic Assumptions, which outlines the process for selecting reasonable assumptions for investment return and rate of inflation. Mr. Newton said there is no exact or prescriptive approach, but one that often results in more than one estimate and involves professional judgement and estimates on future experience. Mr. White discussed how the process is designed to consider, but not place undue weight on, recent experience and how each individual assumption, along with the complete set of assumptions, must satisfy the standards of practice.

In response to questions from Senator Bowen with regards to why a system would take an overly optimistic approach, Mr. Newton said that, in general, all stakeholders of a plan (members, employers, and sponsors) tend to benefit more when optimistic assumptions are used. In most cases, those involved in the process are all current stakeholders, so there is no representative to express concern or worry for future stakeholders. Changes have always tended to be slow. Expectations changed tremendously in the 2008-2011 time frame, but it took plans several years to respond with lower assumptions.

Mr. White discussed the components of selecting an investment return assumption. The assumption utilized a building block approach, which incorporated both an assumption for the rate of inflation combined with an expected real return for the plan. In evaluating the anticipated returns of a plan, the actuary often reviews investment data from third parties, such as investment consultants. The actuary cannot rely blindly on the judgment of investment consultants, but has to consider and use the broad range of data and other inputs available.

Mr. Newton addressed several economic factors that, on average, are leading to a decline in expectations and thus lower investment assumptions. Many

investment professionals have the opinion that future expectations will be lower than historical experience. This discussion begins with the decline seen within treasury yields, which in theory represent a risk-free return. So, for example, a plan could purchase a bond in 1988 with a yield of just over 9 percent, which now has a yield of just under 3 percent. Therefore, the bond market is one of the biggest drivers of change within plan portfolios. Given the decline, for many pension plans, their fixed income assets, which might have earned 9 percent historically, are now being replaced with bonds that return 3 or 4 percent.

In response to a question from Representative Kay with regards to pricing the debt of a pension plan based on treasury rates, Mr. Newton stated there is an argument that the liability of a plan should be calculated today based on treasury yields, since benefit payments are guaranteed and treasury yields carry a similar credit risk. He outlined several counter arguments to that position, most notably the comparable volatility of treasury rates and balance of risk versus return. First, he noted the volatility of historic treasury yields and discussed how that could lead to a lot of volatility in contribution rates and funding levels from year to year. Secondly, he noted that using treasury rates assumes no risk, so there is a situation where being too conservative is a risk and asking current tax payers to take on more responsibility for the sake of future taxpayers. A proper balance might be found and some level of risk premium should be considered.

Mr. Newton discussed the equity side of markets. He introduced the Shiller Price to Earnings Ratio (S&P PE Ratio) metric, which measures the current earnings of the S&P 500 index compared to the current price. A historical chart demonstrated the rolling 20-year annual returns for the index dating to 1926 compared to its S&P PE Ratio on the beginning of each calendar year. The data shows that the higher the S&P PE Ratio, the lower the following 20-year return. Since 1926, the average 20-year return following a January 1st date where the ratio was above 20 has been 4.3 percent. Looking at current markets, the S&P PE Ratio today is 32.3 percent, which is almost as high as before the Great Depression and, based on the data shown, would lead to only moderate returns out of equity markets.

Mr. Newton provided several simple examples of a plan's portfolio from 20 years ago to the current period. First, in 1998, when equity markets were returning 11 percent and bond yields were about 6 percent, an average pension plan portfolio of 60/40 stocks and bonds would have an expected return of 9.1 percent, which would easily exceed the median return assumption of 8 percent. Fast forward to 2018, where current bond yields are close to 3.5 percent and using an aggressive expectation of 8.5 percent return for equity markets, the same 60/40 portfolio of stocks and bonds now has an expected return of only 6.5 percent, which is below most assumptions. In response, what most plans have done is reduced their fixed income exposure for more riskier assets. In their example, moving to an 80/20 portfolio mix of stocks and bonds would be expected to achieve a 7.5 percent return. Mr. Newton showed a chart provided by the Wall Street Journal depicting the

average portfolio required for an investor to reach a 7.5 percent return in 1995, 2005, and then 2015. In 1995, the investor could have had a 100 percent bond portfolio with a standard deviation, which measures risk, of 6.0 percent. In 2015, in order to earn 7.5 percent, investors would have to reduce bonds to 12 percent with the remainder of the portfolio in equity, real estate, or private equity, resulting in a standard deviation of 17.2 percent, or almost 3 times the risk of 1995.

In response to a question from Representative Miller with regards to Kentucky Retirement Systems' (KRS) recent increase to fixed income assets, Mr. Newton stated that the change in allocation would bring the expected return down.

Mr. Newton reviewed historical 10-year expected returns by various asset classes and a simple total portfolio dating back to 1998. Looking at major asset classes, he discussed an overall trend downward, noting that in 1998 public equity expectations were about 10 percent for the next ten years, compared to around 6 percent currently. Fixed income, which has experienced an increase over the past 24 months, is still below expectations in 1998. Using the same asset class expectations and applying it to an average portfolio, Mr. Newton outlined how the expected portfolio return would have dropped from around 8 percent in 1998 to just under 6 percent in 2018. Much of the discussion surrounding lowered return assumptions are being driven by investment professionals lowering return expectations going forward.

Mr. Newton discussed time horizon and cash flow considerations, both of which he believed are often overlooked. Many of the capital market expectations provided are for a 7 to 10 year period, which is too short given that a retirement plan's liability stream is clearly longer than 10 years. On the other side, many in the industry claim a pension plan should have almost an infinite time horizon and only focus on very long term expectations, but that brings its own issues. A more applicable time horizon for choosing an investment return assumption should incorporate the duration of a plan's liability, or by calculating a midpoint when all current benefit payments would be due. Mr. Newton provided an example using a large retirement plan, but also said that within the County Employees Retirement System (CERS) and Kentucky Employees Retirement System (KERS) plans, benefit payments due are being driven by current retirees, which would suggest using a time horizon of 15 to 20 years is the more optimal choice.

In addition to the duration of a plan's liability, Mr. Newton discussed how cash flow and the order of returns can have a significant impact on a plan's funding level. He provided an example of three different return streams, all which resulted in an annualized return of 7 percent on a geometric basis, but noted that returns resulted in very different funding levels. The reason was that order of returns matters in relation to cash flow. If a plan underperforms their assumption early in a period, assets decline faster than projected, so outperformance later in the period does not have as much an impact because the asset base is lower. On the opposite side, a plan which outperforms their assumption early in a period will see assets grow faster than expected, so underperformance later is

not nearly as harmful to the funding level. A plan with large levels of negative cash flow should be more conservative with investment assumptions, given short term underperformance will have a more significant impact.

In response to questions from Mr. Jefferson regarding if a plan's funding level has more or less impact from short term returns, Mr. Newton stated that plans which have lower funded status should be getting more contributions, which should in turn reduce the negative cash flow and impact of short term results. However, if a proper funding policy is not in place, the worse funded a plan gets, the more impact short term underperformance can have. In response to a follow up question regarding if a poorer funded plan would be more prudent to choose a conservative assumption, Mr. Newton indicated it would depend on the plans funding policy and the plan's cash flow position. If poorly funded and using a 30-year period, then one likely would want to be more defensive. If a plan gets to a positive cash flow position and contributions are stable, there could be paths where a plan might look to take on a little more risk.

In response to a comment from Representative Miller regarding a more realistic time horizon, Mr. Newton agreed that 30 years was too long and 20 years was more realistic. The next five years, for plans like CERS, which are around 50 percent funded, will dictate if current 30-year projections end up being what actually happens. For a plan like KERS, which only has 15 cents on the dollar invested, the next five years will have less weight given that the impact of good or bad performance will be minimal on such a low amount of assets.

In response to a question from Representative Kay regarding the cash flow of KERS, Mr. Newton indicated that GRS's primary concern and goal was getting KERS out of a negative cash flow situation. The KRS Board had a couple different options of getting there, such as reducing their payroll growth assumption, adjusting their funding policy, or changing a combination of assumptions. GRS was less concerned with the exact combination ultimately chosen as long as it resulted in a funding outcome that eliminated the negative cash flow and the changes were reasonable. Mr. White noted that adjusting the funding period was not an option, given it is outlined in state statute, but changing the investment return and payroll growth assumptions were options and also were reasonable when looking at actual experience.

Mr. Newton discussed the process used by the KRS Board in 2017 when they reviewed return assumptions and ultimately adopted their current assumptions. After choosing a desired asset allocation for each underlying plan, the board plugged in capital market expectations from several consultants and sources to develop a range of return expectations for each plans portfolio. KRS' ultimate choice fell in the middle of the range of expectations.

In response to a question from Representative Miller regarding their advice to other GRS clients, Mr. Newton stated that GRS is encouraging clients to adjust their assumptions lower and closer to around 7 percent.

In response to a question from Senator Higdon, Mr. White stated that GRS included the payroll growth

assumption as a significant driver of contribution rates because, in general, it is not a material assumption with regards to the normal cost of a plan. Mr. White and Mr. Newton agreed that the payroll assumption should have been included in their presentation given the position of the KRS plans and the impact it has on employer rates.

In response to a question from Mr. Chilton regarding how relevant past performance is in setting an assumption, Mr. Newton stated that past performance is not completely irrelevant, but it would not be prudent to just assume history will repeat itself. Determining the balance is where an actuary's professional judgement comes into the process. Especially with economic assumptions, history has a low relevance, and more importance should be focused on what is expected to happen in the future.

Representative Kay discussed several other clients of GRS and noted that the KERS and CERS plans were well below the range of 6.85 percent and 7.68 percent recommended to other GRS clients. He expressed some concern, specifically with regards to CERS, that the assumption of 6.25 percent was overly conservative and had resulted in the board of KRS setting a portfolio asset allocation that took away some future upside opportunities. In response to comments from Representative Kay, Mr. White indicated he felt like CERS, while probably not falling on the optimistic side, was reasonable and provided some margin in the event short term performance did not turn out as expected.

Representative Miller also commented on the CERS assumption, stating that he had previously thought CERS might have aired slightly on the low side, but after seeing all the information provided, he expressed more comfort and belief that a 6.25 percent assumption was reasonable.

Senator Bowen commented that, while not refuting Representative Kay's point, one has to also consider the other side of the equation, which is the fact that Kentucky is assuming all of the risk. A lower return assumption reduces the risk of missing assumptions, which would create a situation where the state will have to step up and fund more.

Representative Kay responded that his comments were based off an argument that has been made by others, which is a concern that the KRS portfolios are being allocated to reach lower assumed rates of return and have little ability to provide stronger, more attractive returns in periods where markets are positive.

Mr. David Eager was asked to join the discussion and he began by commenting that the process begins with establishing the portfolio first, not the return assumption. A desired portfolio, based on liquidity needs, cash flow characteristics, and risk tolerance is established to determine what the plan can be expected to return and then those results lead to the 6.25 percent assumption.

Mr. Eager also made a comment with regards to a question from Senator Higdon during the KRS Administrative Subcommittee meeting, held previously during the day, about the increase in administrative cost of KRS. Administrative expenses increased just over 240 percent since 2001, but over the 17 year period, that growth resulted in just over

5 percent annually. Given inflation was around 2 percent, the real growth of administrative expenses was 3 percent. Membership growth over the same period of time was also 3 percent, so Mr. Eager stated expenses were held in line over that 17 year period, even with employer contribution rates for that period of time increasing from 6 percent of payroll to 49 percent of payroll.

Senator McDaniel commented on Representative Kay's earlier point. He agreed that everyone would like to see KRS achieve greater returns, but there has to be an offset for the amount of risk the plan can take. The risk in this case is all the people who are retiring and counting on the system. There could be some short term general fund pain if the plans are in fact shooting to low, but in the long term, the plan should have excess money from the greater contributions and outsized returns.

In response to questions from Mr. Jefferson with regards to plans surviving a 1 percent or 2 percent miss on their assumptions over a 10 year period, Mr. Newton indicated a plan that is better funded actually has a harder time passing the back-of-envelope test, given the amount of investment risk that comes with the amount of assets a fully funded plan has. A plan that is 100 percent funded, but misses its return assumption by 2 percent over 10 years, will impact much more than a plan that is only 20 percent funded. In general, when looking at a plan, they need to be in a position where they can survive a 1 percent miss on their assumption over a 10 year period. If a plan cannot survive, then they need to reassess because no plan can survive a 2 percent miss.

Mr. Jefferson and Representative Miller both commented and expressed some concern with regards to the return assumption being used by the Teacher Retirement System (TRS) of Kentucky.

In response to a question from Representative Johnson with regards to KERS, Mr. Newton agreed that the short term goal for KERS should be asset growth and positive cash flow. Expected returns or actual returns will have little impact over the short term given its lack of assets. Mr. Newton said that the contribution rates included in the budget will put KERS in a positive cash flow situation.

Semi Annual Investment Review

Bo Cracraft began with a snapshot of total assets under management across all retirement plans administered by the state. On the pension side, TRS accounted for about 61 percent of the \$32.7 billion in assets. The CERS nonhazardous and hazardous plans combined to account for about 29 percent, with the remaining plans accounting for 10 percent. Of the \$6.2 billion in total insurance assets, the two CERS plans accounted for 58 percent, the KERS nonhazardous and hazardous plans account for 22 percent, and TRS accounts for about 17 percent.

Mr. Cracraft provided a general review of performance across markets and stated that the fiscal year ended June 30, 2018, much like the prior, was another positive year. Multiple asset classes were positive and many provided strong returns at or above return assumptions. Within the U.S., investors are experiencing the longest bull market in U.S. history, with markets up 320 percent since March 2009. Only high quality bonds fell short of posting positive

returns during the fiscal year.

Mr. Cracraft provided a review of historical fiscal year returns over the last 22 years for each plan. Looking at the ten year returns, trailing returns are improving as 2008 and 2009 returns are replaced. However, with regards to trailing 20-year returns, strong returns from the late 90s will be difficult to replace an indicated there will be some downward pressure until the tech telecom bubble period of 2001-2002 has dropped off.

Mr. Cracraft also provided a summary of trailing period returns for each retirement plan over the most recent 1-, 3-, 5-, 10-, and 20-year periods compared to each plans assumed rates of return, benchmark, and peer group results. Mr. Cracraft discussed the three primary metrics of performance review for each plan, which include (1) how have they done versus their assumption, (2) how have they done versus their benchmark, and (3) how have they done versus their peer groups. Over the short term, at a broad level, the plans exceeded their assumed rates of return, either met or outpaced their benchmark, and were close to the median returns for that time period. Looking out beyond 10 years, performance has been a little mixed.

Mr. Cracraft provided a snapshot of asset allocations as of June 30, 2018 for all eight retirement plans. Some of the differences that could be seen within the KRS plans, such as the KERS plans holding less equity and more fixed income. TRS had roughly 63 percent of their portfolio invested in equities and 21 percent in fixed income, which did include some below investment credit assets. The Judicial Form Retirement System (JFRS), which is managed by a single manager, had about a 70/30 split between U.S. large cap equity and fixed income.

Mr. Cracraft discussed the plans asset allocation in comparison to some of their peers. KERS and CERS have less equity than the peer groups, slightly more fixed income exposure, and a similar weight to alternatives. TRS and JFRS plans are above average equity exposure and similar fixed income.

Mr. Cracraft discussed investment expenses for the pension and insurance funds of TRS, KRS, and JFRS as of June 30, 2018. Management fees are expenses that are invoiced quarterly and easily reported. With passage of SB2, TRS and KRS are now required to attempt to identify any other fees or incentives, such as carried interest. KRS reported other fees, while TRS is unable to report as a result of managers not providing.

In response to questions from Representative Miller regarding why TRS fees were lower than KRS, Mr. Cracraft indicated there were two primary factors leading to lower fees for TRS. TRS manages more assets internally, specifically within fixed income, real estate, and public equity, which has helped keep fees lower. TRS has fewer managers and has utilized a strategy of selecting a few managers, but having larger portfolios or multiple portfolios with managers. In regards to a follow up question regarding how both systems fees relate to peers, TRS would likely fall on the low end while KRS is likely near the median for a plan its size.

Mr. Cracraft discussed the topic of carried interest, which is a method of compensating general partners for fund performance. While

most partnerships allocate profit based on the initial capital provided by each partner, in a carried interest arrangement, the limited partners agree to allocate, or pay, a portion of a fund's net profit back to the general partner in exchange for performance. General partners prefer carried interest agreements due to preferential tax treatment and stated that management fees would definitely have to increase if carried interest did not exist or was eliminated.

In response to a question from Senator Bowen, Mr. Cracraft confirmed there was a management fee plus carried interest in most partnership level investments. In many cases the carried interest is not calculated until after the management fee has been returned.

Mr. Cracraft continued discussing carried interest and stated that SB 2 required the plans to request the data and report it if received. TRS has testified that managers have been asked for the data, but have not been able to report. KRS, has received the information from most of their managers, and the dollar amount was reported on the prior slide. Mr. Cracraft provided an example of three states, who are reporting carried interest, to demonstrate how significant the dollar amounts can become and how many times carried interest might even double the management fee.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Monday, October 22, 2018.

PUBLIC PENSION OVERSIGHT BOARD

Kentucky Retirement Systems Administrative Subcommittee Minutes

September 24, 2018

Call to Order and Roll Call

The 2nd meeting of the Kentucky Retirement Systems Administrative Subcommittee of the Public Pension Oversight Board was held on Monday, September 24, 2018, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representative Russell Webber, Co-Chair; Senators Jimmy Higdon and Dennis Parrett; Representatives DJ Johnson and Arnold Simpson; John Chilton, and James M. "Mac" Jefferson.

Guests: Larry Totten, Kentucky Public Retirees; Jim Carroll, Kentucky Government Retirees; Bryanna Carroll, Kentucky League of Cities; Shellie Hampton, Kentucky Association of Counties; Eric Kennedy, Kentucky School Boards Association; Dr. Tom Shelton, Kentucky Association of School Superintendents; and Joe Baer, Kentucky Professional Fire Fighters.

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

Approval of Minutes

Representative Fleming moved that the minutes of the August 27, 2018 meeting be approved. Representative Johnson seconded the motion, and

the minutes were approved without objection.

Kentucky Public Retirees

Larry Totten, on behalf of Kentucky Public Retirees (KPR), discussed the issues KPR believes need to be addressed before an opinion is made to separate the County Employees Retirement System (CERS) pension and insurance trust funds from the Kentucky Retirement System (KRS). Someone without a vested interest should conduct a complete analysis on the actuarial, administrative, and financial impacts of separating CERS. KPR encourages the Public Pension Oversight Board (PPOB) to re-establish the Subcommittee under its own authority if the Supreme Court decision were to negate SB 151. KPR expressed concerns about potential conflicts of interest and the effect they may have on the pension plan on which CERS employees and retirees rely. In a Senate Bill 226 (SB 226) model, six of nine board members would be appointed by the three advocacy groups pushing the hardest for the CERS separation. Such a model could create unique situations where employees, employers, and the trustees have conflicted duties or interests.

Kentucky Government Retirees

Jim Carroll, on behalf of Kentucky Government Retirees (KGR), commented that the discussion of stabilizing retirement plans within the state is being sidetracked by this issue of separation, which was resolved decades ago when KRS was consolidated. Separation of CERS would create no tangible gain or benefit to taxpayers, would not save taxpayer money, would create a new redundant bureaucracy, and would result in higher fees for the remaining KRS funds. The administration of CERS would be a large new unfunded mandate that would burden an already understaffed KRS organization. Mr. Carroll expressed concern over the length, cost, and administration of any transition. The transition should be limited to one year in length, all costs should be borne by CERS, and that a mediator should be appointed to manage the transition. A provision should be included that would limit CERS from poaching top KRS employees, who are saddled under the personnel system and receiving limited raises, during the transition. KPR believes separation is a bad idea at exactly the wrong time.

Senator Higdon commented on his concern that two different and separately administered systems could lead to increased administrative costs. He encouraged a thorough examination of any impact before anything is done.

In response to a question from Mr. Chilton regarding their organizations' ultimate position on separation, Mr. Totten said KPR would like to see a full review conducted before taking a position. Mr. Carroll stated that KGR would be adamantly opposed if the decision for separation was similar to the model created by SB 226, but would possibly consider its position if a proposal was based on another organizational scheme.

Kentucky League of Cities

Bryanna Carroll presented on behalf of the Kentucky League of Cities (KLC). She said that separation of CERS had been a top legislative priority of the KLC Board and KLC membership since 2015. KLC firmly believes that separation is the best path forward to deal with management and administration concerns and to ensure CERS sees continued growth.

The state does not directly appropriate money to CERS, which is funded with local tax dollars. CERS is the largest system within KRS based on membership and assets with 236,000 members and \$13.9 billion in assets. Although CERS accounts for 75 percent of the total assets of KRS, it only holds 6 of 17 board seats, which represents only 35 percent, and only holds one seat on the investment and actuarial subcommittees.

Ms. Carroll discussed recent CERS returns and asset growth, saying that total investments had increased an average of 8.68 percent per year since FY 2001 and the 30-year average return for the system was 8.9 percent, both of which exceeded the assumed rate of return. In comparison, the Kentucky Employees Retirement System (KERS) had seen its total investments decline 1.5 percent per year and was the only plan within KRS that saw total assets decline during the 2018 fiscal year.

Ms. Carroll discussed the history timeline of CERS under KRS and stated that, since 2000, KRS' administrative costs have increased 247 percent, 63 percent of which CERS is responsible for paying. Using FY 2018, CERS administrative expenses totaled \$20 million of the \$32 million total reported by KRS. In comparison, a report from October 3rd conducted by an outside actuarial firm hired by KLC reported that administrative expenses for a separated CERS system would cost approximately \$8 to \$10 million per year. Ms. Carroll discussed recent changes to the KRS Board, saying legislation in 2013 and 2017 increased the majority of unelected trustees, all of whom are appointed by the Governor.

Ms. Carroll discussed the proposed CERS separation, which is supported by a coalition of 25 employer and employee groups. Separation would create a new CERS Board, which would be free of political influence and solely focused on making decisions to ensure continued growth of the plan. Details of the proposal included the creation of a nine member board, which would include the three currently elected CERS representatives from the KRS Board, three appointed members with 10 years of investment experience, and three appointed members with 10 years of retirement management experience. The PPOB would still have oversight of the separated CERS Board.

Ms. Carroll said that SB 226 initially provided for a one-year transition period, but KRS staff requested a longer separation period. As a result, the proposed bill calls for an immediate separation of CERS, thus creating a board, but then allowing for a transition period of up to five years during which CERS could contract with KRS for services.

Kentucky Association of Counties

Shellie Hampton noted that Kentucky Association of Counties (KACo) had supported the separation of CERS from KRS for the past five years. KACo believes that a separate board can employ a laser focus on CERS, based on the singular performance of CERS, something which cannot occur today with CERS holding only 35 percent of the KRS Board. KACo had intentionally included specific requirements in SB 226 regarding who could be included on the new CERS Board and highlighted a few of those trustee requirements.

Ms. Hampton said that KACo has members

who are impacted by both KERS and CERS. All of the members have an equal desire for the funded status of every public pension system in the state to continue to improve in order for the payment of retiree benefits to continue as expected and under the terms of the inviolable contract.

Kentucky School Boards Association

Eric Kennedy discussed some of the unique characteristics of the Kentucky School Board Association (KSBA) members included in the CERS plan. Approximately 52 percent of the active members in the CERS nonhazardous fund are non-teacher school district employees who are represented by KSBA. Locally elected school boards and superintendents have a vested interest in the health of the CERS system and are bound by state law to pay the full contribution rates on behalf of their employees.

Mr. Kennedy discussed how the plans are becoming more divergent and noted that, while attending KRS Board meetings, one could get a sense of how difficult, diverse, and unique the plans are and how difficult of a charge the KRS Board of Trustees has to administer them. As the plans become more divergent, particularly in their funding status, the more difficult it becomes for one board of trustees to give adequate due diligence, care, and focus to all of the plans as there is a limited bandwidth within the board and for the staff at KRS. KSBA has an interest in the separation proposal. KSBA believes that a separated CERS plan can provide a laser focus to their plan, can provide investment decisions for CERS that make sense for that plan, and also that the other plans, like KERS, have a proper focus provided to them as well.

Kentucky Association of School Superintendents

Dr. Tom Shelton noted there are roughly 47,000 classified employees across the 173 public school districts who are performing needed tasks daily for the benefit of the children of the Commonwealth. The Kentucky Association of School Superintendents (KASS) believes there are many compelling reasons shared that would indicate reasons for a CERS separation and noted that CERS separation is one of KASS' strongest legislative priorities.

Kentucky Professional Fire Fighters

Joe Baer noted that with the reform packages from 2003, 2008, 2013, and with SB 151 this past year, there has been a continual reduction of retirement benefits, which is causing problems with the retention and recruitment of fire fighters. He highlighted that most firefighters do not participate in Social Security, so CERS represents their sole retirement option. Given these characteristics, along with several other reasons expressed during the meeting, the Kentucky Professional Fire Fighters are in favor of separating CERS.

Ms. Carroll discussed that changes made in 2013, which created the hybrid cash balance plan, has put the CERS plans on an upward trajectory. While there continues to be much discussion regarding the health of other plans and the need for systemic changes, this is not the case for CERS. To better evaluate CERS, KLC hired its own actuary and has produced data that shows CERS will be fully funded by the end of

the period. She emphasized the timely matter of this topic due to KRS undergoing an experience study soon and referenced that, during the presentation of the last experience study to the KRS Board, the CERS data was not presented, yet decisions and recommendations were made for all plans based only on the KERS data.

In response to questions from Senator Higdon, Ms. Carroll stated a separated CERS would be a creature of statute, so the General Assembly would still have oversight and be subject to PPOB oversight. She referenced the Lexington Police and Firefighters Retirement Plan and indicated that a separated CERS plan would operate in a similar fashion. In addition, Ms. Carroll confirmed that the current unfunded liability of CERS would move with the CERS plan upon separation. Regarding Senator Higdon's follow up question concerning the state's liability for the debt of the new system, Mr. Kennedy and Ms. Carroll noted that due to the inviolable contract with the Commonwealth the ultimate answer is difficult to ascertain. Given the limited history of cities and counties failing, this is a question of first impression. KLC was hiring outside attorneys to help with this topic and going forward hope to have more clarity. In response to a follow up question regarding outsourcing, Ms. Carroll noted that a separated CERS Board would likely consider outsourcing. Senator Higdon commented on the trend toward consolidation in other states, including Tennessee.

In response to questions from Senator Schroder, Ms. Carroll stated that CERS would pay their obligations for any administrative costs associated with CERS during the transition. CERS would be separated immediately so a new board could be created, but services could be contracted with KRS for up to five years. Employers of CERS, as a shared retirement plan, would share in the cost resulting from the unlikely event a city failed to meet their liabilities. The inviolable contract is listed as an agreement between the CERS members and the Commonwealth.

Representative Simpson asked about the state liability and whether CERS would be opposed to indemnifying the state if separation occurs. In response, Ms. Hampton indicated that she could not take a position and would have to consult with her board, and Ms. Carroll stated that KLC could not agree to it at this time. In a follow up regarding administrative costs, Ms. Carroll stated that she would be happy to share the KLC actuary's administrative cost analysis. The actuary has reviewed other state plans and that outsourcing is approximately \$8 to \$10 million per year. In response to an additional question regarding board representation, Ms. Carroll indicated she did not believe additional seats on the KRS Board or a reorganization would provide long term security for CERS.

In response to questions from Mr. Chilton regarding what a separated CERS might look like, Ms. Carroll indicated the model would be up to the new CERS Board and executive director. One option could be very similar to what KRS looks like, but during the transition period, the board could figure out what is the best approach, whether it would be outsourcing, keeping it in house, or contracting with others. Ms.

Hampton stated there has been no concerns about the handling of calls or the ability of KRS to counsel retirees or employees. In a response to a follow up question regarding the investment of CERS funds, Ms. Carroll stated KRS has indicated they combine funds from each of the plans for investment purposes, but each is accounted for separately. Some would say that this combination of funds is commingling even though they are accounted for separately. In response to a follow up question regarding any drawbacks or risk to separation, Ms. Hampton stated that the only down side of separating at this point is it will be a new system with obvious growing pains.

In response to a question from Senator Higdon proposing a statutory cap on administrative costs, Ms. Carroll indicated KLC would have to look at the matter further, but she did not see a problem with statutory language that would cap CERS at an industrial standard percentage for administrative costs.

Senator Schroder gave Mr. Carroll and Mr. Totten the opportunity to respond with regards to the question of board representation and asked both representatives if their organizations would be in favor of or opposed to CERS having more representation. Mr. Carroll stated that he believed KRS was no longer an independent agency and that KERS, CERS, and the State Police Retirement System are all under represented. Mr. Carroll agreed that he had no problem with proportional representation of the elected representatives on the basis of the holdings of assets. Mr. Totten stated he felt the board membership should be legislatively mandated.

In response to a question from Representative Johnson, Mr. Totten stated that KRS should be asked how there was a 247 percent increase in administrative costs.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Monday, October 22, 2018.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the October Meeting of the 2018 Interim October 9, 2018

Call to Order and Roll Call

The October meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, October 9, 2018, at 1:00 PM, in Room 149 of the Capitol Annex. Representative David Hale, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative David Hale, Co-Chair; Senators Perry B. Clark and Alice Forgy Kerr; Representatives Mary Lou Marzian and Jason Petrie.

Guests: Todd Renner, Department of Revenue; Nathan Goldman, Board of Nursing; Amber Arnett, Karen Waldrop, Department of Fish and Wildlife Resources; Clint Quarles, Department of Agriculture; Amy Barker, Law Enforcement Council; Todd Allen, Chad Collins, Department of Education; B. Dale Hamblin, Robert Swisher, Department of Workers' Claims; Jeremy Sylvester, Occupational

Safety and Health Review Commission; Stephanie Bowker, Patrick O'Connor, Department of Insurance; Jonathan Scott, Department for Medicaid Services; Stephanie Brammer-Barnes, David McMahan, Office Inspector General.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Betsy Cupp, Ange Darnell, Emily Harkenrider, Karen Howard, and Carrie Klaber.

The Administrative Regulation Review Subcommittee met on Tuesday, October 9, 2018, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

FINANCE AND ADMINISTRATION
CABINET: Department of Revenue: Income Tax; General Administration

103 KAR 15:041. Repeal of 103 KAR 15:040 and 103 KAR 15:090. Todd Renner, executive director of tax policy, represented the department.

103 KAR 15:110. Ethanol tax credit.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 3, and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

103 KAR 15:120. Cellulosic ethanol tax credit.

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

103 KAR 15:140. Biodiesel tax credit.

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

Income Tax; Corporations

103 KAR 16:011. Repeal of 103 KAR 16:010, 103 KAR 16: 210, 103 KAR 16: 310, and 103 KAR 16:360. Income Tax; Individual

103 KAR 17:042. Repeal of 103 KAR 17:041.

103 KAR 17:100. Division of income between married individuals filing separate tax returns.

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

103 KAR 17:130. Individual income tax – military personnel – nonresidents.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 3, and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

103 KAR 17:140. Individual income tax – reciprocity – nonresidents.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 3 and 5 to comply with the drafting

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

Income Tax; Withholding

103 KAR 18:180. Kentucky economic development acts wage assessment.

103 KAR 18:191. Repeal of 103 KAR 18:190, 103 KAR 18:200, 103 KAR 18:210, and 103 KAR 18:220.

BOARDS AND COMMISSIONS: Board of Nursing

201 KAR 20:057. Scope and standards of practice of advanced practice registered nurses. Nathan Goldman, general counsel, represented the agency.

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

301 KAR 1:015. Boat and motor restrictions. Amber Arnett, counsel, and Karen Waldrop, deputy commissioner, represented the department.

301 KAR 1:132. Sale of live bait.

Game

301 KAR 2:225 & E. Dove, wood duck, teal, and other migratory game bird hunting.

In response to questions by Representative Marzian, Ms. Waldrop stated that this administrative regulation pertained to the Western Goose Zone, to which migratory geese came from St. John's Bay. That was a small population of geese in the past; however, the population was now stable and hunting opportunities could be expanded. This administrative regulation was unrelated to matters of deer management.

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

Hunting and Fishing

301 KAR 3:022. License, tag, and permit fees.

In response to a question by Senator Clark, Ms. Waldrop stated that the fifteen (15) day nonresident fish license, which was rarely used, was being discontinued. Nonresidents could still purchase the seven (7) day license.

In response to questions by Representative Petrie, Ms. Waldrop stated that approximately eight (8) months ago the department increased hunting and fishing fees for Kentucky residents. These fee increases were part of the department's long-term, strategic plan to address costs. Many department fees had not been raised in the past decade and, in some cases, longer. The department intended to analyze the fee structure every four (4) to five (5) years. These increases were based on a two (2) to three (3) year analysis of agency expenditures. All department revenue was generated from fees or federal funds.

In response to questions by Co-Chair Hale, Ms. Waldrop stated that the nonresident youth elk hunt fee was being increased from forty (40) dollars to \$200, making the fee commensurate with those for similar permits. Very few nonresident youth elk hunt permits had been is-sued. The department would follow up with more detailed revenue information, but these fee increases were forecast to provide approximately \$1.9 million more in revenue.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph

to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend deer management permit language for consistency. Without objection, and with agreement of the agency, the amendments were approved.

Wildlife

301 KAR 4:090. Buying and selling of inedible wildlife parts.

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

DEPARTMENT OF AGRICULTURE: Office of the State Veterinarian: Livestock Sanitation

302 KAR 20:211. Repeal of 302 KAR 20:210. Clint Quarles, counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:221. Repeal of 302 KAR 20:220.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:231. Repeal of 302 KAR 20:230.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:541. Repeal of 302 KAR 20:054.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:561. Repeal of 302 KAR 20:056.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:571. Repeal of 302 KAR 20:057.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 20:581. Repeal of 302 KAR 20:058.

A motion was made and seconded to approve the

following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Purchase of Agricultural Conservation Easement Corporation

302 KAR 100:011. Repeal of 302 KAR 100:010.

In response to questions by Co-Chair Harris, Mr. Quarles stated that there was still a voluntary ability for the department to receive land donations. There was currently a purchase project in the Fort Campbell area. The voluntary program was implemented by statute.

302 KAR 100:021. Repeal of 302 KAR 100:020.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Kentucky Law Enforcement Council

503 KAR 1:110 & E. Department of Criminal justice Training basic training graduation requirements; records. Amy Barker, assistant general counsel, represented the department.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: School Terms, Attendance, and Operation

702 KAR 7:065. Designation of agent to manage middle and high school interscholastic athletics. Todd Allen, deputy general counsel, represented the department, and Chad Collins, general counsel, represented the Kentucky High School Athletic Association.

A motion was made and seconded to approve the following amendments: to amend Sections 4 and 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

LABOR CABINET: Department of Workers' Claims

803 KAR 25:089 & E. Workers' Compensation Medical Fee Schedule for Physicians. B. Dale Hamblin, Jr., assistant general counsel, and Robert Swisher, commissioner, represented the department.

In response to questions by Co-Chair Harris, Mr. Swisher stated that reimbursement was based on the CPT code, of which there were 7,400. The fee schedule was updated every two (2) years. Stakeholders were involved in fee reimbursement development, and reimbursement rates were adjusted in response to stakeholder input. Generally, reimbursement rates increased; however, increases or decreases were capped at twenty (20) percent juxtaposed to the prior rate. There were no significant increases.

In response to a question by Representative Petrie, Mr. Hamblin stated that, in order to determine reimbursement rates, the department contracted with a data-collection agency that analyzed rates pursuant to individual CPT codes.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph and Sections 3 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Occupational Safety and Health Review

Commission

803 KAR 50:010. Hearings: procedure, disposition. Jeremy Sylvester, executive director, represented the commission.

A motion was made and seconded to approve the following amendments: to amend the TITLE; the NECESSITY, FUNCTION, AND CONFORMITY paragraph; and Sections 3, 9, 15, 16, 19, 20, 26 through 29, 33, 36, 38, 40, 43, and 55 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Health Insurance Contracts
806 KAR 17:570. Minimum standards for Medicare supplement insurance policies and certificates. Stephanie Bowker, program manager, and Patrick O'Connor II, deputy commissioner, represented the department.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1 through 3, 5 through 12, 14, 16 through 17, 19 through 20, 22, and 26 through 27 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreements of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Commissioner's Office: Administration
900 KAR 1:091. Repeal of 900 KAR 1:090. Jonathan Scott, regulatory and legislative advisor, represented the office.

Office of Inspector General
906 KAR 1:190. Kentucky National Background Check Program (NBCP). Stephanie Brammer – Barnes, regulation coordinator, and David McMahan, program manager, represented the office.

In response to questions by Co-Chair Harris, Ms. Brammer – Barnes stated that these requirements were mandatory for state-owned facilities and voluntary for privately owned facilities. Mr. McMahan stated that the disqualifier for checks with insufficient funds was being re-moved due to frequency and because most incidents did not result in follow-up action. Ms. Brammer – Barnes stated that background disqualifiers for other programs in the cabinet were similar but sometimes differed slightly, depending on the program.

In response to questions by Representative Petrie, Ms. Brammer – Barnes stated that the program was voluntary since 2012 because legislation to make the background checks mandatory had yet to be approved by the General Assembly. The office agreed to provide follow-up data to the subcommittee showing participation percentages among facilities that may voluntarily participate in the background checks. The cost of a fingerprint-supported background check was sixty-three (63) dollars. Many facilities opted to use a name-based, state-only background check, which was twenty (20) dollars.

Department for Medicaid Services: Medicaid Services

907 KAR 1:121. Repeal of 907 KAR 1:120 and 907 KAR 1:130. Johnathan Scott, regulatory and legislative advisor, represented the department.

The following administrative regulations were

deferred or removed from the October 9, 2018, subcommittee agenda:

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:100 & E. Evaluation of precinct election officers.

BOARDS AND COMMISSIONS: Board of Podiatry

201 KAR 25:090. Prescribing and dispensing controlled substances. Tony Cotto, executive advisor, represented the board.

Mr. Cotto requested deferral of this administrative regulation with the intent of withdrawing then refile. A motion was made and seconded, to agree to defer consideration of this administrative regulation. Without objection, and with agreement of the agency, this administrative regulation was deferred.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Office of the Secretary
501 KAR 6:999. Corrections secured policies and procedures.

Pursuant to KRS 61.810(1)(k), 61.815(2), and 197.025(6), the subcommittee needs to go into closed session to review this administrative regulation.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Administration
601 KAR 2:030 & E. Ignition interlock.

LABOR CABINET: Workers' Compensation Funding Commission

803 KAR 30:021. Repeal of 803 KAR 030:020.

PUBLIC PROTECTION CABINET: Department of Housing, Buildings and Construction

815 KAR 2:030. Vehicle identification.
815 KAR 2:040. Fees and refunds.

Building Code Enforcement: Elevator Safety
815 KAR 4:071. Repeal of 815 KAR 004:040, 815 KAR 004:050, 815 KAR 004:060, and 815 KAR 004:070.

Kentucky Building Code
815 KAR 7:070. The Kentucky Certified Building Inspector Program.

Division of Heating, Ventilation, and Air Conditioning: Heating, Ventilation, and Air Conditioning Licensing Requirements

815 KAR 8:010. Licensing requirements for master contractors and journeyman HVAC mechanics.

815 KAR 8:030. Apprentice HVAC mechanic registration and certification requirements.

815 KAR 8:091. Repeal of 815 KAR 008:020, 815 KAR 008:035, 815 KAR 008:050, 815 KAR 008:060, 815 KAR 008:090, and 815 KAR 008:095.

Division of Plumbing: Boilers and Pressure Vessels

815 KAR 15:080. Boiler and pressure vessel licenses.

Plumbing
815 KAR 20:030. Plumbing licenses.

815 KAR 20:041. Repeal of 815 KAR 020:012, 815 KAR 020:015, 815 KAR 020:018, 815 KAR 020:032, 815 KAR 020:034, and 815 KAR 020:040.

Division of Fire Prevention: Fire Protection, Sprinkler Contractors, and Inspectors

815 KAR 22:011. Repeal of 815 KAR 022:010.
Building Code Enforcement: Manufactured

Homes and Recreational Vehicles

815 KAR 25:001. Definitions for 815 KAR Chapter 025.

815 KAR 25:020. Recreational vehicles.

815 KAR 25:040. Fire safety requirements in manufactured and mobile homes.

815 KAR 25:060. Licensing and certifications with manufactured homes and mobile homes.

815 KAR 25:081. Repeal of 815 KAR 025:070 and 815 KAR 025:080.

815 KAR 25:100. Alternative dispute resolution and mediation program.

Electrical Division

815 KAR 35:015. Certification of electrical inspectors.

815 KAR 35:020. Electrical inspections.

815 KAR 35:080. Electrical code of ethics.

815 KAR 35:101. Repeal of 815 KAR 035:100.

Department of Charitable Gaming

820 KAR 1:001. Definitions.

820 KAR 1:005. Charitable gaming licenses and exemptions.

820 KAR 1:011. Repeal of 820 KAR 1:010, 1:015, 1:016, 1:017, 1:026, 1:027, 1:028, 1:029, 1:033, 1:034, 1:036, 1:044, 1:056, 1:058, 1:100, 1:110, 1:120.

820 KAR 1:025. Reports.

820 KAR 1:032. Pulltabs.

820 KAR 1:042. Bingo.

820 KAR 1:050. Raffles.

820 KAR 1:055. Charity fundraising event standards.

820 KAR 1:057. Recordkeeping.

820 KAR 1:060. Prohibited conduct.

820 KAR 1:125. Gaming inspections.

820 KAR 1:130. Administrative actions.

820 KAR 1:135. Disposal of gaming supplies.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Public Health Protection and Safety: Radiology

902 KAR 100:018. Repeal of 902 KAR 100:017, 902 KAR 100:060, and 902 KAR 100:090.

902 KAR 100:052. Specific domestic licenses of broad scope for by product material.

Department of Community Based Services: Division of Family Support: Supplemental Nutrition Assistance Program

921 KAR 3:025. Technical requirements.

921 KAR 3:035. Certification process.

The subcommittee adjourned at 1:45 p.m. The next meeting of the subcommittee is tentatively scheduled for November 13, 2018, at 1 p.m.

2019 Prefiled Bills

BR3 - Senator Gerald Neal
(6/6/2018)

AN ACT relating to racial and ethnic community criminal justice and public safety impact statements.

Create new sections of KRS Chapters 6 and 15A to make legislative findings and require racial and ethnic community criminal justice and public safety impact statements for certain legislation and administrative regulations.

(Prefiled by the sponsor(s).)

BR4 - Senator Gerald Neal
(6/6/2018)

AN ACT relating to prosecutions under criminal gang statutes.

Create a new section of KRS Chapter 506 to require a report for any charge or conviction under KRS 506.120, 506.135, 506.140, 506.150, 506.160, 506.170, 506.180, or 506.190.

(Prefiled by the sponsor(s).)

BR7 - Representative DJ Johnson
(6/27/2018)

AN ACT relating to property taxes for veteran service organizations.

Create a new section of KRS Chapter 132 to allow any veteran service organization that is exempt from federal income tax under Section 501(c)(19) of the United States Internal Revenue Code to be exempt from all city and county property taxes, if certain conditions are met; authorize the Department of Revenue to promulgate administrative regulations.

(Prefiled by the sponsor(s).)

BR15 - Representative Dennis Keene
(9/7/2018)

AN ACT relating to sports wagering and making an appropriation therefor.

Create a new section of KRS Chapter 154A to require the Kentucky Lottery Corporation to institute a sports wagering system; amend KRS 154A.010 to define "collegiate sports contest," "net sports wagering receipts," "professional sports contest," and "sports wagering"; amend KRS

154A.030 to prohibit owners of professional sports teams from serving on the board; amend KRS 154A.050 and 154A.060 to include sports wagering; amend 154A.063 to allow the corporation to accept wagers on collegiate and professional sports contests; amend KRS 154A.065 to prohibit sports wagers on horse racing; amend KRS 154A.070 to include sports wagering; amend KRS 154A.090 to include sports wagering retailers; amend KRS 154A.110 to prohibit sales of sports wagers to persons under 18 years of age, provide for the allocation of unclaimed sports wager prize money, and restrict owners, coaches players, and others involved in a sporting contest from placing sports wagers; create new sections of KRS Chapter 154A to permit sports wagering at lottery retailers, horse racing tracks, and simulcast facilities; require the corporation to promulgate administrative regulations needed to establish and oversee sports wagering and prohibit participants in sporting events from placing wagers on games in which they are participating; create new sections of KRS Chapter 154A to establish the sports wagering distribution trust fund and a problem gambling awareness and treatment fund and limit uses of the sports wagering revenue to administrative costs, problem gambler treatment funding, and pension system funding; amend KRS 154A.120 to include sports wagering; amend KRS 154A.130 to exempt sports wagering receipts and specify that sports wagering receipts shall be deposited in the sports wagering distribution trust fund; amend KRS 154A.400 and 154A.410 to include sports wagering; amend KRS 154A.420 to include sports wagering and allow the corporation to require a retailer to establish a separate sports wagering electronic funds transfer account, where available; amend KRS 154A.430 to include sports wagering; amend KRS 154A.440 to require retailers to accept sports wagers only at the location listed on their contract; amend KRS 154A.600 and 154A.650 to include sports wagering; amend KRS 154A.990 to establish penalties for selling a sports wager to anyone under 18 years of age, to establish the crime of tampering with the outcome of a sporting event, to prohibit participants from wagering on a sporting event, and establish penalties; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR21 - Representative Rob Rothenburger,
Representative Mark Hart
(9/4/2018)

AN ACT relating to fire protection and making an appropriation therefor.

Amend KRS 95A.520 and 95A.540, relating to volunteer fire department mergers, to make it applicable to volunteer fire departments merging prior to the effective date of the Act; create a new section of KRS Chapter 95A to provide that for volunteer fire departments merging after the effective date of the Act, the Fire Commission shall pay to the departments the number of qualified shares of volunteer fire department aid each is entitled to for a period of 20 years after the date of the merger, upon the expiration of which the merged department receives only one share; provide contingency protocols if the merged fire department becomes unqualified; create a new section of KRS Chapter 95A to provide a contingency protocol if a new volunteer fire department is created out of the merged one during the 20 year period; create new sections of KRS Chapter 75 to allow an alternative tax rate and board structure for fire districts electing to do so; set tax rate at a maximum of \$0.15 for a district, and maximum of \$0.25 for a district operating the sole emergency ambulance service and make the tax subject to the recall provisions; establish a seven member board of which one is appointed by the county executive head, four are elected by persons owning property within the district, and two are firefighters of the districts elected by the firefighters of the district; set election procedures and times; amend KRS 132.023, relating to tax recall provisions, to integrate applicable fire districts, as defined in the section, within the scope of the section.

(Prefiled by the sponsor(s).)

BR22 - Representative Mary Lou Marzian
(8/22/2018)

AN ACT relating to public charter schools.

Amend KRS 156.095 to remove references to public charter schools; repeal KRS 160.1590, 160.1591, KRS 160.1592, 160.1593, 160.1594, 160.1595, 160.1596, 160.1597, 160.1598, 160.1599, and 161.141.

(Prefiled by the sponsor(s).)

BR24 - Representative John Blanton
(9/20/2018)

AN ACT relating to the taxation of pension income, making an appropriation therefor, and declaring an emergency.

Amend KRS 141.019 to increase the pension income exclusion from \$31,110 to \$41,110; declare this Act to apply retroactively for taxable years beginning on or after January 1, 2018; require the Department of Revenue to automatically issue refunds; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR25 - Senator John Schickel
(8/28/2018)

Honor the life and accomplishments of Jack Reno.

(Prefiled by the sponsor(s).)

BR26 - Senator John Schickel
(8/28/2018)

Honor Judge Charles T. Moore upon the occasion of his retirement.

(Prefiled by the sponsor(s).)

BR27 - Senator John Schickel
(8/24/2018)

Honor Father Richard G. Bolte for his many years of service.

(Prefiled by the sponsor(s).)

BR28 - Representative Chris Harris,
Representative Angie Hatton
(5/30/2018)

AN ACT relating to public utilities.

Create new section of KRS 278.010 to 278.450 to set a residential fixed customer charge to recover no more than fixed capital costs for metering, billing, service connections, and customer service for electric, natural gas, and water utilities; amend KRS 278.010 to define "customer charge"; amend KRS 278.030 to include affordability as a criterion for utility rates and to establish that the policy of the Commonwealth is to require costs to be reasonable and to provide for their recovery; require the Public Service Commission to balance the interests of the utility, investors, and consumer in establishing fair, just, reasonable and affordable rates; amend KRS 278.183 to require that the costs paid through the environmental surcharge and subjected to two year review are subject

to apportionment of fixed, direct capital costs for metering, billing, connection, and service; amend KRS 278.190 to allow the commission to examine the determination of costs and apply standards for rates that include affordability and balancing of interests of various parties affected by the rate; amend KRS 278.255 to require a management and operations audit beginning December 31, 2019, and every five years thereafter and to require the results of the audit be made available on the Public Service Commission and each audited utility's Web site; exempt electric distribution cooperatives from the initial and periodic audit requirements; amend KRS 278.260 to require the Public Service Commission to give the Office of the Attorney General's Office of Rate Intervention notice of any investigation into unreasonable or discriminatory rates, measurements or practices by a utility under its jurisdiction.

(Prefiled by the sponsor(s).)

BR29 - Senator Julian Carroll
(6/15/2018)

AN ACT relating to sports wagering and making an appropriation therefor.

Create a new section of KRS Chapter 230 to require the Kentucky Horse Racing Commission to institute a sports wagering system; amend KRS 230.210 to define "exempt sports contest," "net sports wagering receipts," "sports wagering," and "sports wagering facility"; amend KRS 230.215 to declare it the policy of the Commonwealth to encourage the conduct of wagering on sporting events, and to vest forceful control over sports wagering in the racing commission; amend KRS 230.225 to include sports wagering and to include consideration of members of professional and collegiate sports organizations in the Governor's appointments to the commission; amend KRS 230.240 to allow the director of the racing commission to take personnel action relating to sports wagering; amend KRS 230.260 to include promotion of fair sports wagering among the purposes of the racing commission; create a new section of KRS Chapter 230 to establish licensing requirements and establish a licensing fee of \$250,000; create a new section of KRS Chapter 230 to require the racing commission to promulgate administrative regulations prescribing the manner in which sports wagering shall be conducted; provide minimum criteria; prohibit participants from wagering on a sporting event; create a new section of KRS Chapter 138 to establish a 3 percent tax on the total amount wagered at sports wagering facilities; create a new section of KRS Chapter 230 to establish the sports wagering distribution

trust fund and appropriate moneys from that fund; amend KRS 230.320 to include sports wagering among the activities that are regulated by the racing commission; amend KRS 230.360 to include sports wagering among the activities that are not subject to local control; amend KRS 230.990 to establish penalties for tampering with the outcome of a sporting event and participant wagering on a sporting event, amend KRS 243.500 to exempt sports wagering.

(Prefiled by the sponsor(s).)

BR31 - Representative Attica Scott
(7/24/2018)

AN ACT relating to public charter schools.

Amend KRS 156.095 to remove references to public charter schools; repeal KRS 160.1590, KRS 160.1591, KRS 160.1592, KRS 160.1593, KRS 160.1594, KRS 160.1595, KRS 160.1596, KRS 160.1597, KRS 160.1598, KRS 160.1599, and KRS 161.141.

(Prefiled by the sponsor(s).)

BR32 - Representative Attica Scott
(6/21/2018)

AN ACT relating to the investigation of a shooting or deadly incident by a law enforcement officer.

Create new sections of KRS Chapter 15A to provide definitions and establish an Officer Shooting Review Board to investigate any shooting of an individual by a law enforcement officer or officers or any deadly incident involving law enforcement; set requirements for board members; provide duties of the board; specify requirements related to investigatory work performed by the Kentucky State Police Critical Incident Response Team on behalf of the board; establish investigatory procedures and protocols; provide requirements for submission of the board's report to the Commonwealth's attorney of the jurisdiction in which the shooting or deadly incident took place or to the Attorney General; provide requirements for independent investigation of any shooting of an individual by a law enforcement officer or officers or any deadly incident involving law enforcement.

(Prefiled by the sponsor(s).)

BR36 - Representative Kim King
(6/12/2018)

AN ACT proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly.

Propose to amend Section 42

of the Constitution of Kentucky to prohibit members of the General Assembly from receiving legislative pay for a special session that has been called by the Governor because the General Assembly adjourned without passing a state budget; submit to the voters with ballot question.

(Prefiled by the sponsor(s).)

BR37 - Representative Kim King
(7/19/2018)

AN ACT relating to legislative procedures for state fiscal measures.

Create a new section of KRS Chapter 6 to require roll call votes on any state fiscal measure, including an appropriation or revenue-raising measure, voted upon in the Senate or House of Representatives or a committee thereof; require identification of any state fiscal measure by the director of the Legislative Research Commission upon request of a legislator, the Senate, the House of Representatives, or a committee of the Senate or House; require separate votes for any state fiscal measure.

(Prefiled by the sponsor(s).)

BR45 - Senator Julie Adams
(8/21/2018)

AN ACT establishing the Kentucky Rare Disease Advisory Council and making an appropriation therefor.

Create new sections of KRS Chapter 211 to establish the Kentucky Rare Disease Advisory Council; list members to be appointed by the Governor; state the duties of the council; require a report of council activities; create a rare disease trust fund to be administered by the Cabinet for Health and Family Services to finance the operation of the council and support rare disease research and treatment; require a report on expenditures from the fund; provide that the council shall to cease to exist on December 1, 2029, unless reestablished by the General Assembly.

(Prefiled by the sponsor(s).)

BR47 - Representative Regina Huff
(9/13/2018)

AN ACT relating to family resource and youth services centers.

Amend KRS 156.496 to allow school districts to accept monetary donations for the operation and maintenance of family resource and youth services centers; require that donations be used exclusively for those purposes.

(Prefiled by the sponsor(s).)

BR48 - Senator Gerald Neal
(6/19/2018)

AN ACT relating to firearm storage.
Create a new section of KRS Chapter 527 to prohibit the unlawful storage of a firearm.

(Prefiled by the sponsor(s).)

BR51 - Senator Alice Kerr
(8/17/2018)

AN ACT relating to pregnancy-related discrimination.

Amend KRS 344.030 to include within the definition of “reasonable accommodation” accommodations made for pregnancy, childbirth, and related medical conditions; define “related medical condition”; amend KRS 344.040 to make it unlawful for an employer to fail to accommodate an employee affected by pregnancy, childbirth, or a related medical condition; require employers to provide notice to all employees regarding the right to be free from discrimination for pregnancy, childbirth, and related medical conditions.

(Prefiled by the sponsor(s).)

BR55 - Representative Mark Hart
(9/14/2018)

AN ACT relating to local boards of education.

Amend KRS 160.190 to change a local board vacancy from being appointed by the chief state school officer to being appointed by a majority vote of the local board; establish a timeline and procedures of appointment; establish a procedure for a failure to make appointment by local board; make changes throughout to conform.

(Prefiled by the sponsor(s).)

BR64 - Representative Attica Scott
(7/31/2018)

AN ACT relating to an exemption of feminine hygiene products from sales and use taxation.

Amend KRS 139.010 to define feminine hygiene products; amend KRS 139.480 to exempt from sales and use tax the sale or purchase of feminine hygiene products; apply to sales or purchases made after August 1, 2019, but before August 1, 2023; require Department of Revenue to report to the Interim Joint Committee on Appropriations and Revenue the amount of exemptions claimed.

(Prefiled by the sponsor(s).)

BR65 - Representative Attica Scott
(7/31/2018)

AN ACT relating to the exemption certain baby products from sales and use taxation.

Amend KRS 139.010 to define “diapers”; amend KRS 139.480 to exempt from sales and use tax the sale or purchase of diapers and certain baby products; provide that the exemptions apply to sales or purchases made after August 1, 2019, but before August 1, 2023; require the Department of Revenue to report to the Interim Joint Committee on Appropriations and Revenue the amount of exemptions claimed.

(Prefiled by the sponsor(s).)

BR66 - Representative Walker Wood Thomas, Representative Jim DuPlessis, Representative DJ Johnson
(10/10/2018)

AN ACT relating to domestic violence.

Amend KRS 525.135 to prohibit pretrial diversion for a person charged with torture of a dog or cat, to make torture of a dog or cat a Class D felony, and to prohibit any form of early release for those who torture a dog or cat as a way to threaten, intimidate, coerce, harass, or terrorize a family member or member of a dating relationship; amend KRS 533.250 to prohibit the pretrial diversion program from being used for someone charged with torture of a dog or cat.

(Prefiled by the sponsor(s).)

BR67 - Representative Rob Rothenburger
(9/7/2018)

AN ACT relating to local procurement.

Amend KRS 45A.385 to increase from \$20,000 to \$30,000 the maximum amount of a contract for which a local public agency may use small purchase procedures; amend KRS 424.260 to allow local officials to make contracts up to \$30,000, rather than up to \$20,000, without taking out newspaper advertisements for bids.

(Prefiled by the sponsor(s).)

BR69 - Senator Julie Adams
(8/31/2018)

AN ACT relating to mental illness.

Amend KRS 532.130, 532.135, and 532.140 to add a diagnosis of serious mental illness to the disabilities which prevent execution for persons convicted of capital offenses.

(Prefiled by the sponsor(s).)

BR72 - Representative Dennis Keene
(9/7/2018)

AN ACT relating to exempting admissions to events held by nonprofit organizations from sales and use taxation.

Amend KRS 139.470 to exempt from sales and use tax the sale of admissions to events held by nonprofit organizations and to remove the specific exemption for county fairs to conform; amend KRS 139.200 to conform; apply to transactions occurring on or after July 1, 2019.

(Prefiled by the sponsor(s).)

BR76 - Representative David Osborne, Representative Lynn Bechler, Representative Danny Bentley, Representative John Blanton, Representative Kevin Bratcher, Representative Larry Brown, Representative John Carney, Representative Myron Dossett, Representative Jim DuPlessis, Representative Daniel Elliott, Representative Joseph Fischer, Representative Ken Fleming, Representative Jim Gooch Jr., Representative David Hale, Representative Mark Hart, Representative Richard Heath, Representative Regina Huff, Representative DJ Johnson, Representative Kim King, Representative Adam Koenig, Representative Stan Lee, Representative Chad McCoy, Representative David Meade, Representative Suzanne Miles, Representative Jerry Miller, Representative Phil Moffett, Representative Tim Moore, Representative Kimberly Moser, Representative Jason Nemes, Representative Jason Petrie, Representative Phillip Pratt, Representative Melinda Prunty, Representative Brandon Reed, Representative Sal Santoro, Representative Diane St. Onge, Representative Walker Wood Thomas, Representative James Tipton, Representative Tommy Turner
(7/13/2018)

AN ACT relating to nonprofit exemptions in taxation and declaring an emergency.

Amend KRS 139.495 to exempt from sales and use tax the sale of admissions by nonprofit educational, charitable, or religious institutions; amend KRS 139.200 to add the exemption; amend KRS 132.195 to exempt from property tax leasehold interests in property owned by a purely public charity when the property and income are used to further the purely public charity's mission; EMERGENCY.
(Prefiled by the sponsor(s).)

BR84 - Senator John Schickel
(9/14/2018)

Honor the life and accomplishments of William "Bill" Edgar Graves.

(Prefiled by the sponsor(s).)

BR94 - Representative David Meade
(9/6/2018)

AN ACT relating to the taxation of admissions for sales and use tax.

Amend KRS 139.010 to exclude fees paid to enter or participate in a fishing tournament and fees paid for the usage of a boat ramp from the definition of admissions; apply to fees paid on or after July 1, 2018.

(Prefiled by the sponsor(s).)

BR96 - Representative Robert Goforth
(9/24/2018)

Direct the Transportation Cabinet to designate a bridge on Interstate 75 in Laurel County in honor and memory of fallen soldier SFC Lance Scott Cornett.

(Prefiled by the sponsor(s).)

BR97 - Representative Robert Goforth
(10/5/2018)

AN ACT relating to concealed deadly weapons.

Amends KRS 527.020, 237.110, 237.115, 244.125, and 527.070 to remove location restrictions for persons with a concealed deadly weapon license.

(Prefiled by the sponsor(s).)

BR98 - Representative Robert Goforth
(8/29/2018)

AN ACT relating to an emergency contact information registry.

Create a new section of KRS 186.400 to 186.640 to establish an emergency contact information registry within the Kentucky Driver's License Information System.

(Prefiled by the sponsor(s).)

BR99 - Representative Robert Goforth
(10/5/2018)

AN ACT relating to the renewal of identity documents.

Amend KRS 186.4101 to clarify schedules for renewal of operator's licenses and personal ID cards; allow individuals whose operator's licenses will expire while they are out of the country to renew those licenses prior to the six-month window prior to expiration.

(Prefiled by the sponsor(s).)

BR103 - Representative Rick Nelson
(7/20/2018)

AN ACT relating to minimum staffing requirements for long-term care facilities.

Create new sections of KRS Chapter 216B to require staff-to-resident ratios in long-term care facilities as a condition of licensure or relicensure; establish minimum staffing requirements; prohibit long-term care facilities from admitting new residents if the facility fails to comply with the minimum staffing requirements, beginning on the second day of noncompliance and continuing until six days after the required staffing is achieved, with exceptions allowed for weather emergencies and other similar events; require additional staffing based on the needs of the residents; exempt intermediate-care facilities for persons with intellectual disabilities, institutions for the treatment of mental illnesses, personal care homes, and family care homes from the minimum staffing requirements; create a 17-member board to review staffing requirements on an annual basis; establish a civil fine of no more than \$1,000 for each day that the staffing requirements are not maintained; establish legislative findings and declarations.

(Prefiled by the sponsor(s).)

BR106 - Representative Robert Goforth
(9/24/2018)

AN ACT relating to all-terrain vehicles and making an appropriation therefor.

Amend KRS 186.010 to specify that for registration purposes an all-terrain vehicle (ATV) shall be considered a motor vehicle; amend KRS 186A.070 to allow ATVs operating under this bill to operate on roadways of the Commonwealth; create new sections of KRS Chapter 189 to allow a person to operate an all-terrain vehicle on roadways in the Commonwealth; outline requirements for operation; establish a fee of \$25 for registration; allow a local government to allow or prohibit ATV operation on roadways in its jurisdiction; provide for nonresident reciprocity; require the Transportation Cabinet to promulgate administrative regulations; allow nonresidents to operate an ATV on roadways of the Commonwealth; outline requirements; establish a fee of \$25 for registration; specify that registration is valid for one year; amend KRS 189.515 to specify that the section shall only apply to ATVs that have not been registered for highway operation; amend KRS 189.990 to establish a fine of \$20 to \$50 for a violation of

Section 3 or 4 of this Act.

(Prefiled by the sponsor(s).)

BR107 - Representative Robert Goforth
(8/29/2018)

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 urban-county governments; submit to the voters for approval or disapproval.

(Prefiled by the sponsor(s).)

BR120 - Representative Kevin Bratcher
(8/15/2018)

AN ACT relating to the safety of canines and felines.

Create a new section of KRS Chapter 411 to provide civil immunity for damaging a vehicle if a person enters the vehicle with the reasonable, good-faith belief that a dog or cat is in immediate danger of death if not removed.

(Prefiled by the sponsor(s).)

BR121 - Representative Kevin Bratcher
(8/15/2018)

AN ACT relating to an animal abuse registry.

Create new sections of KRS Chapter 17 to establish the animal abuse offender registry; require the Kentucky State Police to maintain a registry of offenders who commit an animal abuse offense; establish the animal abuse offender registry fund; amend KRS 525.130 to increase the penalty for cruelty to animals in the second degree to a Class D felony for a second or subsequent offense; establish a short title of “Arrow’s Law”; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR134 - Representative Lynn Bechler,
Representative Brandon Reed
(9/26/2018)

AN ACT relating to sanctuary cities and universities.

Amend KRS 65.133 to require local law enforcement agencies and Kentucky State Police to enforce immigration laws; create a new section of KRS Chapter 65 to define terms, including “sanctuary” and “sanctuary policy”; prohibit local governments from adopting sanctuary policies; establish hearing

procedures for determination of sanctuary status; provide for the withholding of state funding from sanctuaries; create new sections of KRS Chapter 164 to prohibit postsecondary educational institutions from enrolling, employing, or contracting with illegal aliens; require postsecondary educational institutions to keep records of immigration status; provide for the withholding of state funding from postsecondary educational institutions that enroll, employ, or contract with illegal aliens; limit who may be considered a Kentucky resident for in-state tuition purposes.

(Prefiled by the sponsor(s).)

BR138 - Representative Robert Goforth
(8/29/2018)

AN ACT relating to homestead food operators and homestead food products.

Create a new section in KRS Chapter 217C to define “homestead food operator,” “potentially hazardous food,” and “homestead food product”; create a new section in KRS Chapter 217C to allow homestead food operators and homestead food products to be exempt from licensure and permitting as required by the Cabinet for Health and Family Services; repeal KRS 217C.090, relating to the sale of unpasteurized goat milk.

(Prefiled by the sponsor(s).)

BR140 - Representative Joni Jenkins,
Representative McKenzie Cantrell
(9/24/2018)

AN ACT relating to workers’ compensation for first responders.

Amend KRS 342.0011 to clarify definition of “injury” to include psychological injuries for certain employees; create a new section of KRS Chapter 342 to set out when the psychological injuries are valid workers’ compensation claims when no physical injury exists.

(Prefiled by the sponsor(s).)

BR141 - Representative Joni Jenkins
(9/20/2018)

AN ACT relating to employment schedules.

Create new sections of KRS Chapter 337 to require employers to give employees a written good-faith estimate of the employee’s work schedule at the time of hire, maintain a voluntary standby list of employees who wish to work additional hours, post weekly work schedules at least seven days in advance, and provide certain rest periods for employees, during which the employee is

not scheduled; provide that an employee may identify time limitations for scheduling work hours; establish the rate of compensation to be paid if an employer changes the schedule; set forth unlawful practices; amend KRS 337.990 to establish a penalty for violations of Sections 1 to 8 of this Act.

(Prefiled by the sponsor(s).)

BR142 - Representative Joni Jenkins
(9/20/2018)

AN ACT relating to leave from employment for crime victims.

Amend KRS 337.415, relating to court-ordered appearances by employees, to prohibit employers from discharging or retaliating against an employee who is a crime victim when the employee takes leave to attend proceedings associated with a crime; require an employee to give an employer reasonable notice to take leave when practicable; provide guidelines for use of paid leave; require the employer to maintain confidentiality of records and communication with employee crime victim; create a penalty for failing to maintain confidentiality; define terms.

(Prefiled by the sponsor(s).)

BR144 - Representative Chad McCoy
(9/7/2018)

AN ACT relating to charitable gaming.

Amend KRS 238.545 to remove some of the restrictions on the frequency with which charity fundraising events may be held at unlicensed facilities.

(Prefiled by the sponsor(s).)

BR155 - Representative Dennis Keene
(9/10/2018)

AN ACT relating to drug treatment and prevention and making an appropriation therefor.

Create a new section of KRS Chapter 222 to establish the Kentucky addiction prevention, recovery, and enforcement fund; establish administering committee membership; direct all revenues from the Commonwealth related to the drug epidemic to the fund; describe authorized fund expenditures; require fund reporting; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR156 - Representative Regina Huff
(10/3/2018)

AN ACT relating to the display of the national motto in public schools.

Amend KRS 158.195 to require each

public elementary and secondary school to display the national motto in a prominent location in the school.

(Prefiled by the sponsor(s).)

BR159 - Representative Brandon Reed, Representative Kevin Bratcher, Representative Mark Hart, Representative Richard Heath, Representative Melinda Prunty (8/16/2018)

AN ACT relating to the display of the national motto in public schools.

Amend KRS 158.195 to require each public elementary and secondary school to display the national motto in a prominent location in the school.

(Prefiled by the sponsor(s).)

BR165 - Representative McKenzie Cantrell, Representative Joni Jenkins (9/24/2018)

AN ACT relating to earned paid sick leave.

Create a new section of KRS Chapter 337 to require employers to provide earned paid sick leave to employees; provide that employees earn paid sick leave upon the date of hire and can use the leave after being employed for 90 days; set forth allowable uses of earned paid sick time; designate how notice of need to use sick time is provided by employees; amend KRS 337.990 to establish penalty for employers that fail to follow paid sick leave requirements.

(Prefiled by the sponsor(s).)

BR166 - Representative McKenzie Cantrell, Representative Joni Jenkins (9/24/2018)

AN ACT relating to employment provisions for employees on maternity leave.

Create a new section of KRS Chapter 337 to require employers with 50 or more employees to provide six weeks of paid maternity leave for an employee who has been employed for at least one year; allow an employee to waive the paid maternity leave.

(Prefiled by the sponsor(s).)

BR168 - Representative Linda Belcher (9/12/2018)

AN ACT relating to prevailing wage.

Create new sections of KRS Chapter 337 to establish a prevailing wage law for all public works projects; amend KRS 12.020, 99.480, 227.487, 336.015, 337.010, and 337.990 to conform.

(Prefiled by the sponsor(s).)

BR172 - Representative Attica Scott (9/5/2018)

AN ACT relating to gang violence.

Amend KRS 506.120 to remove language related to “criminal gang syndicate;” repeal KRS 506.135 relating to definitions, 506.140 relating to criminal gang recruitment, 506.150 relating to criminal gang activity or recruitment, 506.160, relating to minimum service of sentence for defendant acting as a member of a criminal gang KRS 506.170 relating to enhancement of penalty for conviction for criminal gang related felonies, KRS 506.180 relating to cause of action by victim of criminal gang incident, and KRS 506.190 relating to criminal gang-related property subject to forfeiture; amend KRS 532.080 to conform.

(Prefiled by the sponsor(s).)

BR174 - Representative Jeffery Donohue (9/13/2018)

AN ACT relating to public procurement.

Create new sections of KRS Chapter 45A to set forth findings of the General Assembly and establish a policy of the Commonwealth of Kentucky to promote the Kentucky and United States economies by requiring a preference for iron, steel, and manufactured goods produced in Kentucky and the United States; define “manufactured in Kentucky,” “manufactured in the United States,” and “United States”; require preference for iron, steel, and manufactured goods made in Kentucky in construction and maintenance contracts and subcontracts; provide for a waiver of the Kentucky preference requirement; require preference for iron, steel, and manufactured goods made in the United States if the Kentucky waiver is granted; provide for a waiver of the United States preference requirement; establish a short title of “Kentucky Buy American Act”; amend KRS 45A.343, 45A.352, 65.027, 162.070, 164A.575, 176.080, and 424.260 to require compliance with the Kentucky Buy American Act.

(Prefiled by the sponsor(s).)

BR175 - Representative Jeffery Donohue (9/13/2018)

AN ACT relating to economic development incentives.

Amend KRS 154.32.010 to define” minimum weekly wage”; amend KRS 154.32-020 to require an approved company

to pay all new full-time employees whose jobs were created as a result of the economic development project no less than the minimum weekly wage and provide employee benefits for those jobs equal to at least 15% of the minimum weekly wage established by the agreement; amend KRS 154.32-030 to delete all provisions that allow the approved company to receive full incentives if 90% of the job and wage requirements are met upon activation or annual review; amend KRS 154.32-040 to delete a provision that would allow the approved company to receive a reduction in tax incentives for failing to meet job and wage requirements; specify that Act’s provisions apply to applications preliminarily approved prior to the Act’s effective date.

(Prefiled by the sponsor(s).)

BR177 - Representative Joni Jenkins (9/20/2018)

AN ACT relating to the misclassification of employees in the construction industry.

Create new sections of KRS Chapter 337 to set forth legislative findings and declarations behind employee misclassification problems; provide definitions; set forth determination of misclassified workers; set forth investigation process and violations; establish court remedies; require notice by an employer; grant commissioner authority to promulgate administrative regulations; require agencies to share the information of a misclassifying employer to other interested state agencies; amend KRS 337.990 to establish penalties for violations; amend KRS 45A.485 to prohibit contractors with multiple violations from contracting with the state for two years; amend KRS 131.190 to require the Department of Revenue to provide copies to three other state agencies; create a new section of KRS Chapter 341 to require the Office of Employment and Training to provide copies of orders to three other state agencies; create a new section of KRS Chapter 342 to require the commissioner to provide copies to three other state agencies.

(Prefiled by the sponsor(s).)

BR178 - Representative Brandon Reed (9/6/2018)

AN ACT relating to a youth crossbow deer hunting season.

Create a new section of KRS Chapter 150 to require the Department of Fish and Wildlife Resources to promulgate administrative regulations to establish a statewide youth crossbow deer hunting season;

define terms; require the statewide youth crossbow deer hunting season to take place each year on the same dates established by the department for the statewide archery deer hunting season; require participants to comply with all statewide deer hunting requirements, including supervision requirements for youth deer hunters.

(Prefiled by the sponsor(s).)

BR180 - Representative Danny Bentley
(9/20/2018)

Urge federal policymakers to incorporate standards for safety and efficacy in the use of medical marijuana.

(Prefiled by the sponsor(s).)

BR181 - Representative Jill York
(8/31/2018)

AN ACT relating to accountability of charitable organizations.

Create a new section of KRS Chapter 367 to require the Office of the Attorney General to make available on a publicly accessible Web site a list of charities that fail to meet the financial accountability standards recommended by the American Institute of Philanthropy's CharityWatch, based on a three-year average of annual expenditures.

(Prefiled by the sponsor(s).)

BR188 - Senator John Schickel
(10/12/2018)

Honor Robert J. Storer upon the auspicious occasion of his retirement as the Superintendant of the Walton-Verona School District

(Prefiled by the sponsor(s).)

BR194 - Senator John Schickel
(9/17/2018)

Honoring Connie Crigger upon being named by the Kentucky Association of School Administrators as Administrator of the Year for 2018.

(Prefiled by the sponsor(s).)

BR198 - Senator John Schickel
(9/17/2018)

Adjourn the Senate in honor and loving memory of Damian Kevin Stanton

(Prefiled by the sponsor(s).)

BR202 - Representative Jerry Miller
(10/15/2018)

AN ACT relating to reemployment of elected officials.

Amend KRS 61.637 to provide that if an elected official participating in one of the systems administered by Kentucky Retirement Systems retires and is elected to the same office within 12 months of retiring, his or her retirement shall be voided.

(Prefiled by the sponsor(s).)

BR204 - Representative Robert Goforth
(10/5/2018)

AN ACT relating to the reporting of retirement contributions.

Amend KRS 78.625 and 61.675 to require the Kentucky Retirement Systems to notify state and local employers and employees if retirement contributions are not timely made, to list the potential consequences that may result, and to post on the systems' Web site the employer's name and the amount of delinquent contributions.

(Prefiled by the sponsor(s).)

BR205 - Representative Robert Goforth
(10/19/2018)

AN ACT relating to county finance.

Create a new section of KRS Chapter 68 to require counties found deficient by the Auditor of Public Accounts to purchase insurance covering financial losses; set the term of maintenance and minimum coverage amount.

(Prefiled by the sponsor(s).)

BR207 - Representative Regina Huff,
Representative Jill York
(9/13/2018)

AN ACT relating to the taxation of pension income, making an appropriation therefor, and declaring an emergency.

Amend KRS 141.019 to increase the pension income exclusion from \$31,110 to \$41,110; apply retroactively for taxable years beginning on or after January 1, 2018; require the Department of Revenue to automatically issue refunds; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR208 - Representative Regina Huff
(9/13/2018)

AN ACT relating to road safety.

Amend KRS 512.070 to

include, as criminal littering, permitting unsafe amounts of mowed grass to remain on a highway.

(Prefiled by the sponsor(s).)

BR212 - Representative Ken Fleming ,
Representative Kimberly Moser
(9/26/2018)

AN ACT relating to legislative ethics.

Create new sections of KRS 6.601 to 6.849 to make it ethical misconduct for a legislator, legislative agent, or director of the Legislative Research Commission to engage in discrimination, harassment, or sexual harassment; define "discrimination," "harassment," "sexual harassment," and "workplace complaint"; grant the Legislative Ethics Commission jurisdiction to investigate and proceed upon receipt of a complaint from an employee of the legislative branch regarding discrimination, harassment, or sexual harassment allegedly committed by a legislator, legislative agent, or director of the Legislative Research Commission; require that allegations of discrimination, harassment, or sexual harassment by one employee of the legislative branch against another employee of the legislative branch be referred to the Legislative Research Commission; require the Legislative Ethics Commission to establish a legislative ethics telephone tip line to allow employees of the legislative branch to report complaints of discrimination, harassment, and sexual harassment; require the Legislative Ethics Commission and the Legislative Research Commission to publicize the existence of the legislative ethics telephone tip line; require the legislative ethics telephone tip line to be available 24 hours a day, seven days a week, with the Legislative Ethics Commission providing staff during regular business hours and allowing for recorded messages during nonbusiness hours; require the forwarding of information reported on the legislative ethics telephone tip line to the executive director of the Legislative Ethics Commission or his or her designee on an approved form; provide that within 24 hours of the receipt of a workplace complaint that the Legislative Ethics Commission executive director make an initial determination as to whether a workplace complaint meets the criteria for consideration and notify the complainant of the determination; provide that the alleged violator shall be notified and given the opportunity to file a written response after receiving a written statement detailing allegations; provide that within seven days of receiving a response or expiration of the deadline for receiving a response from the alleged violator the

Legislative Ethics Commission chair, vice chair, and executive director shall interview the complainant, the alleged violator, and any other person with information relevant to the complaint; provide that within 14 business days of completion of the interviews, the Legislative Ethics Commission shall give notice of the status of the workplace complaint and a general statement of applicable law to the complainant and alleged violator; provide that within 30 business days of receipt of a workplace complaint the complaint file shall be closed if the Legislative Ethics Commission chair and vice chair agree that the workplace complaint is resolved or agree that there is no credible allegation of discrimination, harassment, or sexual harassment; allow the Legislative Ethics Commission chair and vice chair to refer a workplace complaint to another federal or state agency if they determine that the case does not fall under the jurisdiction of the Legislative Ethics Commission; if the Legislative Ethics Commission chair and vice chair do not agree whether a workplace complaint is resolved but agree that there is a credible allegation of discrimination, harassment, or sexual harassment, the Legislative Ethics Commission enforcement counsel shall file a complaint; a legislator, legislative agent, or an employee of the legislative branch may file a complaint of discrimination, harassment, or sexual harassment at any time under KRS 6.686; set forth confidentiality provisions; provide that complainants shall not be subject to reprisal; require the annual reporting of complaints processed using the legislative ethics telephone tip line; provide that nothing prevents a legislator, legislative agent, or legislative branch employee from pursuing other avenues to report complaints of discrimination, harassment, or sexual harassment; permit employees who report complaints to seek assistance from the Kentucky Employee Assistance Program or from private health professionals for matters related to workplace complaints; declare that if a provision of KRS 6.601 to 6.849 is designated a misdemeanor or felony, an alleged violation of the provision may be adjudicated by the Legislative Ethics Commission as ethical misconduct; amend KRS 6.661 to restrict political activity by the Legislative Ethics Commission staff; amend KRS 6.686 to allow dismissal of complaints by teleconference held by the Legislative Ethics Commission; allow complaints to be filed against former legislators, former legislative agents, and for employers of former legislative agents for extended periods if they are related to discrimination, harassment, or sexual harassment; if a complainant publicly discloses or comments on a complaint or preliminary

inquiry, the Legislative Ethics Commission may dismiss the complaint without prejudice via teleconference; amend KRS 6.701 to include legislative branch employees in mandatory ethics education already required for legislators; amend KRS 6.716 to require the Legislative Ethics Commission to administer a current issues seminar for legislative branch employees in addition to the existing requirement for legislators; amend KRS 6.787 to include in legislator "statement of financial interests" information regarding out of state travel associated with the performance of legislative duties, including the name of any person or organization who paid for transportation, food, lodging, or travel expenses and the value of the expenses paid.

(Prefiled by the sponsor(s).)

BR238 - Representative Kimberly Moser
(9/14/2018)

AN ACT relating to Kentucky educational excellence scholarships and declaring an emergency.

Amend KRS 164.7884 to allow KEES funds to be used for qualified workforce training programs; EMERGENCY.

(Prefiled by the sponsor(s).)

BR240 - Representative Myron Dossett
(10/15/2018)

AN ACT relating to income tax checkoff programs and making an appropriation therefor.

Create a new section of KRS Chapter 141 to provide taxpayers the option to donate to the Kentucky YMCA Youth Assembly program from their individual income tax refunds; require the Department of Revenue to place the designation on the face of the Kentucky individual income tax return; provide information about the Kentucky YMCA Youth Assembly program in the return's instructions; transfer the funds designated by taxpayers to the Kentucky YMCA Youth Association by July 1.

(Prefiled by the sponsor(s).)

BR251 - Representative Reginald Meeks
(9/26/2018)

AN ACT relating to operator's license testing.

Create a new section of KRS Chapter 158 to require that a driver's education program to include instruction regarding a driver's conduct during interactions with law enforcement officers; amend KRS 186.480 to require the Kentucky State Police to make

a driver manual available in printed format, electronic format, or both, that contains the information needed for an operator's license examination; require that the manual have a section regarding a driver's conduct during interactions with law enforcement officers; require the operator's license examination to test the driver's knowledge regarding conduct during interactions with law enforcement officers; amend KRS 186.574 to require the course of instruction for new drivers in the state traffic school to include information on how drivers should act during interactions with law enforcement officers; create a new section of KRS Chapter 332 to require driver training schools to include in the course of instruction for new drivers information on how a driver should act during interactions with law enforcement officers.

(Prefiled by the sponsor(s).)

BR259 - Senator John Schickel
(9/25/2018)

Adjourn the Senate in honor and loving memory of Amy Register Bales.
(Prefiled by the sponsor(s).)

BR271 - Representative Danny Bentley
(10/9/2018)

AN ACT relating to pharmacists.

Amend KRS 217.215 to permit pharmacists to dispense a prescription refill in an amount equal to the standard unit of dispensing for the drug without authorization by the prescribing practitioner in emergency situations in which such authorization may not be readily or easily obtained; require the Board of Pharmacy to promulgate administrative regulations to carry out these provisions.

(Prefiled by the sponsor(s).)

BR272 - Representative Jeffery Donohue
(10/19/2018)

AN ACT relating to special grand juries.

Amend KRS 15.200 to allow the Attorney General to petition the Supreme Court to convene a special grand jury to investigate crimes that cross multiple judicial circuits; amend KRS 15.205 to allow the Attorney General to direct a Commonwealth's or county attorney to act as a special prosecutor when the Supreme Court approves the Attorney General's petition for a special grand jury; amend KRS 29A.220 to outline the process and

duties of a special grand jury.
(Prefiled by the sponsor(s).)

BR275 - Senator John Schickel
(10/12/2018)

Honor Greg Johnson upon his
retirement as the commissioner of the Kentucky
Department of Fish and Wildlife Resources.
(Prefiled by the sponsor(s).)

BR276 - Representative Walker Wood Thomas,
Representative Tim Moore, Representative
Myron Dossett, Representative Mark Hart,
Representative DJ Johnson, Representative
Phillip Pratt, Representative Dean Schamore
(10/12/2018)

AN ACT relating to an exemption of
income taxation for military pensions.

Amend KRS 141.019 to
exclude United States military retirees' pension
income from income taxation for taxable years
beginning on or after January 1, 2021; require
reporting by the Department of Revenue;
amend KRS 131.190 to include the reporting
within the information that can be provided to
the Legislative Research Commission.
(Prefiled by the sponsor(s).)

BR304 - Senator Paul Hornback
(10/10/2018)

AN ACT relating to grain discounts.
Amend KRS 251.015 to
authorize the Department of Agriculture to
investigate grain discounts; impose a penalty
for hindering, obstructing, or interfering
with inspectors; require the Department
of Agriculture to report its findings on
investigations relating to grain discounts to
the Legislative Research Commission and the
Interim Joint Committee on Agriculture by
November 1 of each year.
(Prefiled by the sponsor(s).)

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