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RECORD

State's aviation and aerospace industry rockets skyward

by Rebecca Hanchett
LRC Public Information

FRANKFORT--Engineers watched a few weeks ago from a control room inside an old hospital building in Lexington as a small box was pushed into place aboard the International Space Station.

Designed and built in Kentucky under the direction of Kentucky-based Space Tango, the box is a laboratory called TangoLab 1, filled with 21 cubes capable of running different bioengineering experiments simultaneously. As a screen on the front of the box lit up after installation, Space Tango founder Kris Kimel breathed a sigh of relief.

"See the lights come on?" he asked members of the Interim Joint Committee on Labor and Industry on Aug. 18 as they watched a short video of the event. "It would have been really bad if they didn't come on. So we were quite pleased with that."

Kimel told the committee that the laboratory is part of the growing field of exomedicine. The field is positioned to make breakthroughs in regenerative medicine, oncology and other medical fields using microgravity as a tool. And Kentucky, he explained, is at the center of it all.

"We are now doing some very, very exciting work that is now emanating out of Kentucky on this brand new area of medicine. And I'm happy to say we've got mission in the pipeline now in cystic fibrosis, cancer... really interesting neurobiology work and also in drug design," said Kimel.

The presentation by Kimel and other testimony by Peter Lengyel, the president and CEO of Safran USA—an aviation, defense and security company with approximately 300 workers in Kentucky—both illustrated the strength of aviation and aerospace in Kentucky where Cabinet for Economic Development General Counsel Caroline Boeh Baesler said aviation and aerospace exports have edged out California so far this year.

Boeh Baesler said Kentucky's aviation and aerospace exports topped \$8.7 billion last year and have reached \$5.2 billion through June of this year.

"We're already up 19 percent this year and we've surpassed California to be number two (in exports behind Washington State). So we have a good trend going on right now," she said, adding most of Kentucky's exports are going to the UK, France and Brazil with growing demand

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Rep. Lynn Bechler, R-Marion, an aerospace engineer, asks a question during the Aug. 18 meeting of the Interim Joint Committee on Labor and Industry.

Tobacco is still greening up Kentucky's economy

by Rebecca Hanchett
LRC Public Information

It used to be nearly impossible to drive through Kentucky in August and not see tobacco growing in a field.

In the summer of 1998, the leaf crop accounted for 25 percent of the state's farm cash receipts and was grown by 46,000 farmers statewide. It was also grown by many of those farm-

ers' parents and their parents before them. For many, tobacco was Kentucky.

Today the number of Kentucky tobacco growers has fallen to 4,500, but tobacco is still very much alive across the state. The crop accounts for a fair amount of all agricultural cash receipts-- about six percent--at a time when overall agricultural cash receipts are at record

levels. And that success is largely due to tobacco, too, says Governor's Office of Agricultural Policy Executive Director Warren Beeler.

Beeler told the state legislative Tobacco Settlement Agreement Fund Oversight Committee on Aug. 3 that Kentucky's dedication of

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Aerospace, from page 1

in China.

Committee Co-Chair Sen. Alice Kerr, R-Lexington, complimented her fellow lawmakers for their support of 2015 House Joint Resolution 100, legislation sponsored by House Majority Floor Leader Rocky Adkins, D-Sandy Hook, that honors the state's aviation and aerospace industry and requires a study of the industry's overall economic impact.

"To me it's the most exciting thing going on Kentucky—this industry and everything you all are creating and doing," said Kerr.

Growth in exports by the industry was highlighted by Rep. Brent Yonts, D-Greenville, who said he read that Kentucky's aerospace exports are now double its automotive industry exports. Boeh Baesler said that is true when motor vehicle and motor vehicle parts are included in the automotive export mix.

"For 2015, if you look at just motor vehicles it was about \$3.8 billion but if you also look at motor vehicle parts and other supplies, it creeps it up closer to \$5 billion but you're right—it exceeds even motor vehicle manufacturing by quite a bit," she said.

When Rep. Larry Clark, D-Louisville, asked the presenters what their industry needs from the Kentucky General Assembly to continue to grow within the state, Kimel said education. He later asked lawmakers to encourage more local private investment. Technology-driven

Rep. Brent Yonts, D-Greenville, comments on the educational and economic development aspects of Kentucky's aviation and aerospace industry during the Aug. 18 Interim Joint Committee on Labor and Industry meeting.



companies find it hard to raise local capital and must often rely on investors from Silicon Valley or the West Coast, he said.

"Historically this has not been the kind of thing that Kentuckians have invested in. We understand that," said Kimel. "It's not about the legislature appropriating money—it's really helping us education and demonstrating that the state... supports these kinds of efforts."

Boeh Baesler said capital investment have recently been aided by Kentucky's Angel Investment Tax Credit, a program she said gives a "very generous tax credit" to those who invest

in Kentucky startup companies. Additionally she said Kentucky has an Angel Investment Network in place to match up investors with ventures that interest them.

For the company's part, Lengyel said companies themselves have an obligation to do their homework and ensure they are making the right investment. "We know what our needs are going to be so there's an obligation on our part to look through the economic development folks, to partner directly with the local community colleges to make sure that our manpower needs are (met)."

Tobacco, from page 1

half of the funds received from a 1990s national master settlement with tobacco companies to agricultural diversification is the envy of many states. The appropriation was set out in 2000 House Bill 611 which helped propel the state to a record \$6.5 billion in agricultural cash receipts in 2014.

"We are the envy of all states with our tobacco money," said Beeler. "We've gone from \$3.7 billion (in total agricultural cash receipts) when we got the (settlement) money to \$6.5 billion now, and I don't think that's a coincidence...."

Lawmakers thanked Beeler, former GOAP Executive Director Roger Thomas and others for speaking at last month's Southern Legislative Conference Annual Meeting in Lexington about HB 611's successes. Committee Co-Chair

Rep. Wilson Stone, D-Scottsville, said many delegates to the meeting were impressed with Kentucky's use of its tobacco settlement dollars to diversify its agricultural economy.

Beeler said he heard from individuals in state after state across the South who said "they wish they'd done what we'd done." Kentucky's efforts have almost doubled its receipts at the farm gate, he said.

"It's no coincidence... Don't tell me it is, because plain-and-simple fact is we know this money has worked," he told the committee.

The biggest project in the history of the GOAP and the Kentucky Agricultural Development Board which it administers is a \$30 million grain crops and forages center planned for construction on the property of the UK Research and Education Center in Princeton. Half of the project amount, of \$15 million, will be provided as a matching grant from the Agriculture Development Board, said Beeler. UK must match the award for the center.

Beeler said the project, which is also sup-

ported by the Kentucky Corn Growers Association, Kentucky Small Grain Growers Association, Kentucky Cattlemen's Association and others, will pay dividends for the next 50 years. Proposed work with ryegrass alone could have a big payoff, he said.

Sen. Paul Hornback, R-Shelbyville, gave special thanks to the Corn Growers Association which Hornback said purchased property for the center that will be leased to UK for repayment. "I appreciate what you all did," he said to members of the association and all involved in the project.

"Everybody is very appreciative" for this project, Beeler assured lawmakers.

The center will feature new meeting facilities, laboratories, offices and improved internet access "so professors at the center can teach classes for students in Lexington," according to a press release on the center from the University of Kentucky. "... All commodity areas based at Princeton ... will benefit from the improvements and expansion."

Legislative panel rolls into Bowling Green

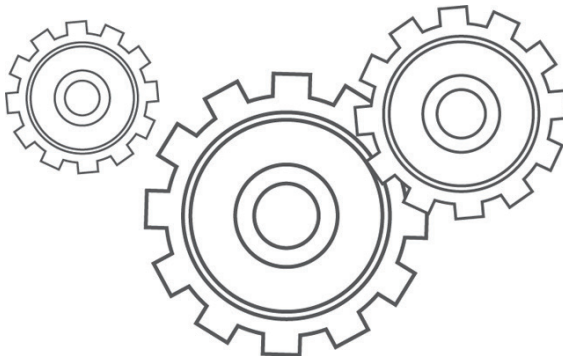
by Jim Hannah
LRC Public Information

The international notoriety of a sinkhole forming under the sky dome of the National Corvette Museum and upgrades at the General Motors' plant that assembles the iconic sports car has been a boon for Bowling Green, a group of state legislators was recently told.

GM's ongoing reinvestment in its Corvette assembly plant is approaching \$1 billion while the museum across the street has seen a surge in attendance since security camera footage of the sinkhole swallowing eight vintage cars in 2014 went viral, business and civic leaders said during a combined meeting of the Interim Joint Committees on Labor & Industry and Economic Development & Tourism on July 21 in Bowling Green.

"In 1978, when the decision was made by General Motors to move the Corvette assembly plant here from St. Louis, it was certainly one of the major happenings for our community," said National Corvette Museum Executive Director Wendell Strode. "It was a great addition to the community. It continues to be a great addition."

He said 220,000 visitors poured through the museum's doors last year. Even through the sinkhole has been filled in and the cars repaired, the museum has opened a special exhibit chronicling how it literally dug itself out of what nearly



sunk its fortunes. There were an estimated 2,000 newspaper articles and 9,000 TV and radio reports about the sinkhole. Strode he would have had to spend \$20 million in marketing to get that kind of media exposure.

"It was a tough way to get publicity," he said, "but it really put us on the map."

Strode explained how the museum was inadvertently built over a cave that caused the sinkhole. The cave can now be accessed through a manhole located inside the museum but there are no imminent plans to allow tourists into the cave.

The manager of the assembly plant, Kai

Spande, said the Corvette generates \$3.5 billion in annual revenue for GM.

"It's a big deal for our company," he said of the car.

Spande said GM is spending \$440 million on a new state-of-the-art paint shop, \$44 million new on powertrain products, \$2 million on a solar array and \$290 million in other unspecified upgrades at the plant for a total investment of \$776 million.

The plant's 780 hourly, 149 salary and 120 contract employees earn a combined \$106.6 million in wages and benefits annually, Spande said. There are also about 500 additional contractors at the plant building the new paint shop.

"We are certainly proud to have the Corvette plant here," said Sen. Mike Wilson, R-Bowling Green. "Having an assembly plant in your area brings a lot of suppliers along with it. There are many companies here that supply the Corvette plant."

Rep. Wilson Stone, D-Scottsville, talked about the "wonderful economy" in Bowling Green.

"It really is a south-central Kentucky economy," he said. "There has been a lot of strong leadership in this community over the years. They certainly maximized the advantage of being on I-65, having Western Kentucky University and having a history of industrial development."

Lawmakers fish for solutions on growing bear, carp numbers

by Rebecca Hanchett
LRC Public Information

FRANKFORT—Black bears and Asian carp came to Kentucky years ago uninvited. Now that they are apparently here to stay, state Fish and Wildlife officials are working hard to control their numbers.

Kentucky Fish and Wildlife Resources Commissioner Greg Johnson told the Interim Joint Committee on Natural Resources and Environment on Aug. 4 that Asian carp is widespread in West Kentucky and along the Ohio River while most black bears are still found in Eastern and Southeastern Kentucky. Efforts are underway to control both species, said Johnson, who first tackled questions about the carp issue.

"Asian carp is something that Kentucky and this committee needs to take very, very seriously," said Johnson. The invasive species is now up to the Falls of the Ohio at Louisville, in the Ohio's tributaries, and above and below

the dams at Land Between the Lakes, alarming biologists and encouraging private enterprise to enter the fray. Today west Kentucky-based fish processing facilities are turning millions of pounds of the nuisance fish into dog food, hot dogs, fish nuggets and other edibles, helping to reduce the state's carp population, Johnson told the committee.

Bears are a different story—and their presence can be more unsettling than carp to the average Kentuckian.

Rep. Tim Moore, R-Elizabethtown, said recent sightings of black bears in Hardin County have caused concern among farmers and other residents alike.

"I've even heard of some of these bears being tracked back and forth across the Ohio River," he said.

Johnson said young black bears, usually males, will wander in late spring and early summer then return later in the year to their old

territory. It's his agency's job to track the bears and make sure they leave areas where they aren't supposed to be, Johnson explained. He said increased hunting will probably be used to control future bear populations.

"You'll probably see us come forward in the next year or two with another regulation change to expand the number of bears we take in Kentucky," he said.

Kentucky held its first state regulated bear hunt in 2009 in three counties for two days, according to Deputy Fish and Wildlife Resources Commissioner Dr. Karen Waldrop. The hunt was expanded to 16 counties for 17 days last year. New regulations, as Johnson said, would expand it further.

"We're looking at where's the best habitat for bears and we want to try to keep them similar to what we did with the elk—we don't want them expanding out to the central and western part of the state," said Waldrop.

2017 REGULAR SESSION CALENDAR

JANUARY – PART I

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

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 (20)	2 (21)	3 (22)	4
5	6 (23)	7 (24)	8 (25)	9 (26)	10 Legislative Holiday	11
12	13 Legislative Holiday	14 Concurrent (27)	15 Concurrent (28)	16 VETO	17 VETO	18 VETO
19	20 VETO	21 VETO	22 VETO	23 VETO	24 VETO	25 VETO
26	27 VETO	28 Legislative Holiday	29 (29)	30 (30)	31	

2016

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INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 1st Meeting of the 2016 Interim

June 23, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, June 23, 2016, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Rick Rand, Co-Chair; Senators Ralph Alvarado, Stan Humphries, Morgan McGarvey, Dennis Parrett, Wil Schroder, Brandon Smith, Robin L. Webb, and Stephen West; Representatives Linda Belcher, John Carney, Ron Crimm, Mike Denham, Bob M. DeWeese, Jeffery Donohue, Myron Dossett, Kelly Flood, Martha Jane King, Terry Mills, Steven Rudy, Sal Santoro, Dean Schamore, Arnold Simpson, Rita Smart, Wilson Stone, Tommy Turner, Susan Westrom, Addia Wuchner, and Jill York.

Guests: John Tilley, Secretary, Jon Grate, Deputy Secretary, and Jim Erwin, Deputy Commissioner, Justice and Public Safety Cabinet; Steve Miller, Commissioner, Cindy Murray, Budget Director, Eric Clark, Legislative Liaison, Cabinet for Health and Family Services; Scott Brinkman, Secretary of the Governor's Executive Cabinet, Adam Meier, Deputy Chief of Staff, Office of the Governor.

LRC Staff: Pam Thomas, Charlotte Quarles, Jennifer Hays, and Jennifer Beeler.

In honor of Pam Thomas's retirement, Chairman McDaniel and Chairman Rand proposed a resolution in her honor. The resolution was adopted by voice vote upon a motion from Chairman Rand, seconded by Representative Denham.

Testimony on prison population and utilization of private prisons

Secretary John Tilley started the presentation by explaining how Kentucky's offender population is growing with more significant growth during the last seven months. He noted that this growth is why private prisons are being considered as a method to address the growing offender population.

Secretary Tilley shared a graph showing that approximately 23,700 total inmates in state custody as of June 15, 2016. He explained that Kentucky is unique when compared to other states because one third of all state inmates are housed in county jails. The only other state that uses a similar model is Louisiana. As of June 15, 2016, there were approximately 11,176 state inmates in county jails, which is well above the previous record high in June 2015. The total number of jail beds equals 19,160.

He also shared a graph depicting the growth of prison population numbers over the last ten years. During 2010 and 2013, a decrease in populations occurred, attributable to outside factors that are unusual. During that ten year period, 2015 and 2016 had the highest growth rates at 2.35 percent and 5.73 percent respectively.

Secretary Tilley stated that there are 26 jails that have populations over 140 percent capacity. There are three private prisons within the state all owned by the Corrections Corporation of America headquartered in Nashville, Tennessee. Those facilities are the Marion Adjustment Center (MAC), Lee Adjustment Center (LAC), and Otter Creek. The maximum capacity for MAC and LAC is 1,642 inmates. If the two prisons were utilized by the state again, the extra capacity at these facilities would help to address overcrowding in county jails.

Secretary Tilley stated that if inmates were transferred to private prisons, the projected jail state inmate population would still be 905 more than the average jail state inmate population in 2013, which was when the last private prison was closed. Using the current growth rate, the average jail population in calendar year 2017 is projected to be 9,907 if 1,642 private prison beds are utilized.

In response to a question from Representative Flood regarding the agency's position on the use of private prisons, Secretary Tilley stated that he is not currently recommending the use of private prisons, more that it is an option that would relieve some of the local stress on county jails. Parole grant rates are lower than anticipated, revocations of those on parole are higher than expected, and discretion in the court systems have led to this population growth.

In response to a question from Representative Carney, Secretary Tilley explained that, within the inmate population of over 23,000, there is a high number of repeat offenders and the number

of inmates in that category is increasing, but they do not have an exact number of repeat offenders.

In response to a question from Representative Wuchner, Secretary Tilley stated that there are currently no prisoners housed at the Marion Adjustment Center (MAC), he noted that the facilities have been maintained, are up to standard, have been inspected, and would be ready to house inmates within ninety to 120 days.

In response to a question from Representative Mills, Secretary Tilley explained that the use of private prisons would be a temporary solution to relieve some of the stress on the county jails.

In response to a question from Chairman Rand related to the population estimate used as part of the budget process and why these estimates were increasing at the high rates from the past, Secretary Tilley stated that there is no foolproof way to predict future prison populations. He explained that data from criminologist Jim Austin was used. Mr. Austin estimated that if the state had followed his recommendations, the population would decrease over ten years. Secretary Tilley explained that corrections has grown at unsustainable rates here in Kentucky and across the country. Kentucky typically incarcerates individuals longer than other states for the same crimes. Finally, there are so many human factors at play in estimating these prison populations that the task is difficult.

In response to a question from Representative Belcher, Secretary Tilley explained that the types of crimes that individuals are being incarcerated for are the same now as they were five years ago.

In response to a question from Representative Crimm, Secretary Tilley stated that there is a cost difference when an inmate is housed in a county, state or private jail facility. He said that county jails are paid \$31 dollars per day as negotiated with jailers. State prisons cost approximately \$65 per day, and private prisons by contract would have to be ten percent below the state cost.

Discussion of Medicaid costs and projections

Steve Miller, Commissioner of the Department for Medicaid Services, began by explaining that the Medicaid program has approximately 1.3 million members, including 435,700 children, 76,000 of which participate in KCHIP. 1.2 million members are in the managed care program, 440,300 of which were enrolled under Medicaid expansion. The system includes approximately 40,700 enrolled providers.

Commissioner Miller explained that health spending is projected to grow at an average rate of 5.8 percent from 2012 to 2022. The Affordable Care Act (ACA) expansions and the aging of the population are drivers for faster projected growth in 2014 and beyond. After

2016, Medicaid spending growth is expected to be about 6.6 percent per year. Health spending is projected to be 19.9 percent of gross domestic product by 2022.

Commissioner Miller stated that Medicaid enrollment has grown approximately 66 percent since the expansion was implemented in January 2014. The Medicaid expansion extends eligibility to individuals with income up to 138 percent of the federal poverty level. It also aligned benefit packages into one plan for both expansion and traditional populations.

Commissioner Miller noted that as of July 2015, there are five Managed Care Organization (MCO) contracts, and that all MCOs now provide services statewide. The new MCOs are required to use national standards to determine medical necessity and have strengthened network adequacy requirements.

The Commissioner provided a brief description of two graphs illustrating expenditures compared to enrollment. He stated that one takeaway from the graphs is that the state spends almost \$20 million per day on Medicaid managed care, and \$30 million per day overall. In the enacted budget, funding is provided for all existing Medicaid covered services, including the expansion of Medicaid, and for the development and implementation of the Medicaid Enterprise Management System (MEMS).

Commissioner Miller explained that the ACA was intended to extend coverage to 95 percent of all Americans through expanded Medicaid and the new marketplace exchanges. Nationally, the Congressional Budget Office estimated 40 percent of the newly insured would obtain coverage through Medicaid and 60 percent would obtain coverage through subsidized commercial policies. The results are much different in Kentucky. Nearly 80 percent of the newly insured Kentuckians obtained coverage through Medicaid. Currently, 1.37 million Kentuckians are enrolled in Medicaid, which comprises 30 percent of the state's population. Projected fiscal year 2018 enrollment is 1.43 million, which is 32 percent of the state's population.

Commissioner Miller stated that as of February 2015, the projected cost to the state for fiscal years 2017 and 2018 will total \$247 million, and for fiscal years 2019 and 2020 will total \$509 million.

The presentation then moved to a discussion of Kentucky HEALTH the Medicaid waiver proposal requested by the Governor. Adam Meier, deputy chief of staff to the Governor stated that the goals of the Section 1115 waiver are: (1) to improve participants' health and help them be responsible for their health; (2) to encourage individuals to become active participants and

consumers of healthcare; (3) to empower people to seek employment and transition to commercial health insurance coverage; (4) to implement delivery system reforms to improve quality and outcomes; and (5) to ensure fiscal sustainability.

Mr. Meier explained that the waiver proposal was tailored for Kentucky and developed to provide benefits equivalent to the Kentucky Employees' Health Plan. This plan targets two eligibility groups: all able-bodied adults eligible for Medicaid, which includes the expansion population and other non-disabled Medicaid eligible adults; and low income children. There are two paths to coverage: an employer premium assistance program option; and a consumer driven health plan option.

He stated that the proposal institutes monthly premiums in lieu of copayments, because data suggests that participants prefer premiums over copays. Pregnant women and children would be exempt from all cost sharing. Premiums would be determined at a flat rate based on a sliding scale equal to or less than 2 percent of income for each income group related to the federal poverty level. After two years, cost sharing will increase for individuals above 100 percent of the federal poverty level to prepare and encourage them to transition to private market coverage.

Mr. Meier then explained the employer premium assistance option which would provide premium reimbursement for enrollment in employer sponsored plans. Under the proposal, Kentucky HEALTH would reimburse the employee for premiums paid and would provide wrap around benefits in the event that benefits are not as robust as those offered by the benchmark health plan.

He stated that the consumer driven health plan option is very similar to the Kentucky Employees' Health Plan. There will be a deductible but the state would prefund an account with \$1,000 to cover deductible expenses, similar to a health savings account. Preventative services would be excluded from the deductible and be fully covered. In order to encourage prudent use of that account, there will be a rollover of 50 percent of unused account balances at the end of each year into the My Rewards account. The My Rewards account can be used to pay for enhanced benefits such as vision, dental, over-the-counter medications and gym membership reimbursement. As an incentive for members to move off the plan and into private insurance, any former member may apply to receive the unused portion of the account, up to \$500, after leaving the plan for 18 months.

Mr. Meier explained that the proposal includes non-payment penalties for members who choose not to make a premium payment within 60 days of the due date. Members who do not pay will be subject to disenrollment from the

program for up to six months. Individuals may re-enroll before the six months have passed by paying two months of missed premiums and one month of premium going forward. The member must also complete a health or financial literacy course.

He stated that these policies are designed to help members learn how to use commercial policies. Benefits begin when members make the first payment, and individuals with income below 100 percent of the federal poverty level who do not make the first payment will receive benefits 60 days after application approval. During the open enrollment period, beneficiaries must return re-enrollment paperwork within a specific time period, or the individual must wait six months for the next open enrollment period to reenroll in coverage. Members select a managed care plan at enrollment and must maintain that plan choice for the entire 12 month benefit period.

In response to a question from Representative Smart, Mr. Meier explained that the biggest change for the managed care providers will be better oversight of the contracts. Previously, those contracts were not managed well which resulted in a large medical loss ratio and underwriting ratios resulting in profits that are out of line with national trends.

In response to a question from Representative Flood, Mr. Meier stated that the community engagement incentive is a pilot program that will be phased in over 12 months. After 12 months, a member would be required to perform 20 hours of community service. The Cabinet for Health and Family Services along with other agencies are working to implement this program.

In response to a question from Chairman Rand, Mr. Meier stated that an able-bodied individual is someone 18 to 64 years of age without disabilities, who is without a severe physical or mental illness. This population can be identified within today's Medicaid members.

In response to a question from Representative Westrom, Mr. Meier stated that to address smoking, plan members can take smoking cessation classes which will earn them money for their My Rewards account.

In response to a question from Senator Webb, Mr. Meier stated that the definition of an able-bodied individual is federal, but the medically frail definition will be determined by objective criteria.

In response to a question from Chairman Rand, Secretary Brinkman explained that the waiver proposal must go through a federally mandated 30 day public comment period. Two public hearings are required, however the cabinet will be holding three public hearings, one in the east, one in the west and one in the central area

of the state. The cabinet will evaluate all public comments and the final waiver proposal will be submitted to the federal government around August 1, 2016, with a request that the federal government provide final approval no later than September 30, 2016.

With no further business to come before the committee, the meeting was adjourned at 3:05 p.m.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 1st Meeting of the 2016 Interim

June 28, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, June 28, 2016, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Jeff Greer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Representative Jeff Greer, Co-Chair; Senators Julie Raque Adams, Jared Carpenter, Chris Girdler, Christian McDaniel, Morgan McGarvey, Dennis Parrett, Albert Robinson, John Schickel, and Dan "Malano" Seum; Representatives Will Coursey, Ron Crimm, Joseph M. Fischer, Chris Harris, Dennis Horlander, Thomas Kerr, Adam Koenig, Michael Meredith, Russ A. Meyer, David Osborne, Sannie Overly, Ruth Ann Palumbo, Steve Riggs, Jonathan Shell, Fitz Steele, Wilson Stone, James Tipton, and Ken Upchurch.

Guests: Kevin Winstead, Assistant Attorney General; Eric Ellman, Senior Vice President, Public Policy and Legal Affairs, Consumer Data Industry Association; Tim Pickering, Director of Government Affairs, Air Evac EMS; Rusty Cress and David Kennedy, America's Health Insurance Plans; Lawrence Ford, Senior Director, Government Relations, Anthem Insurance; and Derek Dennison.

Legislative Guests: Senator Ralph Alvarado.

LRC Staff: Sean Donaldson, Dale Hardy, and Dawn Johnson.

Credit Freezes for Protected Consumers

Representative Sannie Overly and Senator Ralph Alvarado explained the provisions of legislation from the 2016 General Assembly that would provide protection of online identities and credit profiles of children. The proposed legislation was drafted with the assistance of the Consumer Data Industry Association to reflect what other states have enacted. Representative Overly stated that under current Kentucky statute parents and legal guardians are unable to place a "credit freeze" on a child's credit record. Twenty-two states have some form of similar

protective legislation. Referring to a 2012 child identity theft report, Representative Overly stated children are 35 times more likely to experience identity theft than an adult. Identity theft of a child may go unnoticed for years. Senator Alvarado said he also worked with the Retail Federation, and the House and Senate bills became "sister bills" in both chambers. He said the Senate bill also included language for individuals who are vulnerable and require guardianship, who have mental instabilities, and cannot handle their own financial affairs that would allow guardians to place credit freezes on their behalf. He noted three other states have enacted legislation since the 2016 session. Senator Alvarado and Representative Overly urged support of the bills in the 2017 legislative session.

Responding to Representative Riggs' question, Representative Overly said under current law a person cannot request a credit freeze for another person and anyone 16 and over can place their own credit freeze.

Kevin Winstead, Assistant Attorney General said, based on national reports of consumer identity theft, approximately 200,000 reported identity thefts occur in Kentucky. Potentially, 5 to 10 percent of those thefts are children. He stated security freezes are an important tool in consumer protection.

Responding to Chairman Buford's question Mr. Winstead said his office will assist anyone who requests assistance by providing information on services available.

Representative Overly said the legislation could be used proactively by issuing a credit freeze before a theft occurred.

Responding to Representative Crimm's question Representative Overly said her legislation was based on a request by a constituent whose family's personal information was breached through a third party--the insurance company. Senator Alvarado added that newborns are issued Social Security numbers that can then be compromised through insurance companies.

Eric Ellman, Senior Vice President, Public Policy and Legal Affairs, Consumer Data Industry Association said CDIA worked closely with the bill sponsors and are willing to do so again in 2017. The CDIA requested a delay in the effective date to allow time to implement the legislation. The bills include substantial penalties for consumer reporting agencies that commit a willful violation. Responding to Senator Seum's question, he said Social Security numbers are no longer related to the birth year of the applicant.

Air Ambulance Billing Issues

Tim Pickering, Director of Government Affairs, Air Evac EMS explained that the agency has 18 air medical bases statewide that primarily serve rural areas. Air medical services are very

costly and not for every patient. As part of the first responders system, Air Evac works under protocols established by the Kentucky Board of Emergency Medical Services. Ninety percent of the \$2.5 to \$3 million expenses to transport approximately 328 patients annually are fixed. Mr. Pickering provided information comparing Kentucky's services to Montana. Nationwide, most private insurance companies pay 90 to 100 percent of billed charges with the patient paying only coinsurance and deductibles. In Kentucky, major insurance companies often pay 30 to 40 percent of billed charges with the patient paying the remainder plus coinsurance and deductibles. Mr. Pickering noted that Florida's HMO-based statutory language would, for the most part, equally address some of these issues. He mentioned legislation sponsored by Representative McKee that addressed price transparency, however, it was specific to the air medical industry not all entities involved in patient which includes health care insurance carriers. He also noted Senator Buford's proposed legislation requiring a fair and reasonable rate for emergency services as well as direct payment to the provider.

Responding to Chairman Buford's and Representative Horlander's questions, Mr. Pickering said that payments sent directly to the beneficiary are difficult to collect. It would be helpful if payment is sent directly to the company. The only litigation is with patients who receive payments and do not submit payment to the company.

In response to Senator Parrett's questions Mr. Pickering said EMS requirements based on federal guidelines determine when air services are used. The senior staff persons on the scene make the determination.

Responding to Senator McDaniel's question, Mr. Pickering said that it would be most beneficial of the payment services did not involve the patient. However, as a small emergency healthcare provider, Air Evac is unable to negotiate fair and reasonable market value rates. The "usual and customary rate" based on the market index as set in a geographic area by like services for a certain time period using the Fair Health Database would be ideal.

Representative Riggs said an issue to consider is how much service should be provided to people who choose to live in remote areas.

Responding to Representative Meredith question, Mr. Pickering said the subscription service is a minimal part of Air Evac's profitability.

Rusty Cress with America's Health Insurance Plans introduced David Kennedy. Mr. Kennedy gave an overview of the agency, a national association representing health insurance plans whose members provide health

insurance and supplemental benefits through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. The agency advocates public policies that expand access to affordable healthcare coverage.

Mr. Derek Dennison explained his experience of being billed in excess of \$30,000 after being airlifted following a collision with a truck and subsequent minor head injury while running.

Responding to Chairman Buford's question Mr. Pickering said air services provided at the request of a physician are plan-specific. Lawrence Ford, Senior Director of Government Relations, Anthem Insurance, said hospital to hospital transfer via air must meet certain criteria for payment to be paid at 200 percent of the rural Medicare rate, for Anthem health plans.

There being no further business, the meeting was adjourned at 11:45 AM.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 2nd Meeting of the 2016 Interim

July 19, 2016

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Natural Resources and Environment was held on Tuesday, July 19, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Fitz Steele, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Fitz Steele, Co-Chair; Senators C.B. Embry Jr., Chris Girdler, Ernie Harris, Paul Hornback, John Schickel, Brandon Smith, Johnny Ray Turner, Robin L. Webb, and Whitney Westerfield; Representatives Hubert Collins, Tim Couch, Jim DuPlessis, Daniel Elliott, Chris Harris, Cluster Howard, Reginald Meeks, Rick G. Nelson, Lewis Nicholls, Marie Rader, John Short, Kevin Sinnette, Jim Stewart III, and Chuck Tackett.

Guests: Kevin Damron, Senior Project Manager at Palmer Engineering; Tom FitzGerald, Director of Kentucky Resources Council; George Brosi; Mary Krisken; Lane Boldman, Executive Director of Kentucky Conservation Committee; Tim Feeley, Deputy Secretary of Cabinet for Health and Family Services (CHFS); and Colonel Dr. Tom Hart, Vice Chair of Concerned Citizens of Estill County.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, Lowell Atchley, and Marielle Manning.

Upon motion made by Representative Harris and seconded by Representative Nelson, the June 2, 2016 minutes were approved by voice vote and without objection.

Blue Ridge Landfill in Estill County Low-Level Radioactive Waste Discussion

Mr. Wallace Taylor, Estill County Judge/Executive, provided information on the dumping of low-level radioactive waste at the Blue Ridge Landfill in Estill County. Judge Taylor expressed concern that state agencies had been notified of the possible dumping of the low-level radioactive waste months before the citizens of Estill County became aware of it, but that they had failed to share the information with local officials. Since the discovery of the dumping, he and other local officials were still having trouble receiving timely information from state agencies involved in the matter.

On Friday, July 25, 2016 the Office of the Attorney General released a statement saying no criminal charges would be filed over the disposal of radioactive waste dumped at the landfill. Judge Taylor explained that notwithstanding the commonwealth's decision to not pursue criminal charges in the matter, he has filed a civil lawsuit against Advanced Disposal, Blue Ridge Landfill, and Advanced Tenorm Services, among others, based on violations of the county's solid waste ordinance as well as breaches of the host agreement with the county. He said that moving forward, the host agreement should be revised to require increased surveillance at the landfill and installation of landfill-funded equipment that can detect radioactive material. Judge Taylor also urged the committee to consider legislation to more carefully regulate deep drilling in Kentucky.

Responding to Representative Collins' question, Judge Taylor said that radium-220 was the major radioactive material present in the hazardous waste dumped.

In response to a question from Representative Steele, Judge Taylor said that there are two schools within 1,000 feet from the Blue Ridge Landfill.

Responding to a question from Representative Nelson, Judge Taylor explained that independent testing was completed at the same time and location as state testing and from the independent testing no elevated levels of radiation were present. Judge Taylor stated that, if necessary, he is authorized to shut down the facility. In addition to the independent testing and inspection, monitoring has been increased at the landfill. Judge Taylor has been in contact with Congressman Barr regarding the issue.

Responding to Representative Howard's question, Judge Taylor stated that the landfill employees were unaware of their exposure until the morning after the public hearing on the

radioactive material dumping.

In response to Representative Elliott's question, Judge Taylor explained that the Attorney General had no criminal findings and that the case would be forwarded to the Cabinet for Health and Family Services (CHFS) to pursue civil charges. Judge Taylor also said that in July 2015, the state was notified about the potential of the hazardous material coming into the state. In the future, Judge Taylor will request a picture and manifest for every truck that comes through the landfill.

In response to Representative DuPlessis, Judge Taylor said radiation levels on the hill behind one of the schools were higher than the radiation levels at the landfill. They were still trying to determine natural comparisons of the radium-226 levels to the normal levels behind the school.

Senator Smith expressed his support and gratitude for bringing this topic to the committee and that the state should be helping and not hindering the issue.

In response to a question from Representative Meeks, Judge Taylor elaborated on his encounter with a recycling truck heading to Paducah to offload electronics. Judge Taylor also said he has not been in contact with any other county judge/executives about the issue.

Senator Webb discussed her interest in the environmental effects of the landfill dumping on water resources. She also expressed her full support for Judge Taylor and his duty to protect the Estill County people and the environment.

Judge Taylor expressed his opinion that Kentucky should not become a dumping ground for out-of-state garbage due to lax environmental policies and that the state should be focused on developing and maintaining tourism.

Colonel Dr. Thomas Hart, Vice Chair of the Concerned Citizens of Estill County, discussed the history of the radioactive material dumping incident in Estill County and his expectations for how the issue would be resolved. The Energy and Environment Cabinet (EEC) learned about the illegal dumping of fracking waste in the Blue Ridge Landfill in January 2016. In March 2016, EEC issued a notice of violation to the Estill County landfill operator of advanced disposal for accepting the waste. Colonel Dr. Hart expressed his concern that the EEC did not inform the County Judge/Executive or the county health department during the period of January to March 2016.

Mr. Tom FitzGerald, Director of Kentucky Resources Council, briefed the committee on the handling of naturally occurring radioactive material (NORM) in the state of Kentucky. In 1993, Mr. FitzGerald negotiated the host agreement for the Estill County fiscal court and the operators of the landfill at the time,

Waste Management, Inc. The host agreement specifically did not allow NORM. Mr. FitzGerald further explained the timeline of events that led to the dumping of low-level radioactive waste in Estill County. Mr. FitzGerald said currently the material is sufficiently shielded, however, there may have been decent exposure during the disposal of the waste. Mr. FitzGerald expressed his hopes that the Attorney General's office will release their documents from their investigation in order to better understand the decision not to bring any criminal charges.

In response to a question from Representative Howard, Mr. FitzGerald confirmed there were 47 containers of radioactive sludge material dumped at the landfill.

In response to a question from Representative Tackett, Mr. FitzGerald stated that the EPA has established clearance levels for soil from uranium mill tailing sites, but have not adopted any regulations addressing NORM. These are categorized as "special wastes" and the EPA was to study these to determine if they warranted regulation under the hazardous and solid waste laws. At this time, neither the EPA nor any other federal agency has adopted comprehensive regulations for managing the elevated levels of radionuclides associated with oil and gas production.

In response to a question from Representative Harris, Mr. FitzGerald said CHFS has very broad statutory authority for managing these types of waste. The EEC has regulatory authority over landfills. Mr. FitzGerald stressed the importance of clarifying the definition of NORM.

In response to a question from Representative Nicholls, Mr. FitzGerald suggested there should be some follow-up health screenings for the workers who were exposed to the radioactive materials at the landfill.

Update from the Kentucky Oil and Gas Workgroup

Mr. Rick Bender, Executive Advisor, Energy and Environment Cabinet, gave an update on issues relating to radioactive waste disposal and the meetings of the Oil and Gas Workgroup. Mr. Bender explained that HB 563 of the 2016 Regular Session reconstituted the Oil and Gas Workgroup and directed it to conduct a review of issues relating to radioactive wastes. Mr. Bender explained that this year, there were 131 permitted oil and gas wells in the state. Only 12 were horizontal and subject to fracking, and of those, only four had been fracked.

There being no further business, the meeting was adjourned. Documents distributed during the meeting are available with meeting materials in the LRC Library.

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

Minutes of the 2nd Meeting Of the 2016 Interim

July 14, 2016

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, July 14, 2016, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Will Coursey, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Will Coursey, Co-Chair; Senators Julian M. Carroll, Perry B. Clark, C.B. Embry Jr., Ernie Harris, Gerald A. Neal, Dennis Parrett, Whitney Westerfield, Mike Wilson, and Max Wise; Representatives Linda Belcher, Regina Bunch, Larry Clark, Tim Couch, Myron Dossett, David Hale, Kenny Imes, James Kay, Terry Mills, Tim Moore, Rick G. Nelson, Tom Riner, Rita Smart, Jeff Taylor, and Russell Webber.

Guests: Richard W. Sanders, Commissioner, Kentucky State Police; Michael E. Dossett, Director, Kentucky Division of Emergency Management; Brigadier General Steve Bullard, Kentucky Department of Military Affairs; and Mike Sunseri, Executive Advisor, Kentucky Office of Homeland Security.

LRC Staff: Erica Warren, Jonathan Philpot, Lesley Nash, and Rhonda Schierer.

Minutes

Senator Carroll moved to approve the June 9, 2016, meeting minutes. Senator Parrett seconded the motion. The motion carried with a voice vote.

Kentucky State Police

Commissioner Richard W. Sanders, Kentucky State Police (KSP), stated that he was sworn in as the new Commissioner on April 1, 2016. He gave a brief overview of previous positions he has held that he feels will help him in the position as Commissioner of the KSP. He stated that his mission is to serve the citizens of the Commonwealth and to make the agency better. Commissioner Sanders stated that he was previously a federal agent for the Drug Enforcement Agency and served as the Chief of Police with the Jeffersonton police department for nine years.

In response to a question from Senator Carroll regarding pay and strength in numbers of state troopers, Commissioner Sanders stated that he appreciates the raise and pay scale that was given to the troopers by the General Assembly but

is concerned about the rest of the KSP workers including the lab technicians, dispatchers, and clerks, who have not had a raise in years. He stated that the KSP has approximately 1,100 state troopers and that numbers have not increased in years. In response to the senator's further question regarding the serious drug problem in Kentucky, Commissioner Sanders stated that he has spent most of his career working against drug cartels, and while he believes that enforcement and focusing on cartels bringing drugs into the state are important parts of the solution, he also believes that the KSP should not forget those who are addicted to drugs and should recognize that the addiction is an illness. Commissioner Sanders discussed a program called the Angel Initiative, modeled on a program in Massachusetts, which helps people detox and get treatment before they begin a life of crime and enter the legal system. He stated that the KSP needs to focus on traffickers and those committing serious crimes, but also must help those in need who need access to treatment facilities. He stated that finding available beds, program cost, and insurance coverage are some of the problems encountered.

In response to a question from Senator Carroll, Commissioner Sanders stated that statutory change is not needed to implement the Angel Initiative statewide. He stated that similar to a person being placed in a drunk tank to clean up, the KSP would have a choice to place a person in jail or destroy drug evidence voluntarily brought in and work with courts to find a healing place for them.

In response to a question from Representative Riner regarding safety concerns at the GOP convention, Commissioner Sanders stated that the KSP is always prepared to help but KSP is not sending extra enforcements to the national GOP convention.

In response to a question from Representative Taylor, Commissioner Sanders stated that reinvesting seized assets is controversial, but that they can be useful in fighting crime.

In response to a question from Senator Parrett, Commissioner Sanders stated that the KSP has an antiquated radio system that no longer has easily obtainable parts, the entire system will expire by 2017-2018, and will be very expensive to replace. Chairman Coursey suggested that Commissioner Sanders might want to speak to Representative Martha Jane King who chairs a task force looking into interoperability issues.

In response to a question from Chairman Coursey, Commissioner Sanders stated that there is a disparity between Commercial Vehicle Enforcement (CVE) and KSP officers pay, but that CVE's do not do the same job as the KSP officers; however, CVE are important and are woefully underpaid and understaffed. He is

hoping to get CVE staff the raises they deserve.

In response to a question from Representative Kay, Commissioner Sanders gave an update on the KSP cadet class. The 23 week course started nine weeks ago with 65 cadets and 41 cadets remain in the class.

Kentucky Division of Emergency Management

Michael E. Dossett, Director of the Kentucky Division of Emergency Management (KYEM), gave a PowerPoint presentation. Mr. Dossett stated that the vision of the KYEM is a resilient Commonwealth that is safe, secure, and prepared for emergencies and disasters through mitigation, preparedness, response and recovery by a dedicated and professional emergency management team. Their mission is to protect and restore the Commonwealth. This presentation is all a part of the official record in the Legislative Research Library.

Mr. Dossett stated that there are 10 administrative regions, each comprised of 10-14 counties within the Commonwealth. Within the PowerPoint presentation, is a map outlining those regions along with each one's representative, address, and phone number. The KYEM personnel has a total of 79 staff that cover all aspects of emergency management assistance, public assistance, individual assistance, fiscal administration, hazard mitigation, volunteer coordination, the chemical stockpile emergency program, the emergency management performance grant, area managers/assistants, search and rescue/hazmat, training, planning, executive staff, IT Support, and 24 hour warning/duty officers.

Mr. Dossett stated that the State Emergency Operations Center (SEOC) has had 31 SEOC activations from July 1, 2015, to June 30, 2016, and 7,502 total incidents during that time. Most typical incidents reported have been fire, rescue responses, HazMat, and vehicle accidents.

Mr. Dossett gave a KYEM training and exercise summary from July 1, 2015 – June 30, 2016. KYEM hosted 175 classes, provided 51,092.5 hours of classroom and hands-on training, and trained 3,341 first responders across the Commonwealth. The program expenditures for FY 2016 are \$69,434,608.

From 2008 to the present, the total revenue for disaster declarations for all programs totaled \$813,368,072. There have been 10,000 projects worked through FEMA, 16 federal declarations, and mitigated hazards. The mitigated hazards include dam failure, drought, earthquake, flood, sinkhole/landslide, severe storm, severe winter storm, and tornadoes. The hazard mitigation grant awards totaled \$170,113,822.

Mr. Dossett explained the anatomy of a disaster declaration. He stated that the state

verifies and reports damages, including joint damage assessments, which must exceed \$6.12 million by local, state, and FEMA teams. The steps in determining a disaster declaration are: (1) the preparation of the governor's request for declaration, which must be submitted within 30 days and must demonstrate the event is beyond the recovery capacity of state and local governments; (2) FEMA review and recommendation; and (3) the Presidential action of a declaration. There are various stages for disaster declaration, of which the final stage is for FEMA to approve the project and obligate funding. The funding is 75 percent federal, 12 percent state, and 13 percent applicant. On the completion of projects, KYEM reimburses the applicant for 90 percent of allowable costs of the federal and state portions, FEMA reimburses KYEM for the federal cost share, and FEMA performs final inspections and may deobligate funding or increase funding depending on eligibility of expenditures, and finally disburses the final funding to or requests reimbursement from applicants. The declaration is officially closed when all projects are closed.

Mr. Dossett explained the audits, risk analysis, and monitoring of the mandatory oversight of federal grant awards. He stated that any recipient of federal funds expending in excess of \$750,000 in federal awards must undergo an audit, and all sub-recipient audits are provided to and reviewed by KYEM staff. Any major findings must be corrected or funding may be withheld. Annually, sub-recipients must complete a risk survey to be determined if they are a risk for receiving federal funds. All costs must be supported by documentation that meets federal requirements, and all disbursements must be reviewed and approved by the specific program, program branch, KYEM Pre-Audit, KYEM Division, and the Department of Military Affairs.

Mr. Dossett explained the disaster declaration constraints and alternatives. Public assistance projects must exceed \$3,000 and large projects must exceed \$121,000. The Individuals and Households Program has no set threshold and the maximum FEMA award is \$33,000. The program provides temporary housing assistance, repairs, replacement of household items, death benefits, and unemployment. The Small Business Administration Disaster Loan Program must have at least 25 homes or businesses with uninsured damages greater than 40 percent of the property value and low interest loans are available to qualified applicants. The United States Department of Agriculture provides loan assistance for damaged crops, fencing, buildings, and debris removal. The National Resources Conservation Service has stream debris removal and flooding remediation and is

through independent funding.

In response to a question from Senator Westerfield, Mr. Dossett stated that even if the \$6.12 million threshold is met, there is no guarantee of receiving FEMA relief. FEMA gives reimbursements to restore a structure back to the pre-disaster status.

In response to a question from Representative Hale, Mr. Dossett stated that he has worked with FEMA to find ways to help small counties with low income individuals who have been hit with disasters but have struggled to understand how to contact FEMA or to understand the process needed to get help. He agreed that the process needs to be simplified. He stated that during the past five disasters, FEMA has improved by having two types of representatives out in every community, to get word out through public affairs people, and by handing out announcements within the communities.

Other Business

Chairman Coursey announced that the next meeting for Veterans, Military Affairs, and Public Protection, is planned for August 3, 2016, at 2:30 PM, at the Boone National Guard Center. Staff will provide specific details as soon as the meeting is approved.

There being no further business, the meeting adjourned.

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 2nd Meeting of the 2016 Interim

July 8, 2016

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, July 8, 2016, 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; Senators Joe Bowen, Tom Buford, Denise Harper Angel, Jimmy Higdon, Paul Hornback, Christian McDaniel, and Dan “Malano” Seum; Representatives Tom Burch, Denver Butler, Larry Clark, Daniel Elliott, Dennis Horlander, Joni L. Jenkins, Adam Koenig, Jerry T. Miller, Brad Montell, David Osborne, Darryl T. Owens, Ruth Ann Palumbo, Sal Santoro, Arnold Simpson, Diane St. Onge, and Susan Westrom.

Guests: Gregory Barnes, M.D., Ph.D. University of Louisville; Senator Perry Clark, Senator Morgan McGarvey; Jamie Montalvo, Kentuckians for Medical Marijuana; Dr. Danesh Masloomdoost, University of Kentucky, Cory Meadows, Kentucky Medical Association; Van Ingram, Office of Drug Control Policy; Micky Hatmaker, President, Tommy Loving, Executive

Director, Kentucky Narcotics’ Officers Association.

LRC Staff: Tom Hewlett, Bryce Amburgey, Jasmine Williams, Michel Sanderson, and Susan Cunningham.

Senator Schickel asked for a moment of silence to remember Senator Paul Hornback’s father, Stephen Robert “Bob” Hornback, who passed away Friday, July 1, 2016.

Representative Arnold Simpson asked for a moment of silence in memory of five police officers killed in Dallas, Texas the night before the meeting.

Approval of minutes of the June 10, 2016 meeting.

A motion to approve the minutes of the June 10, 2016 meeting was made by Senator Bowen, seconded by Senator Higdon. The motion was adopted by voice vote.

Ongoing research at University of Louisville.

Gregory Barnes, M.D., Ph.D., at the University of Louisville, said that cannabis salvia has been used for centuries. In China in 8,000 B.C., it was cultivated for use in garments, rope, paper and medicine. Other eastern countries also recognized the medicinal properties of cannabis. There are two types of chemicals in Cannabis called Endocannabinoids that mimic chemicals in the brain, and are released in response to nerve cell activity. Delta 9 Tetrahydrocannabinol (THC) binds to receptor proteins in the brain and is the cannabinoid that is psycho-active. In contrast, the Cannabinoid, called Cannabidiol (CBD), is not psycho-active because it does not work on the typical THC receptors in the brain. CBD has been characterized as an anti-seizure medication effective against both clinical seizures as well as measured epileptiform activity. It has also shown in clinical trials to reduce mortality.

Going back as far as the 1850s in the United States, Cannabis’ efficacy has shown to benefit a large number of medical ailments, including neuralgia, depression, hemorrhage, pain, and muscle spasm. This anti-seizure activity is independent of the THC receptor in the brain. In the 1980s, CBD control trials in epilepsy showed some seizure freedom. Data that was produced by a Colorado epilepsy researcher shows cannabidiol enriched oil derived from marijuana, such as Charlotte’s Web and others with high CBD content, showed reduction in seizure frequency. In surveying parents, it was noted that there was improved alertness, mood, and sleep. This is important in representing a compound that improved behaviors and thinking skills.

In 2013, a partnership was formed with GW Pharmaceuticals in Great Britain and the pediatric epilepsy community in the United

States. There are over 20 centers participating in clinical trials involving devastating epilepsy in children; these trials include Dravet Syndrome, which is a genetic defect in the sodium channels in the brain, and Lennox Gastaut. Two double blind, placebo controlled trials, which are FDA criteria, have proved positive using Epidiolex (which is 98 percent CBD) and have shown efficacy in reducing seizures over a sugar pill. CW Pharmaceuticals will submit an application to the FDA by the end of 2016. If approved, this medication could be available in pharmacies by mid-2017.

There is the potential to use this medication for treatment of anxiety, schizophrenia, addiction, autism, and cerebral palsy in infants due to lack of oxygen. Kentucky has over 200,000 patients with special needs, the highest in the country. Clinical trials are ongoing to identify the developmental neurotoxicity in the brain. There have been no signs that the Epidiolex has an adverse effect. There are 102 clinical trials for conditions other than pediatric epilepsy, including inflammatory conditions such as ulcerative colitis, Type 2 Diabetes, Huntington Disease, and Multiple Sclerosis.

A major barrier for the clinical trials is that the CBD is a schedule 1 drug, requiring a schedule 1 DEA license, as well as initial and repeat DEA inspections. GW Pharmaceuticals is the only approved laboratory to provide for clinical trials. Data suggests that CBD can have anti-seizure properties and the benefit to risk ratio is favorable.

In response to a question from Senator Schickel, Dr. Barnes said federal law is very clear. CBD is a schedule 1 drug, and most physician’s licenses only permit them to write prescriptions for schedule 2. His research license is a schedule 1, therefore he can use the CBD for clinical trials. The dichotomy between federal and state law also is an issue.

In response to a question from Senator McDaniel, Dr. Barnes said the compounds are vastly different between CBD oil and medical marijuana. CBD oil is not psychoactive. THC causes psychoactivity, including psychosis involving emergency room visits for children. The real question is how the DEA and FDA can reclassify the CBD drug and still maintain control over the medical marijuana.

In response to a question from Representative Jerry Miller, Dr. Barnes said the questions on his slide are hypothetical. He does not have answers from parents that he could supply.

In response to a question from Senator Bowen, Dr. Barnes said the miraculous effects parents have seen with CBD use have driven a populist movement.

In response to a question from Senator Hornback, Dr. Barnes said CBD is usually 98

percent pure.

In response to a question from Representative Koenig, Dr. Barnes said he advocates' good science and understanding of the benefits of using these compounds. Understanding good manufacturing processes and high grade product are also important.

In response to a question from Representative Owens, Dr. Barnes said it takes approximately one year for a drug to be tested by the FDA, and GW Pharmaceuticals should have their product through the trials by mid to end of 2017. If it is reclassified as a schedule 2 drug, it will be widely available.

Recent Legislation on Medical Marijuana.

Senator Perry Clark said that this issue is not going away. Opinions are changing. 2016 SB 263 set a framework for quality cannabis and a good distribution system. The Salk Institute found that THC and other compounds found in marijuana can promote the cellular removal of amyloid beta, a toxic protein associated with Alzheimer's. In 1999, a U.S. patent was filed to use Cannabinoids as antioxidants and neuroprotectants. The Centers for Disease Control released a study finding 17 legal over-the-counter drugs cause 11,000 deaths per year. There are findings that provide strong evidence that marijuana use by teenagers does not increase after a state legalized medical marijuana. Twenty-five other states have now legalized the use of medical marijuana. The National Bureau of Economic Research, a "think tank" with 25 Noble Prizes for economic thinking, has said that there is zero credibility that legalizing marijuana leads to more use by teenagers. Politicians, not doctors, made marijuana illegal. Fifteen additional states are considering making marijuana legal. If marijuana becomes legal for medical use, doctors can practice and the patients will not be criminalized.

Senator Morgan McGarvey said that the issue is important and is going to have to be dealt with. 2016 SB 304 was an initial step that describes medically necessary marijuana administered to treat or alleviate life threatening illness. This bill focused on an end-of-life conditions in people who have cancer or an incurable disease. This is done through a doctor in a responsible way. The state will grow and regulate the product. Doctors already prescribe morphine and fentanyl to these same patients. These drugs are killing people in Kentucky every day. This is not a hospice bill however. Hospice deals with only 40% of the terminally ill people in Kentucky. The definition of terminally ill is six month or less to live. The word palliative care is to cover people who do live longer than six months after diagnosis but still need something to relieve their suffering. The bill does recognize that there are some

therapeutic benefits to medical cannabis and it does provide comfort and relief for patients that need it most.

Representative Clark said that medical marijuana is a populist movement and that Dr. Barnes had done an excellent job. He encouraged Senators Clark and McGarvey to have the medical society engaged so that, when a bill is passed, it is for medical use and not recreational use.

Senator Seum said he has followed the oil issue, and it is not available until there is a change at the federal level. Senator McGarvey said that there are 25 states that have already done this. He is looking at how these states have passed their legislation.

In response to a question from Representative Owens, Senator Clark said in the other states there is a framework that sets up management of quality, production, and distribution of medical marijuana. Senator McGarvey added that in SB 304 there is a definition of what "medically necessary marijuana" means.

Representative St. Onge said that there seemed to be a need for clarification regarding the difference between the two categories for medical marijuana.

Senator Bowen asked whether, if the medical marijuana legislation were passed, the issue then go away. Senator Clark said there will always be an outcry. Looking at other states that have passed medical marijuana legislation, there are still problems and a need to make changes.

Patient Concerns

Jamie Montalvo, Kentuckians for Medical Marijuana, said there are thousands of Kentuckians who would like safe access to medical cannabis. In 2007, he was diagnosed with multiple sclerosis. He takes dozens of prescription drugs, all of which have side effects. One drug caused his blood pressure to drop, and he passed out frequently. Cannabis has proved to improve the quality of life in patients who suffer from neuropathy, spinal cord injury, or diseases of the nervous system. FDA data shows that one person dies every 19 minutes from side effects from legal drugs. No one, according to the FDA, has died from responsible use of medical cannabis. Many patients choose to inhale; however, some patients choose to use concentrates, edibles or other forms of delivery. Laws in other states allow for the production and sale of the flower. The patient then requests the dispensary to make the product in the form that best relieves their condition.

Until 1942, physicians prescribed and used cannabis as a form of medication for their patients. In 1944, the LaGuardia Committee reported that a study by the New York Academy of Medicine found that marijuana was not physically addictive, or a gateway drug. In

1970, the Controlled Substance Act was created and marijuana was set as a Schedule 1 drug. In 2009, the American Medical Association recommended the DEA review the status of marijuana's Schedule 1 status. Twenty-five states have taken the step to use their state rights to regulate medical cannabis. Over 1 million patients have registered as medical cannabis patients although some states do not require their patients to register. Laws vary from state to state. Some allow for cultivation by the patient, some have compassion centers, and 14 states tax the cannabis products. Allowing medical marijuana to become legal will create jobs and a way to regulate the product. By creating a Cannabis Enforcement Department, Kentucky could set an application fee, have packaging and labeling, and provide a secure facility. There could be 15 compassion centers and 15 cultivation facilities; one per Area Development Distrust. The patient then knows what he or she is purchasing. Patients are requesting that all participants be registered and qualify under the departments regulations.

In response to a question from Representative St. Onge, Mr. Montalvo said each way cannabis is ingested affects the body differently. Different modalities such as salves or tincture can be applied to specific areas, whereas inhalation is a different method for quicker relief if needed. The patient figures which works best for them. None of these forms are toxic.

In response to a question from Representative Montell, Mr. Montalvo said according to the federal government, pharmacies follow federal guidelines and are not allowed to dispense a Schedule 1 drug. Hospitals are not allowed to dispense Schedule 1 drugs either.

Kentucky Medical Association/Research at the University of Kentucky

Cory Meadows, Director of Advocacy and Legal Affairs for the Kentucky Medical Association, said KMA policy supports further clinical research, as approved by the FDA, to determine whether cannabis can be effective in the treatment of medical conditions. Marijuana's status as a Schedule 1 controlled drug should be reviewed and possibly changed for the limited purpose of research and the development of cannabis-based medications. When done the right way, there can be very promising results for particular conditions. If scientific evidence confirms cannabis-derived substances possess medical benefits, alternate delivery methods should be explored in order to avoid the inherent dangers of smoke inhalation and the uncontrolled variables affecting potency and dosage. Until such goals are achieved and marijuana is approved for use by the FDA, the KMA cannot support legislation intended to involve physicians in the area of medicinal marijuana outside of scientific clinical trials. Attitudes are

changing and the KMA will commit to holding forums and panel discussions such as this and other educational programs for physicians, policy makers and other interested stake holders.

Danesh Masloomdoost, MD, University of Kentucky, said his training was in anesthesiology and pain management. As a scientist and physician he advocates restraint in using medical marijuana. In raw form it is impossible to obtain consistent levels of active ingredients because they compete for the same receptors, which lowers the efficacy of needed drugs. Even in best case scenarios, cannabis oils like Charlotte's web cannot concentrate CBD (the helpful ingredient) over delta9THC (the psychoactive ingredient) enough to avoid the psychoactive properties. CBD is not equal to medical marijuana. While the different ingredients in marijuana have similarities, small variations in bioactive molecules can make a huge difference. Furthermore, there is little enforcement or oversight of additives, microbes, pesticides, fertilizers and other chemicals which may change the effect. There are pharmaceutically derived marijuana products such as dronabinol (delta9THC) and phase III and phase IV drug trials for CBD which Dr. Barnes mentioned. When he was a fellow at M.D. Anderson, Dr. Masloomdoost used dronabinol with a patient in hope of relieving her severe pain. Unfortunately, it did not help any more than using conventional treatments that had been used.

Sensationalizing the failures of conventional medicine is being used as the rationale for legalization. However, following legalization in California, the average medical marijuana recipient was a 32 year old white male with a history of other drug use. In Arizona, vague diagnoses like chronic pain were cited as the rationale for use. The argument that legalization will reduce the burden on the justice system has not proven accurate. In Colorado and Washington, there were increases in DUI arrests related to marijuana, motor-vehicle accidents related to marijuana use, and higher accident fatalities when higher doses of marijuana were found. After legalization in the Netherlands, cartels flourished to circumvent taxation or dose restrictions.

The biggest impact in legitimizing marijuana will be in the adolescent populations. Teenagers reason that marijuana must be safe if it is used medicinally. Dr. Barnes stated that CBD does not appear to affect the developing brain; however, there are components of raw marijuana which clearly do. Early and regular use of marijuana shows signs of developmental changes in areas of the brain that help with motivation and coping. Therefore, adolescents who used marijuana are biologically less capable of self-soothing and more prone to a lifetime of seeking chemical

coping mechanisms. Marijuana irreversibly drops an IQ by at least 8 points. Marijuana users and children of marijuana users show lower life motivational and achievement rates. While it may give the illusion of calming effects to bipolar and PTSD patients, there is rebound volatility when the drug effects fade. Marijuana addiction rates exceed those for alcoholism. In the professional workforce, marijuana use is associated with higher absenteeism, work injuries, and disability. Kentucky is already in the top five in disability. The arguments of economic gains through taxation and jobs are easily offset by the intangible impact on productivity, accidents, and disability, not accounting for the health costs.

Marijuana is in the same DEA risk category as heroin. Cannabinoids deserve more study, which will require federal downgrading of its DEA scheduling from 1 to 2. In its native form, marijuana shows insufficient therapeutic benefit over existing therapies that can justify its known harms.

Senator McDaniel discussed Dr. Masloomdoost's credentials.

Representative Owens requested a copy of Dr. Masloomdoost comments.

In response to a question from Representative Montell, Dr. Masloomdoost said that, if one thinks of CBD as a carrot, marijuana is like a soup. The carrot is one ingredient in the soup, and CBD has efficacy. However, when mixed with other chemicals in marijuana, the efficacy drops because there are multiple chemicals competing for the receptors. There are compounds within marijuana that are dangerous and psychoactive. Medical marijuana is not one product. It is 60 products and research is needed to tell the good from the bad.

Law enforcement concerns.

Micky Hatmaker, President of the Kentucky Narcotic Officers' Association (KNOA), expressed concern regarding the legalization of cannabis for medical purposes. Officials in law enforcement and their partners in prevention and treatment are struggling to keep pace with the drug epidemic in Kentucky. Looking at the Substance Abuse and Mental Health Services Administrations' 2013-2014 survey on drug use and health, it is clear that in the state where cannabis has been legalized for medical purposes, marijuana use by 12 to 17 year olds is the highest. Children and young adults are using cannabis at an alarming rate. Now they have access to marijuana with THC concentrations exceeding 30 percent, as well as infused edibles, readily available in states that have medicalized cannabis. Officials have no idea what today's cannabis potency levels are doing to children and young adults.

As a retired State Trooper with over 20

years of drug law enforcement experience, Mr. Hatmaker said he has arrested numerous murderers, rapists, burglars, and drug traffickers. Almost every offender he has arrested was under the influence of drugs at the time of the crime. The majority stated that their initial encounter with drugs was experimenting with marijuana in high school. Colleagues in prevention and treatment will tell you the same thing. Outside of alcohol and tobacco, this is the gateway drug that leads children and young adults to illicit drug use and addiction.

KNOA sympathizes with those who are suffering debilitating diseases and those who are terminally ill. There may be some cannabinoids contained within cannabis that may possess medical value. GW Pharmaceuticals has two products that are direct compounds from the cannabis plants, Sativex and Epidiolex, both of which are in FDA Phase four clinical trials. They are showing promise. KNOA is encouraged by the introduction of the Marijuana Effective Drug Studies (MEDS) Act 2016. This is bipartisan legislation for legitimate medical marijuana research introduced last month that will make it easier for research on the medical effectiveness and safety of marijuana's components.

Despite the best intentions of the 25 states, raw marijuana either smoked or ingested is not medicine. KNOA believes that medications, including marijuana-based drugs, should go through the scientific process and be accessed through legitimate physicians. KNOA joins the American Medical Association, American Academy of Pediatrics, American Cancer Society, American Society of Addiction Medicine, American Prevention Medical Association, American Pain Society, American Society of Anesthesiologist, and American Academy of Pain Medicine in support of the MEDS Act.

Van Ingram, Executive Director, Office of Drug Control Policy, said this is an important issue that is not going away. Although today's meeting has been well balanced, there are still others who need to be heard. The substance abuse/treatment community that is on the front line dealing with this issue every day has insight, as do prevention specialists. There are risk and rewards to all medication. As Dr. Barnes testified, there is some medical benefit to marijuana. But, as with all medications, there are risks that have not been explored. While the committee has heard about the positive benefits of medical marijuana, the room can be filled with people who have had negative results using medical marijuana, and those people need to be heard from.

The University of Kentucky's Center for Drug and Alcohol Research is known nationally for its work on substance abuse disorders. It has

performed several studies on marijuana and its effect on the brain.

Mr. Ingram encouraged the committee to hear from other people because there is much to consider. The National Federation of State Medical Boards has issued guidelines for physicians who prescribe marijuana. Strict definition of medical conditions should be written. Physicians should have special training and a special license. There should be an agency familiar with regulatory issues to handle medical marijuana. Background checks for all involved are necessary. Prescription dispensers should report to the prescription monitoring program. If a bill is drafted, it should not allow people to grow their own medicine. This would allow for people to sell what they grow but do not use themselves.

Senator Schickel said that there are statements in the meeting folder from people who submitted their input on the issue.

There being no further business, the meeting was adjourned at 11:57 AM.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Postsecondary Education Minutes of the 1st Meeting of the 2016 Interim

July 18, 2016

Call to Order and Roll Call

The first meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, July 18, 2016, at 10:00 a.m., in Room 131 of the Capitol Annex. Representative Cluster Howard, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Cluster Howard, Co-Chair; Senator Stephen West; Representatives Tom Riner and Addia Wuchner.

Legislative Guest: Senator Reginald Thomas.

Guests: Dr. Jay Morgan, Vice President for Academic Affairs and Student Success, Kentucky Council on Postsecondary Education; Dr. David Lee, Provost and Vice President for Academic Affairs, Western Kentucky University; Dr. Rhonda Tracy, Chancellor, Kentucky Community and Technical College System; Dr. Tim Tracy, Provost, University of Kentucky; Ms. Erin Klarer, Vice President of Government Relations, Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation; Ms. Becky Gilpatrick, Director of Student Aid Services, Kentucky Higher Education Assistance Authority.

LRC Staff: Joshua Collins, Avery Young,

and Maurya Allen.

Liberal Arts and General Education in Kentucky Public Postsecondary Education

Dr. Jay Morgan, Vice President for Academic Affairs and Student Success, Kentucky Council on Postsecondary Education, discussed liberal arts and general education in Kentucky public postsecondary education. He cited a 2014 Kentucky Chamber Public Policy Survey, which showed that employers rated the need for improvement in literacy skills, problem-solving skills, and professional responsibility higher than the need for the improvement in STEM programs for employees entering the workforce. He introduced guest presenters who would highlight liberal arts education's general benefits, its role in technical education and workforce readiness, and how it supports professional school programs and research and development programs.

Dr. David Lee, Provost and Vice President for Academic Affairs, Western Kentucky University quoted Steve Jobs on the importance of liberal arts and humanities. Dr. Lee stressed that requiring a core of liberal arts education for all degrees integrates art and literature into hard science coursework and provides students with a sense of civic responsibility. A liberal arts degree prepares students for a future which cannot yet be imagined. Students in classes this fall will be in the workforce into the year 2070 and will face a world we cannot know. A 2013 study by Hart Research Associates commissioned by the Association of American Colleges and Universities found that 93 percent of employers surveyed indicated that critical thinking, clear communication, and complex problem solving are more important than an undergraduate major. The same survey found that three-quarters of employers wanted colleges to stress critical thinking, complex problem-solving, written and oral communication, and applied knowledge in real-world settings. All of these skills are central to a liberal arts education and contribute significantly to career development. While recent graduates with liberal arts degrees might make less than their counterparts with professional degrees, by their peak earning years, liberal arts graduates match or exceed their counterparts. Dr. Lee stated that it is a mistake to focus strictly on the economic impact of education; liberal arts is about figuring out what counts more than what can be counted.

Dr. Rhonda Tracy, Chancellor, Kentucky Community and Technical College System (KCTCS), spoke more specifically to the role of liberal arts and general education in technical and workforce education. There are 94 technical degree programs, 13 of which represent high wage, high demand jobs. Approximately 40 percent of enrollment is within these fields of

study, while the remainder is in transfer or non-degree programs. The top three fields of study are business management, computer information and technology, and registered nursing. At KCTCS, liberal arts education is addressed through 15 hours of general education core requirements shared by all students regardless of degree program. These develop essential capacities in students for civic responsibility in addition to creative and critical thinking. Through a recent survey of industry partners, KCTCS identified five soft skills which are in high demand for new employees. These were work ethic, communication, problem solving, professionalism, and teamwork. A sixth, also highly valued skill, was organization or the ability to manage multiple priorities. KCTCS is currently conducting a review of all core general education courses to better illustrate how they develop the desired soft skills in graduates and how students can communicate their competency in these skills to future employers.

Dr. Tim Tracy, Provost, University of Kentucky, spoke to how the liberal arts support professions and research and development programs. In 2014, the top job in the market was petroleum engineer. By January 2016, approximately 100,000 petroleum engineers had been laid off because of falling oil prices. If the University of Kentucky had added a degree program specifically in petroleum engineering in 2014, a degree which would take four years to complete like any other engineering degree, in order to take advantage of the market conditions, the students in that major would have had only half of their requirements by the time the market crashed. He would have counseled these hypothetical students, just like his real students, to choose a field of study in which they are interested and combine it with study of liberal arts. Primarily, this is because employers are seeking employees who can think critically, problem solve, work in a team and communicate effectively. These skills are honed and enhanced through liberal arts study. In admissions, staff look at science test scores to see if prospective students can succeed in the science of technical study, but the admissions process also includes rigorous interviews to evaluate an applicant's ability to communicate, collaborate, and work effectively in a variety of environments upon graduation. Additionally, courses in religion, sociology, and philosophy develop empathy for those working in medicine or medical fields to view their patients as fellow human beings rather than research subjects.

In response to the statistic that by 2020 more than 60 percent of Kentucky jobs will require a postsecondary credential, Chairman Howard asked how many Kentuckians have a two or four-year degree. Dr. Morgan said that he did not

have that data but would provide it. Chairman Howard followed up stating that many students he works with ask how courses will help them get a job. He asked if this has always been the case with college students or if it reflects a more recent trend. Dr. Tim Tracy responded saying that it is a recent trend and the cost-benefit analysis made by college entrants has made it seem more critical to only take courses which lead to profitable jobs. A recent Bureau of Labor Statistics report estimates that today's college graduates will have fifteen different jobs by age 37 so the market is rapidly changing and cannot be predicted.

Representative Riner commented that critical thinking and the "pioneer" thinking of Kentuckians leads to students who think outside of the box. There is also something that cannot be taught or studied in the classroom: character. Emphasis should be placed on character and the freedom to choose because these are critical American values.

While he appreciates the value of liberal arts education, Senator West commented that some of the angst towards liberal arts education comes from "crazy classes" offered to students such as "What if Harry Potter is Real," "Sociology of Fame and Lady Gaga," "The Philosophy of Star Trek," "The Science of Superheroes," "Zombies in the Popular Media," "The Textual Appeal of Tupac Shakur," "Cyberporn in Society," and "How to Watch Television." These do not appear, to him, to create value and many do not want tax dollars going to support them. He asked if courses such as these were part of the liberal arts and general education offerings at Kentucky postsecondary institutions. Dr. Morgan said that he does not see these types of courses in Kentucky as part of the general education courses because of the general education transfer policy. This allows for easy transference of core courses between colleges and universities, so psychology at one university is very similar to psychology at other universities. The courses mentioned by Senator West would be more indicative of the unique titles given to elective courses.

Dr. Lee responded by stating that Western Kentucky University does offer a major in "Popular Culture" which is often criticized as a major in *Trivial Pursuit*, but that is far from the truth. Popular culture, specifically American popular culture, has a major impact on shaping the economy and culture globally. It is a powerful force, illustrated by the number of people walking the Capitol grounds playing *Pokémon Go!*, and a legitimate field of study because of the insights it gives on society. Dr. Tim Tracy stated that sometimes courses are titled in a way to attract students and that it would be useful to look at the syllabus for the

course where the rigor of coursework is often easily apparent. Additionally, all colleges and universities have a vetting process for courses to ensure that standards of rigor are met.

Representative Wuchner commented that liberal arts education at one time meant a focus on classical topics and civics. She asked if that is still the definition used by colleges and universities today. Dr. Rhonda Tracy answered that liberal arts education combines content with skills to bring a different way of thinking to a highly technical approach. This broadens the minds of students to encourage open and creative thinking.

Chairman Howard asked how much more it costs to provide a technical degree such as engineering rather than a humanities degree, such as English. Dr. Rhonda Tracy said that equipment costs are much higher and there is a significant increase in instructor costs because the instructors represent the high skill, high wage sector. Dr. Tim Tracy said that a study found technical degrees could cost 2 to 5 times that of a humanities degree.

Regarding broadening student's minds, Representative Riner stated that students had come to him saying they felt they could not get fair and balanced education from liberal arts instructors who were biased and that it seemed more like indoctrination. He asked if there was a policy to ensure balanced viewpoints in areas such as political science. Dr. Tim Tracy answered that it is the goal of colleges and universities to create an environment for civil discourse and debate while making campuses feel as inclusive as possible. Representative Riner commented that it would be worthwhile to intentionally hire more professors who reflect alternate viewpoints. Dr. Lee responded that there is an effort to create balance at Western Kentucky University, where the political science department has a course in Kentucky history taught by Speaker Pro Tem Representative Jody Richards, a Democratic member of the committee, and another member of the department is the chair of the local Republican Party. It is the goal to create that same respect and range among the other public colleges and universities.

Senator Kerr commented that the anecdote about petroleum engineers was a particularly focal point for her because her niece and nephew-in-law are both petroleum engineers who were laid off. It is true that higher education is forced to do some fortune telling during admissions counseling. Critical thinking and diversity education are useful in helping students become accepting of different religions and sexualities in society.

Representative Wuchner stated that many of these soft skills need to start at an earlier age. Some of the demand on colleges and

universities to create and develop these skills would be alleviated by an emphasis on effective communication and problem-solving in the elementary and secondary education levels. A legacy of rewarding students for simply showing up is creating problems in the workforce now and steps need to be taken to address the problem at a younger age.

Financial Aid and Student Debt

Ms. Erin Klarer, Vice President of Government Relations, Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation, came forward to speak regarding Kentucky's student debt ranking. On average, students carry just under \$26,000 in student debt which ranks Kentucky 32nd, an increase of 11 places since 2010. This is a very high rate of increase, especially compared to our neighboring states. The monthly student loan repayment on that amount, based on a ten-year amortization, would be approximately \$287. A student would need a gross yearly salary of \$35,000 for that payment to be within the recommended 10 percent of their monthly budget.

This is largely achievable, according to Ms. Klarer. Most defaulters are non-completing students with less than \$10,000 in debt. There was a spike during the recession, but that is declining with the improving economy allowing a majority of graduates to find jobs and begin repayment plans. There are many plans available to allow students in any situation to begin repayment so there is often no cause, aside from a lack of personal responsibility, for a student to default.

Ms. Becky Gilpatrick, Director of Student Aid Services, Kentucky Higher Education Assistance Authority (KHEAA), spoke briefly regarding the financial aid awards available to students from the state. The College Access Program (CAP) grant, Kentucky Tuition Grant (KTG), and Kentucky Education Excellence Scholarship (KEES) are all funded by lottery proceeds. Thanks to a generous appropriation in the state budget, a sum of \$222 million was available to the programs this last cycle, which represents \$209 million in awards to students. Ms. Gilpatrick gave an overview of the Free Application for Federal Student Aid (FAFSA), which is used for the awarding of federal PELL grants and state awards through the determination of the Expected Family Contribution (EFC).

FAFSA will be available for the 2017-2018 this October and will use tax information from 2015, contrary to previous years when the application was not available until January, delaying students who were still waiting on parent's tax information. Because aid is distributed on a first come, first served basis, this prevented some students receiving aid.

This change should allow better access for all students. However, funding for 2018 was reduced and may still result in early exhaustion of funds. She mentioned other state programs also administered by KHEAA, which are not funded by the lottery proceeds. Additionally, there are two new programs created after the 2016 Regular Session--the Dual Credit Scholarship program with \$15 million appropriated over the biennium and the Kentucky Work Ready Scholarship with \$15.9 million appropriated for fiscal year 2018.

Chairman Howard asked if there was a cap to the amount of student loan debt a student could take on and if there was a school with a greater number of defaulters. Ms. Klarer answered that a school with over 30 percent defaulters for three consecutive years would be placed on probation and some Kentucky schools have recently been placed in that position. KHEAA assists in reviews during this period and counsels schools on approaches to resolve the situation. Ms. Gilpatrick said that student financial aid workers are prohibited from preventing students from taking out a student loan if they ask for one, so there is no way for student financial aid workers to limit the amount of debt a student accrues. Ms. Klarer said that these regulations are under review. There are new initiatives to assist those with existing debt.

Senator Thomas asked about the percentage of students who apply for and receive aid but do not attend classes. Ms. Gilpatrick said that, of students who receive an award, approximately 67 percent use it. Senator Thomas said that the potential number of unfunded students is worrisome. He asked if students who did not receive aid would take out loans or choose not to attend. Ms. Gilpatrick answered that both of those were options, but there is no good way to track students who do not receive aid. She said she would look into ways to find that data for the committee.

Senator West asked if the money is given to the college or to the individual, citing concerns that students exploit the system and do not use the money for designated expenses. Ms. Gilpatrick said the award amount is paid directly to the student's school and applied to charges on the student's account which include tuition, housing, and meal plan costs. Sometimes, residual award money above the charged costs is distributed to the student with the expectation it will be used for other necessary expenses such as books, supplies, and living expenses. The instances of misuse of funds are low.

There being no further questions and no further business, the meeting was adjourned at 11:29 a.m. Chairman Howard announced that the next meeting will be August 15, 2016, at 10:00 a.m. and that Senator Kerr will preside.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 4th Meeting of the 2015 Interim

November 9, 2015

Call to Order and Roll Call

The 4th meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, November 9, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Danny Carroll, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Julie Raque Adams, and Johnny Ray Turner; Representatives Linda Belcher, John Carney, Hubert Collins, Jeffery Donohue, Marie Rader, and Jim Stewart III.

Guests: Clyde Caudill, Kentucky Association of School Administrators.

LRC Staff: Janet Stevens, Jo Carole Ellis, Joshua Collins, and Daniel Clark.

Standards Setting

Karen Kidwell, Kentucky Department of Education (KDE), Director, Division of Program Standards, described the process used to develop Kentucky's academic standards. She said standards describe what students should know and be able to do by set points in time. The criteria established for standards are based on desired student outcomes, with the framework for standards established by key shareholders. Standard writing is guided by research and by a review of current standards along with other state, national, and international standards. After this process, writers draft grade level standards and seek comments and feedback from key shareholders and practitioners.

Ms. Kidwell said comments and feedback are sought from shareholders and practitioners, and revisions to the standards are made, as needed, based on credible and defensible comments and feedback. After this process, more comments and feedback are sought from key shareholders and practitioners. At this point, the standards would then be proposed for adoption by the state board. If adopted, the standards would then be introduced to schools and school districts for the implementation process.

Ms. Kidwell spoke about the implementation of the new standards and said the first thing is for all stakeholders to understand the standards and the necessary instructional shifts that are going to be applied. Before full implementation, representatives across all of Kentucky's school districts will try out lessons, analyze students'

resulting work, determine if lessons meet the intent of the standards, and revise the lessons as needed. Next, there would be a transition of trying out assessments of and for learning. Student work would then be analyzed to see if the intent of the standards is met and if evidence of student learning is generated. After this process, the standards would then be translated into coherent curricula to begin systemic identification of instruction and resources to support curricula before full implementation of the standards.

In response to Representative Wilson Stone's questions regarding new standards compared to the old standards and increased rigor, Ms. Kidwell said the biggest difference seen in the standards over the past five to seven years is the focus on relating skills around knowledge and reason. Amanda Ellis, KDE, Associate Commissioner, Office of Next Generation Learners, said there is an increase in rigor with the standards along with a shift in how students think.

In response to Senator Julie Raque Adams' questions regarding standards being uniform across the state and standards not being met, Ms. Kidwell said yes, the standards are uniform across the state. Also, every school district is responsible for ensuring students accessibility to the standards and teachers are responsible for providing adequate support to the students.

In response to Representative John Carney's questions regarding a timeline on the social studies standards, Ms. Kidwell said Senate Bill 1 (2009) called for all standards to be revised and the social studies standards have gone through two public comment periods. KDE's new commissioner will bring the social studies standards forward for review in the near future.

In response to Chairman Danny Carroll's question regarding the standards description of particular events in history, Ms. Kidwell said there has been some misunderstanding between standards and curriculum. The standards focus more on critical thinking and reasoning while the curriculum involves the use of primary source documents.

Representative John Carney said it is important to use military events in the curriculum for thinking and reasoning.

Curriculum Development and Initiatives

Ronda Harmon, Executive Director, Kentucky Association of School Councils (KASC), said KASC is a not-for-profit membership organization established in 1992. KASC has 830 members from over 1,200 public schools with a focus on school-based decision making (SBDM) councils and improving teaching and learning.

Ms. Harmon spoke about the role of the SBDM council in curriculum and said

the council is required to adopt a policy to be implemented by the principal in the following areas: determination of curriculum; inclusion of needs assessment; curriculum development and responsibilities; and planning and resolution of issues regarding instructional practices. The SBDM council also determines which textbooks, instructional materials, and student support services will be provided in the school.

Ms. Harmon spoke about KASC's curriculum support and said KASC has a question and answer service, policy service, and standards and curriculum updates for council members. Also, KASC provides services to help improve teaching and learning with vocabulary toolkits, standards checklists, and trainings on research-based instructional practices.

In response to Chairman Danny Carroll's questions regarding approval of curriculum and how curriculum is developed, Ms. Harmon said the curriculum is usually developed by each school district, but the school councils work with the districts during this process. The SBDM council approves the curriculum.

Representative Linda Belcher said unless there is a district model of curriculum, it can be difficult for students who change schools within a district to follow the curriculum and meet the standards at a different school.

Representative John Carney thanked KASC for all of their hard work. He said some SBDM councils have allowed student members to serve as non-voting council members.

Representative Linda Belcher said when she served as an SBDM council member in 1990, a classified person was added to the council because of their knowledge about school children.

Bernice Bates, Principal, Woodlawn Elementary School, Boyle County School District, said she is a former teacher of 20 years and has been a principal for the last three years. She has served on the SBDM council as a teacher representative and as a principal. She is currently the chair of the SBDM council at her school. Her SBDM council has 15 members made up of five parents, five classroom teachers, herself, the school's counselor, a classified individual, and two others.

Ms. Bates spoke about her school's curriculum and said Woodlawn Elementary School works with every other school in the district to determine the curriculum for each grade level in the district. The parents and SBDM council at Woodlawn Elementary School review the Consolidated School Improvement Plan (CSIP) every month to check the school's progress and revise the plan as needed.

In response to Chairman Danny Carroll's question regarding CSIP, Ms. Bates said CSIP helps evaluate how students are doing in her

school in regards to different assessments and content.

In response to Representative John Carney's question regarding a timeline for assessments, Ms. Bates said the common assessments in the Boyle County School district mirror K-Prep. Kelland Garland, Principal, Hebron Middle School, Bullitt County School District, said the assessments are given the last 14 days of the school year, and the results for individual students are received by the end of July. The overall subject area scores are able to be shared with staff on September 29.

Mr. Garland said Hebron Middle School's SBDM council approved their district curriculum that was worked on by teachers representing each school in the district. Every Friday, Mr. Garland and other teachers meet to review lesson plans to make sure the standards are being addressed and students understand each standard. Also, the SBDM council provides a pacing guide for teachers to help stay on par with the standards and to ensure they are addressed by their specific timeframe.

Jay Simmons, Superintendent, Carlisle County School District, spoke about Carlisle County's curriculum initiatives. He said his school district emphasizes formative testing, and as an example, he said the district administers the Star Reading and Math benchmark testing three times a year. His teachers have worked with the staff of the area's Educational Cooperative to develop a new curriculum for science and social studies standards. The district has a credit recovery system in place in the schools that allows students to spend extra time on the standards with which they are having difficulty. Also, by using pacing guides and other forms of assessments, the Carlisle County teachers make sure students have the met a standard before moving on to the next standard.

In response to Chairman Danny Carroll's question regarding the role of the curriculum director in a school district, Mr. Simmons said every school district in the state has a curriculum director who oversees the curriculum of the whole district.

In response to Representative Wilson Stone's question regarding students changing schools within the same school district, Ms. Ellis said school districts usually bring together teams that represent all of the schools in the district to have a common pacing map and guide for every school in the district to follow.

Representative Linda Belcher said teachers can do a good job on assessing whether new students are on pace to meet the standards by using the district's curriculum.

In response to Chairman Danny Carroll's question regarding the success rate and primary gauges of the standards, Ms. Kidwell said KDE is

in the process of revising some of the standards, but overall there has been positive feedback for the math and language arts standards. Rhonda Sims, KDE, Associate Commissioner, Assessment and Accountability, said one of the most important gauges for the standards in Kentucky is student test scores.

With no further business before the committee, the meeting adjourned at 11:45 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 1st Meeting Of the 2016 Interim

July 18, 2016

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, July 18, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Jimmy Higdon, Danny Carroll, and Mike Wilson. Representatives Hubert Collins, Brian Linder, Rick Nelson, Marie Rader, Jim Stewart III, Derrick Graham, and Wilson Stone.

Guest: Richard Ennis, Bluegrass Institute.

Legislative Guest: Representative George Brown, Jr.

LRC Staff: Jo Carole Ellis, Janet Stevens, Avery Young and Chris White.

"A Citizen's Guide to Kentucky Education: Reform, Progress, Continuing Challenges"

Dave Adkisson, President and CEO Kentucky Chamber of Commerce (KCC), addressed a recently released report, "A Citizen's Guide to Kentucky Education: Reform, Progress, Continuing Challenges." This report was a collaboration between the KCC and the Prichard Committee and is available on both entities' websites. Mr. Adkisson reported that KCC is distributing the report to all school board members, superintendents, and other school officials, with a goal to stimulate local conversation regarding education, what has happened, what needs to happen, and how to move forward. While Kentucky has made progress, there is still much work to be done.

Brigitte Blom Ramsey, Executive Director, Prichard Committee for Academic Excellence, explained that the Prichard Committee has been around for over 33 years and began as a blue-ribbon commission on postsecondary education. The work of the commission evolved into a non-profit organization. While the original task

was to increase the quality of K-12 education, the focus shifted to quality, accessible, and affordable early childhood development and postsecondary education.

Ms. Ramsey said “A Citizen’s Guide to Kentucky Education” is an effort to celebrate Kentucky’s progress and to lay down some recommendations for continued progress at a more diligent speed for all Kentucky students.

Ms. Ramsey agreed Kentucky has made tremendous progress in educational achievements since the 1990s. In one generation, Kentucky moved from the bottom of national rankings in education to the middle and above.

Ms. Ramsey provided figures on the most recent release of National Assessment of Education Progress (NAEP): Kentucky students ranked 8th in 4th grade reading and average for all states in 8th grade reading and 4th grade math. Kentucky’s high school graduation rank is among the top 10 in the nation, and the gap in high school graduation between traditionally underserved students and their peers is one of the lowest in the nation. Kentucky has more students prepared for college level work and there are more students pursuing higher education. She commended policy makers, the public, and business leaders who championed education reform in the 1990s for their collective commitment for improvement in Kentucky’s education. However, the Prichard Committee believes improvement is still possible.

The document outlines Kentucky’s education reform beginning in the 1980s, when Kentucky ranked 50th in the nation in adult literacy and the percentage of adults with a high school diploma; 49th in the percentage of college graduates; 42nd in the country in per pupil expenditure; and 41st in pupil-teacher ratio. Kentucky’s overall education achievement ranking was last among the states and the education system was marked by poor performance, disparity and equity, and low public confidence. Citizens came together and joined with business leaders, school superintendents and district leaders, and together supported the 1989 Rose vs. Council of Education to ensure focus on adequate and equitable funding. By 1990, the passage of the Kentucky Education Reform Act (KERA) established higher expectations, standards for performance, and accountability from local schools and districts. A reformed governance model required community engagement in school decision making and provided support for adequate and equitable funding from the state levels. The law also acknowledged the importance of early childhood, with Kentucky becoming a forerunner in the nation to understand brain development in the early years and the importance of investing in pre-kindergarten.

As a result of the shared commitment to

education reform over the last three decades, Kentucky now ranks in the middle or higher on some indicators. For example, a study in 2011 by the University of Kentucky Center for Business and Economic Research (UKCBER) concluded that the state’s ranking on the index of educational progress had risen by more than other states in the preceding 20 years, moving from 48th in 1990 to 33rd in 2011.

In a January, 2016, report, UKCBER combined 12 educational attainment and achievement factors into a single index and reported that only 15 states ranked higher than Kentucky, and Kentucky is not statistically different from 26 other states. This information suggests that Kentucky has moved into the top tier among all states. The study considered obstacles faced by Kentucky students such as poverty, poor health, parents with low educational attainment, and disabilities. The report concluded Kentucky is outperforming other states and is one of eight states whose academic performance for dollars per student invested exceeds the expectation of the NAEP.

The 2016 Quality Counts Report produced by *Education Week* found Kentucky moving up two places from the previous year, to 27th place nationally. In a review of NAEP data since the 1990s, Kentucky is in the top quarter of all states for positive growth in 4th and 8th grade reading and math.

Since 1980, Ms. Ramsey said Kentucky has experienced significant improvement in educational opportunities and performance of students, both pre-kindergarten and postsecondary education. In 1997, Kentucky embraced substantial reform to higher education via the Postsecondary Education Improvement Act, House Bill 1, which provided focus for institutions and set Kentucky on a more coordinated, strategic pathway to increase postsecondary educational attainment. House Bill 1 established goals for postsecondary education to be achieved by 2020, including many items that had been part of the Prichard Committee’s recommendations.

Ms. Ramsey said the key pillars of the framework were the creation of the Kentucky Community and Technical College System under a single governance structure and renaming the former Council on Higher Education into the new Council for Postsecondary Education (CPE) with a stronger charge over strategic direction, coordination, budgeting, and the creation of strategic investment and incentive funds linked to these goals. Due to the reforms, financial support was increased in the years that followed and resulted in Kentucky experiencing progress in postsecondary education attainment. The state had some of the largest gains nationally in the percentage change of attainment and graduation

rates from 2000-2009. Highlights up to 2009 include: an increase in working age adults with associate’s and higher degrees from 24.5 percent in 2000 to 32.9 percent in 2013; movement of the six-year graduation rate for a bachelor’s degree from 39.3 percent to 48.9 percent in 2013; and an increase in credentials awarded over 50 percent from 2004-2015. However, growth has slowed since 2009.

Ms. Ramsey stated Kentucky has experienced success in education reform from early childhood to postsecondary as a result of its strategic investments and leads the nation in many areas. Other states are closely watching Kentucky’s reform efforts as they strive to emulate the progress Kentucky has achieved.

However, while Kentucky has increased achievement for all students, Ms. Ramsey said an achievement gap persists for traditionally underserved students such as those in low income families, African American students, students with learning disabilities, and students learning the English language. Although Kentucky’s 4th grade reading proficiency on the NAEP increased significantly, only 8 percent of African American students were proficient compared to 11 percent for white students. NAEP saw an increase in the reading proficiency of 7 percent for students receiving free or reduced-priced meals while the increase for students not receiving support for meals increased 18 percent. A 5 percent increase was noticed for students with identified disabilities and 12 percent for students without disabilities.

Ms. Ramsey said increased focus paired with a sense of urgency is critical in moving Kentucky into the top tier in the nation with regard to increasing achievement and closing the achievement gap for at-risk students, as the disparities present a moral and economic imperative to improve. Dr. Eric Hanushek of Stanford University estimates that if Kentucky were to bring all students up to the basic level of proficiency on NAEP, it would translate into an extra \$335 billion dollars in the Kentucky Gross Domestic Product.

The Prichard Committee will soon release a report focused on the achievement gap, “Excellence with Equity: It’s Everybody’s Business.” The report will include recommendations both for system-level changes as well as community support needed to close the gaps.

To continue to increase achievement for all students and begin to close gaps with urgency, there are five key areas important to continue: (1) early childhood education; (2) effective teaching; (3) mathematics, (4) career and technical education; and (5) performance based funding in postsecondary.

Ms. Ramsey said it is a moment to

celebrate Kentucky's progress and recognize that Kentucky took a big risk with the pursuit of wholesale education. The successful strategies must be identified, and now Kentucky should be very targeted and intentional in moving forward to increase achievement and close gaps.

In the area of early childhood education, achievement gaps begin at an early age as low-income students and African Americans are not as well prepared for kindergarten as their peers.

Regarding effective teaching, research shows the biggest single factor in student learning over time is the quality of instruction a student has in the classroom. Research also shows the second most important factor is the school leader. KCC has provided support in developing the Leadership Institute for School Principals, an intensive professional development for school leaders.

Ms. Ramsey said Kentucky teachers have been implementing new standards that define not only what a student should know, but also what they should be able to do with what they know. Teachers have welcomed effective feedback to improve their teaching skills through the development of the Educator Professional Growth and Effectiveness System; however, teacher effectiveness is still a challenge. Business and community leaders need to ensure committed resources to support teachers in increasing the quality of their teaching practice and student results.

Ms. Ramsey said Kentucky is not seeing the same gains in mathematics that they have seen in reading on NAEP. While Kentucky is in the top 10 in the nation for 4th grade reading and high school graduation rates, they lag the nation in mathematics. In 8th grade math, Kentucky remains in the bottom 10, a significant concern for STEM careers. Strong proficiency in mathematics and science is critical for students as they move forward and is as equally critical for Kentucky's economic future.

Ms. Ramsey said a significant concern is that the United States remains below average of other industrialized nations in mathematics. Kentucky must improve in this area to insure students have knowledge and skills needed for postsecondary education and the high-demand careers Kentucky would like to attract and retain in our state. Kentucky's new mathematics standards are a good start to ensure both mastery and application of mathematic skills beginning in the earliest years.

Ms. Ramsey said career and technical education is one promising way to increase achievement and close achievement gaps. Career and technical institutions that encourage students to connect their academic work in math and science together with life experiences will prepare them for high-demand careers. Ms.

Ramsey insists that Kentucky cannot make strides without the support of the business community and partnerships with schools.

Ms. Ramsey concluded her presentation with a discussion of performance based funding in postsecondary education. She said as college and career readiness improves, so does the need for accessible, affordable, and quality postsecondary education. This will ensure students attain the higher levels of education needed to grow Kentucky's economy and quality of life. In recent years, the declining state support for postsecondary education has increased financial burden on students. At the same time, there is an increasing demand for a skilled and educated workforce. Kentucky students must receive some type of postsecondary certificate or degree to achieve a career that allows them to sustain a family and be self-supportive.

Ms. Ramsey reports the Prichard Committee, along with KCC, are looking into performance based funding models being developed in other states. The CPE and Kentucky universities have been investigating and studying this topic, and the report will be provided to the legislature later this year. The Prichard Committee and KCC looks forward to contributing to this conversation as the state strives to insure all students can achieve their postsecondary goals and contribute at a high level to our economy.

Ms. Ramsey said Kentucky has made tremendous progress over the last 26 years and that with sense of urgency and renewed commitment in our potential as a state, improvement is still possible.

Ms. Ramsey said the Prichard Committee looks forward to continued efforts to partner with the KCC and business and community leaders across Kentucky to realize the vision of moving Kentucky students into the top tier of all states in the nation within the next generation.

In response to a question from Representative Stone regarding whether we have lost ground in terms of per pupil expenditure, Ms. Ramsey stated that 2013 is the most recent data from the census bureau that is available. Mr. Adkisson said the discussion in the last 2016 budget session was that the budget would remain level, while the student population was expected to increase, thereby making the per pupil expenditure decrease. Representative Stone expressed concern that Kentucky not lose ground nationally and is interested in seeing the numbers when available. Representative Stone said he looks forward to a time when Kentucky can strategically add money to the per pupil expenditure, even though he is unsure if there is a direct relationship between dollars spent and educational attainment.

Ms. Ramsey said she thinks this led the UKCBER report to conclude that Kentucky

has performed well above the average when compared to other states with a much lower investment in education. Kentucky has been more effective and efficient with the education resources used. Ms. Ramsey questioned Representative Stone on whether, if efficiency is considered and investment increased, Kentucky can increase the achievement and begin to close those gaps. Representative Stone responded that would be the hope.

In response to Senator Higdon's question regarding if the use of data from 2012-2013 was used to make the outcome look good. Ms. Ramsey assured Senator Higdon that regardless if the data looks good or bad, the data will be reported. Policy changes and in-state or national issues make them unable to report apples to apples comparison, so data from a previous year may be used to make a good comparison.

In response to Senator Higdon's question as to whether adjustments are made for demographics in the NAEP scores when comparing Kentucky to other states, with breakdown by ethnicity, Ms. Ramsey replied Kentucky students are compared to students in other states and therefore does not allow for those comparisons. Ms. Ramsey added that it is the intent to investigate further with deeper focus on the achievement gap to better understand how Kentucky students are doing. In a comparison of Kentucky vs. California, Senator Higdon probed further as to if these figures are inflated. Ms. Ramsey responded that the important thing is the movement toward proficiency for all students regardless of their background. She assured that they will be breaking down their comparisons by groups next year.

In response to a question by Senator Higdon regarding whether ACT is mandatory or voluntary in all states and whether that plays into the data provided, Ms. Ramsey explained that all states have different criteria to determine college readiness. The ultimate goal is to ensure students are able to compete not only with their peers in Kentucky and our bordering states, but also in states across the nation and countries across the globe.

Senator Carroll referred to data regarding the *Education Week* "Quality Counts" report and recalled Kentucky going from 10th in 2013, to 35th in 2014, and then to 29th in 2015. He is concerned about the ups and down, and questioned whether it affects the credibility of the report. Ms. Ramsey answered it depends on the indicators used in the particular report since different organizations that are measuring a state's progress will choose different indicators. Years ago, *Education Week* published on state systems of education and ranked states based on 10 indicators of strength in their system, and Kentucky ranked 10th. Mr. Adkisson advised

the report referred to was not used in the report published by KCC/Prichard because of the fluctuation issue mentioned. Due to Kentucky's legislative actions in 2009, and Kentucky being one of the first states to adopt new standards, the state received a premium score causing a spike since emphasis was placed on the General Assembly's actions. There were not NAEP scores or college graduation rates; it was because Kentucky was structured to do business in the future. The U.S. Chamber of Commerce issued a state-to-state report card three years ago and placed a premium on certain areas that included how much choice the state has in educational options, in which Kentucky ranked low because of the lack of charter schools. On the other hand, Kentucky's top score, one of the top in the nation, was on the U.S. Chamber's report under the category of "return on investment" based on per student spending, which generates a higher score. Mr. Adkisson said factoring in Kentucky's socio-economic characteristics, the scores would have been even higher. On the other hand, if Kentucky was compared to California and immigration was factored, the possibility of higher figures were there because of California's immigration population.

Responding to a question from Senator Carroll as to whether the ranking of 27th is an accurate representation, Ms. Ramsey said she would need to review the indicators, but agrees the middle of national rankings is accurate. Mr. Adkisson added that as Kentucky moved from number 44 to number 32, North Carolina was the only other state achieving that gain of upward movement, but added that any ranking is based on the index used.

In response to Senator Carroll's question about the biggest barriers facing Kentucky in making significant impact on closing the achievement gap, Ms. Ramsey responded there are three key areas: (1) intentional focus on early childhood investments, (2) effective teaching, and (3) career and technical education. She said a more individualized approach focusing on career and technical education is needed, whereby students would have an opportunity to apply their learnings. These gap areas are going to require strategic investments.

While not the topic today, Mr. Adkisson noted another challenge faced is the underlying shadow of the pension funding and how to make strategic investments while addressing this issue. Ms. Ramsey concurred that the critical state of Kentucky's pension funding is an issue when attracting and retaining high quality workforce in education.

In response to Senator Higdon's question regarding if the assessments are factored in with scores from the special education population, Ms. Ramsey said those scores are factored in to

the overall accountability system.

In response to Senator Higdon as to whether the processes are accurate and useful, Ms. Ramsey said they have studied the issues affecting the achievement gap and a report will be released in a month. Significant issues facing African American populations may or may not impact special education populations, and likewise issues affecting the English language learning population may or may not affect the other populations. The initial report is an effort to focus on the areas necessary to move Kentucky into the top tier of all states. The desire is to understand specific needs of the special education population, both from a systemic level, a school-based level, and a community level.

Representative Graham praised the business community for the willingness to help pay for the reforms. He mentioned the Greater Louisville Chamber of Commerce has raised over \$1 million for a kindergarten-readiness program for students from low, socio-economic areas of the county. The program has expanded to other areas over the past three years, beginning with 100 students the first year in two locations, 300 the second year with 3 locations, and this year ending with 1,000 students. Students who participated in the program during the first year outperformed those not in the program by 20 percent and in the second year it was by 10 percent, supporting progress toward closing the achievement gap. Representative Graham feels the gap can be closed further if local business communities can invest in early childhood development in their communities. The combination of government working with businesses in order to promote an environment in which children can learn, grow, and live while at the same time allowing the economy to prosper is the key.

Responding to Representative Graham's comment regarding the Principal Leadership Program in North Carolina, Mr. Adkisson said that the North Carolina Center for Creative Leadership Program is routinely ranked as one of the top 10 executive leadership training programs in the country, not strictly in education but for corporate, military, and government entity training. Mr. Adkisson said KCC sends 50 principals each year due to the cost of the program and is hopeful the cost can be absorbed by businesses willing to contribute. Mr. Adkisson relayed the principals' excitement over being offered this amazing professional development experience. As a result, KCC has invested \$3 million to be used for public and accredited private school principals to attend this program and would like to see that amount doubled. KCC plans to be an advocate and a willing partner on these tough educational issues.

In 2008, KCC reaffirmed their top strategic

goal in the business community was to improve education in Kentucky, which continues today. Although the continued commitment is about an education agenda in the legislature, KCC will continue to be a willing partner on tough issues such as the pension fund, tax reform, and other issues in an effort to keep the state moving forward.

Representative Graham stated that it is imperative to have new and additional revenue and asked if KCC can provide assistance in an effort to change the direction of the state in terms of the economic and educational factors. Mr. Adkisson responded that 1988-1990 was a momentous occasion in the state's history when the business community agreed to a higher tax to improve education in Kentucky. It is important to work within the reality of how people view taxes and revenue and the pension crisis, but KCC is not philosophically, ideologically, or politically bound to a "no new revenue" position. For example, KCC has been in favor of increasing the cigarette tax in Kentucky to the level of the average of surrounding states, which would produce over \$100 million. If legislation were introduced to do that and the revenue were targeted for early childhood, KCC would not be opposed, but specifics would need to be addressed. Business people are conservative when it comes to tax increases, and finding a common ground would be necessary.

Representative Graham thanked Mr. Adkisson for bringing the issues to the forefront and agreed the cooperation between businesses and education communities is the bottom line for bringing about an improved economy.

Chairman Stone discussed information provided at the Southern Legislative Conference regarding the master settlement tobacco agreement whereby one-fourth of the proceeds of the annual distribution provided tens of millions of dollars to early childhood development.

In response to Senator Carroll's question regarding the childcare assistance program, Ms. Ramsey said it is her understanding that once the criteria was changed, the childcare participation rate did not rebound as expected, even after the legislature was able to restore funding to the program. She suggested someone in the Cabinet for Families and Children could provide more information as to why, but offered that some may be due to workforce. Participation in public pre-school has not increased as a result of additional investment and suggested the need to identify any policy barriers deterring people from accessing high-quality early childhood services, since an effort providing incentive grants for public pre-school and childcare providers to work together was established during the last budget session. Senator Carroll said enrolling minority or low-

income children at an early age in high-quality care and education centers will greatly impact the gap.

Representative Stone commented regarding the need for graduates from career and technical centers and the need for workforce development in Kentucky is extremely important. Because of Kentucky's success in economic development, the connection between quality education, quality jobs, and quality lives for Kentucky residents can be seen. He asked where Kentucky ranks with workforce development compared to the other issues that are limiting economic development. Mr. Adkisson replied that issue is at the top, and KCC has adopted educational improvement as their top strategic priority. With incoming businesses, other issues include tax structures, rail structures, and competitive labor laws, as many of these issues are a deal breaker for a particular company to consider Kentucky. Mr. Adkisson said an improving economy results in more job openings, and since baby boomers are retiring at 10,000 per day in this country not enough skilled replacement workers exist. Discussion on economic development always end up as a workforce discussion since they are intertwined. KCC is trying to be more actively engaged on the workforce front. He said the Lexus addition to Toyota provided 700-800 new jobs, but attracted employees away from the supplier industries, which then caused issues on the supplier end, proving the workforce reverberates into lower levels.

Ms. Ramsey thanked the committee for its longstanding commitment to education issues. Chairman Stone thanked both organizations for their continuing interest in education.

Mr. Richard Ennis, volunteer staff education analyst for the Bluegrass Institute, responded to some questions raised about NAEP and the ranking when data is divided by race. He reported that, in 2015, Kentucky significantly outscored two states in the entire nation for white students on 8th grade math; four years prior to that, in 2011, Kentucky significantly outscored three states, meaning the state went backwards. In 2013, school lunch data can be used to analyze NAEP results and shows Kentucky school lunch eligible whites outscored school lunch eligible whites in only one other state. He said Kentucky has some serious problems in mathematics, which makes one wonder how the state could be doing so well in the economic analysis if only looking at scores by race.

Mr. Ennis agrees with the Prichard report that achievement gap problems are the most important one facing Kentucky. The areas of most concern are issues in Kentucky's history that need to be considered, as they were expensive failures in the old assessment. He referred to one being the teacher self-scoring of

the writing portfolio program. Mr. Ennis said it did not work, and subsequent audits disclosed inflation in the results. Kentucky is struggling with program reviews of the professional growth and effectiveness system. The lesson on human nature from the writing portfolios should convey it is not possible to generate accurate results with teacher-scored assessment items, and he believes it is unfair to require teachers to do so.

Mr. Ennis said performance events failed after only four years in 1996 because of a sustainability problem. Performance events present a problem because they are so complex, and it is impossible to come up with new items that test the same academic knowledge to the same level of difficulty and end up with a valid trend line. It was not possible in 1996, and Kentucky struggled after performance events were removed from the assessment and an attempt to bring back the accountability system was unsuccessful. Mr. Ennis believes discussion is leading to the same types of performance events items in pending science tests and encourages the review of the full history, which were not discussed in the Prichard and KCC report. He said that there are lessons from history to be discussed, or this could be a disadvantage to Kentucky children and budgets.

Representative Linder expressed concern with program reviews and suggested reviewing history.

Mr. Ennis said that, because program reviews were included in Senate Bill 1 from 2009, the Kentucky Board of Education is going to need legislative help on this issue and asked for consideration moving forward with the upcoming session.

Chairman Stone agreed that everyone is concerned about program reviews being completed in a consistent manner, and the goal is to garner improvement over time in each school.

Chairman Stone announced the next subcommittee meeting will be August 15th to accommodate the National Conference of State Legislatures Conference.

The meeting was adjourned at 11:30 a.m.

TOURISM DEVELOPMENT

Minutes of the 1st Meeting of the 2016 Interim

July 18, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Special Committee on Tourism Development was held on Monday, July 18, 2016, at 11:00 AM, in Stanford, Kentucky. Senator Chris Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Chris Girdler, Co-Chair; Representative Rita Smart, Co-Chair; Senator

Stan Humphries; Representatives James Kay, Lewis Nicholls, Darryl T. Owens, John Short, and Jill York.

Citizen Members: Vicki Fitch, Janette Marson, Lori Saunders, Prakash Maggan, and Mitchell Pearson.

Guests: Regina Stivers, Deputy Secretary, Tourism, Arts and Heritage Cabinet; Kristen Branscum, Commissioner, Department of Travel and Tourism; Brain Crall; Jess and Angela Correll.

LRC Staff: Karen Brady, John Buckner, and Chip Smith.

Kentucky State Parks, Arts, and Heritage

Deputy Secretary Stivers, Tourism, Arts and Heritage Cabinet, stated that the parks bring in \$889 million in economic impact to Kentucky. The parks are being refreshed thanks to an \$18 million aesthetic/safety investment. There will be new opportunities for the park system due to the P3 legislation that passed in the 2016 session.

The cabinet is working on an initiative to get more arts and crafts into the state parks, and also Kentucky Proud food items. The Artisan Center at Berea in June of 2016 saw visitor counts surpass 3 million since the center opened, and its retail sales have increased eight percent since June of 2015.

Deputy Secretary Stivers discussed the different grants that the Arts Council gives to communities and stated it is important to increase the venues for Kentucky's artisans.

The mission of the Kentucky Heritage Council is to identify, preserve and protect the cultural resources of Kentucky. The Kentucky State Historic Tax Credit preserves historic buildings, stimulates private investment, creates jobs, revitalizes communities, and creates tourist attractions. The credit has given \$83 million which has resulted in \$900 million in reinvestments throughout the state. Deputy Secretary Stivers said some state parks may be eligible to receive the credit.

Deputy Secretary Stivers stated that the Kentucky Main Street program has been in place since 1979, and has reported over \$76 million in total investments to downtowns. The goal of the Main Street program is to encourage the revitalization of downtowns and economic development. There are currently 45 participating communities. Over three decades, Kentucky can document \$3.9 billion in public-private investment throughout the Commonwealth generated by the Main Street program communities.

Deputy Secretary Stivers explained that cultural tourism is increasing. Eleven percent of Kentucky visitors stated that their primary reason of visiting Kentucky was to visit historic sites, and 14 percent included arts and culture as

a significant attraction to Kentucky. The cabinet is working with the Center for African American Heritage on an African American Heritage Trail.

Fish and Wildlife also has an impact on tourism that contributes approximately \$4.8 billion in annual economic impact to Kentucky. This includes hunting, fishing, boating and wildlife.

Kentucky Tourism: Full Steam Ahead

Kristen Branscum, Commissioner, Department of Travel and Tourism spoke on tourism in Kentucky and tourism as an economic development engine. In 2015, \$13.7 billion was added to Kentucky's economy by tourism; this is a five percent growth over 2014. Commissioner Branscum stated that tourism and travel is the third largest revenue producing industry in Kentucky. Tourism supports 186,204 Kentucky jobs.

Commissioner Branscum identified five opportunities for Kentucky tourism: international visitors, digital asset development, African American heritage and tourism, marketing and communications, and culinary.

Responding to a question from Representative Short, Deputy Secretary Stivers agreed that trail systems are very important to tourism and that the cabinet is interested in pursuing these projects in eastern Kentucky.

Responding to comments from Representative Kay about marketing for the Kentucky River, Deputy Secretary Stivers stated the cabinet has had several meetings with the Kentucky River Authority and is interested in pursuing new tourism opportunities for the Kentucky River.

Stanford, Kentucky

Mr. Brian Crall introduced Stanford citizens and entrepreneurs Jess and Angela Correll. The Corrells testified about their investments in Stanford and the local community, and also the preservation of older and historic buildings. Mr. Correll emphasized to the committee their commitment to quality and the dedication and loyalty of their staff, which over time, helped to transform marginal businesses into profitable ones. They also spoke about the importance of tax credits and the need for government to make it easier to start a small business.

There being no further business before the committee, the meeting was adjourned at 12:45 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

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

Minutes of the 5th Meeting of the 2015 Interim

November 16, 2015

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on General Government, Finance, and Public Protection of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 16, 2015, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Rita Smart, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Rita Smart, Co-Chair; Senator Dennis Parrett; Representatives Adam Koenig, Tom McKee, Brad Montell, and Tom Riner.

Guests: Marcella Wright, Director, Division of Data Management Services, Commonwealth Office of Technology and James Fowler, Chief Information Officer, Commonwealth Office of Technology.

LRC Staff: Joe Lancaster, Frank Willey, Katie Comstock, Ray Griffith, Stephanie Rich, and Jennifer Beeler.

Data Accuracy

Ms. Wright provided an overview of Kentucky Data Accuracy Initiatives within the Commonwealth Office of Technology (COT).

In response to questions from Representative McKee, Ms. Wright said some agency forms do not require the use of an individual Social Security number, even though if used more accurate data would result. Mr. Fowler added that businesses will be using a unique identification number by 2018. Ms. Wright said businesses using the Kentucky One Stop Portal will be identified by that number.

In response to questions from Representative Riner, Ms. Wright said a unique citizen identifier has been and continues to be discussed, with the possibility of the drivers' license number or some other identifier rather than the Social Security number. Mr. Fowler said the system was constructed with that capability, but that evolution is three to five years away.

In response to a question from Senator Parrett, Ms. Wright said the system would be able to accommodate either the federal or state number.

In response to a question from Representative Koenig, Ms. Wright said the data is very secure within the current systems. Mr. Fowler said that

most of the newer systems include encryption to eliminate security breaches. He said the data populating each information silo broadens the attack surface, but once master record consolidation occurs, the data can be protected with state of the art security tools.

In response to questions from Chair Smart, Mr. Fowler said COT subscribes to the National Institute for Cyber Security Standards, which requires annual compliance evaluation and rating. He said cyber security funding is sufficient, adding that cyber insurance is retained for data compromise events.

In response to a question from Representative Riner, Ms. Wright said each citizen must determine the address they use for security purposes when data is entered, such as a business rather than a home address.

Mobile Application Governance

Mr. Fowler provided an overview of Program Specific Mobile Applications and how mobile technology affects our world.

There being no further business before the subcommittee, the meeting was adjourned at 10:56 AM.

INTERIM JOINT COMMITTEE ON LABOR AND INDUSTRY

Minutes of the 2nd Meeting of the 2016 Interim

July 21, 2016

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, July 21, 2016, at 11:00 AM, at the National Corvette Museum in Bowling Green, KY. This was a joint meeting with the Interim Joint Committee on Economic Development and Tourism. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Chris Girdler, Denise Harper Angel, Ernie Harris, Wil Schroder, Reginald Thomas, and Mike Wilson; Representatives Regina Bunch, Larry Clark, Will Coursey, Jeffery Donohue, Jim DuPlessis, Dennis Horlander, Adam Koenig, Charles Miller, Terry Mills, Tom Riner, John Short, Jim Stewart III, and Brent Yonts.

Guests: Wendell Strode, Executive Director, National Corvette Museum; Kai Spande, Plant Manager, General Motors Bowling Green Assembly Plant; and Kim Phelps, Vice President of Communication and Public Policy, Bowling Green Chamber of Commerce.

LRC Staff: Carla Montgomery, John Buckner, Adanna Hydes, Chip Smith, Sasche Allen, and Karen Brady.

Approval of Minutes

A motion to approve the minutes of the June 16, 2016 meeting was made by Representative Yonts, seconded by Representative Donohue, and approved by voice vote.

Welcome and Introductions

Representatives Short, DeCesare, Stone, House Speaker Pro Tempore Richards, and Senator Wilson introduced guests and spoke about the Bowling Green area.

National Corvette Museum

Wendell Strode, Executive Director, National Corvette Museum (NCM), welcomed the committee and gave an overview of the museum including its history, programs, and facilities. In the mid to late 1980s, the idea of a Corvette Library was discussed by the National Corvette Restorers Society and a Museum at the Corvette Assembly Plant. Through the efforts of a task force created by the Bowling Green Chamber of Commerce, a museum annex opened in November 1990 and groundbreaking of the NCM began in June 1992. The grand opening of the NCM was September 2, 1994, and in 2009 there was a 47,000 square foot expansion completed. Each year the museum has approximately 220,000 visitors, sits on a 55 acre campus, has an 115,000 square foot facility, and has about 107 staff members.

The NCM offers various programs and services that are offered to the public with the mission of celebration, education, and preservation. One noted by Mr. Strode is the delivery program, which allows those who order vehicles at their local dealerships across the country to take delivery of their car at the NCM. Participants of the program get the opportunity to travel to Bowling Green to pick up their new Corvette while also being given VIP plant and museum tours. Last year about 1,100 customers partook in the unique experience. The museum houses the Corvette Museum Library and Archives, which stores the build sheets, or birth certificates, for all Corvettes manufactured at the Bowling Green Assembly Plant. Also, in recent years, the NCM started their own insurance agency for collector cars and serves individuals across the U.S. Visitors to the museum also get the opportunity to purchase items at the Corvette Store, which averages about \$4 million in sales annually, and dine at the Corvette Café. Also offered are Museum in Motion Tours which take people to places such as Michigan, Florida, and France. Other programs include the science and education themed exhibits and the National Corvette Caravan.

Mr. Strode went on to expand on the Motorsports Park, which opened in 2014, is owned and managed by the NCM, which is a 501 (c) (3) nonprofit foundation, and was a \$25 million project. The park includes two road courses, 3.15 miles in length, and has multiple

configurations with 23 turns. There is a 21 acre paddock, autocross, and skid pad area along with a control tower, administrative building, fueling station, garages, and a pavilion. The first year of operation the park had 130,000 visitors, and currently 85 percent of park participants are from out of state with most spending at least two nights in Bowling Green. Forty percent visit other attractions in the area such as the NCM, the General Motors Assembly Plant, Lost River Cave, and Mammoth Cave. The NCM sponsors High Performance Driver Education events at the park that allow a person to learn, practice, and apply advanced car control skills. The park also offers track rentals to companies, car clubs, and motorcycle groups; corporate team building and hospitality events; math and science educational programs; teen driver safety; emergency response training; and Kentucky State Police training. In 2015 the Motorsports Park hosted events for Michelin, Ford, the Bowling Green Chamber of Commerce, Corvette Racing, and Nissan NISMO just to list a few.

On February 12, 2014, at 5:39 a.m., a security alarm began to go off at the NCM, and once two staff members entered the facility they saw what appeared to be smoke, prompting them to call the fire department. Inside the Skydome a sinkhole had formed and consumed eight rare cars that were on display including a ZR1 Blue Devil, a 1993 40th Anniversary Corvette, a 1962 Corvette, the Millionth Corvette, a PPG PaceCar, a ZR-1 Spyder, the 1.5 Millionth Corvette, and a 2006 Z06 Mallett Hammer. The NCM wanted to be as open and transparent with the media and public as possible, releasing updates online, sending press releases, and conducting press conferences. It allowed the media to film and photograph the sinkhole and the damage that had been done. The Skydome Sinkhole became a media sensation, and the story was picked up by major media outlets across the nation and worldwide. The NCM took advantage of the attention and did not immediately fill the hole, instead opting to leave it on display, increasing their number of visitors by 67 percent in 2014. The Skydome Sinkhole has since been filled with all eight cars back on display, some still in their damaged condition while others have been restored. The Corvette Cave In Exhibit opened in February 2016 and allows visitors to learn more about the sinkhole and how the NCM recovered from the unfortunate events. Mr. Strode closed by informing the committee that the NCM and the NCM Motorsports Park have an estimated \$40 million economic impact on the surrounding region and an additional \$10 million statewide.

Responding to Representative DuPlessis, Mr. Strode stated that the cost of the High Performance Driver Education program is \$495.

General Motors Bowling Green Assembly

Plant

Kai Spande, Plant Manager, General Motors Bowling Green Assembly Plant, discussed the GM Assembly Plant's operations, products, and recent expansion. The plant is approximately one million square feet on 212 acres with production being done on first shift only Monday through Friday. The production volume is 17.2 units per hour or 137 per day with approximately 1,000 salary, hourly, and contract employees. Between March 2012 and September 2013 370 permanent GM-UAW employees from Michigan, Ohio, Indiana, Missouri, Louisiana, and Texas transferred to the Bowling Green GM Assembly Plant with 24 salaried positions being added. During the last six months at the plant there have been several labor transitions. About 135 employees have transferred to Spring Hill or moved to other GM sites, 75 employees retired, and 49 temporary employees have been converted to full time. Employees from the local area were hired to backfill some of the positions of those that transferred or retired.

Mr. Spande detailed the different types of Corvettes manufactured at the plant including the Stingray and Z06, both of which can either be made as a coupe or convertible. The 2017 Corvette Grand Sport is currently in production, which can also be made in either coupe or convertible. He then detailed the different types of engines including the LT4 6.2L V-8 for the Z06 and the LT1 6.2L V-8 for the Stingray and Grand Sport. All engines for the vehicles are built by hand by an assembly technician, although some customers are given the option to come to the plant to build their own engine by paying an additional \$5,000 fee. By purchasing the Engine Build Experience package, a customer can work under the supervision of an assembly technician and receive a personalized engine plaque identifying him or her as the builder.

Recent and ongoing investments have been made to ensure the assembly plant remains here in the state and continues to thrive. There has been a \$440 million investment made in the new state of the art paint shop, which should be complete in late 2017 and begin working with 2018 model vehicles. Another investment of \$44 million was made in spring 2016 to support the new powertrain assembly operations and for some related future yet unannounced programs. There was also \$2 million invested in the new solar array, which according to Mr. Spande may be one of the largest in the state. In addition, on June 23, 2016 the announcement was made that \$290 million is being invested in ongoing process improvements that will ensure the plant remains viable.

After a question from Representative Palumbo, Mr. Spande explained there are 10 basic paint colors, with white, red, and black

being the most popular; however, there are three to four paint color changes and variations of those basic colors made annually.

Responding to Representative Donohue, Mr. Spande stated that although the vehicle engines are built by hand by one person from the ground up, all of the components are shipped to the assembly plant separately and no machining of parts is done at the plant. Answering a follow up question, he said that he believes the plant has a good relationship with the UAW and recent negotiations went well.

Representative Thompson requested that Mr. Spande expand on the composition of the materials used for the Corvettes and inquired about the use of aluminum. He explained that the complete body structure or the chassis is made of aluminum and manufactured in Bowling Green. There are currently no steel parts in the Corvette. The exterior panels are composed of high tech plastic injection molded parts, while the hoods and roofs are comprised of carbon fiber material that comes from a facility in Michigan.

Addressing Representative Riner, Mr. Spande affirmed that while the Corvette can be equated to the Porsche 911 as far as racing, the Ford Mustang is of no comparison.

Claudia Hanes, a resident of the Bowling Green Area, thanked Mr. Spande for the new solar panels and inquired about the assembly plant's hiring process and requirements for production workers. He said that the GM Assembly Plant hires a third party to assist with their vetting process, including things such as drug testing and mathematical and reasoning assessments. Next, candidates are put into a pool and chosen at random. Those who are chosen for employment are trained on safety and operations and are paired with someone to do job shadowing.

Bowling Green Chamber of Commerce

Kim Phelps, Vice President of Communications and Public Policy, Bowling Green Chamber of Commerce, gave a presentation entitled *Central for Business, Southern for Living*. According to her presentation, of the employers in the South Central Kentucky region, 88 percent report limited access to skilled workers as a barrier to expansion, 74 percent are concerned about maintaining a skilled and motivated workforce, 67 percent cannot find skilled candidates for critical positions, and 63 percent worry about the employability and work ethic skills of available candidates. It is estimated that the region will need 4,500 workers by the end of 2016 and over 9,000 by the end of 2020 to fill middle-skill production, maintenance, management, and engineering positions due to retirements and new job growth. Ms. Phelps noted that there is a new Local Workforce Development Board seated

under the Workforce Innovation and Opportunity Act. She mentioned the Wagner-Peyser Funded Activities, which is a state funded pilot project.

Ms. Phelps said that the Bowling Green Chamber of Commerce is the voice of the business community and play a vital role in assuring businesses are provided with a well-trained talent pipeline that will propel success and growth. In an effort to repair some of the workforce issues in the area, the chamber has identified six sectors with the highest potential for growth in the South Central Kentucky region, which include healthcare; hospitality; professional services; construction; manufacturing; and transportation, distribution, and logistics. Identified for each sector are the top ten positions in terms of demand over the next ten years, average annual salary, and career pathways. All of the information gathered was validated by businesses in a one day summit on talent. As a result, the South Central Kentucky Launch (SCK Launch) talent development strategy has been established that begins at the earliest stage of kindergarten to unemployed, underemployed, and incumbent workers already in the system.

In 2011, the chamber raised \$1.4 million to implement The Leader in Me in Bowling Green and Warren County Schools in grades kindergarten through 12th grade and is the first in the nation to focus on leadership infusion in the grade span. The program has been extremely successful and already has six Lighthouse schools with more to come online this year. Once a child reaches middle school, the focus shifts to career and interest exploration. On November 9 and 10, 2016 the SCK Launch Experience will take place, which will be a hands on career expo to expose students career pathways that are in high demand. Beginning in 2017, students will be given the opportunity to participate in the Leadership Infused Career Immersion program that combines Covey principles with career academy concepts and will include a partnership with the Ford Next Generation Learning Education initiative. This will be a national model with the goal to graduate 100 percent of students with some form of job experience.

There are several other upcoming initiatives in the Bowling Green area. One program is the On Track project based learning initiative that teach STEM disciplines through practical application while exposing students to manufacturing careers. Through the program, the Warren County Area Technology Center and the South Central Kentucky Community and Technical College (SKYCTC) were each given a 1981 Camaro to rebuild for competition at the 2016 Holley LS Fest. The On Track initiative just received a \$70,000 grant from the LIFT organization for next year to help focus on the use of lightweight

metals and materials. Another initiative is the machine tool and robotics program that will accommodate 80 students and offer dual credit and certification upon completion. The Bowling Green Economic Development Association has donated funds, the Sun Products Corporation has donated equipment, and SKYCTC will provide instructors that will be paid by the Warren County School System. Individuals that are unemployed, underemployed or incumbent workers are offered training and other resources through the Training Consortium of South Central Kentucky, the Manufacturing Career Center, and the program Team Workforce. Team Workforce is a monthly gathering of public workforce partners that offers a "career connection" event to assist people with barriers to employment, resumes, and skill training.

Representative Palumbo commended Speaker Pro Tempore Jody Richards for his continuous promotion of economic development in not only Bowling Green but the South Central Kentucky region.

In response to Senator Thomas, Ms. Phelps stated that the Bowling Green Chamber of Commerce has done leadership visits in various places, and the SCK Launch experience is the result of the most recent visit to Pensacola, FL, Mobile, AL, and the general Gulf area. In 2014 in an unofficial leadership trip, some individuals from the Bowling Green area visited Virginia to explore the motorsports industry.

Senator Wilson expressed his excitement about the machine and robotics program and the collaboration amongst the business community, the school systems, and the chamber that allows students to graduate from high school with work ready skills and certification in various areas. Senator Wilson also mentioned that the legislators had recently been briefed at the Southern Legislative Conference on the Every Student Succeeds Act, which allows for more innovation and creativity at the local and community level.

Representative Clark stated he had been working with Dr. Carl Rollins, Executive Director of the Kentucky Higher Education Assistance Authority, in an effort to make Kentucky Educational Excellence Scholarship (KEES) funds available to students for vocational training. He also pointed out that all students in Hardin County graduate with a Work Ethics Certificate.

There being no further business before the committee, the meeting was adjourned at 1:03 p.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 2nd Meeting of the 2016 Interim

July 18, 2016

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Education was held on Monday, July 18, 2016, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Mike Wilson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Derrick Graham, Co-Chair; Jared Carpenter, Danny Carroll, Jimmy Higdon, Alice Forgy Kerr, Gerald A. Neal, Reginald Thomas, Johnny Ray Turner, and Stephen West; Representatives Linda Belcher, George Brown Jr., Regina Bunch, John Carney, Hubert Collins, Jim DeCesare, Jeffery Donohue, Kelly Flood, David Hale, Cluster Howard, James Kay, Brian Linder, Mary Lou Marzian, Donna Mayfield, Reginald Meeks, Charles Miller, Ruth Ann Palumbo, Marie Rader, Tom Riner, Sal Santoro, Wilson Stone, and Addia Wuchner.

Guests: Hal Heiner, Secretary, Education and Workforce Development Cabinet; Dave Adkisson, President, Kentucky Chamber of Commerce; and Kim Menke, Manager, Community and Government Relations, Toyota Motor Engineering and Manufacturing North America and Chair of the Kentucky Federation for Advanced Manufacturing Education; and Stacey Hughes, Human Resources Manager, Logan Aluminum and Chair of the Southcentral Chapter of the Kentucky Federation for Advanced Manufacturing Education; Cassie Reding, Kari Patrick, Brison Harvey, Meka Wilhoit, Stephanie Helten, Ada T. Skillern, Andrew Beaver from the Hope Street Group; Rhonda Tray; Sarah Taylor Cross, Stephanie Taylor Cross, Jamie Chenault from Hardin County Public Schools; Jeff Sherels from KEA; and Erin Klarer from KHEAA.

LRC Staff: Jo Carole Ellis, Janet Stevens, Joshua Collins, Chris White, and Avery Young.

Approval of Minutes

On a motion by Senator Kerr and a second by Representative Collins, minutes of the June 13, 2016, meeting were adopted.

Welcome

Chairman Wilson requested a moment of silence in remembrance of fallen police officers and their families in light of recent tragic events throughout the nation.

Representative Cluster Howard, presiding Co-Chair for the Subcommittee on Postsecondary Education, reported on the subcommittee meeting about the benefit of liberal arts education

and the state of student debt and financial aid.

Representative Wilson Stone, presiding Co-Chair of the Subcommittee on Elementary and Secondary Education, reported on the subcommittee meeting about education reform, progress achieved, and continuing challenges facing education.

Senator Reginald Thomas introduced Allison Sloan, who works with students with dyslexia. She also served as both advisor and consultant to the former Miss Kentucky Clark Davis. Also welcomed were educators from across the state who came to learn the process of making education policy.

Educational policies to improve postsecondary and workforce readiness

Chairman Wilson said that, while many Kentucky employers struggle to find employees who qualify for the positions available, job seekers struggle to find a position that match their acquired skills and abilities. Employers are looking for top candidates who are competent, creative, and innovative. Chairman Wilson asserted that our American educational system is failing to produce the caliber of professionals desired, while other industrialized nations continue to outpace our training systems used. Educational policy must continuously improve for achievement in college preparation, academic standards, postsecondary degrees, and industry certifications and credentials that will prepare students for the professional careers demanded by Kentucky employers.

Chairman Wilson said that, as the Kentucky General Assembly prepares legislation for the 2017 Regular Session, members should align legislation with the federal Every Student Succeeds Act (ESSA) adopted in 2015. This will provide an opportunity to develop educational policies that will improve and more accurately measure a graduate's postsecondary and workforce readiness based on the knowledge, skills, and credentials critical for the success in Kentucky's workplace. Chairman Wilson said that enhancement of K-12 academic standards, state assessments, and school accountability measures is essential.

Education and Workforce Development Cabinet (EWDC) Secretary Hal Heiner praised the General Assembly for the magnitude of the accomplishments during the last session, primarily \$15,000,000 allocated for the dual credit initiative and \$100,000,000 dedicated for the work-ready skills initiative. The new dual credit initiative has involved a great amount of interest and cooperation. A recent webinar on the initiative attracted 255 participants, including universities and local school officials. University of Kentucky President Dr. Capilouto agreed to invest \$100,000 to train high school teachers

to become adjunct faculty. Eastern Kentucky University and at least 30 secondary schools have agreed to participate.

Secretary Heiner said that a high school diploma is not enough for the current jobs available and for future jobs coming to Kentucky. He mentioned statistics from Georgetown University referring to the recovery from the 2008 recession's loss of eight million jobs. Six million were for individuals that had a high school diploma or less, while two million were for individuals with postsecondary education. As the recession eased, 11 million jobs were created. Of those 11 million positions, all but 100,000 required some postsecondary education.

Secretary Heiner reported that recent high school graduating classes in Kentucky had 26 percent graduating with postsecondary credits from dual credit programs. In Iowa, which leads the nation, 56 percent of graduating high school students have postsecondary credits. Secretary Heiner suggested that Kentucky strive for a goal of 100 percent. Schools in Fulton, Hickman, and Carlisle counties have a non-profit, charitable group that has been funding dual credit courses, achieving an 80 percent status of students graduating with dual credits.

Secretary Heiner said that specialized forms of education, such as public charter schools, are needed to meet the needs of every child in Kentucky. He stressed the importance of closing the growing achievement gap and of having forms of education for top students across Kentucky, such as the Gatton Academy and Craft Academy. It is important to have specialized education that meets the needs of students whose family may not have had a great priority on education and for students who have large parenting and financial gaps in their home. A holistic form of education is needed to fill gaps to insure children use their talents and abilities to the maximum.

Secretary Heiner said that career education is the same as a college education and, in terms of earnings, career and technical education jobs are parallel to academic pursuits. All technology centers should be renamed as colleges and every course taught in area technology centers should be college courses that receive dual credit. He believes the benefits students get from these initiatives will greatly contribute to Kentucky's economy.

Secretary Heiner reported that economic development groups say the competition today is for skilled and educated workforces. Kentucky could lead this initiative to acquire the best jobs in the future. The recent Work Ready Skills Initiative webinar attracted 155 people throughout the state from high schools, colleges, employers, and interested community groups. Applicants can apply for some of the \$100

million in bond funds to move their community ahead through the revamping of facilities and equipment. While some areas have great facilities, there is a huge disparity around the state, and the allocated funds can be a positive change.

Secretary Heiner reported there are five key industry sectors that are in top demand for trained and qualified employees. There are 112,000 jobs available, including expected growth and replacement of existing workers. These include health care, manufacturing, transportation and logistics, business and information technology (IT) services, and construction and trades.

Secretary Heiner outlined the top demand occupations as they relate to high skill/high wages: (1) health care: RN, LPN, general physician; (2) manufacturing: skilled technician, skilled operator, engineers, welders; (3) transportation and logistics: CDL, logistics managers, IT infrastructure; (4) business and IT services: computer systems analyst, computer programmer, software developer, civil engineer, accountants, financial analysts, technical sales; and (5) construction and trades: carpenters, electricians, plumbers, pipefitters, HVAC, heavy equipment operators.

Secretary Heiner said that a good program not only teaches a trade but also includes how to run a business and basic business principles. Business principles combined with a skilled trade equips an individual with the necessary training to start their own business.

Secretary Heiner reported that 47 percent of all Kentucky high school graduates in 2012-2013 were considered not college or career ready. When the dual credit initiative reaches its goal, college ready will mean either nine credit hours of postsecondary completed courses connected to a postsecondary institution or industry recognized credentials that match up with an equivalent amount of work.

The breakdown by student categories showing the achievement gap of students who are not prepared for postsecondary education indicates we have a long way to go. The percentages are Whites, 44 percent; African Americans, 70 percent; Hispanics, 56 percent; Free/Reduced Lunch Recipients, 61 percent, and Special Education, 87 percent. Secretary Heiner stated it is a moral imperative to change this. A student who completes high school and is college and/or career ready but decides against attending postsecondary will feel the effect by seeing average median earnings lowered by several thousand dollars.

Secretary Heiner believes Kentucky can lead the country in dual credit. The enthusiasm and excitement for both secondary and postsecondary education result from funding made available by the reallocation of lottery

funds for the dual credit scholarship. The other plans and initiatives are to modernize the Commonwealth's workforce, balance industry demand to educational supply, promote equity, and provide access to specialized instruction. Modernization is possible through the use of the \$100 million allocated for the Work Ready Skills Initiative, by upgrading facilities and learning tools. The partnerships formed with employers, high schools, and postsecondary facilities will allow them to train students by day and adults by night.

Secretary Heiner said work continues with the Kentucky Workforce Innovation Board, the Kentucky Chamber of Commerce (KCC), and the state association for human resource officials to get a better idea of the skills pipeline needed for Kentucky's future. This relates to not only what is needed today but also how companies will be able to have future expansion with skilled and certified employees.

Secretary Heiner reiterated the issue of equity and access for students who remain at an economic or family disadvantage, but feels this can be overcome as a result of the General Assembly's priority on education. This gap must be filled quickly.

Chairman Wilson said that, in the Area Technology Center (ATC) in Warren County, there is a strong collaboration between the local chamber of commerce, industry, and school districts. The chamber has created two new programs whereby they are able to get machines donated from industry to the ATC. The chamber has also contributed \$200,000 to those programs. The Commissioner of Education supports the program and has agreed to provide teacher funding for the second year of the program. Five welders that received certifications in area high schools were able to gain employment at double the income they would have normally received.

In response to Representative Flood's questions about the Work Ready grants, Secretary Heiner stated the pre-application is due in 30 days, and all information is available on EWDC.ky.gov, including the full timeline as well as frequently asked questions. He expects only a fraction of the funds to be disbursed in the near future. Over a two-year period, there will be a rolling application process that will occur every six months until the funds are expended. The expectations for the regional teams are to bring everyone together including private employers, high schools, postsecondary education, local elected officials, and local economic development agencies across the state to help get the word out about the initiative's importance. If Kentucky spends these funds to build glorious facilities and no one uses them, the state will not move forward.

In response to Representative Flood's

questions about the application process, Secretary Heiner said there are nine members that serve on the application review committee. Once the application is received it should take about 10 days for it to be reviewed. The committee will compare the initiative's goals to the proposal. For applications that are aligned with the goals, EWDC will go back to the partnership and request a full application within 60 days. The full application will provide more detailed documentation on facilities, costs, and metrics. Grants will range from \$10,000 to \$25 million. Secretary Heiner added that ATCs are doing very well, but there is a dire need for updated equipment in many facilities.

Representative Riner thanked Secretary Heiner for stating that a high school diploma is not enough and said that a high school diploma is not enough, a college degree is not enough, and even a post-graduate degree is not enough without an emphasis on the need, value, and virtue of character. Secretary Heiner responded that while educated and skilled workforce is a concern, there is also a lack of professional skills and character among workers. His goal is to have a mentoring component to teach students professionalism in the workplace, as well as building character.

In response to Representative Meeks' question about the goals of the dual credit program, Secretary Heiner said the goal is to find a pathway for every single student that will lead to a job in Kentucky, and the state does not have the capacity needed to achieve the goal without expansion. Only 60 percent of Kentucky students continue postsecondary education. Of the 40 percent who have elected not to go to college, only 2 percent graduated from high school with an industry-recognized credential. The first step is to move that 2 percent to 40 percent.

In response to Representative Graham's question about dual credit costs, Secretary Heiner advised there is a cap of one-third of the Kentucky Community Technical and College Systems (KCTCS) tuition rate for every dual credit course offered in the high school. A lower rate could be negotiated between the school district and postsecondary institution. For every dual credit course completed, one-third of the KCTCS rate goes to the school district. The district will send a portion or all of those funds to the postsecondary institution. To provide flexibility, any remaining funds can be used for faculty instruction, student transportation to dual credit classes, and student books. Full accounting for every dual credit dollar must be provided at the end of the school year.

Representative Graham responded this will encourage teachers to pursue a higher degree within their area of concentration and perhaps could aid teachers in advancing as instructors at

the collegiate level.

Representative DeCesare commented about information provided in the presentation regarding the number of free and reduced lunch recipients. He said that at times government encourages able-bodied individuals not to work, and Kentucky does not have trained workers for the jobs available. He commended programs presented by Governor Bevin and Secretary Heiner that will enable organizations to be prepared to train people for these positions as they become available. Representative DeCesare hopes this is done quickly because many manufacturing facilities are reassessing the workforce in Kentucky to determine if they should expand here or leave Kentucky. The new programs are coming at the right time to ensure Kentucky workers have the skills they need for high-tech, high-manufacturing jobs, and these steps will move Kentucky forward.

Dave Adkisson, KCC President, discussed a report co-produced by KCC and The Prichard Committee, "A Citizen's Guide to Kentucky Education: Reform, Progress, Continuing Challenges," which details Kentucky's workforce challenges from an employer's perspective. The report is available at kychamber.com.

The Kentucky business community has been very involved in education reform since the late 1980s after Kentucky was ranked 49th in the nation. In 2008, KCC made improving public education the top priority for Kentucky businesses.

Mr. Adkisson reported that the emergence of the recession morphed into today's issue of needing a trained and skilled workforce across the state. There is no such thing as a "Kentucky economy," but rather a division of nine distinct regional economies within the state. The Kentucky workforce is very dependent upon the regional economies and the different industries in each of them.

Five years ago, KCC members were surveyed regarding the biggest threat facing their businesses. The top threats were the economy and federal health care. Today, KCC reports the biggest factor facing large and small businesses is an educated and trained workforce. A key recommendation of KCC is to engage additional business and community involvement to help students recognize the opportunity and experience by creating partnerships, internships, and apprenticeships.

Mr. Adkisson added that another main area of focus is credentials. If industry values certain certifications more than others, then it is important to identify the most needed certifications and determine the criteria for those certifications. He congratulated the efforts of the legislature and the administration on moving forward with career and technical education and

finding ways in which to modernize it, extend it, and make for more meaningful transitions not only from high school to college but also college to career.

Mr. Adkisson suggested apprenticeship programs need to be demand driven as the needs of the businesses change. In addition to the programs being demand driven, they should be employer led, by informing us of the demand for certain types of skilled maintenance laborers over the next few years and helping determine how to encourage college students to pursue these meaningful careers. Dual credit courses provide a huge opportunity, and Kentucky should be a national model.

Mr. Adkisson reported the issue of soft skills, also called employability skills or professional skills, is the largest single issue facing industry today. Examples of soft skills include showing up for work and on time, showing up drug free, getting along and communicating with co-workers and working in teams. Employers are anxious for a solution to this issue.

Mr. Adkisson reported that schools in northern Kentucky have offered what is known as a "character certificate" or "notice of professionalism," and community colleges in Elizabethtown and Bowling Green have successfully built character education into the curriculum. Mr. Adkisson is working with the Kentucky Department of Education Accountability Steering Committee to determine how to combine a character curriculum without distracting from the academic curriculum.

Mr. Adkisson said KCC will focus on the workforce participation rate regarding how many able-bodied adults between ages 21 - 65 are working. The average in Kentucky is 65 percent and the national average is 75 percent, and the 10 percent difference translates into approximately 130,000 able-bodied adults in that age range who are not in the workforce. Studies should be completed to determine where these individuals are, what they are capable of, and what skills they need to be meaningfully employed. Mr. Adkisson believes that many Kentuckians are on disability due to a cultural mentality and suggested that change is needed so more people can become productive members of our workforce.

Mr. Adkisson referred to legislation passed in the 2016 Regular Session regarding felony expungement of able-bodied adults. He added the passage of this legislation was an effort to engage a portion of the marginalized population in employment while still insuring businesses from inherent risks.

Senator Wilson commented Bowling Green is dealing with the issue of soft skills. He described the "Leader in Me Program" that has been adopted in the local school system, which

has helped change the culture, has made children take responsibility for their own education, and has promoted teamwork.

Kim Menke, Community and Government Relations Manager, Toyota Motor Engineering and Manufacturing North America, and Chairman of the Kentucky Federation for Advanced Manufacturing Education (KY FAME) said KY FAME is a partnership of regional manufacturers whose purpose is to implement dual-track, apprentice-style training that creates a pipeline of highly skilled workers. The primary method to achieve this goal is through partnerships with local educational institutions to offer the Advance Manufacturing Technician (AMT) program.

Mr. Menke explained that KY FAME emerged from issues of Toyota not getting the skilled and trained employees needed to be successful. Many employees began working at Toyota 30 years ago and as growth occurred over the years, the company was having difficulty filling positions with employees that had the necessary skill sets to be able to produce at an acceptable level.

AMT was developed as the first model because maintenance was so important. The model was built to include any career or job classification in manufacturing, whether it is machining or logistics. The model can also be used in other sectors of the economy, such as health care, IT, and finance, and can be duplicated by changing the technical skills that need to be taught. The model is used across the country now and is currently used in eight states where Toyota has facilities.

Employers recruit, select, and sponsor students in the program, typically using high school graduates as the primary source. Some companies need to improve their incumbent workers and put their own employees into the program. They have also been successful in selecting returning veterans and displaced workers. The program is a learn-and-earn program that lasts five academic semesters. For two days a week, classes are held in a simulated work environment, and for three days per week participants work side-by-side with mentors at the sponsoring company. This enables the student to put into practice what is learned, and it provides hands on training and experience.

The training received is based around four key elements: (1) technical training, (2) personal behaviors, (3) manufacturing core exercises, and (4) work experience. Students can graduate debt free with an associate degree as an AMT with two years of experience.

KY FAME was started in 2009. In 2012 there were seven companies in Central Kentucky that came together to develop the first Bluegrass Chapter with 22 students. To date, 124 AMT

students have graduated and have all been employed. Three chapters were added within the next year across the state: Northern Kentucky Chapter, Lincoln Trail Chapter, and the Greater Louisville Chapter.

In 2015, the KY FAME Board was established to assist other areas of the state in duplicating the program. The state was divided into 10 regions, and there are now chapters in 9 of those 10 regions. Current enrollment in the nine chapters is 286 students, and with returning second year students across the state, KY FAME's enrollment is about 400. The student enrollment represents two-thirds of the 120 counties in Kentucky. This shows that the program has value and has started to spread across the state.

Mr. Menke stated that graduates from the KY FAME program are the best trained and have real-world experience and necessary technical skills. They also understand and excel in the advanced manufacturing culture and demonstrate necessary personal behaviors that are so important. One thing that has been very gratifying is many of the AMT students that are graduating from the Toyota program are now team leaders in skilled trades. The caliber of people coming out of these programs is exceptional.

Stacey Hughes, the Human Resources Manager for Logan Aluminum in Lewisburg and president of the Southcentral KY FAME chapter, which was founded last fall said their first KY FAME class will start in August with 20 students. Ms. Hughes believes the cohort model that is offered with the AMT model is the best because the students learn, work, and study together and discuss with each other the different companies for which they work.

She said KY FAME also helps raise the reputation of manufacturing in the area and across the state. Because it is industry led, the companies work together to recruit in high schools and in the community as opposed to competing against each other for the best skilled and trained employees. It is an opportunity to tell the students that manufacturing is not "dirty, dark, and dangerous."

In response to Senator Alice Kerr's questions about applying for KY FAME, Mr. Menke said the student completes an application on kyfame.com that is reviewed for eligibility. The manufacturers form a committee that will interview the student, explain program expectations, and answer questions. The applicants are then drafted by the sponsoring companies, comparable to the NFL draft. After the selection is completed, the application will go to the community college and classes start in the fall. The application process starts in early January or February. Many companies hire the

student for the summer, which gives the student the opportunity to obtain real-world experience in the personal behaviors and manufacturing culture before starting school.

In response to Senator Danny Carroll's question about a contract between the sponsor and the student, Mr. Menke said there is an agreement between the sponsoring company and the student, who agrees to work for the sponsoring company during the entire 18 months of the training program. However, there is no commitment by the student or the company at the end of that period. The majority of students will stay with their sponsoring company. The program has a 99.9 percent graduation and placement rate, but it is important to make sure the position is a good fit for both parties. A company that requires a commitment may do so if it assists in the payment of the student's tuition and may include a stipulation whereby the student must reimburse the company if he or she chooses not to stay as an employee.

Ms. Hughes said that the agreement and negotiation is between the student and the employer, and they will negotiate the terms including tuition payment and salary.

In response to Representative Carney's question about high school seniors participating, Mr. Menke stated that one of the challenges with high school seniors is factories have under 18 age restrictions.

In response to Representative Carney's question about the delivery of the instruction, Mr. Menke said that they are working with education providers to develop regional relationships because many jobs are unique to specific regions and the regional providers would have the best perspective on the education needs in their area.

In response to Representative Carney's question about the eligibility of independent colleges to participate in the Work Ready grant partnerships, Secretary Heiner said they are looking for broad partnerships including private institutions and there are no requirements that the any particular group take the lead in creating the partnership.

Representative Carney commented that as an educator he acknowledges that great strides have been made in the Commonwealth, as shown by the increase in the percentage of college ready students from 47 percent in 2012 to 62 percent in 2015.

In response to Representative Stone's question about KY FAME graduates using their associate's degrees as a foundation to further their higher education, Mr. Menke stated that the program was set up as a career pathway. AMT is the first step of the pathway whereby students can move very quickly into various positions within companies. There are articulation agreements with some universities and are working with

others to do the same. KCC is working with universities on teaching the business side of the equation because it is critical information needed by individuals to start their own companies or perhaps move into management within their existing companies.

Ms. Hughes said that many of Logan Aluminum's employees have obtained associate's degrees and have used this avenue to advance their degrees at Western Kentucky University or another university, or through an on-line program.

Senator Jimmy Higdon expressed disappointment that high school students are not eligible for KY FAME but said there are many opportunities for students with school-to-work, internships, job shadowing, and apprenticeships. More employers embrace the opportunities to allow students under 18 years of age into the facilities and is hopeful more industries will follow this.

In response to Representative Brown's question about providing assistance to students who do not qualify immediately for KY FAME, Mr. Menke said that during the interview process, the committee identifies students who would make great team members but may not have the skill set needed to qualify. The committee then works with the student and the high school to help them obtain the needed skill levels.

Ms. Hughes stated that recruitment in the high schools is not only for seniors, but also includes lower classes so they are aware of the acceptance criteria. Students who do not score high enough on a particular subject can get help. If they can improve their scores before the semester begins, they can go into the pool to be interviewed by a company.

Chairman Wilson thanked the presenters and announced that the next meeting of the committee will be on a different day of the month, August 15, due to a conflict with the National Conference of State Legislators meeting on the regular meeting date.

The meeting was adjourned at 3:15 PM.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 2nd Meeting of the 2016 Interim

July 22, 2016

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Judiciary was held on Friday, July 22, 2016, at 10:00 AM, at the Department of Criminal Justice Training in Richmond, KY. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-

Chair; Senators Danny Carroll, Perry B. Clark, Alice Forgy Kerr, John Schickel, Dan “Malano” Seum, and Robin L. Webb; Representatives Joseph M. Fischer, Kelly Flood, Chris Harris, Stan Lee, Reginald Meeks, Suzanne Miles, Lewis Nicholls, Tom Riner, Ken Upchurch, and Brent Yonts.

Guests: John Tilley, Secretary of the Justice and Public Safety Cabinet; Mark Filburn, Commissioner of the Department of Criminal Justice Training; LaDonna Koebel, acting Commissioner for the Department of Juvenile Justice; Mike Sweeney, Vice President of the Kentucky Fraternal Order of Police; Skylar Graudick, with the state FOP legislative group; Michelle Turner, President of the Kentucky Land Title Association; and Brandon Gross, Esq.

LRC Staff: Katie Comstock, Alice Lyon, Matt Trebelhorn, Elishea Schweickart, and Brad Gordon.

Introduction to Department of Criminal Justice Training

Mark Filburn, Commissioner of the Department of Criminal Justice Training, and John Tilley, Secretary of the Justice and Public Safety Cabinet, presented an introduction to the Department of Criminal Justice Training (DOCJT).

Commissioner Filburn discussed DOCJT staff and their dedication, passion, and hard work. Each morning, every class within DOCJT begins by reciting the Pledge of Allegiance. This is intended to set the tone within the classes and remind everyone that they are there to protect the country and serve the public.

DOCJT hosts five classes at a time and they run for 23 weeks. Leadership courses taught to first line supervisors are considered top in the nation. The facility contains 135 dorm rooms that are in exceptional condition. The physical training area within DOCJT holds an impressive weight room and track. The challenge course used by the leadership classes contains low rope and high rope aspects. DOCJT also has a driving track on campus and Commissioner Filburn expressed that it will be utilized more in the future.

Commissioner Filburn said that DOCJT strives to promote team effort within the law enforcement community. DOCJT trains police officers, dispatchers, and Fish and Wildlife officers. Bringing all these entities together builds teamwork and cooperation within every department. It also makes stressing the importance of ethics more efficient, Ethics is a core foundation in everything DOCJT does.

Keeping officers safe and alive, while also teaching them to follow the laws themselves, is another important goal to DOCJT. DOCJT and other departments want officers to always know that they are supported. Commissioner Filburn

talked about the struggles officers face every day and what DOCJT is doing to try and ensure each officer returns home after every shift. In 2015, Kentucky officers mirrored the national statistics, which included fatalities to firearms, automobile accidents, and general health and fitness; this is motivation behind improved training that will be geared toward these areas. Commissioner Filburn expressed great concern for the fatalities related to automobiles, stating that a big emphasis for training will be placed toward automobile safety.

Commissioner Filburn spoke about the concerns DOCJT faces when it comes to the training they are allowed to conduct. Training in Kentucky consists of 23 weeks of basic training and 40 hours of in-service training yearly. This amount of training exceeds the amount done by several other states. Commissioner Filburn stated that the problem with Kentucky law though when it comes to training is that they are not required to teach the basics except for every three years. Also, Kentucky law also does not allow training in firearms, hand-to-hand combat, driving, first aid, or legal updates during 40 hour in-service training; this was a big concern for DOCJT and Commissioner Filburn expressed desire to change the current statute and allow departments to place an emphasis on these critical skills to improve Kentucky law enforcement officers.

A two hour legal update has been added to every class DOCJT will conduct in 2017. Commissioner Filburn stated that they also hope to add additional first aid classes, four hours of firearms training, seven hours of tactical training, and four hours of driving training. Training for traffic stops is also getting updated, officers are learning new ways to effectively communicate with citizens during a stop. Regional training sites are also being considered so that officers and recruits do not have to always travel to DOCJT in Richmond, KY.

Responding to a question from Representative Flood, Commissioner Filburn stated that officers are encouraged to build relationships within their communities. Once an officer leaves DOCJT, part of their training requires them to perform community activity. Also, part of an officer’s personal time off (PTO) requires them to go out and meet citizens in their community, they are then required to keep a portfolio of those that they meet. Responding to a follow up question from Representative Flood, Secretary Tilley stated that best practices are being used all over Kentucky. Kentucky does not include enough minorities and women in the criminal justice field, that it is a concern and attempts to change that are being made.

Responding to a question from Senator Schickel, Commissioner Filburn stated that DOCJT will be doing more scenario based

training, like directing traffic.

Responding to a question from Senator Carroll, Commissioner Filburn stated that current pursuit policies vary across the state depending on each department. Responding to a follow up question from Senator Carroll, Commissioner Filburn stated that the job of DOCJT is to maintain the quality of training they conduct regionally.

Responding to a question from Senator Clark, Commissioner Filburn stated that communication is critical when dealing with any situation, and DOCJT teaches recruits about how to deescalate situations that could turn dangerous.

Responding to a question from Representative Meeks, Commissioner Filburn stated that the PTO program, which requires officers to participate in community activities once the return home, is key when it comes to building community relationships between citizens and law enforcement.

Responding to a question from Senator Kerr, Commissioner Filburn stated that recruiting is an issue within law enforcement, but recruiters are going out into the community to try and get quality people. Responding to a follow up question from Senator Kerr, Commissioner Filburn stated that recruiters are going to college athletics to try and recruit women into law enforcement.

Juvenile Justice Update

LaDonna Koebel, acting Commissioner for the Department of Juvenile Justice (DJJ), and John Tilley, Secretary of the Justice and Public Safety Cabinet, presented an update on Senate Bill 200 and DJJ. The Department of Juvenile Justice provides services to probated, committed, or sentenced youth. DJJ operates detention centers for juveniles, as well as residential centers and group homes. DJJ also provides court assessments throughout Kentucky.

Senate Bill 200 was passed in 2014, but did not go into effect until July 2015. Since the implementation of Senate Bill 200, there has been a reduction in the number of youth committed and probated to DJJ. Family Accountability, Intervention, and Response (FAIR) teams have also been established in all districts. Since implementation, there has also been a rise in the number of youth who are waved to adult court and convicted as youthful offenders, which DJJ is evaluating.

The total number of probated youth is declining since 2013 and the total numbers of committed youth is declining as well. Although the total as a whole is decreasing, and the number of Caucasian youth is decreasing at a similar rate as the total, the number of African American youth is experiencing a much smaller decline. Disproportionate minority contact is a

concern for DJJ. Commissioner Koebel said that DJJ is breaking down their data along with other departments by race to see if and where there is a disproportionate minority issue. Secretary Tilley also stated that there are currently three pilot programs in operation to work through the disproportionate issue, these pilot programs are located in Lexington, Louisville, and Campbell County.

Overall, DJJ has seen a 40 percent reduction in total Out-of-Home population since mid-2014. This reduction includes sex offenders, youth with weapons charges, and general youthful offenders. DJJ has seen a 73 percent reduction in Out-of-Home population for youth who were committed for offenses that Senate Bill 200 was targeting. This reduction allows more youth with less serious offenses to remain in their communities and receive treatment at home.

Although DJJ is improving with the help of Senate Bill 200, they are still facing challenges. One of these challenges is cross-agency data collection and information sharing, which DJJ and other agencies are working to improve. Another challenge DJJ is facing is the implementation of mandated evidence-based treatment for youth because staff for this is difficult to obtain. Senate Bill 200 required 50 percent of funds spent on treatment services to be spent on evidence-based treatment, this will then stagger to 75 percent of funds being spent on evidence-based treatment. Lastly, DJJ is having a difficult time maintaining staff as a whole; there is a 100 percent turnover rate for frontline workers. Secretary Tilley stated that one of the reasons for this extreme turnover rate is low employee salaries.

Responding to a question from Senator Webb, Commissioner Koebel stated that the Administrative Office of the Courts (AOC) is tracking recidivism for youth who are handled by the FAIR teams. Responding to a follow up question from Senator Webb, Commissioner Koebel stated that community grants required by Senate Bill 200 will be funded with program closures, so the grants have not started.

Responding to a question from Representative Harris, Commissioner Koebel stated that DJJ is looking to see at what level in the system disproportionate minority contact is happening. It appears to DJJ that diversion is being offered more often to Caucasian youth, and DJJ is looking into it.

Responding to Senator Schickel, Commissioner Koebel stated that no status offender should ever be detained, but a youth can be detained on a violation of a valid court order, and although she did not have the number of how many are currently detained she would obtain it.

Kentucky Fraternal Order of Police (FOP) Issues and Concerns

Mike Sweeney, Vice President of the Kentucky Fraternal Order of Police (FOP), and Skylar Graudick, with the state FOP legislative group, presented FOP's issues and concerns.

The first concern Mr. Sweeney presented was a KLEFPF statute appropriation. KLEFPF stands for the Kentucky Law Enforcement Foundation Program Fund, which is a fund sustained by a surcharge on insurance premiums. It is used to fund the Department of Criminal Justice Training (DOCJT) law enforcement training operations. The Kentucky FOP will advocate for legislation that will make a statutory appropriation to ensure that an appropriation of at least \$4000.00 remains during future budget years. The Kentucky FOP plans to seek legislation that includes approximately nine POPS certified county detectives in the program, and that they receive retroactive KLEFPF training incentive stipend pay to July 1, 2016.

Support for first responders is also a concern for the Kentucky FOP. Mr. Sweeney spoke of the violent acts that have occurred over the last several months and police officers who have been the targets of these acts. The Kentucky FOP will support legislation that will seek to condemn violent offenses perpetrated against first responders in Kentucky. These first responders include members of law enforcement, fire fighters, and emergency medical service providers.

Mr. Sweeney spoke of the First Amendment rights for officers. While officers are held to a higher standard, officers are Americans protected by the Constitution and have a right to free speech which is protected while officers are not in uniform or acting in an official capacity. Kentucky FOP will seek legislation that ensures these freedoms can be expressed without fear of disciplinary actions from employers.

Address protection for police officers is another great concern for the Kentucky FOP. Mr. Sweeney stated that there have been multiple instances where officers were attacked at their home when their address was identified in easily accessible public documents. Personal information may be removed from websites, but it is a great financial expense to individual officers. The Kentucky FOP will seek legislation that allows officers to protect their personal identifying information.

A final concern for the Kentucky FOP is recruitment of new officers for the state, and retirement security. Like many other agencies in Kentucky, it is becoming increasingly difficult to recruit new officers, or retain them due to the nature of the position. Mr. Sweeney stated that strengthening retirement security and benefits will better recruit and retain qualified individuals to a career in law enforcement.

Responding to a question from Senator

Seum, Mr. Sweeney stated that some branches of the Kentucky FOP do have public membership options.

Responding to a question from Senator Clark, Mr. Sweeney stated that a violent offense against an officer is an assault in the third degree, but many times that charge is amended down to fourth degree assault charge. Responding to a follow up comment from Senator Clark, Mr. Graudick stated that, due to the nature of an officer's job, violent offenses against officers seem to be expected. This, added with the tension between officers and the public, is hurting morale within law enforcement.

Responding to a question from Senator Webb, Mr. Sweeney stated that officers rights, and their ability to exercise them, usually depends on the size of the department he/she works for. Responding to a follow up question from Senator Webb, Mr. Graudick discussed a time he was able to interact with children in his community. He stated that he believed that officers can interact with their communities in a positive way, but officers should have more protections.

Licensure of Land Title Insurance Agents

Michelle Turner, President of the Kentucky Land Title Association, and Brandon Gross, attorney with Morgan & Pottinger, presented a model bill for consideration in front of the committee.

Kentucky is the only state that does not license title agents. During the regular 2015 session, a bill that would have required title agents to be certified and licensed was proposed but did not pass. The bill has been made Kentucky specific. In Kentucky, title agents are not required to have a license even though they handle most of the paperwork during a real estate closing. The bill would have brought uniformity, increased competency, and made dual Continuing Legal Education (CLEs) credits available. The cost of a license would have been about \$50. Ms. Turner said that the bill would not have required any appropriations and would have helped protect people.

Responding to a question from Representative Harris, Mr. Gross stated that anyone can be authorized by a title insurer to be an agent. Once someone is authorized, he or she can work on a closing. It is not considered an unauthorized practice of law if an attorney is involved in the process. The bill would have made title agents liable for their actions, and they would have been regulated by the Department of Insurance.

Responding to a question from Representative Nicholls, Mr. Gross stated that the bill would have required a test to obtain a license. Licensed attorneys would have been exempt.

There being no further business, the meeting was adjourned at 12:13 PM.

**INTERIM JOINT COMMITTEE ON
APPROPRIATIONS AND REVENUE**
**Budget Review Subcommittee on General
Government,
Finance, and Public Protection**
**Minutes of the 1st Meeting
of the 2016 Interim**
August 1, 2016

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on General Government, Finance, and Public Protection of the Interim Joint Committee on Appropriations and Revenue was held on Monday, August 1, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Rita Smart, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Rita Smart, Co-Chair; Senators Joe Bowen, Stan Humphries, and Dennis Parrett; Representatives Adam Koenig, Brad Montell, Steve Riggs, Tom Riner, and Brent Yonts.

Guests: Representative Derrick Graham; Mark Bunning, Deputy Secretary, Finance and Administration Cabinet; Andy Casebier, Director, Division of Engineering and Contract Administration, Finance and Administration Cabinet; Chris Moore, Executive Director, Kentucky Communications Network Authority; Brenda Brown, Assistant Architect, Kentucky Communications Network Authority; and, Doug Hendrix, General Counsel, Kentucky Communications Network Authority.

LRC Staff: Joe Lancaster, Katherine Halloran, Raymont Griffith, Stephanie Rich, and Spring Emerson.

Finance and Administration Cabinet

Deputy Secretary Bunning and Director Casebier provided an overview of the New State Office Building/Capital Plaza Tower project as well as an update on the Lexington Convention Center Expansion.

In response to a question from Senator Bowen, Mr. Bunning said the owner of the New State Office Building is CRM Development Company, Inc. The state has entered into a 35-year lease, and at the end of the lease period, ownership reverts to the state.

In response to a question from Senator Parrett, Mr. Casebier said utility cost estimates are based on the costs of the subpar HVAC systems in the old buildings versus the more efficient new systems, and those estimates will be adjusted with time and actual usage.

In response to questions from Representative Yonts, Mr. Bunning said energy savings will be

realized in the New State Office Building, as compared to the Capital Plaza Tower (CPT). Mr. Casebier said the developer is to pay for any maintenance or repairs while the building is under lease.

In response to a question from Senator Carroll, Mr. Casebier said the new building will require the purchase of new furniture due to size constraints. The old furniture will be reused elsewhere or sold for salvage. The finance charge for the five-year purchase of furniture is less than one percent.

In response to questions from Senator Bowen, Mr. Bunning said the cost of utilities is not included in the lease amount, but any maintenance or repairs are included. Mr. Casebier said the state will be responsible for the cost of utilities, janitorial services, moving walls or doors, adding data lines, etc.

In response to a question from Representative Montell, Mr. Casebier said the Request for Proposal (RFP) included lengthy maintenance requirements in order to keep the building in good shape for a long period of time.

In response to questions from Representative Riggs, Mr. Casebier said the food service would be a new venture for the Department for the Blind, which will not be a full-service cafeteria, but a popular style of service including soups, salads, and sandwiches. The building will also include a snack and sundries shop. The building is a joint venture between CRM Development Company, Inc. and DW Wilburn, Inc. A traffic study was done by the Department of Transportation, assuring that the size of the building would not cause any significant increase in traffic flow at the intersection of Sower Boulevard.

In response to a question from Representative Yonts, Mr. Casebier said the Department of Corrections did not build the new furniture.

In response to a question from Senator Carroll, Mr. Casebier said the lease payment is a fixed rate for 35 years, but the built-in maintenance fund may require an adjustment near the end of the lease. Mr. Bunning said the lease amount is \$4,522,000 annually.

In response to questions from Chair Smart, Mr. Casebier said even though the workspaces will be slightly smaller, employees will have adequate space at 237 square feet per person. New tenants like their new environs. Mr. Bunning said the Energy and Environment Cabinet occupies floors one through three, the Cabinet for Education and Workforce Development occupies half of the fourth floor, and the Department for Education will occupy the other half of the fourth floor as well as the fifth floor. There would be some cubicle sharing in the Education Cabinet, due to telecommuting efforts. The parking lot accommodates local

planning and zoning requirements and includes parking for visitors and handicap-accessible spots. There will be a separate lot for the fleet vehicles used by the Energy and Environment Cabinet.

In response to a question from Representative Yonts, Mr. Bunning said options are being explored for the CPT if it does not sell.

In response to a question from Senator Carroll, Mr. Bunning said that, since the RFP for the CPT is active, he could not disclose any information regarding the cost of renovations at this time.

In response to a question from Chair Smart, Mr. Bunning said the Lexington-Fayette Urban County Government is putting cash into the expansion of the Convention Center, and Lexington Center Corporation will be issuing bonds.

In response to a question from Representative Yonts, Mr. Bunning said the expansion of the Lexington Convention Center would not affect Rupp Arena. Rupp Arena is owned by Lexington Center Corporation.

In response to questions from Chair Smart, Mr. Bunning said each building would be evaluated for maintenance needs.

In response to a question from Representative Yonts, Mr. Bunning said the cost for the food space in the New State Office Building would be paid for by the building tenants, which is also true for the cafeterias in the Transportation Cabinet and the Cabinet for Health and Family Services buildings. Representative Yonts expressed his concern that the cafeteria in the Capitol Annex building is in dire need of updates and improvements.

**Kentucky Communications Network
Authority**

Director Moore provided an update on the status of the KentuckyWired Initiative.

In response to a question from Chair Smart, Mr. Moore said the 10-month delay is due to pole attachment agreements with AT&T and Windstream.

In response to a question from Senator Parrett, Mr. Moore said public right-of-ways are used as much as possible in order to avoid the cost of obtaining easements.

In response to a question from Representative Riner, Mr. Moore said the Kentucky Communications Network Authority (KCNA) cooperate with the public safety community, including the Department for Homeland Security, which would mitigate the effects of a possible Electronic Magnetic Pulse (EMP) attack.

In response to a question from Representative Yonts, Mr. Moore said the KentuckyWired initiative is not using eminent domain to obtain rights.

In response to a question from Chair Smart, Mr. Moore said the various grants available are for Community Planning, Community Access Centers, and eCommerce Training.

In response to a question from Representative Montell, Mr. Moore said KentuckyWired is a wholesale provider, not an internet service provider.

In response to questions from Senator Carroll, Mr. Moore said there is no duplication of services and the e-rate federal subsidy is unaffected, as KentuckyWired does not provide services for K-12 education. The KentuckyWired initiative is a Public-Private Partnership (P3).

In response to a question from Representative Yonts, Mr. Moore said there would be a presence in all 120 counties in Kentucky.

In response to a question from Senator Bowen, Mr. Moore said it is a self-sustaining venture, governed by the P3 agreement over a 30-year period.

There being no further business before the subcommittee, the meeting was adjourned at 11:46 AM.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Second Meeting of the 2016 Interim

July 20, 2016

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, July 20, 2016, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Tom Burch, Co-Chair, called the meeting to order at 10:10 a.m., and the secretary called the roll.

Present were:

Members: Representative Tom Burch, Co-Chair; Senators Danny Carroll, Julian M. Carroll, David P. Givens, Denise Harper Angel, Jimmy Higdon, Alice Forgry Kerr, and Reginald Thomas; Representatives George Brown Jr., Reginald Meeks, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, and Addia Wuchner.

Guest Legislator: Representative Will Coursey.

Guests: Tim Feeley, Deputy Secretary, Cabinet for Health and Family Services; Bernard Decker, Executive Director, Office of Administrative & Technology Services, Cabinet for Health and Family Services; Kristi Putnam, Executive Advisor, Department for Community Based Services, Cabinet for Health and Family Services; Stephen Miller, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Adam Meier,

Deputy Chief of Staff for Policy, Office of the Governor; Susan Zepeda, Ph.D., President/CEO; Gabriela Alcalde, DrPH, M.P.H., B.A., Vice President of Policy and Program, Foundation for a Healthy Kentucky; Emily Parento, JD, LLM, Associate Professor of Law and Gordon D. Schaber Health Law Scholar, University of the Pacific, McGeorge School of Law; Paula Schenk, Kentucky Board of Nursing; and Sarah S. Nicholson, Kentucky Hospital Association.

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

Update on the Implementation of Benefind

Tim Feeley, Deputy Secretary, Cabinet for Health and Family Services, stated that the cabinet worked diligently to make sure no one lost benefits resulting from problems with the roll-out of Benefind. Deloitte will continue to help the cabinet until the system is working properly.

Bernard Decker, Executive Director, Office of Administrative & Technology Services, Cabinet for Health and Family Services, stated that as an extension of the health benefit exchange (HBE), the prior administration requested and received approval from the Centers for Medicare and Medicaid Services (CMS) to build a modern information technology (IT) system to integrate benefits eligibility functions across all state-administered health and human services programs. Currently, Benefind provides a single system for economic stability programs such as Supplemental Nutritional Assistance Program (SNAP), Kentucky Transitional Assistance Program (KTAP), Medicaid and waiver services. It enables residents to enter, view, and manage applications throughout the process in a one-stop shop of information that satisfies multiple programs in a much more efficient manner. Benefind has enabled the Commonwealth to bring systems into compliance with federal regulations. Benefind was the first integrated system built fully on Microsoft that incorporates all benefits programs including kynect. The first and second proposed release December release dates for Benefind were postponed. Although the cabinet had concerns, but Benefind was rolled out on February 29, 2016 (directed by the federal government). A Rapid Response Team (RRT) was established to help address erroneous notifications sent to recipients stating benefits had been terminated. RRT responded to cases that required immediate action. On May 31, 2016, 100 percent notifications review was complete. Interactive Voice Response (IVR) improvements were made to the phone systems that decreased wait times by providing a specific queue for citizens seeking benefits status or

reporting changes. As of December 2015, \$70 million of federal match funds had been spent on the five Benefind release phases. The cabinet and Deloitte continue to review policies associated with notifications in order to eliminate confusion.

By the time the scope and magnitude of systematic issues were fully identified, the contingency plan to reverse back to the Kentucky Automated Management Eligibility System (KAMES) was not feasible to implement. However, Benefind provides the ability for workers to do a system override for emergency cases. The CMS and the Food & Nutrition Services (FNS) policies contradicted each other in the integrated system, and did not properly allow utilization of kynectors. The cabinet requested and received approval from FNS for kynectors affiliated with non-profits to assist with SNAP applications.

Proficiency thresholds and timeframes will be established and verified prior to any future system roll-outs. Future pilot programs will incorporate all special populations and geographic areas. Clear communication between vendor and the cabinet was lacking. The 2013 DCBS workforce study recommended a statewide structure that proved inadequate to operate the Benefind system and maintain local community involvement. An Operation Field to Frankfort (O.F.F.) team has successfully processed more than 50,000 cases and been instrumental in identifying system issues experienced during the Benefind roll-out process. A kynect case is faster than DCBS social service cases. DCBS has been working with community partners to address citizens' concerns while implementing changes to the organization processes in order to better serve the citizens.

The cabinet, in conjunction with Deloitte, will establish permanent RRTs and O.F.F. teams, examine DCBS workforce and structure to improve organizational workflow, confirm operation of system, conduct consistent reviews of system operations, verify architectural framework software is stable, and continue planning and prioritization to confirm future releases incorporate all predefined contractual agreements and identified system improvements.

In response to questions by Senator Danny Carroll, Director Decker stated that Deloitte is fixing technical problems free of charge.

In response to questions by Representative Owens, Kristi Putnam, Executive Advisor, Department for Community-Based Services, Cabinet for Health and Family Services, stated that post-Benefind, there has been a decline in enrollment in all programs. Director Decker stated that the six-month face-to-face meeting with SNAP recipients was moved to every twelve months. A FS2 document was sent to SNAP

recipients every six months and completed paperwork would then be returned to the cabinet. In October 2016, recipients would come back for a face-to-face meeting. A recipient would have to notify the cabinet within ten days after an address change.

In response to questions by Senator Givens, Director Decker stated that 30 to 40 individuals have been working on Benefind complications since March 20, 2016 to ensure there are no complications in other areas. Deputy Secretary Feeley stated that individuals in every affected area, DMS, DCBS, IT, are on the O.F.F. team working to fix problems. Workers want to help people in local communities in order to serve them better. Senator Givens told cabinet representatives to continue to solve the problems internally.

In response to questions by Senator Higdon, Ms. Putnam stated that the cabinet is looking at how to leverage the current system and the ability to work with local communities, especially when dealing with SNAP, KTAP, and other programs.

In response to questions by Representative Wuchner, Ms. Putnam stated that available services for refugees as well as Kentucky citizens come through Benefind which adds an extra load to the system.

Senator Julian Carroll stated that because lower educational levels of some of the recipients causes them to be overwhelmed and confused when they receive correspondence from the cabinet, the information needs to be more understandable.

In response to questions by Senator Danny Carroll, Director Decker stated that harder case scenarios should have been tested before the Benefind roll-out. The prior administration did not advertise Benefind, no one had ever heard about it before its roll-out. The current administration has acted as fast as possible to correct problems. Senator Carroll stated that Benefind will be an awesome system once the kinds are worked out.

In response to questions by Representative Watkins, Director Decker stated that Oregon and Georgia have similar programs to Benefind. Nothing has changed with kynect.

In response to questions by Representative Brown, Director Decker stated the cabinet was told by previous administration that Benefind was ready to be rolled-out.

Representative Wuchner stated that she had never heard about Benefind before January 2016, but that this was always a part of the cabinet's plan.

In response to questions by Representative Burch, Ms. Putnam stated that applicants had been made aware of the opportunity to appeal benefit denials. Director Decker stated that there

was a mismatch in information between systems that caused the 50,000 individuals to receive cancellation of services notifications. A Benefind pilot test was ran in ten counties.

Senator Higdon stated that on February 5, 2015, he received information from the previous administration about a new web-based eligibility system that would provide DCBS the opportunity to increase efficiencies while promoting better integration with other services both within the and outside of the cabinet. The major project would affect staff from IT, DCBS, DMS, and several other ancillary agencies impacted by the change. It stated the cabinet until December 31, 2015 to implement the system to receive a 90 percent federal, 10 percent state match.

Minutes

A motion to approve the June 15, 2016 minutes was made by Senator Kerr, seconded by Representative Brown, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulations were referred for consideration: **201 KAR 9:016** – establishes the requirements governing the use of amphetamine and amphetamine-like anorectic controlled substances; **201 KAR 9:025** – establishes application procedures and limitations for licensure to an applicant in extraordinary circumstances under KRS 311.571(10) by the Kentucky Board of Medical Licensure; **201 KAR 9:081** – establishes the procedures to be followed in handling formal and informal disciplinary proceedings before the Kentucky Board of Medical Licensure, to conduct the proceedings with due regard for the rights and privileges of all affected parties; **201 KAR 9:240** – establishes the procedure to be followed in handling emergency proceedings before the Kentucky Board of Medical Licensure; **201 KAR 13:040** – prescribes the forms, required examinations, experience, renewal requirements, and provisions for inactive status required for licensees by the Kentucky Board of Ophthalmic Dispensers; **201 KAR 13:050** – establishes the requirements for an apprentice ophthalmic dispenser; and **201 KAR 20:520** – establishes the requirements governing the use of telehealth services, preventing fee-splitting through the use of telehealth services, and utilizing telehealth in the provision of nursing services and in the provision of continuing education. A motion to accept the referred administrative regulations was made by Senator Givens, seconded by Senator Kerr, and accepted by voice vote.

Presentation on Section 1115 Waiver Application Proposal - Kentucky Helping to Engage and Achieve Long Term Health (HEALTH)

Stephen Miller, Commissioner, Department

for Medicaid Services, Cabinet for Health and Family Services, stated that from January 1, 2017 to January 1, 2021, Kentucky will have to pay approximately \$1.2 billion for the Medicaid expansion. The unsustainable growth in the cost of the Medicaid expansion threatens the traditional Medicaid program and coverage for the aged, blind, disabled, pregnant women, and children. The current Medicaid managed care population accounts for approximately 70 percent of total Medicaid spending, approximately \$7 billion. Kentucky HEALTH would preserve all mental health and substance use disorder (SUD) benefits. Individuals who seek SUD treatment may be eligible to earn My Rewards Account contributions. In July 2015, the Centers for Medicare and Medicaid Services (CMS) outline a new Section 1115 waiver that would allow states to obtain a waiver of the Institutions for Mental Disease (IMD) exclusion and require states to develop a comprehensive program to reform SUD delivery and services. Kentucky would develop a SUD pilot program in 10 to 20 select high-risk counties based on a recent CDC HIV/hepatitis C outbreak study; the existing Sharping Our Appalachian Region (SOAR) initiative, and public input. The waiver would allow Medicaid to reimburse for short-term residential stays in an IMD and explore best-practice strategies. Kentucky HEALTH will utilize existing resources to support efforts to improve chronic disease prevention and management and encourage managed care participation in the national Diabetes Prevention Program (DPP).

The cabinet renegotiated a six-month contract with the Medicaid Managed Care Organizations (MCOs) through the end of 2016 that could potentially result in a four percent reduction in costs or a \$280 million savings in state and federal dollars. While MCOs should be allowed to have profits, those profits should not be excessive. The new contracts will improve patient experience, population health goals, and lower costs. The contract would require MCOs to develop provider bonus programs that correlate to improving health outcomes and align with member My Rewards Account incentives.

Kentucky HEALTH is expected to save taxpayers a total of \$2.23 billion dollars over the five-year waiver period. Medicaid expansion costs would be higher without Kentucky HEALTH.

Adam Meier, Deputy Chief of Staff for Policy, Office of the Governor, stated that nearly one-third of Kentucky's population is currently enrolled in Medicaid. Kentucky ranks the third highest nationwide for the number of drug related fatalities with more than 1,200 drug overdoses per year. Fifty-four of the 220 counties identified by the Centers for Disease Control and

Prevention (CDC) at risk for an HIV or hepatitis C outbreak resulting from intravenous drug use are located in Kentucky. The goals of Kentucky Helping to Engage and Achieve Long Term Health (HEALTH) are: 1) improve participants' health and help them be responsible for their health; 2) encourage individuals to become active participants and consumers of healthcare who are prepared to use commercial health insurance; 3) empower people to seek employment and transition to commercial health insurance coverage; 4) implement delivery system reforms to improve quality and outcomes; and ensure fiscal sustainability. Kentucky HEALTH policies target able-bodied adults. The state will develop a process to identify "medically frail" adults to be covered by Kentucky HEALTH. Individuals with SSI or SSDI determination will automatically be deemed medically frail. Benefits will not change for children, non-expansion populations, or the medically frail.

Two options for Kentucky HEALTH coverage are the employer premium assistance program and consumer driven health plan. Premiums are more predictable and may cost less than standard co-payments. The costs range from \$1 per month for less than 25 percent of the federal poverty level (FPL) up to \$15 per month for up to 138 percent of the FPL. After two years of Kentucky HEALTH coverage, cost sharing will increase for individuals above 100 percent of the federal poverty level to \$22.50 and \$37.50 after five years to prepare and encourage recipients to transition to private market coverage. Individuals who are eligible for Kentucky HEALTH enroll in their employer's health plan in lieu of the standard consumer health plan option. The employee's premium is deducted through payroll and reimbursed by the state minus the required member premium contribution. There is a wrap around for cost sharing and benefits covered by Kentucky HEALTH, but not covered by the employer. Members receiving premium assistance will receive a My Rewards Account to earn incentive dollars. The state contributes \$1,000 per year for the consumer driven health plan option. The account covers the deductible, excluding preventive services. After the deductible is met, the health plan pays all claims in full. Fifty percent of unused deductible account balance transferred at the end of the year. The My Rewards Account pays for vision, dental, over the counter medications, and gym membership reimbursement. Former members may apply to receive the unused portion of the account, up to \$500, after leaving Medicaid for 18 months.

Members who chose not to make a premium payment within 60 days of the due date will be subject to a six-month non-payment penalty. Individuals may re-enroll

earlier than six months by paying two months of missed premiums and one month's premium to restart up to five percent of income and by completing a health or financial literacy course. Individuals with income below 100 percent FPL who do not make the first payment will receive benefits 60 days after application approval. Re-enrollment paperwork must be returned within a specific time period or wait six months for the next open enrollment period to re-enroll in coverage. Early re-enrollment is available for completion of a health or financial literacy course. A beneficiary must maintain plan choice for entire 12-month benefit period with a few exceptions. Data indicates that community engagement improves health and employability and decreases poverty. Children, pregnant women, individuals determined medically frail, and individuals who are the primary caregiver of a dependent are exempt from the community engagement and employment initiative. Twelve months of eligibility require 20 hours per week of community engagement or employment initiative.

The state will provide full premium assistance, so the out-of-pocket cost to participants is the same as Kentucky HEALTH monthly premiums. Premiums are more affordable and easier to budget than paying for an expensive copayment during a medical emergency. Current vision and dental coverage will be maintained for children, adults eligible for Medicaid prior to expansion, and medically frail. Expansion group may choose to use the My Rewards Account to gain access to vision, dental coverage, or other enhancements such as over-the-counter drugs or gym membership. The waiver was posted for public comment on June 22, 2016 and will be submitted to CMS by August 1, 2016. Most Kentucky HEALTH policies have been approved in other states except the community engagement and employment initiative, open enrollment period, and increasing premiums for individuals above 100 percent FPL. More information can be found at the agency's website, <http://chfs.ky.gov/kentuckyhealth>.

In response to questions by Representative Owens, Commissioner Miller stated that premiums would be paid by both the husband and the wife who earn 138 percent below FPL. The cabinet wants to improve health outcomes and the savings will follow under Kentucky HEALTH. He does not know of any study on uncompensated care costs to hospitals. The cabinet is trying to keep the Medicaid expansion.

In response to questions by Senator Danny Carroll, Commissioner Miller stated that the MCOs have to spend 90 cents of each dollar on medical expenses to curtail excessive profits. Employers would be required to pay the

additional costs of medical plans for employees not reimbursed by the cabinet.

In response to questions by Senator Thomas, Mr. Meier stated that anyone covered under traditional Medicaid will keep vision and dental coverage. The My Rewards Account would allow someone covered under the Medicaid expansion to earn coverage of dental and vision services. If someone misses a premium payment, coverage would revert back to the fee-for-service reimbursement rates. The purpose of a premium is to make it easier for cost sharing. Implementing the 90 percent federal, 10 percent state match will not change under Kentucky HEALTH but will only help engage people in their health decisions.

Representative Palumbo asked that a copy of the map that lists the 54 counties at risk for an HIV or hepatitis C outbreak resulting from intravenous drug use be sent to the committee members.

Legislative Hearing on Executive Order 2016-496 relating to the Establishment and Operation of the Kentucky Office of Health Benefit and Information Exchange

In response to a question by Representative Watkins, Adam Meier, Deputy Chief of Staff for Policy, Office of the Governor, said that the executive order would not dismantle kynect. A motion to accept Executive Order 2016-496 was made by Senator Kerr, seconded by Senator Givens, and accepted by a 13 yes votes, 1 no vote, and 0 pass votes roll call requested by Representative Burch.

Discussion on Section 1115 Waiver Application Proposal - Kentucky Helping to Engage and Achieve Long Term Health (HEALTH)

Susan Zepeda, Ph.D., President/CEO, Foundation for a Healthy Kentucky, and Gabriela Alcalde, DrPH, M.P.H., B.A., Vice President of Policy and Program, Foundation for a Healthy Kentucky stated that Kentucky has one of the highest poverty rates in the nation as well as some of the most challenging health status statistics in the United States. Since Kentucky expanded Medicaid, nearly half a million Kentuckians have gained coverage through Medicaid. Concerns over the financial sustainability of Medicaid has led to the current administration to consider alternatives for providing access to health care services to low-income Kentuckians. The criteria that CMS will apply in evaluating whether Medicaid program objectives are met by the Section 1115 waiver proposal are: 1) increase and strengthen overall coverage of low-income individuals in the state; 2) increase access to, stabilize, and strengthen providers and provider networks available to serve Medicaid and low-income populations in the state; 3) improve health outcomes for

Medicaid and other low-income populations in the state; or 4) increase the efficiency and quality of care for Medicaid and other low-income populations through initiatives to transform service delivery networks. Concerns for access barriers are loss of oral health, hearing, vision; no retroactive eligibility; premiums at all income levels; monetary and lockout penalties; mandatory work/volunteer; loss of non-emergency medical transport; reduced smoking cessation options; and emergency room use penalties. Kentucky needs a strong, sustainable, and fact-based proposal that addresses the needs, challenges, and opportunities of Kentuckians to improve the health and economic well-being of the state. In tailoring a Medicaid waiver program to the challenges and strengths of Kentucky, it is important to start with a clear and shared awareness of who the Kentuckians are that would be served more efficiently and effectively through the waiver. It costs Kentucky less in the long-run for all Kentuckians to be healthy and to have timely access to needed preventive and therapeutic care than to delay or otherwise forego care. The state's commitment to all persons should be to first do no harm and treat all Kentuckians with respect, dignity, and compassion.

Emily Parento, JD, LLM, Associate Professor of Law and Gordon D. Schaber Health Law Scholar, University of the Pacific, McGeorge School of Law, stated that all states were given the choice to have the Medicaid expansion. The purpose of Section 1115 waivers is to expand eligibility to individuals who are not otherwise Medicaid or CHIP eligible, provide services not typically covered by Medicaid, or use innovative service delivery systems that improve care, increase efficiency, and reduce costs. Arizona and Ohio are also seeking Section 1115 waivers. Ben Wakana, federal Health and Human Services' (HHS) press secretary, stated that Kentucky's Medicaid expansion has led to one of the biggest reductions of uninsured people in America, and any changes to the program should maintain or build on the historic improvements Kentucky has seen in access to coverage, access to care and financial security. States must demonstrate how existing research supports the hypothesis that its proposals will maintain, at reduced overall cost, existing levels of access/quality, or improve access/quality/cost sustainability of the Medicaid program already in place in the state. The HHS has never approved a work requirement as a condition of eligibility for the Medicaid program. Kentucky HEALTH proposes that most adults be required to complete between 5 to 20 hours per week of work activities as a condition of eligibility for the program. The HHS has never approved program elements that impose either a time limit

or a penalty for continued eligibility for the Medicaid program. Kentucky HEALTH seeks to impose increasing premiums for individuals with income greater than 100 percent FPL, beginning with a beneficiary's third year of enrollment, which would exceed the premiums that beneficiaries at this income level would face in the marketplace. No state has obtained approval to charge premiums over two percent of an individual's income.

Data from the 2016 State Health Reform Assistance Network regarding Medicaid expansion in Arkansas, California, Colorado, Kentucky, Michigan, New Mexico, Oregon, Maryland, Pennsylvania, Washington, West Virginia, and the District of Columbia confirm that states continue to realize savings and revenue gains as a result of expanding Medicaid. The means of achieving improved efficiency have generally been through implementation of initiatives to transform service delivery networks. Projected cost savings from Kentucky HEALTH in the adult expansion population derive exclusively from reduced enrollment with a higher per person cost.

Adjournment

There being no further business, the meeting was adjourned at 1:20 p.m.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 2nd Meeting of the 2016 Interim

July 15, 2016

Call to Order and Roll Call

The 2nd meeting of the Special Subcommittee on Energy was held on Friday, July 15, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Dean Schamore, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Dean Schamore, Co-Chair; Senators Joe Bowen, Ernie Harris, Jimmy Higdon, Ray S. Jones II, Johnny Ray Turner, and Robin L. Webb; Representatives Rocky Adkins, Hubert Collins, Tim Couch, Will Coursey, Jim Gooch Jr., Thomas Kerr, Jerry T. Miller, Sannie Overly, Tom Riner, John Short, Kevin Sinnette, Jeff Taylor, and Brent Yonts.

Guests: Secretary Charles G. Snively, Energy and Environment Cabinet; and Tom Fitzgerald, Director, Kentucky Resources Council.

LRC Staff: D. Todd Littlefield, Janine Coy-Geeslin, and Susan Spoonamore, Committee Assistant.

The June 17, 2016, minutes were approved by voice vote upon motion of Representative Collins and seconded by Representative Coursey.

Energy Issues, What to look for in the

coming months

Secretary Charles G. Snively, Environment and Energy Cabinet, discussed clean power plan initiatives. He said that the Environmental Protection Agency (EPA) released the Final Rule for Clean Power Plans in August of 2015. Kentucky and 27 other states filed a lawsuit seeking a stay. The U.S. Supreme Court granted the stay. Courts may render decisions later this year or early next year. Secretary Snively said the stay is providing Kentucky with the opportunity to focus on lowering emissions.

Secretary Snively noted that Kentucky has one-third of all the coal mines in the country. Kentucky produces approximately 10 percent of all U.S. coal and 20 percent of all coal mined east of the Mississippi River. He said that the abundance of coal has been an economic advantage to Kentucky. Kentucky has the 4th lowest electricity rate per kilowatt hour in the United States and the lowest east of the Mississippi River. The low electricity rates help attract manufacturing companies. In 2015, coal accounted for about 92 percent of the generation of electricity. Coal accounts for 83 percent to 85 percent of the generation. The decline of coal as a source of electricity is due to the fact that natural gas has become the primary fuel for electricity. Other factors are the closing of the Paducah Gaseous Plant and the decrease in operations at Century Aluminum. One of the other things that has caused the decline in the use of coal is that the technology used in natural gas has caused it to become cheaper.

Secretary Snively explained that the cabinet is actively pursuing energy efficiency. Kentucky remains a manufacturing state because electricity costs have remained low. Kentucky is ahead of meeting federal regulations for clean air emissions. An oil and gas work group has been formed from employees of the oil and gas industry, cabinet employees, and the general public. The work group is crafting common sense and intelligent rules for natural gas production. The cabinet is also working on regulations for coal combustion residuals which is a new rule coming from the Environmental Protection Agency (EPA). Most all new environmental laws are implemented in Kentucky by the cabinet. The cabinet has also created a lead and drinking water work group in the Division of Water. The cabinet is working towards Governor Bevin's regulatory reform initiative and has performed a preliminary review of all their regulations. Another initiative is the abandoned mine lands pilot project. Federal funding is available to be used in eastern Kentucky to pursue Abandoned Mine Lands (AML) projects. Finally, in order to meet budget cuts, the cabinet is consolidating offices and streamlining the cabinet.

Representative Gooch said that, even

though there are private corporations that are willing to pay for the higher cost of renewable energy, eventually the costs will be passed on to consumers. He also expressed concerns that companies outside of United States would have a competitive advantage in manufacturing. Secretary Snavely stated that foreign countries using coal are not going to put climate issues ahead of their more necessary needs and desires to increase their standard of living, and they will continue to burn coal.

In response to Representative Riner, Secretary Snavely said that he was not sure how Kentucky was addressing terrorist attacks through hacking into the electric grid. Secretary Snavely said he would ask the Public Service Commission and get back to Representative Riner.

Chairman Schamore stated that power plants are investing heavily in cybersecurity and IT security.

Senator Webb stated that manual power plants stand a much better chance of not being compromised, which include cooperatives. From an environmental standpoint, shutting down a coal operation and switching to natural gas creates a lot more environmental concerns. In response to Senator Webb, Secretary Snavely stated that hydraulic fracturing is being addressed in the oil and gas work group. At this time, there is no hydraulic fracturing in Kentucky, but there is a potential for the future.

In response to Senator Bowen, Secretary Snavely said that the EPA consists of civil service employees, and senior management are employees who are appointed by the Executive Branch or the President.

Tom Fitzgerald, Director, Kentucky Resources Council, said that the EPA is an executive branch agency. Its budget is approved by Congress, which has riders to control some substantive rule making activity. Mr. Fitzgerald stated that many of the impacts being felt by the coal industry are due to The Clean Air Act and 1990 amendments. The courts are now conducting a judiciary review to determine if the agency has acted arbitrarily and acted in accordance with proper procedures.

Representative Adkins commended the oil and gas work group and the Kentucky Resources Council for staying in front of issues that could affect Kentucky. It is important to maintain low cost energy rates to keep and draw new industrial manufacturing.

Representative Adkins asked the cabinet to provide the committee with a comparison of the cost of electricity per kWh with the cost of electricity five years ago, including a breakdown of the cost by region and utility. He questioned whether there will be enough electricity generated for Kentucky and the

United States with closing of all the coal fired plants. Representative Adkins said his concern is whether Kentucky can build the infrastructure to provide base-load power with natural gas and maintain a reliable grid.

In response to Representative Adkins, Secretary Snavely stated that he is impressed with the robustness of the grid and the fact that there is a lot of underground storage capacity for natural gas. Kentucky's actual overall demand for electricity has declined. There are projects being planned to improve transmission capability to help guarantee that there is not a problem with getting electricity.

Chairman Schamore stated that when the Hawesville Century plant is at full operation they have 560 smelter pots. Loss of power for a significant amount of time would cost the plant approximately \$200,000 per pot to bring it back into working order. Chairman Schamore asked that the cabinet include, in its report to the committee, any fees that may be added to the rate.

Representative Miller stated that he is more concerned about income redistribution to India and China and their construction and use of coal burning plants. He is concerned about the cost of eastern Kentucky coal versus Powder River Basin coal. Powder River Basin coal is extracted from federal lands. He asked about the lack of a market value lease on coal extracted from federal lands. Secretary Snavely stated that the fees paid by the coal companies are significant. A coal company is first required to make a bonus payment to acquire a lease which is around \$1.00 per ton. The royalty rate paid on the coal is approximately \$1.00 per ton, which is \$2.00 per ton on a product that sells for \$10.00. The fee is 20 percent of the price per ton which is greater than the royalty rate on natural gas at approximately 12.5 percent. The fact that coal can be sold for \$10.00 off of federal land is what puts Kentucky at a disadvantage.

Mr. Fitzgerald said that one of the issues of mining Kentucky coal is the cost of production per ton along with federal regulations. There have been a number of forces that have combined to displace miners and production in the Appalachia region. Even removing all the regulations would not help the industry rebound. The cost of Powder River Basin coal and the transportation are so much less.

In response to Representative Yonts, Secretary Snavely stated that he did not have any information regarding who might be looking at the reliability factor and the redundancy factor in terms of earthquake potentials, especially in western Kentucky. He will provide that information to the committee.

Tom Fitzgerald testified that no one could have predicted there would be a tremendous

upheaval in how electricity is generated and the marriage of hydro-fracking and horizontal drilling and the significant impact it has had on the energy landscape. Kentucky is experiencing a difficult transition as it tries to understand all of the changes being wrought by the changes in energy picture. The cost of coal-fired electricity is rising as certain externalities are now being required to be accounted for which means higher electricity costs for consumers.

Mr. Fitzgerald stated that the stay issued by the U.S. Supreme Court in the Clean Power Plan lawsuit was a very rare occurrence in rulemaking. The central issue in the lawsuit is the lack of notice and opportunity to comment on final rule considering the vast difference between the proposed rule and the final rule. One ray of hope in the Clean Power Plan is the Clean Energy Incentive Program, which is going through the rulemaking process.

Mr. Fitzgerald stated that the purpose of the Kentucky Resources Council is to provide free legal representation in the areas of air, waste, water, and mining cases. There are times that the council will assist communities that are dealing with environmental problems. Mr. Fitzgerald asked the committee to invite the new Director of the Public Service Commission, Dr. Talina Matthews, to discuss what is being done in Kentucky and in the reliability of the grids. The Clean Energy Incentive Program could make a difference as early as 2018 for receiving credits for investments in the low-income energy efficiency sector. He discussed Senator Ray Jones' 2016 SB 303, which included a program for retraining and hiring displaced miners to work on energy efficiency in Eastern Kentucky.

Mr. Fitzgerald gave an overview of what is being done in the Oil and Gas Workgroup. The workgroup has been successful at developing relationships and communication between different entities for the good of the environment and industries. Laws that have passed through the General Assembly will help to get Kentucky out in front of other issues in the future such as fracking. The workgroup was tasked with looking at the Technology Enhanced Natural Occurring Radioactive Material (TENORM) which is concentrated in parts of the oil and gas process. The group has expanded its membership to the solid waste disposal industry, the Kentucky Geological Survey, the Cabinet for Health and Family Services, the Division of Waste Management, the Division of Air Quality, and the Division of Water. The group is working to develop proposals. Mr. Fitzgerald said that the management of TENORM issues should be guided by science and be risk-informed and dose-based. The government resources should be allocated in the most cost effective manner. Proposals should insure that the public and the

workers be protected but also cost-effective. The situation that happened in Estill County was not caused by a Kentucky oil or gas producer. The waste was brought into the state, solidified in Ashland, and dumped in Estill County. Also, it is important to manage the waste streams to see if additional testing and management are needed.

In response to Representative Taylor, Secretary Snavelly stated that there is a lot of effort and research being done at the Center for Applied Energy Research (CAER) to find ways to burn coal cleaner and deal with emissions. Mr. Fitzgerald said that most of the research is being federally funded through the Department of Energy.

In response to Representative Coursey, Mr. Fitzgerald stated that he was not aware of businesses currently working on coal purification research.

In response to Representative Gooch, Secretary Snavelly said he would provide a comparison on the Department of Energy's spending on renewables as compared to coal research.

Mr. Fitzgerald recommended that Secretary Snavelly, in response to Representative Adkins' request, also include the breakdown of the cost of electricity by sectors such as residential, commercial, and industrial.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 1st Meeting of the 2016 Interim

July 21, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, July 21, 2016, at 11:00 AM, at the National Corvette Museum in Bowling Green, KY. This was a joint meeting with the Interim Joint Committee on Labor and Industry. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative John Short, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Chris Girdler, Denise Harper Angel, Ernie Harris, Wil Schroder, Reginald Thomas, and Mike Wilson;; Representatives Kevin Bratcher, George Brown, Tim Couch, Jim DeCesare, Jeff Donohue, Myron Dossett, Richard Heath, Dennis Horlander, James Kay, Kim King, Martha Jane King, Brian Linder, Terry Mills, Ruth Ann Palumbo, Dean Schamore, Arnold Simpson, Wilson Stone, Jeff Taylor, Tommy Thompson, Russell Webber and

Jill York.

Guests: Wendell Strode, Executive Director, National Corvette Museum; Kai Spande, Plant Manager, General Motors Bowling Green Assembly Plant; and Kim Phelps, Vice President of Communication and Public Policy, Bowling Green Chamber of Commerce.

LRC Staff: John Buckner, Chip Smith, and Karen Brady.

Welcome and Introductions

Representatives Short, DeCesare, Stone, House Speaker Pro Tempore Richards, and Senator Wilson introduced guests and spoke about the Bowling Green area.

National Corvette Museum

Wendell Strode, Executive Director, National Corvette Museum (NCM), welcomed the committee and gave an overview of the museum including its history, programs, and facilities. In the mid to late 1980s, the idea of a Corvette Library was discussed by the National Corvette Restorers Society and a Museum at the Corvette Assembly Plant. Through the efforts of a task force created by the Bowling Green Chamber of Commerce, a museum annex opened in November 1990 and groundbreaking of the NCM began in June 1992. The grand opening of the NCM was September 2, 1994, and in 2009 there was a 47,000 square foot expansion completed. Each year the museum has approximately 220,000 visitors, sits on a 55 acre campus, has an 115,000 square foot facility, and has about 107 staff members.

The NCM offers various programs and services that are offered to the public with the mission of celebration, education, and preservation. One noted by Mr. Strode is the delivery program, which allows those who order vehicles at their local dealerships across the country to take delivery of their car at the NCM. Participants of the program get the opportunity to travel to Bowling Green to pick up their new Corvette while also being given VIP plant and museum tours. Last year about 1,100 customers partook in the unique experience. The museum houses the Corvette Museum Library and Archives, which stores the build sheets, or birth certificates, for all Corvettes manufactured at the Bowling Green Assembly Plant. Also, in recent years, the NCM started their own insurance agency for collector cars and serves individuals across the U.S. Visitors to the museum also get the opportunity to purchase items at the Corvette Store, which averages about \$4 million in sales annually, and dine at the Corvette Café. Also offered are Museum in Motion Tours which take people to places such as Michigan, Florida, and France. Other programs include the science and education themed exhibits and the National

Corvette Caravan.

Mr. Strode went on to expand on the Motorsports Park, which opened in 2014, is owned and managed by the NCM, which is a 501 (c) (3) nonprofit foundation, and was a \$25 million project. The park includes two road courses, 3.15 miles in length, and has multiple configurations with 23 turns. There is a 21 acre paddock, autocross, and skid pad area along with a control tower, administrative building, fueling station, garages, and a pavilion. The first year of operation the park had 130,000 visitors, and currently 85 percent of park participants are from out of state with most spending at least two nights in Bowling Green. Forty percent visit other attractions in the area such as the NCM, the General Motors Assembly Plant, Lost River Cave, and Mammoth Cave. The NCM sponsors High Performance Driver Education events at the park that allow a person to learn, practice, and apply advanced car control skills. The park also offers track rentals to companies, car clubs, and motorcycle groups; corporate team building and hospitality events; math and science educational programs; teen driver safety; emergency response training; and Kentucky State Police training. In 2015 the Motorsports Park hosted events for Michelin, Ford, the Bowling Green Chamber of Commerce, Corvette Racing, and Nissan NISMO just to list a few.

On February 12, 2014, at 5:39 a.m., a security alarm began to go off at the NCM, and once two staff members entered the facility they saw what appeared to be smoke, prompting them to call the fire department. Inside the Skydome a sinkhole had formed and consumed eight rare cars that were on display including a ZR1 Blue Devil, a 1993 40th Anniversary Corvette, a 1962 Corvette, the Millionth Corvette, a PPG PaceCar, a ZR-1 Spyder, the 1.5 Millionth Corvette, and a 2006 Z06 Mallett Hammer. The NCM wanted to be as open and transparent with the media and public as possible, releasing updates online, sending press releases, and conducting press conferences. It allowed the media to film and photograph the sinkhole and the damage that had been done. The Skydome Sinkhole became a media sensation, and the story was picked up by major media outlets across the nation and worldwide. The NCM took advantage of the attention and did not immediately fill the hole, instead opting to leave it on display, increasing their number of visitors by 67 percent in 2014. The Skydome Sinkhole has since been filled with all eight cars back on display, some still in their damaged condition while others have been restored. The Corvette Cave In Exhibit opened in February 2016 and allows visitors to learn more about the sinkhole and how the NCM recovered from the unfortunate events. Mr. Strode closed by informing the committee that the NCM and

the NCM Motorsports Park have an estimated \$40 million economic impact on the surrounding region and an additional \$10 million statewide.

Responding to Representative DuPlessis, Mr. Strode stated that the cost of the High Performance Driver Education program is \$495.

General Motors Bowling Green Assembly Plant

Kai Spande, Plant Manager, General Motors Bowling Green Assembly Plant, discussed the GM Assembly Plant's operations, products, and recent expansion. The plant is approximately one million square feet on 212 acres with production being done on first shift only Monday through Friday. The production volume is 17.2 units per hour or 137 per day with approximately 1,000 salary, hourly, and contract employees. Between March 2012 and September 2013 370 permanent GM-UAW employees from Michigan, Ohio, Indiana, Missouri, Louisiana, and Texas transferred to the Bowling Green GM Assembly Plant with 24 salaried positions being added. During the last six months at the plant there have been several labor transitions. About 135 employees have transferred to Spring Hill or moved to other GM sites, 75 employees retired, and 49 temporary employees have been converted to full time. Employees from the local area were hired to backfill some of the positions of those that transferred or retired.

Mr. Spande detailed the different types of Corvettes manufactured at the plant including the Stingray and Z06, both of which can either be made as a coupe or convertible. The 2017 Corvette Grand Sport is currently in production, which can also be made in either coupe or convertible. He then detailed the different types of engines including the LT4 6.2L V-8 for the Z06 and the LT1 6.2L V-8 for the Stingray and Grand Sport. All engines for the vehicles are built by hand by an assembly technician, although some customers are given the option to come to the plant to build their own engine by paying an additional \$5,000 fee. By purchasing the Engine Build Experience package, a customer can work under the supervision of an assembly technician and receive a personalized engine plaque identifying him or her as the builder.

Recent and ongoing investments have been made to ensure the assembly plant remains here in the state and continues to thrive. There has been a \$440 million investment made in the new state of the art paint shop, which should be complete in late 2017 and begin working with 2018 model vehicles. Another investment of \$44 million was made in spring 2016 to support the new powertrain assembly operations and for some related future yet unannounced programs. There was also \$2 million invested in the new solar array, which according to Mr. Spande may be one of the largest in the state. In addition,

on June 23, 2016 the announcement was made that \$290 million is being invested in ongoing process improvements that will ensure the plant remains viable.

After a question from Representative Palumbo, Mr. Spande explained there are 10 basic paint colors, with white, red, and black being the most popular; however, there are three to four paint color changes and variations of those basic colors made annually.

Responding to Representative Donohue, Mr. Spande stated that although the vehicle engines are built by hand by one person from the ground up, all of the components are shipped to the assembly plant separately and no machining of parts is done at the plant. Answering a follow up question, he said that he believes the plant has a good relationship with the UAW and recent negotiations went well.

Representative Thompson requested that Mr. Spande expand on the composition of the materials used for the Corvettes and inquired about the use of aluminum. He explained that the complete body structure or the chassis is made of aluminum and manufactured in Bowling Green. There are currently no steel parts in the Corvette. The exterior panels are composed of high tech plastic injection molded parts, while the hoods and roofs are comprised of carbon fiber material that comes from a facility in Michigan.

Addressing Representative Riner, Mr. Spande affirmed that while the Corvette can be equated to the Porsche 911 as far as racing, the Ford Mustang is of no comparison.

Claudia Hanes, a resident of the Bowling Green Area, thanked Mr. Spande for the new solar panels and inquired about the assembly plant's hiring process and requirements for production workers. He said that the GM Assembly Plant hires a third party to assist with their vetting process, including things such as drug testing and mathematical and reasoning assessments. Next, candidates are put into a pool and chosen at random. Those who are chosen for employment are trained on safety and operations and are paired with someone to do job shadowing.

Bowling Green Chamber of Commerce

Kim Phelps, Vice President of Communications and Public Policy, Bowling Green Chamber of Commerce, gave a presentation entitled *Central for Business, Southern for Living*. According to her presentation, of the employers in the South Central Kentucky region, 88 percent report limited access to skilled workers as a barrier to expansion, 74 percent are concerned about maintaining a skilled and motivated workforce, 67 percent cannot find skilled candidates for critical positions, and 63 percent worry about the employability and work ethic skills of available

candidates. It is estimated that the region will need 4,500 workers by the end of 2016 and over 9,000 by the end of 2020 to fill middle-skill production, maintenance, management, and engineering positions due to retirements and new job growth. Ms. Phelps noted that there is a new Local Workforce Development Board seated under the Workforce Innovation and Opportunity Act. She mentioned the Wagner-Peyser Funded Activities, which is a state funded pilot project.

Ms. Phelps said that the Bowling Green Chamber of Commerce is the voice of the business community and play a vital role in assuring businesses are provided with a well-trained talent pipeline that will propel success and growth. In an effort to repair some of the workforce issues in the area, the chamber has identified six sectors with the highest potential for growth in the South Central Kentucky region, which include healthcare; hospitality; professional services; construction; manufacturing; and transportation, distribution, and logistics. Identified for each sector are the top ten positions in terms of demand over the next ten years, average annual salary, and career pathways. All of the information gathered was validated by businesses in a one day summit on talent. As a result, the South Central Kentucky Launch (SCK Launch) talent development strategy has been established that begins at the earliest stage of kindergarten to unemployed, underemployed, and incumbent workers already in the system.

In 2011, the chamber raised \$1.4 million to implement The Leader in Me in Bowling Green and Warren County Schools in grades kindergarten through 12th grade and is the first in the nation to focus on leadership infusion in the grade span. The program has been extremely successful and already has six Lighthouse schools with more to come online this year. Once a child reaches middle school, the focus shifts to career and interest exploration. On November 9 and 10, 2016 the SCK Launch Experience will take place, which will be a hands on career expo to expose students career pathways that are in high demand. Beginning in 2017, students will be given the opportunity to participate in the Leadership Infused Career Immersion program that combines Covey principles with career academy concepts and will include a partnership with the Ford Next Generation Learning Education initiative. This will be a national model with the goal to graduate 100 percent of students with some form of job experience.

There are several other upcoming initiatives in the Bowling Green area. One program is the On Track project based learning initiative that teach STEM disciplines through practical application while exposing students to manufacturing careers. Through the program, the Warren County

Area Technology Center and the South Central Kentucky Community and Technical College (SKYCTC) were each given a 1981 Camaro to rebuild for competition at the 2016 Holley LS Fest. The On Track initiative just received a \$70,000 grant from the LIFT organization for next year to help focus on the use of lightweight metals and materials. Another initiative is the machine tool and robotics program that will accommodate 80 students and offer dual credit and certification upon completion. The Bowling Green Economic Development Association has donated funds, the Sun Products Corporation has donated equipment, and SKYCTC will provide instructors that will be paid by the Warren County School System. Individuals that are unemployed, underemployed or incumbent workers are offered training and other resources through the Training Consortium of South Central Kentucky, the Manufacturing Career Center, and the program Team Workforce. Team Workforce is a monthly gathering of public workforce partners that offers a “career connection” event to assist people with barriers to employment, resumes, and skill training.

Representative Palumbo commended Speaker Pro Tempore Jody Richards for his continuous promotion of economic development in not only Bowling Green but the South Central Kentucky region.

In response to Senator Thomas, Ms. Phelps stated that the Bowling Green Chamber of Commerce has done leadership visits in various places, and the SCK Launch experience is the result of the most recent visit to Pensacola, FL, Mobile, AL, and the general Gulf area. In 2014 in an unofficial leadership trip, some individuals from the Bowling Green area visited Virginia to explore the motorsports industry.

Senator Wilson expressed his excitement about the machine and robotics program and the collaboration amongst the business community, the school systems, and the chamber that allows students to graduate from high school with work ready skills and certification in various areas. Senator Wilson also mentioned that the legislators had recently been briefed at the Southern Legislative Conference on the Every Student Succeeds Act, which allows for more innovation and creativity at the local and community level.

Representative Clark stated he had been working with Dr. Carl Rollins, Executive Director of the Kentucky Higher Education Assistance Authority, in an effort to make Kentucky Educational Excellence Scholarship (KEES) funds available to students for vocational training. He also pointed out that all students in Hardin County graduate with a Work Ethics Certificate.

There being no further business before the

committee, the meeting was adjourned at 1:03 p.m.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 1st Meeting of the 2016 Interim

June 8, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Agriculture was held on Wednesday, June 8, 2016, at 10:30 AM, at the Scott County Extension Office, Georgetown, Kentucky. Senator Paul Hornback, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators C.B. Embry Jr., Chris Girdler, David P. Givens, Dennis Parrett, Damon Thayer, Robin L. Webb, Stephen West, and Whitney Westerfield; Representatives Lynn Bechler, Mike Denham, Derrick Graham, David Hale, Richard Heath, James Kay, Kim King, Martha Jane King, Michael Meredith, Suzanne Miles, Terry Mills, David Osborne, Sannie Overly, Tom Riner, Bart Rowland, Steven Rudy, Rita Smart, Wilson Stone, Chuck Tackett, Jeff Taylor, Tommy Thompson, James Tipton, and Tommy Turner.

Guests: Michelle Simon, Scott County Extension Agent; Mac Stone, Executive Director, Kentucky Horticulture Council; Catherine Parke, Valkyre Stud, Allen Greathouse, Glencrest Farm; Dr. Jim Weber, Kentucky Veterinary Medical Association, Legislative Committee, and Dr. Clark Cleveland, Scott County veterinarian; County Judge Executive George Lusby; Georgetown Mayor Tom Prather and Sadieville Mayor Claude Christenson.

LRC Staff: Lowell Atchley, Kelly Ludwig, Marielle Manning and Susan Spoonamore, Committee Assistants.

Welcome and Introductions

Michelle Simon, Scott County Extension Agent, welcomed the committee and Dr. Nancy Cox, Dean, University of Kentucky, College of Agriculture, Food and Environment also welcomed the committee and introduced Clair Waggoner an intern for Extension Office. Dr. Cox said the extension system is integral to the agri-business community and families.

In response to Senator Hornback, Dr. Cox explained that the university will host a Farm Foundation meeting that includes a people from around the country who represent agribusiness.

Senator Hornback announced that Mary Courtney, Courtney Farms, Shelbyville, was nominated and won the national Farm Mom of the Year award.

In response to Representative Smart, Dr. Cox stated that the budget reductions at the university caused two colleges to be targeted for budget reductions, Medicine and Agriculture. The total cut to Agriculture was \$3.1 million, \$500,000 reduction to the College of Agriculture, Food and Environment in general and \$2.6 million to the county extension programs. The college had already increased charges to counties for \$1.1 million, so the net amount needed for the loss to the county extension programs is \$1.5 million. Dr. Cox said that no counties should feel the brunt of the cuts for the next fiscal year. The college is absorbing some of the cuts through other funds.

In response to Representative Smart's concerns regarding the counties that have limited resources, Dr. Cox stated that the budgets of some counties are variable. Some counties in great shape and others are not. The university wants to study extension offices and their staffing, communication, information technologies, and other areas. It is not the intent of the university to let poor counties suffer. There is still \$14 million in the university's account for state funds for the counties.

Representative Smart stated that Cooperative Extension reaches over 40,000 thousand miles and serves approximately 1.4 million people.

In response to Senator Hornback, Dr. Jimmy Henning, University of Kentucky, said that 108 counties have a local tax.

Horticulture Production and Marketing in Kentucky

Mac Stone, Executive Director, Kentucky Horticulture Council, discussed production and marketing in Kentucky. The council is a coalition of fruit, vegetable, and nut growers, and landscape industry representatives. The smaller groups of commodities in Kentucky do not have tax check-off programs. Funding for the Horticulture Council is provided through the Agriculture Development Board. The council is looking at recruiting regional field persons who can reach out to their areas. There are thousands of vegetable or fruit growers in the state. Mr. Stone said that selling locally is about relationships with local grocers, farmers' markets, and restaurants. Along with the Kentucky Proud Program, Kentucky is seeing 70 year old farmers planting trees. Farmers still need a lot of support in transitioning from growing tobacco.

The council is addressing needs are affecting the industry. A big issue is the federal Food Safety Modernization Act and its regulations. If a grower sells to a third party such as a restaurant or wholesaler, then the grower is required to have a third party audit. The process is tedious, and only about eight growers in the

state have met the requirements. The council has partnered with The Food Connection, which is affiliated with the University of Kentucky. No local producer can sell goods to the University of Kentucky if there is no third party Good Agricultural Practices (GAP) audit. The council is going to hire an employee who will advise growers about regulations so they can meet the requirements of the audit. It is important to increase vegetable production, and the council is looking to hire individuals who can help take vegetable growers to the next level. Mr. Stone said that the demand for organic production is off the charts. The council is partnering with other organizations to help meet regulations. Preliminary data shows that consumers are joining organic Community Supported Agricultural (CSA). The average person goes to the doctor 7.48 times per year, and the average CSA shareholder only goes 2.3 times a year. The average monthly pharmaceutical expenditure is \$34 per month and the average consumers of CSAs spend \$17.23 per month. The council is working to help protect agriculture specifically in eastern Kentucky.

In response to Chairman McKee, Mr. Stone stated that the future for horticulture looks promising. There are producers who cannot grow enough apples or pumpkins. There is an increasing demand for locally grown products.

In response to Senator Hornback, Mr. Stone agreed that the lack of a labor force, federal regulations, and the complexities of the H2A program to get migrant workers are stifling the growth of produce. A lot of producers worry from year to year if there will be enough migrant workers allowed to work in Kentucky.

In response to Representative Kay, Mr. Stone said that, through the Farm Service Agency (FSA), there is a noninsured crop assistance program. If one can provide a history of the crops grown, then he or she could be eligible for the assistance. That fund is not being utilized, but participation may increase.

In response to Chairman McKee, Mr. Stone said Scott County has seen a growth in the production of vegetables.

In response to Representative Stone, Mr. Stone said that livestock can be an integral part of raising horticulture crops. The money generated from livestock helps with extra revenue to buy equipment for vegetable production.

Thoroughbred Industry Issues

Catherine Parke, Valkyre Stud, discussed the Kentucky Thoroughbred industry's strengths (nationally and internationally) and the issues faced while operating Valkyre Stud. Ms. Parke said that internationally, the overall Thoroughbred industry is healthy. Auction sales and racing have been showing steady increases in Australia, England, Ireland, and France. In

the United States, the Thoroughbred breeding and racing industries are separate businesses. With regard to breeding, Kentucky is the leader in Thoroughbred breeding and resulting auction sales. The 2016 Kentucky Fact Book, published by the Jockey Club, listed 10,793 Kentucky sired foals, of which 7,500 were born in Kentucky, and 3,200 were born in other states. This represents 48.8 percent of the entire foal crop. Kentucky has the best stallions and the best auctions sales in weanlings and yearlings. Customers are from the U.S. and all over the world.

The racing industry in Kentucky is struggling due to its small purse sizes. The state is not competitive with New York. As an example, Ms. Parke said that the purse for maiden races at Belmont Park are \$85,000 plus \$15,300 if the horse is New York bred. The maiden races at Keeneland are \$50,000 plus \$10,000 if Kentucky bred. Maiden races at Churchill are \$32,000 plus \$8,400 if Kentucky bred. Historical racing machines are critical for the survival of small tracks such as Ellis Park, Kentucky Downs, Turfway, and The Red Mile. One race horse equals one employee, not taking into account other businesses involved. Kentucky could create thousands of jobs if a racing circuit could have stables stay in Kentucky from April until the end of November. The top trainers will have 50 or 60 horses in training, and there is no reason for them to stay here. Instead, trainers go to New York. Valkyre consists of 200 acres with 49 mares, 23 yearlings, and two Quarter Horses. It employs 11 fulltime employees and provides housing, health insurance, and other benefits.

Ms. Parke said the three greatest challenges running Valkyre Stud are the lack of non-skilled labor, the cost of purchasing hay and straw, and the challenge of not worrying about the industry. Several years ago, there were 5,000 Standardbred mares in Kentucky, and now there are approximately 100. New York is aggressively attacking Kentucky with false advertising and would love to see the successful breeding industry in Kentucky go to New York.

Allen Greathouse, Glencrest Farm, stated that, since the early 1940s, Glencrest has been a family-owned partnership and has 850 acres. The farm has approximately 70 mares, 50 foals, 50 yearlings, one-fourth of which are boarders owned by out-of-state people. Compared to five years ago, the numbers are down by about 25 percent. Kentucky is under attack from other states such as Pennsylvania, Louisiana, and especially New York. The Breeder's Incentive Fund and the Kentucky Agriculture Development Fund have been a big help in keeping the horses here in Kentucky. Glencrest has 25 employees, and most are provided housing and health insurance.

In response to Chairman McKee, Mr.

Greathouse said that Ellis Park has been able to grow because of historical racing. Several years ago, a maiden race at Ellis paid \$18,000 and now it is \$38,000. Ms. Parke noted that Kentucky Downs committed \$1 million from its instant racing to help Ellis Park.

Senator Thayer stated that racing and breeding are two separate businesses. Racing is entirely dependent on breeding. Racetracks are dealing with smaller foal crops, and tracks across the country will be dealing with fewer horses in races. Racing is driven by betting. Handicappers like to bet on fields with at least eight horses. Anything less will not survive in the marketplace. The year-round racing circuit is showing signs of progress. Ellis Park recently announced a purse increase, Kentucky Downs is sending money to Ellis Park to help subsidize purse increases, Churchill Downs recently announced a large purse increase after a record Derby week, and Keeneland has ongoing success. Senator Thayer said that, compared to the other tracks, Turfway does not perform as well and is considering installing historical racing machines. New York racing is subsidized by a successful casino operation. Kentucky is number one when it comes to breeding. The Standardbred business has struggled due to the fact that it has artificial insemination, but Kentucky is now seeing an increase in the number of Standardbred mares.

In response to Representative Tipton, Mr. Greathouse said that the fiscal impact of allowing a sales tax exemption on horse supplies would save enough in earnings to hire extra employees, or a new pickup truck, or a stud fee. Ms. Parke said that she would be more inclined to buy a new tractor or another mower with the tax break. She does not know if other states had tax exemptions for horse supplies. Mr. Greathouse said that Ohio used to have a sales tax exemption but not sure if it still existed.

In response to Senator Webb, Ms. Parker said she recently bought alfalfa hay from her neighbor and paid \$4 a bale. Throughout the year, she buys hay from Ohio for \$7.50 a bale. There is a large market for hay and straw.

Discussion of Veterinary Education Concerns

Dr. Jim Weber, Chair, Kentucky Veterinary Medical Association Legislative Committee, and Dr. Clark Cleveland, Scott County veterinarian, discussed veterinary education concerns. Dr. Weber discussed the veterinary school contract space program for Kentucky residents. The relationship with Auburn University's Veterinarian School and the University of Kentucky has been ongoing since 1951. Kentucky has 38 spaces in each class at Auburn and three in each class at Tuskegee University's School of Veterinarian Medicine.

There are 164 students going to school under Kentucky contract at the Alabama universities. The cost for a Kentucky student to attend a non-Alabama veterinary school is between \$43,000 and \$55,000 per year for tuition alone. Kentucky pays Auburn and Tuskegee \$29,100 per student. A student can attend Auburn at an in-state rate of approximately \$18,000. At one time, Kentucky considered building a veterinary school for \$300 to \$400 million. The contract spaces cost Kentucky about \$5 million a year, which is much less than building a new school.

Dr. Weber said that the results of a study conducted by Auburn showed that over 50 percent of Kentucky residents had returned to Kentucky (five years out of veterinarian school). If not for this program, many students would not be able to afford veterinarian school. The comparable cost for a four-year program at Auburn is \$159,000 versus Ohio State's out-of-state rate of \$375,000.

Dr. Clark Cleveland has been a veterinarian for 49 years. He said that most students, historically, were accepted into veterinary school based upon their farm background. Today, the criteria is based solely upon grades. At the time he started his veterinarian business, 70 percent of the business was for large animals and 30 percent was for small animals. That has reversed. Kentucky is the number one producer east of the Mississippi River for food animal cattle. It is hard to find large animal veterinarians because the business is not as lucrative as small animal. A compounding problem is that most of the older veterinarians are retiring. Graduating students are facing large debt, make it hard to find the money to start a private practice.

Dr. Cleveland said that veterinarians soon will be able to write prescriptions for antibiotics that go into feeds. It is a good idea, but feed companies will have their own veterinarians write their own prescriptions.

In response to Chairman McKee, Dr. Weber stated that, with the increased costs at Auburn and Tuskegee for next year, full-funding could be a problem for students.

Representative Stone said that Auburn is important to Kentucky. Auburn educates large animal veterinarians who come back to Kentucky to practice.

Representative Denham stated that, as a bank employee, he knows that student face overwhelming student loan debt.

Senator Parrott said that, in the next few years, it will be hard to find large animal veterinarians. The few who will treat large animals will not go to the farm.

In response to Representative Riner, Dr. Weber said that most new graduates make approximately \$70,000 with benefit packages. This does not include internships and residencies.

The salary for large animal veterinarians is approximately \$5,000 less.

Chairman McKee said that Auburn Veterinarian School has a great reputation for graduating food animal veterinarians. It is very important to keep and fund the slots available at Auburn.

Michelle Simmon, Extension Agent for Scott County, said that 67 percent of the jobs in Scott County are in the agriculture field. One of the main challenges is finding the largest needs in the county and addressing those needs.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 2nd Meeting of the 2016 Interim

July 20, 2016

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Agriculture was held on Wednesday, July 20, 2016, at 10:00 AM, at the Kentucky Department of Agriculture. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators C.B. Embry Jr., Stan Humphries, Dennis Parrett, Damon Thayer, Robin L. Webb, Stephen West, and Whitney Westerfield; Representatives Denver Butler, Mike Denham, Myron Dossett, Kelly Flood, Derrick Graham, David Hale, James Kay, Kim King, Martha Jane King, Michael Meredith, Suzanne Miles, Terry Mills, Sannie Overly, Tom Riner, Bart Rowland, Dean Schamore, Rita Smart, Wilson Stone, Chuck Tackett, Jeff Taylor, James Tipton and Tommy Turner.

Guests: Kentucky Agriculture Commissioner, Ryan Quarles; Dr. Robert Stout, State Veterinarian; John Cook, Executive Director, Office of Consumer and Environmental Protection and Kathy Fowler, Department for Public Health, and Melanie Blandford, Executive Director, Office of Marketing and Product Promotion.

LRC Staff: Lowell Atchley, Kelly Ludwig, Marielle Manning and Susan Spoonamore, Committee Assistants.

The June 8, 2016 minutes were approved by voice vote upon motion made by Representative Hale and second by Representative Mills.

Chairman Hornback stated that the Kentucky Department of Agriculture touches more lives than any other agency in making sure that consumers are protected.

Commissioner Ryan Quarles welcomed the committee members to tour the facilities. He

stated that he has been on the job for about six months, and he has been very busy dealing with issues such as the destruction of the Bluegrass Stockyards. Staff has been busy attending livestock and commodity seminars throughout the state. The 2016 legislative session was good for agriculture. Bills were passed that had a meaningful impact on agriculture. One bill established the Water Resource Board, which will be meeting in the near future. The Kentucky Department of Agriculture (KDA) will continue to do more with less in light of budget cuts.

Update on the Office of the State Veterinarian

Dr. Robert Stout, State Veterinarian, said that the Office of the State Veterinarian helps to protect the health and welfare of Kentucky's animal agricultural industries and promote a regulatory environment that enhances economic and recreational opportunity and prosperity of Kentucky agriculture. There are two divisions: the Division of Animal Health and the Division of Producer Services. There are 37 employees, 25 of whom are primarily in the field and 12 of whom are in the office. At one time, the office had over 50 employees but, due to budget cuts, the office is doing more with fewer people. There are three veterinarians and four investigators who are certified police officers. Monitoring animal movement and health requirements is an example of the many functions of the office, which also monitors the State Fair, North American International Livestock Shows, Kentucky Beef Expo, and the many county fairs. The office monitors disease status nationally and internationally so the department can be ready to respond to outbreaks as they occur. In addition, the department responds to animal welfare complaints. In 2013, there were 180 complaints. In the 2016 fiscal year, there were 84 complaints, 56 of which were welfare cases that included 33 equine complaints. The Kentucky Equine Health and Welfare Council is recommending revisions to some of the animal welfare statutes in KRS Chapter 525.

Representative McKee stated that he attended the meeting of the Kentucky Equine Health and Welfare Council, and there may be some minor adjustments recommended to KRS Chapter 525 during the 2017 legislative session.

Update on the Office of Consumer and Environmental Protection

John Cook, Executive Director, explained that the Office of Consumer and Environmental Protection has 97 employees and three divisions: Division of Food Distribution, Division of Regulation and Inspection, and Division of Environmental Services. The department has combined services with state and local law enforcement agencies to identify credit card skimmers at gas pumps. Over \$3 billion has been

lost globally due to skimmers. Since January, Mr. Cook said that over 22,000 gas pumps, 7,500 small retail scales and 2,000 amusement rides across the state have been inspected. KDA approved over 80,000 packages, scanned over 90,000 items for price accuracy, visited 100 grain dealers, and hand-counted over 250,000 eggs, resulting in the approval of 1.2 million eggs statewide.

Mr. Cook said that the Division of Food Distribution oversees the ordering of 180 food items for 194 school districts. The United States Department of Agriculture (USDA) provided over 4 million meals last year. Kentucky students were supplemented with USDA foods valued at approximately \$30 million. The Farm to School Program helps farmers in school districts to connect and bring local fruit and vegetables into the school systems. In 2015, this program reached 421,420 students across Kentucky, which is a 548 percent increase from the previous year. The Junior Chef Program, which is a Sweet Sixteen competition, with the cooperation of Sullivan University, has donated approximately \$210,000 in scholarships. The Senior Farmers Market nutrition program grant covers 77 counties and involves 785 producers, which helps seniors purchase fruits and vegetables. The Commodity Supplemental Program, through five food banks, feeds 25,614 individuals monthly. With USDA food valued at almost \$5.4 million, KDA monitors and administers the program to benefit Kentuckians who fall below the poverty level. The Division of Food Distribution monitors over \$30 million in USDA foods touching every county in Kentucky.

Through pesticides regulations, the Division of Environmental Services regulates all pesticides applicators including lawn care companies, crop protection, pest control and water treatment companies. The division licenses 3,500 application companies, 10,000 individuals, 14,000 private applicators, conducts 3,000 inspections per year, registers 15,000 pesticides products and administers 4,500 certificate exams per year. Mr. Cook said that, through the Public Pest and Recycling Assistance Branch, there are 197 participants for 2016. The Rinse and Return Recycling Program collects 70,000 pounds of empty containers annually. The Unwanted Agriculture Chemical Program collects 32,000 pounds annually.

Mr. Cook explained that there are mosquito control programs, and KDA has responded to 1,297 complaints this year. On average, over 100,000 acres have been sprayed. Since the Zika outbreak, KDA has worked closely with the Department for Public Health. Mr. Cook introduced Kathy Fowler, Department for Public Health, who said the Zika virus is now an epidemic in portions of South America,

Central America, the Caribbean, and the Pacific Islands. The efforts of the Department for Public Health and the KDA are to make sure that Zika does not get into the population of mosquitoes in Kentucky. The complications from Zika, for many, are relatively mild but that, when complications happen to a pregnant woman, the results can be devastating. About 149 individuals have been tested for Zika through state public health laboratories. Other individuals are being tested at private laboratories. So far, there have been nine cases of positive Zika, acquired through travel. KDA and Department for Public Health partnered to train 45 environmental health specialists at local health departments to enhance the capabilities of being able to respond if necessary. The agencies have developed a response plan that allows KDA to spray around an infected person's home. The Department for Public Health and KDA have worked toward getting the information to the media.

Commissioner Quarles explained that the best way to get rid of mosquitoes is to remove standing water. Spraying helps, but everyone needs to be aware of what they can do to help prevent the Zika virus from spreading.

In response to questions from Representative Flood, Ms. Fowler said that drawing attention to Zika through whatever means would be good. The Department for Public Health will have a booth at the State Fair to answer questions. The message is "fight the bite" and to dress, drain, and defend against the virus. Ms. Fowler said there are pellets that can be used around flower pots, but they are expensive. Representative Flood suggested that a "fight the bite" day would help get the information out.

In response to Representative Martha Jane King, Ms. Fowler said that Kentucky was able to redirect some of the Ebola funding that had already been provided. There are some grants that could help with additional funding. She is not aware of Congress redirecting any Ebola funds to be used towards fighting the Zika virus.

Representative Denham commented that banks are seeing a large increase in the use of skimmers. Consumers are experiencing tremendous losses. He encouraged everyone to check their bank accounts for any suspicious activity either daily or at least once a month. Commissioner Quarles stated that KDA is going after criminals who use skimmers. Skimmers make it possible to steal up to 500 credits cards in a matter of hours by skimming. KDA inspects over 60,000 gas pumps at least once a year. When skimmers are found, KDA contacts law enforcement for further action.

In response to Representative Riner, Ms. Fowler said that the Centers for Disease Control (CDC) has a list of approved products that can

be used on the skin.

Update of Kentucky Proud and Marketing Programs

Melanie Blandford, Executive Director, Office of Marketing and Product Promotion, said that there are six divisions within the Office of Marketing and Production Promotion with approximately 50 employees. The Division of Agriculture Education, Farm Safety and Farmland Preservation had some equipment outside that members could see. She directed members to tour the three Kentucky Mobile Science Centers. Each center would hold up to 30 students for six different classes per day. The goal of the farm safety program is to reach farmers and teach them about accident prevention. The office encompasses the Purchase of Agricultural Conservation Easements (PACE). The Fair and Show Promotion Division sponsors over 100 district, state and national livestock shows. The KDA provides premiums and awards for the shows totaling over \$1 million annually. Ms. Blandford stated that the Value-Added Plant Division is one of the most extensive divisions. Over 4,500 acres were approved for industrial hemp to be grown. Sixty counties are participating in the industrial hemp research project, which included 181 participants, or 137 approved growers and 44 approved processors. Kentucky has imported 60,000 pounds of industrial hemp seed from nine different countries and that over 36 different varieties will be tested. Organic program has 186 operations that are either certified organic or seeking certification. The grape and wine industry represents \$165 million in economic impact. There are 65 wineries operating in the state. The Grape and Wine Council is focused on increasing vineyards. The Farmers Market Program is continuing to grow. There are 160 registered farmers markets through the KDA. Ms. Blandford stated that 2,500 vendors participate and the estimated amount of sales is approximately \$12 million. There are 188 vendors who can accept SNAP. KDA offers forage testing that helps with balancing rations. For farmers to reach new markets in Kentucky, KDA helps with providing assistance for Good Agricultural Practices (GAP) third-party audit. KDA works with the specialty block-grant program which utilizes federal dollars to support local projects. The department monitors the legal sale and harvest of ginseng. Another division is the Value-Added Animal and Aquaculture Production. There are field market reporters who provide information for the Kentucky Livestock Grain Market Report. The division works with other entities regarding the dairy, beef, swine, sheep, and goat programs. The Agri-business Recruitment Division runs the Kentucky Proud program. KDA is working to improve the

relationship with the Cabinet for Economic Development and export markets. Kentucky is known around the world for the Kentucky Proud brand. There are 5,700 members in the Kentucky Proud program, 129 members of the Homegrown by Heroes program, and 1,200 members in the Appalachia Proud program. There are 450 agritourism venues across the state.

In response to Representative Smart, Commissioner Quarles stated that there is a review underway for the Kentucky Proud Program. Commissioner Quarles said that the department is interested in the return rate per dollar that is budgeted by the General Assembly and is evaluating ways to make Kentucky Proud more sustainable.

Representative Smart said the Special Committee on Tourism met recently and discussed marketing along with using existing buildings in communities for economic development.

In response to Representative Taylor, Commissioner Quarles said the craft beer industry has grown 600 percent in the past five years. The department is in the process of studying the viability of hops production along with malted barley to meet the growing demand throughout the country. The department was able to get a \$50,000 specialty crop block grant to help with research at the University of Kentucky and Western Kentucky University.

New Initiatives and Program Updates

Commissioner Quarles stated that the department is holding Regional Hunger meetings to address the issues of hunger in Kentucky. He reminded members that the Kentucky State Fair starts on August 18 and will be a great opportunity to see premier agricultural events. The department is much more than food and agriculture. Agriculture inspectors are important to many of the department's programs, but the starting pay is only \$21,087. There are several other employees who earn around \$25,000 per year. These employees qualify for federal assistance. The department also has an aging fleet of vehicles that need to be replaced. Other states envy the way Kentucky has protected the tobacco settlement money so that the money can be used to help farmers replace the income of tobacco. It was recently announced that funding for the Grain Center for Excellence had been approved.

Representative Graham complimented the commissioner and the members for coming together to fight hunger in Kentucky.

Senator Hornback stated that Shelby County's local food bank is hosting an event to feed over 500 people. There is a need for fighting hunger all over the state.

There being no further business, the meeting

was adjourned.

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

Minutes of the 1st Meeting of the 2016 Interim

August 1, 2016

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 Monday, August 1, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Joni L. Jenkins, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Joni L. Jenkins, Co-Chair; Senators Julie Raque Adams, Carroll Gibson, and Morgan McGarvey; Representatives George Brown Jr., Tom Burch, Bob M. DeWeese, Mary Lou Marzian, Darryl T. Owens, David Watkins, and Addia Wuchner.

Guests: Vicky Yates Brown Glisson, Secretary, Cabinet for Health and Family Services (CHFS); Tim Feeley, Deputy Secretary, CHFS; Stephen Miller, Commissioner, Department for Medicaid Services, CHFS; Cindy Murray, Budget Director, CHFS; Scott Brinkman, Secretary, Executive Cabinet; Adam Meier, Deputy Chief of Staff for Policy, Office of the Governor; and Debbie Anderson, Commissioner, Department for Aging and Independent Living, CHFS.

LRC Staff: Miriam Fordham, Jonathan Eakin, and Benjamin Thompson.

Update on Medicaid Section 1115 Waiver

Secretary Glisson, Secretary Brinkman, Commissioner Miller, and Mr. Meier presented an update on the Department for Medicaid Services and the status of the Section 1115 waiver, otherwise known as Kentucky HEALTH.

In response to a question from Rep. Marzian, Commissioner Miller stated that state costs for Medicaid are projected to increase by \$250 million over 18 months starting in January, 2017.

In response to a question from Chair Jenkins, Commissioner Miller confirmed that contract renegotiations had taken place with Medicaid Managed Care Organizations, and a new six month contract went into effect on July first.

In response to a question from Rep. Burch, Mr. Meier stated that enrollees in Kentucky HEALTH would be required to engage with their community in either a work or volunteer setting for up to 20 hours per week, depending on how long they are enrolled in the program, in

order to remain in the program. Mr. Meier said this requirement does not extend to traditional Medicaid members or to primary family caregivers.

In response to a question from Chair Jenkins, Mr. Meier noted that the weekly hour requirement for Kentucky HEALTH would likely be calculated on a monthly basis.

In response to questions from Rep. Marzian, Mr. Meier stated that since Kentucky HEALTH would be a pilot program, it would be phased in county by county. Mr. Meier said he did not know how many Kentucky employers provide health insurance to employees. Secretary Glisson confirmed that, instead of co-pays during office visits, enrollees would be required to pay a monthly premium based on levels of income.

In response to a question from Chair Jenkins, Secretary Glisson stated that, after all exempted members have been accounted for, the Kentucky HEALTH plan would cover about 215,000 able-bodied Kentuckians.

In response to a question from Rep. Owens, Commissioner Miller said that the cabinet expects the Section 1115 waiver to be approved.

In response to a question from Chair Jenkins, Mr. Meier said that the waiver application would likely be submitted in the next few weeks.

Update on Implementation of Budget Reductions - Cabinet for Health and Family Services

Secretary Glisson, Deputy Secretary Feeley, and Ms. Murray presented an update on the Cabinet for Health and Family Services' (CHFS) implementation of budget reductions.

In response to a question from Chair Jenkins, Ms. Murray stated that, since local health departments will be receiving more retirement funding than in the past, the discretionary funds they receive will decrease accordingly. Commissioner Anderson said that issues with the Alzheimer's center in Somerset are not due to budget reductions.

In response to a question from Rep. Owens, Secretary Glisson said that CHFS is attempting to establish a career ladder for social workers in addition to the salary increases that were written into the budget.

In response to questions from Chair Jenkins, Secretary Glisson stated that, while the issues with benefind are improved, there is still a backlog for long-term-care cases. Secretary Glisson said CHFS is working to find a solution to that problem.

There being no further business before the subcommittee, the meeting was adjourned at

**INTERIM JOINT COMMITTEE ON
APPROPRIATIONS AND REVENUE
Budget Review Subcommittee on Primary
and Secondary Education
Minutes of the 1st Meeting
of the 2016 Interim**

August 1, 2016

Call to Order and Roll Call

The 1st meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Monday, August 1, 2016, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Kelly Flood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Kelly Flood, Co-Chair; Senator Johnny Ray Turner; Representatives Derrick Graham, and Charles Miller.

Guests: Houston Barber, Superintendent, Frankfort Independent Schools; John Maxey, Assistant Superintendent, Rowan County Schools, Glen Teager, Chief Financial Officer, Rowan County Schools.

LRC Staff: Chuck Truesdell, James Bondurant, and Amie Elam.

Representatives from Frankfort Independent Schools and the Rowan County School District gave presentations on the impact of tax-exempt properties on local school district revenue. Challenges with the current SEEK formula were discussed, as well as the potential for bringing forth legislation to amend the formula.

There were no questions.

There being no further business, the meeting was adjourned.

**INTERIM JOINT COMMITTEE ON
APPROPRIATIONS AND REVENUE
Budget Review Subcommittee on Economic
Development and Tourism, Natural
Resources and Environmental Protection
Minutes of the 2nd Meeting
of the 2016 Interim**

August 1, 2016

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Economic Development and Tourism, Natural Resources and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Monday, August 1, 2016, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Jeffery Donohue, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jeffery Donohue, Co-Chair; Senators Perry B. Clark, and Max Wise; Representatives Terry Mills, Marie Rader, Dean Schamore, John Short, and Susan Westrom.

Guests: Secretary Derrick Ramsey, Labor Cabinet; Deputy Secretary Mike Nemes, Labor Cabinet; Commissioner Ervin Dimeny, Department of Workplace Standards, Labor Cabinet; and Deputy Commissioner Mike Donta, Department of Workplace Standards, Labor Cabinet.

LRC Staff: Joe Lancaster, Raymont Griffith, Greg Troutman, and Jay Jacobs.

Labor Cabinet - Apprenticeship Program

Secretary Derrick Ramsey of the Labor Cabinet presented an update on the apprenticeship program being implemented throughout the state. Secretary Ramsey feels that the apprenticeship program is perfect for Kentucky. It Labor Cabinet priority.

In response to a question from Senator Clark, Secretary Ramsey stated that the cabinet is working with Secretary Tilley to establish an apprenticeship program for incarcerated inmates.

Deputy Secretary Nemes stated that the Labor Cabinet is partnering with a lot of people who are advising that skills are lacking in Kentucky. The Labor Cabinet will be working with existing companies, expanding companies, and companies coming into Kentucky to help train their workforces. The goal is to ensure that there is a trained workforce for a company that wants to come to Kentucky. The money that came from the legislature will allow the hiring of three employees to help start the apprenticeship program. The cabinet has also received money from the federal government that could be used for marketing, equipment, materials, curriculum costs, tools, instruments, tax credits, and training costs.

Secretary Ramsey stated that the main focus of the apprenticeship program is to give an apprentice the opportunity to start a career.

In response to a question by Chair Donahue, Secretary Ramsey stated that the cabinet is being aggressive with high school students and trying to get more schools involved. The apprenticeship program is not competing with academics or higher education, but rather is trying to give students an alternate opportunity.

In response to a question by Chair Donahue, Deputy Secretary Nemes stated the cabinet is just starting the apprenticeship program. There are a lot of businesses that are scared of hiring juniors and seniors in high school because of their age. The cabinet is partnering with ADECCO to provide insurance for these students, which will make businesses more interested in hiring. The cabinet is working towards making the time as

an apprentice during high school count towards the total apprenticeship requirement for certain trades.

In response to a question by Representative Short, Deputy Commissioner Donta stated that the building trades, manufacturing, health care, IT, and maintenance technicians are the main industries in Kentucky that utilize apprenticeships. In regards to manufacturing, some of the skills are tool and die, assembly lines, plastic injection, and running computers that operate machines. Deputy Secretary Nemes stated there are over 1,100 registered programs with registered skills. The cabinet is able to fit whatever skills are needed.

Secretary Ramsey stated, in response to a question by Representative Short, that electricians, plumbing, HVAC, and welding are in high demand.

In response to a question by Representative Short, Secretary Ramsey stated that some of the issues in helping the eastern Kentucky region are poor infrastructure, adequate workforce, and drugs.

In response to a question by Representative Short, Secretary Ramsey stated that businesses are willing to hire people from other areas, but people are not willing to leave that area.

In response to questions by Representative Westrom, Secretary Ramsey stated that the cabinet is collaborating with the Economic Development Cabinet, Health and Family Services Cabinet, and the Corrections Department. The apprenticeship program is helping to introduce people to new ideas, which is a clear avenue to start a career.

In response to a question by Representative Westrom, Deputy Secretary Nemes stated that the businesses are paying the apprentices but the training costs are not being covered by the businesses in most cases. Some of the training facilities and schools are able to facilitate the training, and some of the federal money can help cover training equipment. The apprenticeship may spark an avenue for an individual to further education and not just create a career.

In response to a question by Representative Westrom, Secretary Ramsey stated that Europe has an apprenticeship process, and that some of the companies from Europe that are located in Kentucky have a lot to share as the Kentucky apprenticeship program begins. Those companies are acting as role models.

In response to a question by Representative Schamore, Secretary Ramsey stated the best process to get help with expensive tool and die machinery costs for technical schools would be secondary and post-secondary education working directly with the business.

In response to a question by Chair Donahue, Deputy Secretary Nemes stated there are no tax

credits given within the cabinet. The federal money that is available could be something that would allow for tax credits in the future.

In response to a question by Chair Donahue, Secretary Ramsey stated that there is no program to drive soft skills, but the school superintendents are encouraging those skills and work ethic for students in the tenth grade and higher.

In response to a question by Representative Mills, Secretary Ramsey stated that that more is always better in regards to wages, and there is plenty of room for upside. The danger is the cost associated with growth for some small businesses.

In response to a question by Representative Mills, Secretary Ramsey stated the applications for the \$100,000,000 in workforce development bond money are under Workforce Development and not his cabinet.

In response to a question by Representative Schamore, Deputy Commissioner Donta stated the department has not reached out to Fort Knox or Fort Campbell to try to retain persons with a military background for careers in Kentucky. Secretary Ramsey stated that, in all interactions with businesses, the cabinet are focusing on hiring veterans and disabled individuals. Deputy Secretary Nemes stated that the military is the biggest apprenticeship program in the nation. The department is willing to work with the military to help Kentucky veterans. The Bluegrass State Skills has tax credits available to companies that apply for numerous criteria. The cabinet will be pushing the apprenticeship program with them.

In response to a question by Representative Westrom, Secretary Ramsey stated that the cabinet has not worked with Parks and Recreation to create a partnership for the hospitality industry.

Chair Donahue encouraged the apprenticeship program to be used in creative ways with a focus on helping impoverished counties.

At the request of Chair Donahue, the minutes from the previous meeting were approved without objection.

There being no further business, the meeting was adjourned at 10: 49 AM.

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 553rd Meeting

August 3, 2016

Call to Order and Roll Call

The 553rd meeting of the Legislative Research Commission was held on Wednesday, August 3, 2016, at 1:30 PM, in Room 125 of the Capitol Annex. Senator Robert Stivers II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-

Chair; Representative Greg Stumbo, Co-Chair; Senators Julian M. Carroll, David P. Givens, Jimmy Higdon, Ray S. Jones II, Gerald A. Neal, and Dan “Malano” Seum; Representatives Rocky Adkins, Jim DeCesare, Stan Lee, Sannie Overly, and Jody Richards.

LRC Staff: David Byerman and Christy Glass.

There being a quorum, Senator Robert Stivers called for a motion to approve the minutes of the December 17, 2016, meeting, accept and refer as indicated items A. through J. under Staff and Committee Reports, refer prefiled bills as indicated and approve items A. through HH. under New Business, and accept and refer as indicated items 1. through 48. under Communications.

The motion was made by Senator Carroll and seconded by Senator Seum. Senator Stivers asked for discussion. Seeing none, Senator Stivers asked to raise one issue concerning the 2017 Legislative Calendar. He said that, under the proposed calendar, there last session day will be the last day allowed by the Kentucky Constitution. The General Assembly can adjourn earlier, but this calendar allows members to know the end-of-session schedule in advance.

A roll call vote was taken, and the motion passed unanimously. The following items were approved, accepted, or referred.

The minutes of the December 17, 2015, meeting were approved.

STAFF AND COMMITTEE REPORTS

Information requests for December 2015 through July 2016.

Committee Activity Reports for December 2015 through July 2016.

Report of the Administrative Regulation Review Subcommittee meetings on December 8, 2015, and January 11, February 8, March 7, April 11, May 10, June 14 and July 12, 2016.

Committee review of the administrative regulations by the House Standing Committee on Health and Welfare during its meeting of March 10, 2016.

Committee review of the administrative regulations by the Senate Standing Committee on Health and Welfare during its meeting of March 9, 2016.

Committee review of the administrative regulations by the Interim Joint Committee on Health and Welfare during its meetings of December 16, 2015 and June 15 and July 20, 2016.

Committee review of FY 2016 Small Cities Community Development Block Grant and Section 108 Loan Guarantee Program Application by the Senate Standing Committee on State and Local Government and the House Standing Committee on Local Government

during its meeting on February 17, 2016.

Committee review of SFY 2017 Social Services Block Grant Application by the Interim Joint Committee on Health and Welfare during its meeting on June 15, 2016.

Committee review of FY 2017 Low Income Home Energy Assistance Block Grant Application by the Special Subcommittee on Energy during its meeting on June 17, 2016.

Committee review of Executive Order 2016-496 by the Interim Joint Committee on Health and Welfare during its meeting on July 20, 2016.

NEW BUSINESS

Referral of prefiled bills to the following committees: **BR 58** (an act relating to the Bowling Green Veterans Center, making an appropriation therefor, and declaring an emergency), **BR 69** (an act relating to the Bowling Green Veterans Center, making an appropriation therefor, and declaring an emergency), **BR 73** (an act relating to a tax credit for volunteer firefighters) and **BR 94** (an act relating to the property tax on unmined coal) to **Appropriations and Revenue**; **BR 68** (an act relating to credit freezes for consumers) to **Banking and Insurance**; **BR 22** (an act relating to crimes and punishments), **BR 71** (an act relating to family member visitation rights), **BR 75** (an act relating to hate crimes) and **BR 115** (an act relating to expungement) to **Judiciary**; and **BR 84** (a joint resolution claiming sovereignty over powers not granted to the federal government by the United States Constitution, serving notice to the federal government to cease mandates beyond its authority, and stating Kentucky’s position that federal legislation that requires states to comply under threat of loss of federal funding should be prohibited or repealed) to **State Government**.

Referral of administrative regulations to the following committees for secondary review pursuant to KRS 13A.290(6): **704 KAR 3:471** (Repeal of 704 KAR 3:470), **780 KAR 4:031** (Repeal of 780 KAR 4:030), **780 KAR 7:060** (Equipment inventory and insurance) and **780 KAR 7:071** (Repeal of 780 KAR 7:070) to **Education**; **201 KAR 9:250** (Registration and oversight of pain management facilities), **201 KAR 29:015** (Fees), **201 KAR 46:020** (Fees), **201 KAR 46:070** (Violations and enforcement), **902 KAR 4:120** (Health Access Nurturing Development Services (HANDS) Program), **902 KAR 100:030** (Quantities of radioactive material requiring labeling), **902 KAR 100:080** (Exempt quantities), **902 KAR 100:085** (Exempt concentrations), **921 KAR 3:035 & E** (Certification process), **922 KAR 1:320 & E** (Service appeals for Title 922 KAR Chapters 1, 3, and 5), **922 KAR 2:020 & E** (Child Care Assistance Program (CCAP) improper

payments, claims, and penalties), **922 KAR 2:160 & E** (Child Care Assistance Program) and **922 KAR 2:260 & E** (Child care service appeals) to **Health and Welfare**; **803 KAR 2:300** (General), **803 KAR 2:307** (Hazardous materials), **803 KAR 2:308** (Personal protective equipment), **803 KAR 2:317** (Special industries), **803 KAR 2:318** (Electrical), **803 KAR 2:320** (Toxic and hazardous substances), **803 KAR 2:400** (Adoption of 29 C.F.R. 1926.1-6), **803 KAR 2:403** (Occupational health and environmental controls), **803 KAR 2:404** (Personal protective and lifesaving equipment), **803 KAR 2:421**. 29 C.F.R. Part 1926.950-968), **803 KAR 2:425** (Toxic and hazardous substances) and **803 KAR 2:500** (Maritime employment) to **Labor and Industry**; **201 KAR 14:015** (Retaking of examination), **201 KAR 14:030** (Five (5) year expiration of license), **201 KAR 14:045** (Notification of new locations), **201 KAR 14:090** (School curriculum), **201 KAR 14:110** (School equipment; plant layout), **201 KAR 14:150** (School records), **201 KAR 14:180** (License fees, examination fees, renewal fees, and expiration fees) and **804 KAR 9:040** (Quota retail package licenses) to **Licensing and Occupations**; **301 KAR 2:176** (Deer control tags, deer destruction permits, and landowner designees), **301 KAR 2:221 & E** (Waterfowl seasons and limits), **301 KAR 2:222 & E** (Waterfowl hunting requirements on public lands), **301 KAR 2:225 & E** (Dove, wood duck, teal, and other migratory game bird hunting), **301 KAR 5:040** (Migratory Bird Harvest Information Program) and **401 KAR 31:040 & E** (Lists of hazardous wastes) to **Natural Resources and Environment**.

From Senator Chris Girdler and Representative Rita Smart, Co-Chairs of the Subcommittee on Tourism Development: Memorandum requesting authorization to meet monthly during the 2016 interim.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and approving the six month probationary period pay increment for LRC Director, David Byerman.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing the appointment of Dr. Lynette K. Russell and the reappointment Dr. Daniel Koretz and Dr. Ronald Hambleton to membership of the National Technical Advisory Panel on Assessment and Accountability (NTAPAA).

From Senator Mike Wilson and Representative Derrick Graham, Co-Chairs of the Interim Joint Committee on Education: Memorandum requesting approval to meet on July 18 and August 15, rather than the regularly scheduled meeting dates of July 11 and August

8, to avoid conflicts with SLC and NCSL. There are no apparent conflicts

From Senator Chris McDaniel and Representative Rick Rand, Co-Chairs of the Interim Joint Committee on Appropriations and Revenue: Memorandum requesting approval to meet on August 1 and November 21, rather than the regularly scheduled meeting dates of July 28 and November 24, to avoid conflicts with ALEC and Thanksgiving. The August 1 meeting would be in addition to the regularly scheduled August 25 meeting. There are no apparent conflicts.

From Senator Alice Forgy Kerr and Representative Rick G. Nelson, Co-Chairs of the Interim Joint Committee on Labor and Industry: Memorandum requesting approval to meet on September 14 at Kentucky Dam Village, rather than the regularly scheduled meeting date of September 15. There are nine (9) potential conflicts.

From Senator Joe Bowen and Representative Brent Yonts, Co-Chairs of the Interim Joint Committee on State Government: Memorandum requesting approval to meet on November 16, rather than the regularly scheduled meeting date of November 23. There are six (6) potential conflicts.

From Senator Whitney Westerfield and Representative Daryl Owens, Co-Chairs of the Interim Joint Committee on Judiciary: Memorandum requesting approval to meet on August 25, rather than the regularly scheduled meeting date of August 5, in Louisville in conjunction with the Kentucky Prosecutors Conference. There are five (5) potential conflicts.

From Senator John Schickel and Representative Dennis Keene, Co-Chairs of the Interim Joint Committee on Licensing and Occupations: Memorandum requesting approval to meet on August 30, rather than the regularly scheduled meeting date of August 12. There are no apparent conflicts.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and approving the initiation of a Staff Study of Municipal Bankruptcy Issues.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum creating and appointing membership to the Government Nonprofit Contracting Task Force (amendment attached.)

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum appointing membership to the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government.

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

Memorandum appointing membership to the Task Force on Economic Development of the Interim Joint Committee on Economic Development and Tourism.

From Senator Mike Wilson and Representative Derrick Graham, Co-Chairs of the Interim Joint Committee on Education: Memorandum requesting approval of and appointing membership to the Subcommittee on Postsecondary Education and the Subcommittee on Elementary and Secondary Education.

From Senator Paul Hornback and Representative Tom McKee, Co-Chairs of the Interim Joint Committee on Agriculture: Memorandum requesting approval to meet on August 25, rather than the regularly scheduled meeting date of August 10, to allow the committee to meet in conjunction with the Kentucky State Fair. There are five (5) potential conflicts.

From Senator Albert Robinson and Representative Will Coursey, Co-Chairs of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection: Memorandum requesting approval to meet on August 3 at 2:30 p.m., rather than the regularly scheduled meeting date of August 11. There are eight (8) potential conflicts.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointing membership to the Subcommittee on Tourism Development.

From Senator Max Wise and Representative Russ Meyer, Co-Chairs of the Government Nonprofit Contracting Task Force: Memorandum requesting approval to meet twice in September and to extend the deadline of the final report to December 1, 2016.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointing membership to the 2016 Kentucky Workers' Compensation Task Force.

AA.From Senator Whitney Westerfield and Representative Daryl Owens, Co-Chairs of the Interim Joint Committee on Judiciary: Memorandum requesting approval to meet on September 23, rather than the regularly scheduled meeting date of September 2. There are no apparent conflicts.

BB.Senator Joe Bowen and Representative Steve Riggs, Co-Chairs of the Interim Joint Committee on Local Government: Memorandum requesting approval to meet on November 16, rather than the regularly scheduled meeting date of November 23. There are six (6) potential conflicts.

CC.From Senator Julie Raque Adams and Representative Tom Burch, Co-Chairs of the Interim Joint Committee on Health and Welfare: Memorandum requesting approval for an

additional meeting on November 2 in Louisville. There are three (3) potential conflicts.

DD.From Senator Paul Hornback and Representative Tom McKee, Co-Chairs of the Interim Joint Committee on Agriculture: Memorandum requesting approval to meet on October 7, at the University of Kentucky, rather than the regularly scheduled meeting date of October 12. This will be the committee's third out-of-town meeting. There are five (5) potential conflicts.

EE.From Senator Alice Forgy Kerr and Representative John Short, Co-Chairs of the Interim Joint Committee on Economic Development and Tourism: Memorandum requesting approval for a third out-of-town meeting on the committee's regular meeting day of October 20.

FF.From Senator Whitney Westerfield and Representative Daryl Owens, Co-Chairs of the Interim Joint Committee on Judiciary: Memorandum requesting approval for a third out-of-town meeting on the committee's regular meeting of October 7, in Ashland, Kentucky.

GG.From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointing members to the Local Superintendents Advisory Council.

HH.From Director David Byerman: Memorandum requesting approval of the 2017 Regular Session Calendar.

COMMUNICATIONS

From Senator Danny Carroll and Representative Terry Mills, Co-Chairs of the Program Review and Investigations Committee: Memorandum regarding opportunity for appointment of ex officio members for particular studies.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the months of December 2015 and January, February, March, April, May and June, 2016.

From the Office of the Attorney General: Constitutional Challenge Report for the months of November and December 2015, and January, February, March, April and May 2016.

From the Finance and Administration Cabinet, Office of the Controller: Surtax Receipts Statements for the Law Enforcement and Professional Firefighters Foundation Fund Programs, which reflect activity for Accounting Periods 5, 6, 7, 8, 9, 10, 11 and 13 of FY 2016, and year-to-date activity for the period of July 1, 2015, through AP13.

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarters ending December 2015 and March 2016.

From the Energy and Environment Cabinet: Time Capsule created by The Kentucky

Environmental Quality Commission.

From the Kentucky Judicial Form Retirement System: Actuarial Valuation Report and Hybrid Tier, as of July 1, 2015, for the Kentucky Judicial Retirement Plan, and Actuarial Valuation Report and Hybrid Tier, as of July 1, 2015, for the Kentucky Legislators Retirement Plan.

From the Kentucky Judicial Form Retirement System: FYS 14-15 Audited Financial Statements for the Kentucky Judicial Form Retirement System.

From the Kentucky Crime Victims Compensation Board: FY 15 Annual Report.

From the University of Kentucky: FY 15 Audited Financial Statements of the University of Kentucky and its affiliated corporations. <http://www.uky.edu/EVPFA/Controller/finst.htm>.

From the Personnel Cabinet: 2015 Annual Report of the Kentucky Group Health Insurance Board.

From the Kentucky Retirement Systems: 2015 Biennial Report for COLA Funding.

From Murray State University: 2015 Annual Financial Report. <http://www.murraystate.edu/headermenu/Offices/TreasurersReport/AuditedFinancialStatements.aspx>.

From the Cabinet for Health and Family Services: FY 15 Kentucky Elder Abuse Annual Report.

From the Education and Workforce Development Cabinet: Unemployment Insurance Report for the fourth quarter of 2015, and for the first and second quarters of 2016.

From the Tourism, Arts and Heritage Cabinet, Kentucky Department of Fish and Wildlife Resources: FY 15 Annual Report on Law Enforcement Division Training.

From the Cabinet for Health and Family Services: FY 15 Traumatic Brain Injury Trust Fund Program Annual Report.

From the Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, Quarters Ending December 31, 2015 and March 31, 2016.

From the Administrative Office of the Courts: 2015 Citizen Foster Care Review Board Annual Report.

From the Energy and Environment Cabinet, Division of Waste Management: 2015 Report of Kentucky's Waste Tire Program.

From the State Inter-Agency Council for Children: 2016 Recommendations for the State Interagency Council.

From the Auditor of Public Accounts: Biennial Report to the General Assembly on Kentucky Employers' Mutual Insurance Authority.

From the University of Kentucky: 2015 Kentucky Tobacco Research & Development Center Annual Report.

From the Office of the Attorney General: 2014-2015 County Attorney Traffic Safety Program Annual Report.

From the Cabinet for Health and Family Services: SWIFT Adoption Teams Report for the fourth quarter of 2015 and the first quarter of 2016.

From the Cabinet for Health and Family Services: 2015 Annual Report on Committed Children.

From the Cabinet for Health and Family Services: 2015 Annual Report of the Kentucky Spinal Cord and Head Injury Research Board.

From Kentucky Employers' Mutual Insurance Authority: 2015 Annual Statement and Letter of Actuarial Opinion.

From the Personnel Cabinet: 2016 Semi-annual Report listing filled positions, exempted from classified service.

From the Personnel Cabinet: Quarterly Reports which lists all employees currently holding more than one state position.

From the Personnel Cabinet: Personnel Cabinet Quarterly Reports as of December 31, 2015 and March 31, 2016.

From Kentucky Employers' Mutual Insurance Authority: 2015 Management's Discussion and Analysis with Supplementary Schedules.

From the Louisville Policemen's Retirement Fund: 2016 Actuarial Valuation and Report.

From the Kentucky Department of Agriculture: 2015 Kentucky Equine Health and Welfare Council Administrative, Programmatic and Financial Activity Report.

From the Kentucky Employers' Mutual Insurance Authority: 2015 Independent Auditors Report.

From the Cabinet for Health and Family Services, Department for Public Health: FY 14 Status of Breast Cancer in the Commonwealth Annual Report.

From Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and State of Solvency as of March 31, 2016.

From Kentucky Employers' Mutual Insurance Authority: Quarterly Statement and Financial Status for the period ending March 31, 2016.

From the Cabinet for Health and Family Services: FY15 Batterer Intervention Provider Program Annual Report.

From the Finance and Administration Cabinet, Department of Revenue, Office of Property Valuation: 2016 Real Estate Exemption List.

From the Commission on Small Business Advocacy: From the Kentucky Business One-Stop Portal Advisory Committee: 2015 Report Assessment and Recommendations.

From the Kentucky Personnel Cabinet: 2015 Annual Turnover Report of 15%+.

From the Cabinet for Health and Family Services: 2015 Kentucky Stroke Encounter Quality Improvement Project Stroke Registry Data Summary Annual Report.

From the Justice and Public Safety Cabinet: Submission for review of application to the U.S. Department of Justice, Bureau of Justice Assistance, for 2016 funding.

From the Kentucky Commission on the Deaf and Hard of Hearing: FYS 15-16 Telecommunications Access Program Annual Report.

From the Auditor of Public Accounts: FY15 Report of the Audit of the Russell County Fiscal Court.

From the Energy and Environment Cabinet, Department for Environmental Protection: 2016 Hazardous Waste Management Fund.

From the Cabinet for Economic Development: 2015 Programmatic Involvement Report.

OTHER BUSINESS

From Director David Byerman: Memorandum requesting ratification of Personnel Policy Manual.

Director David Byerman's update on the LRC Classification Plan.

Senators Stivers advised that all caucus leaders from both chambers had been briefed on the LRC Personnel Policy Manual and the proposed LRC Classification Plan. At that time, he asked Director Byerman to give a more formal presentation at the LRC meeting so all could learn what the Director had been working on.

Director Byerman said that, when he first arrived at LRC on October 1, 2015, he brought the entire LRC work force together for a meeting. He addressed issues that had been raised by NCSL in 2014. He told the employees that day that he was going to establish a new system for hiring and paying employees. The system would set forth clear expectations and be fair and transparent. He would also establish an evaluation system.

Director Byerman said the proposed Classification Plan is the first step in that process. The plan is the result of help he had received from all non-partisan staff who had submitted a summaries of their work responsibilities. This was part of a long process of trying to empower the workforce, holding hold supervisors accountable for supervising their own teams, and ultimately creating a workforce that is

more motivated and fairly rewarded for hard work. Following approval of this Plan, LRC can move forward on the next phase in the process--determining how best to compensate staff.

Director Byerman said the plan has job descriptions for all LRC positions. There are clear expectations for every position, and the plan delineates supervisory and reporting responsibility.

New agency practices have been put in place over the last 10 months. For example, all jobs are posted, giving employees a chance to apply, change jobs, or otherwise move forward with their careers. No job will be given to an individual person based on who that person knows. Director Byerman said his job, in part, is to make the Director less powerful. He emphasized that he is trying to create new management practices that set clear expectations for who does what, and how much they are paid. In the past, the Director has had enormous discretion, but Director Byerman feels such discretion causes long-term problems where people might perceive that decisions are capricious, arbitrary, or unfair. In creating this plan, he said he is trying to set clear standards of accountability.

Director Byerman proposes is make the proposed Classification Plan the basis for the final Compensation Plan that he will bring to LRC in October.

Director Byerman said that the plan will now allow for creation of an evaluation system where employees can be evaluated against objective work standards, and it will allow for a system of compensation that creates tiers of pay for the positions, depending on the sophistication and the independence of the work that will be completed.

He said there has been a lot of work to identify other states that are comparable to

Kentucky that have gone through this same process of creating a classification and compensation system. Those states are Maryland, Oregon, and Connecticut. The committee that has been working most closely on this has had conference calls with the human resources directors from those three states. Over the last two months, not only has he had one meeting in which he spoke to all 320 non-partisan employees, he has also had a series of town hall meetings--10 meetings of about 32 people apiece. He received feedback from staff and heard their ideas, inputs, and concerns. Director Byerman said staff feel like they have a voice and a role in how this plan will proceed. This plan, which will be released today to the public and to LRC staff, will form the basis for the progress going forward. In accepting the report on the plan, LRC is not approving the plan because the plan works in concert with the

Compensation Plan. The two interlock together. It is a good management principle to have a clear plan that classifies the employees first before the next phase is moved into, which is to determine how best to set up new standards and practices to make the compensation of the work force be done in a fair, equitable, and transparent manner.

Director Byerman said he was grateful for the assistance of the other Classification Steering Team members: Deputy Directors Teresa Arnold and Robert Jenkins, Assistant Directors Joy Kiser and Anita Muckelroy, General Counsel Morgain Sprague, and Mike Clark, who has served as our Chief Staff Economist. Mr. Clark is the Staff Economist who conducts staff salaries for legislators, and the economists' office is going to be very important as salary studies are conducted to make sure LRC is paying its staff in an equitable and attractive manner. Mr. Byerman stated that he wants to lead an elite work force. He believes he already does, but he wants to set management practices in place where he can attract people and have them commit to building their careers here at LRC. Director Byerman said the Executive Branch employs tens of thousands of people, and its pay system is quite different from what he is talking about. His pay system is set up for the 320 nonpartisan people who do a yeoman's job every year of creating the infrastructure around which the annual sessions are built. In a very real sense, all 320 nonpartisan staff had a role in creating the plan. Director Byerman said that he feels confident that, working with staff and leadership, in two months a comprehensive plan will be in place that addresses clear expectations, is fair, and is transparent.

Senator Stivers asked the members if they had any questions or discussions concerning Mr. Byerman's presentation.

Representative DeCesare made a comment to let those in attendance know that Mr. Byerman had briefed the members earlier that day on the presentation and that members understand what is going on. He said he did not want anyone to think they were going to vote on something that they had not been briefed on prior to hearing about it.

Senator Stivers reiterated that Mr. Byerman had briefed all leadership and all caucuses at some time prior the meeting as to the substance and has previously provided the substance this presentation.

Representative Lee asked, regarding the second document to be prepared, if there was going to be a section on employee discipline. He said he did not see it in the Personnel Policy Manual.

Responding to Representative Lee's question, Mr. Byerman said that actually under separate cover today, the commission is also

taking up the issue of an update of the Personnel Policy Manual. The current Personnel Policy Manual is dated 2004 and is 12 years old. The new Personnel Policy Manual addresses things like discipline. Director Byerman said the new manual does five major things that reflect the changes that he has made over the last 10 months: 1) it reflects the new one-for-one compensatory time policy put in place earlier this year; 2) it makes consistent the volunteer policies for LRC sponsored events like the recently occurring Southern Legislative Conference; 3) it includes revisions to the enhanced flex time policy; 4) it has a maternity and paternity leave policy that was not in the previous personnel policy manual; and 5) it establishes a new grievance process that allows any employee who has a concern to raise those concerns. Addressing Representative Lee, Director Byerman said the disciplinary process that he is referring to is included in that Personnel Policy Manual and will be a part of how the organization is managed going forward.

Representative Lee asked if it was in the Personnel Policy Manual, and Director Byerman said that it was located late in the document.

Senator Stivers said that he and Speaker Stumbo are in agreement that this is an application of a policy to the nonpartisan staff. Once this plan is adopted, it will be applicable to the leadership staff, but it will be a document that leadership will have to prepare with exclusions, because on pages 31 and 32, there are discussions about non-partisan staff and their duty to appear and stay nonpartisan. Speaker Stumbo should not have to worry about requesting something that may be influenced by one's Republican leanings, nor should Senator Stivers have to worry that nonpartisan staff would be influenced by someone's Democrat leanings. Since the all leadership staff are political, leadership will have to adopt a secondary policy that will have exclusions that will allow for leadership staff to be partisan staff.

Senator Stivers called for a motion to accept and approve as indicated in those items under Other Business, as it relates to Mr. Byerman's Proposed LRC Classification Plan. A motion was made by Representative Adkins and seconded by Senator Carroll. A roll call vote was taken, and the motion passed unanimously.

Senator Stivers asked if any members had any questions, comments, or communications.

Senator Stivers thanked the commission, partisan staff, and nonpartisan staff for volunteering during the Southern Legislative Conference's annual meeting in Lexington. He said the conference was very successful, bringing legislators, policymakers and interested parties together from 15 southern states to discuss policies and issues and to network. Senator

Stivers said the speakers were excellent, and the conference educational. A spotlight was put on central Kentucky and the entire Commonwealth, and much positive feedback has been received. University of Kentucky President Capiluto told Senator Stivers that several attendees had mentioned sending their children to the University of Kentucky. Senator Stivers thanked everyone for their contributions and help in making the meeting a success.

Senator Carroll thanked Senator Stivers for his leadership in his role as the Chair of the Southern Legislative Conference.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 3rd Meeting of the 2016 Interim

August 4, 2016

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, August 4, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Fitz Steele, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Fitz Steele, Co-Chair; Senators C.B. Embry Jr., Chris Girdler, Ernie Harris, Brandon Smith, Johnny Ray Turner, Robin L. Webb, and Whitney Westerfield; Representatives Hubert Collins, Tim Couch, Jim DuPlessis, Daniel Elliott, Jim Gooch Jr., Chris Harris, Cluster Howard, Reginald Meeks, Tim Moore, Rick G. Nelson, Lewis Nicholls, John Short, Jim Stewart III, Chuck Tackett, and Jill York.

Guests: Tony Hatton, Director, Kentucky Division of Waste Management.

LRC Staff: Tanya Monsanto, Lowell Atchley, and Marielle Manning.

Upon motion made by Representative Collins and seconded by Representative Tackett, the July 19, 2016 minutes were approved by voice vote and without objection.

Kentucky Department of Fish and Wildlife Resources Presentation

Commissioner Greg Johnson and Deputy Commissioner Dr. Karen Waldrop of the Kentucky Department of Fish and Wildlife Resources provided an update on wildlife diseases and the health of Kentucky's game species. In addition, KDFWR representatives explained no net loss for public hunting and fishing access and the progression of wildlife habitat in the state. KDFWR is ensuring the

future of wildlife populations and hunting and fishing opportunities in Kentucky.

KDFWR officials responded to questions on various topics throughout the presentation.

Responding to Representative Steele's question about donations at outdoor recreation stores, KDFWR officials said that outdoor stores do promote and support KDFWR, but do not necessarily receive direct funds from the donations.

Responding to a question from Senator Smith regarding the loss of grouse in the state, KDFWR officials said that habitat issues are the largest contributor to the loss of grouse. Coyote and aerial predators, such as owls, are the main predators of the bird.

In response to Representative Gooch's question about Asian carp, KDFWR officials explained the species is to be taken very seriously. The private sector is aggressively pursuing Asian carp to establish a fish processing plant in western Kentucky that will process millions of pounds each week to make fish products such as fish nuggets and dog food.

Responding to Representative Moore's question on black bears, KDFWR representatives said that, typically in late spring and early summer, two year old black bear males begin to wander around, often appearing in residential areas. KDFWR biologists track the bears individually. KDFWR officials said that they want to keep the bears in the best habitat and not near humans.

Responding to questions from Representative Collins, KDFWR officials explained that bears come into town for an "easy meal" such as they might find in garbage cans. KDFWR officials said they are working on most of their reservoirs by putting in habitat.

In response to a questions from Senator Webb, KDFWR officials said a bear conflict plan will be completed by the end of 2016. KDFWR representatives are also expecting the large cat spotted in Tennessee to turn north. KDFWR officials explained the USDA's eradication method for feral hogs. USDA nighttime sharpshooters are used to decrease populations.

Responding to a question from Representative York, KDFWR officials have a 2015-2030 Kentucky Elk Management Plan. KDFWR officials confirmed that trading elk to other states occurs, as Kentucky has the only chronic wasting disease (CWD) free elk herd. Elk are established in a 16-county zone.

In response to a question from Senator Embry, KDFWR officials have not positively identified any mountain lion in the state other than the one officials euthanized in Bourbon County in 2014.

Responding to Representative Meeks, KDFWR officials explained that Kentucky Farm

Bureau worked extensively on a water/drought plan in the state. KDFWR officials also answered a question about the Henry County feral hog population. KDFWR representatives confirmed they are working on trapping the population.

KDFWR officials explained that 110 handicap accessible piers are available in the state. All newly constructed piers being are in compliance with the Americans with Disabilities Act.

In response to a comment from Representative Collins, KDFWR officials agreed that the Martin County and Floyd County elk population has increased recently.

There being no further business, the meeting was adjourned. Documents distributed during the meeting are available with meeting materials in the LRC Library.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 6th Meeting of the 2016 Interim

July 6, 2016

Call to Order and Roll Call

The 6th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, July 6, 2016, 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 Wilson Stone, Co-Chair; Senators Carroll Gibson, Dennis Parrett, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Jonathan Shell, and James Tipton.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy, Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy, and Andrew Waters, Health Promotion Branch Manager, Department for Public Health.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Marielle Manning.

Upon motion made by Senator Parrett and seconded by Representative Mills, the June 1, 2016 minutes were approved upon voice vote and without objection.

Governor's Office of Agricultural Policy

Mr. Warren Beeler, Executive Director, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy, presented the projects receiving the Agricultural Development Board approval at its June 2016 meeting. Those included approved amendments, youth heifer purchase, youth learning area, equipment for an organic

farmers market, Harvest Showcase, On-farm investments, Deceased Farm Animal Removal Program, Shared-use equipment, and major statewide or regional projects.

GOAP representatives responded to committee members' questions about hemp production and the shared-use funding commitments.

Responding to Representative McKee, Mr. Warren Beeler agreed that hemp production and greenhouses are growing and there is much to learn. Representative McKee also mentioned the agriculture agenda at the Southern Legislative Conference.

Responding to Representative Stone's question, Mr. Warren Beeler explained that State Police require GPS locations for hemp production. Affidavits are required to move hemp, as well.

Responding to Representative Stone's question on shared-use equipment, GOAP representatives explained the housing of the squeeze shoot for the Daviess County Cattleman's Association would be supervised by the Cattleman's Association.

The committee received reports on four regional projects: (1) McLean County 4H, approved by the board for \$900 in McLean County funds for the purchase of a heifer for the winner of the Dustin Worthington "I Love Cows" essay contest; (2) McLean County Cooperative Extension, approved by the board for \$1,500 in McLean County funds for a youth learning area at the McLean County Ag Festival; (3) MozzaPi LLC, approved by the board for \$12,902 in state funds as a 5-year forgivable loan, for capital improvements to an organic farmers market and grain mill in Anchorage, Ky; and (4) The Berry Center, Inc., approved by the board for \$5,000 in Henry County funds to support the Henry County Harvest Showcase.

GOAP officials asked for the committee members' opinion on considering a youth County Agricultural Investment Program (CAIP). Responding to Representative Stone's question, an entity, like the Cattleman's Association or 4-H, would oversee the youth CAIP. Representative Denham encouraged the youth CAIP idea.

Representative Stone commented on the Allen County project to build an exhibition building.

Representative Mills commented on the use of FFA in the youth CAIP program and asked a question about marketing efforts towards fixing the problems between vehicle traffic and farm equipment.

GOAP officials responded to Representative Mills' question and mentioned the re-run promotional ads and "four percent money" available to county extension offices for sponsorships.

Representative Gibson said the car traffic and farm equipment conflict goes both ways. Representative Gibson contacted the Transportation Cabinet. The signs and notices are available, but there is not much use in putting up the signs.

Tobacco Prevention and Cessation Program

Mr. Andrew Waters, Health Promotion Branch Manager, Department for Public Health, presented the annual report on the Tobacco Prevention and Cessation Program.

Responding to Senator Embry's question, Mr. Waters said that Kentucky is currently ranked second highest in the nation for adult smoking rates.

Responding to Representative Tipton's question, Mr. Waters explained that the Department for Public Health provides some oversight for local health departments by approving work plans and providing best practices of tobacco control. The department also promotes the 1-800-QUIT line and local cessation classes.

Responding to Representative Denham's question about the decline in children's smoking rates, Mr. Waters said the younger generation is more aware of the health effects of smoking and more engaged in a healthy lifestyle, as well as a decline of smoking as the norm in today's society.

Responding to Representative Stone's question, Mr. Waters said the graph provided does not account for any state salaries. The miscellaneous expenses are mostly operating costs.

Responding to Representative McKee's question about smokeless tobacco and electronic cigarettes, Mr. Waters explained that the Department for Public Health tracks smokeless tobacco usage, but it is a relatively low rate; about 7 percent of adults use electronic cigarettes. Mr. Waters noted electronic cigarettes are not a safer alternative.

Representative McKee commented on the age group of 15-18 year olds and their use of smokeless tobacco.

Responding to Representative Mill's question about marijuana use among high school students, Mr. Waters said the CDC survey should capture that information.

Documents distributed during the meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

July 14, 2016

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, July 14, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Terry Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Terry Mills, Co-Chair; Senators Perry B. Clark, Stephen West, and Whitney Westerfield; Representatives Ruth Ann Palumbo, Rick Rand, Arnold Simpson, Chuck Tackett, and Jeff Taylor.

Legislative Guest: Representative Joni Jenkins.

Guests: Timothy Feeley, Deputy Secretary, Deck Decker, Executive Director of the Office of Administrative and Technology Services, Adria Johnson, Commissioner of the Department for Community Based Services, Cabinet for Health and Family Services; Kevin Pollari, Principal, Deloitte; Emily Beauregard, Executive Director of Kentucky Voices for Health, and Cara Stewart, Kentucky Equal Justice Center.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Colleen Kennedy; Van Knowles; Chris Riley; William Spears; Shane Stevens; Joel Thomas; Aurora Cooper and Rayann Houghlin, Graduate Fellows; and Kate Talley, Committee Assistant.

Representative Mills welcomed legislative guest Representative Joni Jenkins.

Staff Report: State Funding Of The Bluegrass Water Supply Commission.

Mr. Riley said that the report was revised to address questions raised at the June 9 committee meeting, but that the major conclusions remained the same. One of the revisions to the report is to provide more detail on the first \$900,000 appropriation and the \$202,000 in local matching funds. More than \$625,000, or 56 percent, of these funds were paid to O'Brien & Gere Engineers and to the commission's general counsel Damon Talley.

O'Brien & Gere was paid more than \$323,000. Deliverables produced by O'Brien & Gere included strategy session presentations that covered the topics of project financing options, ownership options for proposed water infrastructure projects, and a proposed partnership with Kentucky American. O'Brien & Gere also conducted a water quality work session detailing disinfection by-products, an analysis and review of alternative sources of water supply, and a unit-cost analysis for the commission's proposed water system.

Mr. Talley was paid \$302,000 from the first appropriation, of which nearly \$277,000 was for legal services. Legal work on various

Public Service Commission cases accounted for nearly 39 percent of the total; work related to the production of materials for and participation in Bluegrass Water Supply Commission (BWSC) meetings accounted for 35 percent. The remaining 26 percent of legal service hours were for conferences with the Kentucky River Authority and the Kentucky Infrastructure Authority, negotiations with and the development of an agreement between Kentucky American and the commission pertaining to the potential construction of a shared water treatment facility, and work on the grant assistance agreements for both \$900,000 appropriations awarded to the commission.

Mr. Thomas stated that BWSC was formed by the Lexington-Fayette Urban County Government as a local entity. Local entities that are not formed by either the state legislative or executive branches have the option to adopt the Model Procurement Code contained in KRS 45A, or use KRS 424.260. The Finance and Administration Cabinet and Government Contract Review Committee are responsible for oversight of state contracts but do not review contracts solicited by local entities.

BWSC received a second \$900,000 appropriation during the 2006 Regular Session (as HB 380) that went unused. The HB 380 appropriation was amended during the 2009 Extraordinary Session as HB 4. The amended bill allowed BWSC to pay off two 5-year loans from the Kentucky Association of Counties and the Kentucky League of Cities. Six BWSC member municipalities received the remaining HB 4 funding to help finance water interconnectivity projects. As of January 2016, BWSC had nearly \$184,000 remaining HB 4 funds.

Representative Simpson said that his understanding is that the appropriations to the commission were to be used for a regional water project. In response to questions from him, Mr. Thomas said that the second appropriation (HB4) was less restrictive than the initial appropriation, but the remaining commission funds must still be used for water interconnectivity projects.

Representative Simpson made a motion to adopt the report but with reservations about how the money was spent. This situation highlights a danger of public-private entity collaboration. Senator Carroll seconded the motion. The report was adopted by roll call vote.

Representative Mills thanked Senator Buford for raising good questions at the initial presentation of this report. He said he shares Representative Simpson's concern that public entities be protected while the private entities in these partnerships make money. He asked that staff send a copy of the report to the Lexington-Fayette Urban County Government.

Minutes for June 9, 2016

Upon motion by Representative Taylor and second by Representative Palumbo, the minutes of the June 9, 2016, meeting were approved by voice vote, without objection.

Selection of Study Topic

Representative Mills said that doing a review of the Kentucky Health Cooperative, a topic selected by the committee at its May meeting, would be improper because of ongoing litigation.

Senator Carroll proposed as a replacement a study of salaries and benefits and retirement packages of executives of Kentucky's public colleges and universities over 10 years.

Senator West suggested that the study also include administrators' salaries and benefits. Senator Carroll said the levels would be more closely defined as the study proceeds.

In response to a question from Representative Palumbo, Senator Carroll said that the study will include the community colleges.

Representative Simpson suggested that the review of community colleges include administrative councils. The administrative structure varies greatly. Some schools have significantly more administrators than others, and some have more highly paid administrators.

Representative Taylor asked whether the study would include baseline data on compensation in other states. He suggested southeastern states as a comparison.

Senator Clark suggested using the benchmark postsecondary education institutions as comparisons.

Representative Mills said states that are near Kentucky would be a good comparison.

Upon motion by Representative Simpson and second by Senator Clark, a study of compensation, severance, and retirement packages of executives and administrators at Kentucky public colleges and universities over 10 years was adopted by roll call vote. The study is to include the community colleges and comparisons with institutions in other states.

Rollout of benefind

Representative Mills explained that he asked representatives from the benefind program to appear at today's meeting because of problems caused by the rollout of benefind. His purpose is to learn about problems so that they can be avoided in future rollouts. He emphasized that he is not trying to assign blame. He noted that he would like plans for future systems rollouts to be presented to the Program Review and Investigations Committee before implementation.

Mr. Feeley said that benefind was rolled out on February 29. The program was flawed from the beginning. Working with Deloitte, great strides have been made.

Mr. Decker said that the previous

administration received approval from the Centers for Medicare and Medicaid Services to build an information technology system to integrate benefits eligibility across all state-administered health and human services programs. benefind now provides a single system for economic stability programs. The original benefind release date was December 4, 2015. This was postponed until December 28 and then until February 29, 2016, when benefind release 5 went live. A rollback/contingency plan was not feasible and would have been cost prohibitive. Problems arose immediately, and a large number of notifications went out in error. Notifications were stopped on March 23.

The state was required to pay Deloitte \$3.5 million for the 2-month delay in rollout, which was renegotiated down from \$3.5 million per month. There were several core issues related to the initial problems. Training was inadequate and occurred months before the February 2016 rollout. There was no proficiency test for staff before rollout. System interfaces were not optimal. The pilot project was insufficient, and only 10 counties were included. A 2013 Department for Community Based Services (DCBS) workforce study recommended a statewide structure, with a central call center, which has been inadequate for benefind. During conversion, some data sources were outdated.

Mr. Decker summarized corrective steps that have been taken. These include streamlined operations and communication. There are now meetings twice per week and morning and afternoon status reports. A rapid response team of 10 to 20 Deloitte and Cabinet for Health and Family Services (CHFS) staff was created to deal with cases requiring immediate action. The team has successfully addressed 757 cases. The Operation Field to Frankfort team of 60 to 100 DCBS employees from across the state, assisted by 12 to 15 Deloitte employees, was created. The team, which is consolidated in Frankfort and receives additional training, addresses the high volume of cases and specialized populations experiencing issues. The team has processed more than 50,000 cases and been instrumental in identifying systems issues during the rollout process. Community outreach has been strengthened. The phone system has been improved. The typical call wait time has decreased from 1.5 hours to 20 to 25 minutes. Up to 120 Deloitte staff have provided on-site training and support for DCBS field offices. Extra training has been developed and delivered.

Backlogged cases have been caught up except for the 161 cases pending for information from clients. In the future, CHFS leadership will implement organization and process changes including establishing permanent rapid response and Operation Field to Frankfort teams. There

will be a formal examination of the DCBS workforce and structure. Continuous systems improvements will be made. Future plans include integrating child care eligibility by April 2017.

Mr. Feeley said that the benefind concept is good, but there were flaws in the design of the system. Training was outdated for the system that went live in February.

Mr. Pollari said that the rollout has caused frustration. The main concern is to prevent loss of benefits. Every worker has the ability to override the system and issue benefits on the spot. Deloitte did get paid for the delay, but Deloitte staff have been working on issues related to the rollout.

Ms. Beauregard said that she and Ms. Stewart represent stakeholders who have been involved in outreach, education, and enrollment efforts since 2013 and that they have been deeply involved in working to address the benefind crisis and improve the system moving forward. They are here to share the experiences of consumers and kynectors during the rollout.

Ms. Stewart, who is a kynector, said that she learned of the rollout via an emailed tip sheet on February 29 that was riddled with errors. Then they started hearing from consumers. Some were sharing insulin because benefits had been cut off. Some were cut off through no fault of their own. Some received no notice. Some received erroneous notices. Notices still going out do not provide any specifics on why someone is ineligible for a benefit. Phone calls to DCBS can take hours. It may only take 20 to 25 minutes for someone to answer the phone, but the person who answers often cannot address the question. The caller goes back into the phone queue each time the question cannot be addressed, so getting a response can still take hours. Sometimes people are not enrolled in a program it is known they are eligible for because there is a wait for information for another program. Internet speed for many field workers is an issue.

Ms. Beauregard said that kynectors were not initially trained for the rollout. Information that was provided to DCBS workers was not always provided to kynectors. There are more than 500 kynectors who could have helped with the rollout.

Ms. Stewart said that excellent training guides were provided kynectors but not until April.

Ms. Beauregard commended the current administration for extending coverage in March for those who were about to lose coverage. This is not a long-term solution. There are remaining questions. Why were benefits sometimes revoked without warning, with no chance for appeal, and with little information provided? Why were letters of apology and explanation not sent?

Why were kynectors not provided training and information on workarounds before the rollout? Ms. Beauregard said that recommendations from Kentucky Voices for Health were being distributed to committee members.

In response to questions from Senator Carroll, Mr. Decker said there are still 257 people who need to receive letters explaining that their 3-month Medicaid extension during the period when benefind was not working properly are now expiring and giving instructions on how to reapply. Mr. Feeley said that they concentrated on fixing problems. Ms. Johnson added that because reviewing all the incorrect notifications was so labor intensive, they focused on an internal rapid response rather than sending letters at a time when they did not yet know the extent of the problems.

Senator Carroll responded that a detailed public announcement was not required, just something about the problems occurring with the state moving to a new system.

Senator Carroll asked whether Deloitte was prepared for the rollout. Mr. Pollari said one of the main problems was that the system generated 25,000 incorrect letters, 9,000 because of bad data received concerning former prisoners from the federal system. Another big problem was that Kentucky's various systems had incorrect data or could not communicate effectively in some cases. The March 2016 benefits were distributed via the old system. Decisions based on benefind began April 1. Deloitte performed more than 15,000 test cases with multiple checkpoints, but they did not anticipate some of the problems. The cost of phasing in the system over months would have been very expensive.

In response to a question from Representative Mills, Mr. Feeley said the first go live date was December 4, 2015. The former administration delayed it to December 28. The current administration decided that it would be better to wait until the open enrollment period closed. There were financial penalties for delaying. Everyone involved in planning said that the system was ready to go live in February 2016.

Representative Mills commented that when he visited field offices, he was told they were not receiving adequate training and help. He noted that testing should have been better and that there needs to be a connection with policy. Deloitte staff did not know program policy. In the future, a connection is needed between the people who know policy and those implementing the system. In rollouts he has been involved in, the system was not implemented all at once.

Ms. Johnson said that one problem was a system design that forced workers doing intake to ask benefit recipients a long list of nonessential questions.

Representative Mills commented that the field offices reported receiving a list of 100 or more system fixes to check. This was overwhelming for them. An additional problem is Internet speed in parts of Kentucky.

In response to a question from Representative Palumbo about Kentucky Voices for Health's recommendations, Mr. Feeley said CHFS staff have met with Kentucky Voices staff and will continue to do so.

Senator Carroll asked if the contract with Deloitte allowed the state to recoup funding from Deloitte because of the problems that have been encountered. Mr. Feeley said the contract with Deloitte called for a specified amount to be paid to Deloitte to get a workable system. Deloitte continues to work on this. Mr. Decker said the contract with Deloitte penalizes the state; this is a problem with contracts in general.

Senator Carroll suggested that the attorney general should possibly look into whether there should be some recoupment of cost. Mr. Pollari said Deloitte invested 40,000 hours of its staff's time to fix the problems, which exceeds contractual obligations. Deloitte still has staff in the field at no cost to the state. Senator Carroll commented that he was still unsure whether that negates the shortcomings. He noted that everyone he hears from says that those answering calls are friendly.

In response to a question by Senator Carroll, Ms. Johnson said a formal workforce reorganization is needed to enable the system to be fully functional. The plan is to move to a more regional approach. In the interim, staff have been dedicated to special populations. Mr. Decker cited the example of refugees as such a population. He said that benefind is working. It took 3 months to get approval for kynectors to work in benefind. kynectors now understand the policies for Medicaid, but they will need to be trained on social services. Mr. Feeley said the goal is to have an integrated system, so if someone applies for one program, the system would tell the applicant whether she or he is eligible for other programs. Mr. Decker said that kynectors still will have to go to DCBS to resolve cases. Mr. Feeley said that the cabinet is working with the federal government to get full system integration.

Senator Carroll requested that user organizations be involved for transparency.

In response to a question from Representative Mills, Ms. Johnson said that in the future a caller would be able to speak with a live person.

In response to questions from Senator West, Mr. Decker said benefind was paid for by the federal government but it did not specify a system to be used. Mr. Pollari said the cost of benefind is approximately \$20 million per year. Senator

West asked what the cost of kynect would have been. Mr. Decker and Mr. Feeley replied that they would find out for the committee. Senator West said that there were also problems with the rollout of kynect. The state is implementing the Affordable Care Act, which is very complex, so he commended the team for what it has done.

Representative Simpson said that he was at a recent Taskforce on Vulnerable Kentuckians meeting next to the cabinet's office in Jefferson County. Taskforce members wanted to visit the cabinet office, but the office was closed for lunch. This is very inconvenient for working people who can only visit offices during lunch. The challenge is that we do not communicate well and are not sensitive to the needs of the people in poverty. Ms. Johnson said that facilities are no longer closed during lunch. Mr. Feeley noted that morale at the cabinet has been low and there is a lot of staff turnover. Representative Simpson asked that the cabinet address the recommendations made by Kentucky Voices for Health for the next Program Review meeting.

Representative Taylor commented that the state gambled with human health and safety and lives and that this is not acceptable. He asked why there was no backup plan. Mr. Decker said that the previous administration designed the system. Mr. Pollari said that a plan B would be the ability to let staff go off the system to help people, which they could do. Staff were also authorized to help people by reinstating their benefits. Representative Taylor said he was basing his comments on hearing from constituents who could not get help.

Representative Mills said we talk a lot about people receiving help who do not deserve it but not enough about people who deserve help but do not ask for it.

Representative Mills said that because the regular monthly meeting date conflicts with the National Conference of State Legislatures conference, the next Program Review meeting will be on Friday, August 12.

Senator Carroll commended the efforts to improve the system. He expressed confidence that the benefits of the system will be realized.

The meeting was adjourned at 12:06 pm.

GOVERNMENT NONPROFIT CONTRACTING TASK FORCE

Minutes of the 1st Meeting of the 2016 Interim

July 7, 2016

Call to Order and Roll Call

The 1st meeting of the Government Nonprofit Contracting Task Force was held on Thursday, July 7, 2016, at 8:30 AM, in Room 131 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the

secretary called the roll.

Present were:

Members: Senator Max Wise, Chair; Representative Russ A. Meyer, Co-Chair; Senators Danny Carroll, Denise Harper Angel, and Stephen West; Representatives Dennis Horlander, Arnold Simpson, and Addia Wuchner; Norman Arflack, Promod Bishnoi, Cyndee Burton, Danielle Clore, Samantha Davis, Robin Kinney, Mardi Montgomery, Judy Piazza, and Michelle Sanborn.

Guests: Andrew English, Justice and Public Safety Cabinet, Stacy Phillips, Health and Family Services Cabinet, and Beth Bowsky, National Council of Nonprofits.

LRC Staff: Judy Fritz, Van Knowles, Daniel Carter, and Jay Jacobs.

Charge of the Task Force

Senator Wise explained the purpose of the task force and gave background of HCR 89 from the 2015 General Session to study and report on the effect of current laws, regulations, and policies on nonprofits that conduct business with the Commonwealth, any procedures that have been adopted in other states that would create a more timely, cost effective, and streamlined process for nonprofits that contract with the Commonwealth and to eliminate any redundant, unreasonable, or unnecessary laws, regulations, or policies that would negatively affect nonprofit contracting or funding.

Initially, the task force was to meet during the 2015 and 2016 interim sessions and submit a final report to the General Assembly and the Governor with recommendations by October 31, 2016. Unfortunately, the task force was unable to meet during the 2015 interim session. Due to the late start and short timeframe to discuss issues, the task force will request a deadline extension to December 1, 2016. Members will be notified if that extension is approved.

Need for the Task Force

Representative Wuchner explained that the process of developing the task force began in 2015, with the passage of HCR 89. The task force provides an opportunity to listen to the concerns of the nonprofit agencies, review current contracting processes, identify deficiencies to streamline procurement, contracting, reporting, and payment processes while maintaining our commitment to transparency and elimination of unnecessary and duplicative practices that are costing the state and nonprofits time, money, and resources important to the people of the Commonwealth.

Overview of Kentucky's Nonprofit Sector and the Cultural Shift Ahead for Contracts with Government

Danielle Clore, Executive Director and CEO of the Kentucky Nonprofit Network,

explained how the Kentucky Nonprofit Network is one of 42 state association and affiliate members of the National Council of Nonprofits, exempt from federal and state taxes, a 501(c)3 charitable organization where donations are deductible, self-governed by a volunteer board of directors, and exists solely to contribute to the public good. Mrs. Clore also explained how nonprofits are big business in Kentucky and said they aid in attracting business and in bringing revenue to the state. The bottom line is that nonprofit employees pay taxes, nonprofits create jobs, and nonprofits spend money. Significant opportunities exist for state government and nonprofits to collaborate and find solutions that streamline practices, reduce duplicative efforts, and save money which all benefit the citizens of the Commonwealth. Nonprofits are recognizing that overhead costs are necessary for doing business and effectively managing a nonprofit organization. Nonprofits are working to educate funders on the necessity of overhead and walking away from grants and contracts that do not adequately cover overhead.

Kentucky Findings, Urban Institute Research

Beth Bowsky, Policy Specialist for Government-Nonprofit Contracting with the National Council on Nonprofits, discussed some of the problems that Kentucky nonprofit agencies are experiencing with government grants and contracts. According to the Urban Institute's research, Kentucky nonprofits are experiencing issues with late payments, government changes to contracts midstream, complex reporting and application processes, and payments that do not cover the full costs of services. Charts of Kentucky's rankings in regard to nonprofit contracting issues and the reality of reimbursement costs were also shared.

In response to a question by Representative Simpson, Mrs. Bowsky stated that contracts between nonprofits and government agencies are discussed as if they are negotiated, but in reality the contracts are "take it or leave it." Nonprofits usually "take" the contract because they are mission driven and assume the mentality that "something is better than nothing," even if the contract will cause the nonprofit to lose money.

In response to a follow up question, Mrs. Bowsky responded that the nonprofits may bring up the challenges of past contracts but they do not force the issue for fear of retaliation on future contracts. The power differential creates a problem in the negotiation process.

Mrs. Bowsky responded to a follow up question by Representative Simpson and stated that scope of services are not flexible and that the nonprofits have to find a balance between cost, effectiveness, and quality.

Cyndee Burton commented that overhead

reimbursement on many contracts is capped from seven to ten percent.

In response to a question by Representative Simpson, Mrs. Burton stated that expenses are higher than the amount reimbursed for overhead costs.

In response to a follow up question by Representative Simpson, Mrs. Burton stated that she is required to have the same software for billing as the for profit agencies.

Mrs. Bowsky commented that there is not any flexibility for nonprofits to share software due to specific requirements.

Federal Office of Management and Budget Guidance and the Impact on Kentucky's Contracting Processes

Beth Bowsky shared how the OMB Uniform Guidance (Uniform Guidance) streamlines and simplifies processes while reducing waste, fraud, and abuse. Uniform Guidance requires reimbursement of indirect costs, delineates the differences between grants and contracts, provides consistent cost principles, and specifies application and reporting requirements.

In response to a question by Representative Simpson, Mrs. Bowsky stated that at the federal level a block grant would be issued and at the state level there would be a request for proposal and competitive process. Uniform Guidance suggests that the selection should be based on merit.

Mrs. Clore commented that the feedback from a previous survey is that the process is not always consistent.

In response to a question by Representative Wuchner, Mrs. Bowsky stated that an application usually asks about the outcomes being sought, but those outcomes should be included in the contract. Uniform Guidance encourages outcomes over compliance and setting outcomes that are realistic and fair.

Lessons Learned in Structuring Task Forces in Other States

Successful task forces in other states have embraced collaboration. States that have embraced collaboration have eliminated redundant and unnecessary application and reporting requirements; established document vaults; established a prequalification process; allowed for cross-cabinet or agency coordination of monitoring and auditing of contracts; standardized the data elements, contracts, applications, and reports in common format; standardized policies and procedures; and aligned with Uniform Guidance.

In addition to collaboration, education for government agencies and nonprofits about indirect costs and Uniform Guidance to assist in equity in reimbursement for services has also been critical for success.

In response to questions asked by

Representative Simpson, Mrs. Bowsky clarified that, if Uniform Guidance is adopted in Kentucky, there would still be an advertised competitive process and the contract would still have to meet state criteria and contracts would be scored and awarded based on the criteria. Contract price would still be an important element in the selection process.

In response to a question by Senator Wise, Mrs. Bowsky stated that for profit agencies are reimbursed at cost plus profit.

In response to questions by Andrew English of the Justice and Public Safety Cabinet, Mrs. Bowsky stated that most nonprofits do not deal with multiple scopes of work and the need for multiple audits would not be necessary unless in a rare circumstance.

Mrs. Clore commented that Illinois found fewer differences in scope of work than expected.

In response to a question by Mardi Montgomery with Education and Workforce Development Cabinet, Mrs. Bowsky stated that the outcome data are in the reports provided by nonprofits regarding the contract or grant and Uniform Guidance requires that outcomes be tied to the budget.

Mrs. Clore commented that doing fewer audits is a cost savings to the cabinet and frees more dollars to invest in the work that the cabinet wants to accomplish.

Representative Wuchner stated that outcomes are important, rather than "lives touched" stories that are often used, and the General Assembly is looking for reasonable outcomes to best serve citizens.

Open Discussion of Goals and Objectives

Senator Wise opened the floor for discussion of task force objectives, potential topics for future meetings, and to answer any additional questions.

Mr. English stated his interest in feedback from the nonprofits on how to adjust the contract process to performance based outcomes tailored to the nonprofits' needs.

In response to a question by Representative Simpson, Stacy Phillips, Cabinet of Health and Family Services, stated that the time of services rendered could yield as long as a six week turnaround on payment, but by law the cabinets have 30 days to pay.

In response to the same question, Mrs. Clore stated that some roadblocks occur when there are questions about purchases that nonprofits thought were approved and are later disapproved. The review process can delay the payment process up to 90 days, which can cause a cash flow issue for some nonprofits.

Representative Wuchner stated concerns that nonprofit reimbursements are not covering

the cost of services.

Senator Danny Carroll stated that his nonprofits have struggled to receive timely payments from Managed Care Organizations (MCOs). New MCOs are not prepared to deal with the systems that handle payments. The MCOs are changing rules and eligibility and each MCO has its own process. There are many inconsistencies in the regulations and there are different interpretations of the regulations among people in the cabinet. The organizations want to things to run smoothly and are good with accountability but the relationship needs to change, working towards the goal of providing better services.

Senator West stated that he would like to address duplicative and overlapping services. He would like to compile a complete list of nonprofits that do business with the state, how much they are paid, and what they do.

Representative Wuchner suggested that the task force look at the application of the OMB Uniform Guidance, how to implement it, and how it impacts government contracting Kentucky. As the state moves to outcome and performance-based models, it is important to understand how the new guidelines will work with expectations of the cabinet as well as organization and training.

In response to a question by Senator West, Mrs. Bowsky stated that OMB Uniform Guidance is law and can be found in the code of federal regulations.

Mrs. Phillips stated that it would be important for the task force to look at interpretation of OMB Uniform Guidance. Different agencies and organizations interpret things differently. Looking at interpretation can cut down on confusion, especially in implementing contracts and contracts with sub recipients.

Mrs. Clore would like for the task force to look at changes to contracts by the cabinet midstream.

Michelle Sanborn, President of Children's Alliance, stated that the task force should look at the list of services and look at the two different types of contracts with the state such as Request for Proposals (RFPs) and agreements.

Mrs. Clore would like for the task force to identify when nonprofits should put a contract for bid, when it should not place a contract for bid, and the reasoning for each.

Senator Wise said that the next meeting will be August 22, 2016 at 11 a.m.

A copy of the PowerPoint presentation and other meeting materials are a part of this official record in the Legislative Research Commission Library. There being no further business, the meeting was adjourned at 10:25 a.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the July Meeting

July 14, 2016

Call to Order and Roll Call

The July meeting of the Administrative Regulation Review Subcommittee was held on Thursday, July 14, 2016, at 11:00 AM, in Room 149 of the Capitol Annex. Representative Mary Lou Marzian, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Mary Lou Marzian, Co-Chair; Senators Perry B. Clark and Alice Forgy Kerr; Representative Will Coursey.

Guests: Leanne Diakov, Board of Medical Licensure; Brian Judy, Sonja Minch, Board of Barbering; John Marcus Jones, Tamera McDaniel, Peggy Lacy Moore, Kathleen Schell, Board of Respiratory Care; Sheryl Abercrombie, Elizabeth Morgan, Board of Medical Imaging and Radiation Therapy; Karen Waldrop, David Wicker, Department of Fish and Wildlife Resources; Tony Hatton, Department for Environmental Protection; Chase Bannister, Matt Chaliff, Jennifer Fraker, Department of Education; Mike Pettit, Kristi Redmon, Chuck Stribling, Michael Swansburg, Labor Cabinet, Steven Edwards, Stephen Humphress, Department of Alcoholic Beverage Control; Laura Begin, Paula Goff, Matt McKinley, Curt Pendergrass, Department for Public Health; Elizabeth Caywood, Darlene Hoover, Department of Community Based Services; Heather Richardson, Department for Community Based Services; Charles Cole, Janet Wilson, City of Somerset, Chris Daniels, Jason Nemes, Vinay Patel, Somerset license holders.

LRC Staff: Sarah Amburgey, Ange Bertholf, Betsy Cupp, Emily Harkenrider, Carrie Klaber, and Donna Little.

The Administrative Regulation Review Subcommittee met on Thursday, July 14, 2016, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

GENERAL GOVERNMENT CABINET:

Board of Medical Licensure: Board

201 KAR 9:250. Registration and oversight of pain management facilities. Leanne Diakov, general counsel, represented the board.

In response to questions by Co-Chair Harris, Ms. Diakov stated that physician-present supervision requirements may have been established by KRS Chapter 218A, as well as this administrative regulation. Supervising physician presence was required at least fifty (50) percent of the time patients were present. Since amendment of KRS Chapter 218A, the board

reported drastically fewer cases of inappropriate prescribing by these facilities. Co-Chair Marzian stated that nurse practitioners were authorized to prescribe scheduled substances on a very limited basis. A physical was required before prescribing, and the amendments to KRS Chapter 218A were having a positive impact on the problem of prescription abuse.

A motion was made and seconded to approve the following amendments: to amend Sections 3, 4, 5, and 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Barbering: Board

201 KAR 14:015. Retaking of examination. Brian Judy, assistant attorney general, and Sonja Minch, administrator, represented the board.

In response to questions by Senator Kerr, Ms. Minch stated that after 1,500 hours of formal education, a student may take the probationary examination. If the student failed the examination once, the student may retake the probationary examination; however, if the student failed the examination twice, the student was required to acquire eighty (80) additional clock hours of formal education at a Kentucky-licensed barber school. Typically, if a student failed the probationary exam after formal education at an out-of-state barber school, the failed portion was related to Kentucky's sanitation laws, which would not be taught at an out-of-state school. Thus, a student who failed the probationary examination twice was required to acquire eighty (80) additional clock hours of formal education at a Kentucky-licensed barber school.

In response to a question by Co-Chair Harris, Ms. Minch stated that the 1,500 hours of formal education included both classroom and clinical training.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; (2) to amend Section 1 to comply with the drafting requirements of KRS Chapter 13A; and (3) to amend Section 3 to change the terminology from "instructor" to "teacher" for consistency with KRS 317.440 and 317.450 and 201 KAR 14:125. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 14:030. Five (5) year expiration of license.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to: (1) make a technical correction; and (2) clearly state the necessity for and function served by this

administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 14:045. Notification of new locations.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE to clarify that this administrative regulation applies to a new barber shop, which requires an inspection; (2) to amend the STATUTORY AUTHORITY paragraph to correct a citation; (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (4) to amend Section 3 to cross reference 201 KAR 14:040, which also regulates the inspections of shops and schools. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 14:090. School curriculum.

In response to questions by Senator Clark, Ms. Minch stated that this administrative regulation addressed concerns regarding lack of experience for barber school teachers. 201 KAR 14:125 was recently filed to more fully address this issue, but this administrative regulation required a minimum of three (3) years of experience for a head teacher.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph and Section 2 to correct citations; (2) to amend Section 1 to: (a) comply with the drafting requirements of KRS Chapter 13A; and (b) change the terminology from “instructor” to “teacher” for consistency with KRS Chapter 317; and (3) to amend Section 4 to delete the reference to “teacher assistant” and instead state that a teacher licensed for less than twelve (12) months who has not completed 600 hours of instructional experience obtained while under the supervision of a board-licensed teacher with a minimum of three (3) years of experience and in a barber school licensed by the board shall not be counted as a teacher for the purposes of compliance with the ratio requirement. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 14:110. School equipment; plant layout.

In response to a question by Co-Chair Harris, Ms. Minch stated that shampoo bowls with hot and cold running water were required to be in the room where barbering was done so that the client could witness the barber washing his or her hands before providing barbering services. It was a measure to ensure sanitation.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND

CONFORMITY paragraph and Sections 3, 4, 5, 8, 10, and 11: (a) for clarity; and (b) to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 12 to clarify that the exemption applies to only the shampoo bowls with hot and cold running water established in Section 10 of this administrative regulation. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 14:150. School records.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 3 to change references from “instructor” to “teacher”; and (2) to amend Section 6 to: (a) require the board to produce records immediately during hours the school is scheduled to be open and providing services; and (b) clarify that, if the request is made when the school is closed and not providing services, the school shall produce the record within two (2) hours of the next normal day of business. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 14:180. License fees, examination fees, renewal fees, and expiration fees.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 through 4 to delete references to “teacher assistants” to conform with statutory authority; and (2) to add a new Section 7 to clarify the purpose of and what an individual shall be allowed to do in relation to certification and demonstration fees. Without objection, and with agreement of the agency, the amendments were approved.

Board of Respiratory Care: Board

201 KAR 29:015. Fees. John Marcus Jones, assistant attorney general; Tamara McDaniel, vice-chair; and Kathleen Schell, board member, represented the board.

In response to questions by Co-Chair Harris, Ms. McDaniel stated that it had been approximately ten (10) years since the board had raised fees. The board had experienced many cost increases, including retirement factor increases and significant rent increases. The fee increases in this administrative regulation would allow the board to meet its current budgetary needs. The board was very fiscally responsible.

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

Board of Medical Imaging and Radiation

Therapy: Board

201 KAR 46:020. Fees. Sheryl Abercrombie, chair; Brian Judy, assistant attorney general; and Elizabeth Morgan, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend Section 14 to correct citations. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 46:070. Violations and enforcement.

A motion was made and seconded to approve the following amendments: to amend Section 3 to: (1) clarify that the penalty applies to an individual who performed a procedure without valid licensure; and (b) delete a cross-reference. Without objection, and with agreement of the agency, the amendments were approved.

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

301 KAR 2:176. Deer control tags, deer destruction permits, and landowner designees. Karen Waldrop, deputy commissioner, and David Wicker, general counsel, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to delete the definition for “damage”; and (2) to amend Sections 1 and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

301 KAR 2:221 & E. Waterfowl seasons and limits.

A motion was made and seconded to approve the following amendments: to amend Sections 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.

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

A motion was made and seconded to approve the following amendments: to amend 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.

301 KAR 2:225 & E. Dove, wood duck, teal, and other migratory game bird hunting.

Licensing

301 KAR 5:040. Migratory Bird Harvest Information Program.

A motion was made and seconded to approve the following amendment: to amend Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendment was

approved.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Waste Management: Identification and Listing of Hazardous Waste

401 KAR 31:040 & E. Lists of hazardous wastes. Tony Hatton, executive director, represented the division.

In response to a question by Co-Chair Harris, Mr. Hatton stated that this administrative regulation was being amended to address HB 106 of the 2016 Regular Session of the General Assembly, which provided for the destruction of chemical munitions at Bluegrass Army Depot. This administrative regulation also reclassified aluminum processing wastewater from the automotive industry as a nonhazardous, solid waste under specific circumstances, including that the waste shall not be placed on the land.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to make technical corrections; and (2) to amend Sections 1 through 4 to insert citation replacements that were inadvertently omitted from the initial filing. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: Office of Instruction

704 KAR 3:471. Repeal of 704 KAR 3:470. Chase Bannister, attorney; Matt Chaliff, executive director; and Jennifer Fraker, policy advisor, represented the board.

Department for Technical Education: Instructional Programs

780 KAR 4:031. Repeal of 780 KAR 4:030. Facilities and Equipment of the Kentucky TECH System

780 KAR 7:060. Equipment inventory and insurance.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to add citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 1 to define terms; and (4) to amend Section 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.

780 KAR 7:071. Repeal of 780 KAR 7:070.

LABOR CABINET: Department of Workplace Standards: Division of Occupational Safety and Health Compliance: Division of Occupational Safety and Health Education and

Training: Occupational Safety and Health

803 KAR 2:300. General. Mike Pettit, safety standards interpretation; Kristi Redmon, occupational safety and health specialist; and Michael Swansburg, general counsel, represented the department.

In response to questions by Co-Chair Harris, Ms. Redmon stated that these administrative regulations were being amended pursuant to federal OSHA requirements. Kentucky was not required to adopt all of these requirements; however, the division adopted all of these requirements in order to be as protective as the federal program. Several administrative regulations in this package related to federally mandated protection from respirable silica particles. The new exposure limit was twenty (20) percent lower than the previous limit. Silica was a recognized carcinogen.

Co-Chair Marzian stated that, as a healthcare professional in a transplant office, there were workers with silica exposure who presented at her facility with cancer.

803 KAR 2:307. Hazardous materials.

A motion was made and seconded to approve the following amendments: to amend Section 2 to correct a citation. Without objection, and with agreement of the agency, the amendments were approved.

803 KAR 2:308. Personal protective equipment.

In response to a question by Co-Chair Harris, Ms. Redmon stated that face and eye protection requirements were updated commensurate with federal consensus standards. There were no new compliance requirements, rather there were new equipment options that may be chosen in lieu of previous standards.

803 KAR 2:317. Special industries.

803 KAR 2:318. Electrical.

803 KAR 2:320. Toxic and hazardous substances.

803 KAR 2:400. Adoption of 29 C.F.R. 1926.1-6.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

803 KAR 2:403. Occupational health and environmental controls.

803 KAR 2:404. Personal protective and lifesaving equipment.

803 KAR 2:421. 29 C.F.R. Part 1926.950-968.

803 KAR 2:425. Toxic and hazardous substances.

803 KAR 2:500. Maritime employment.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Quotas

804 KAR 9:040. Quota retail package licenses. Steven Edwards, commissioner; Stephen Humphress, general counsel; and Carol Beth Martin, malt beverage administrator, represented the department. Chris Daniels, Somerset retail package store owner; Jason Nemes, attorney; and Vinay Patel, Somerset retail package store owner, appeared in opposition to this administrative regulation.

In response to a question by Co-Chair Marzian, Mr. Edwards stated that the court directed the department to change the number of quota retail package licenses issued to City of Somerset. The department, in exercising the discretion directed by the court, issued ten (10) quota retail package licenses to City of Somerset based on market size.

In response to questions by Senator Clark, Mr. Humphress stated that at the time Somerset voted "wet," the board was authorized to establish a specific quota for the city. At that time, this administrative regulation required the quota to be population based (one (1) per 2,300 people), which would have resulted in five (5) licenses. Because numerous cities within "dry" counties had been voting "wet," this administrative regulation was then amended to still be population based, but with exceptions for cities that demonstrated a market size that warranted more licenses than the population calculation established. After that amendment, City of Somerset petitioned the board to present data to establish that more than five (5) licenses were warranted.

Mr. Nemes stated that this administrative regulation required quota retail package licenses to be issued based on population unless a city demonstrated changes that warranted additional licenses. Somerset had recently experienced a population decrease, not an increase. The court's decision did not require the board to issue ten (10) licenses, but required the board to use its discretion to determine the appropriate number of licenses to be issued. Many other areas near Somerset recently also voted "wet," therefore, there was more supply available than previously. There were already too many licenses available in Somerset that more than met the demand. The most Somerset should have been issued was five (5) licenses. This administrative regulation violated existing law, in that it allowed more than one (1) additional license per 1,500 people. A city requesting additional licenses was required to submit an economic impact study that demonstrated the necessity for more licenses, that there had been a change in circumstances, and that the current license quota was inadequate. Somerset failed to demonstrate that current

license holders were failing to meet the demand. The issuance of ten (10) licenses was an arbitrary number, without basis from the economic data. Mr. Nemes supported free markets; however, alcohol sales was not a free market because of various forms of restraint, such as limited advertising, mandated pricing, restricted employees, and restricted sales. Normal, free-market competition was inappropriate for this industry. Three (3) years ago, when the citizens of Somerset voted “wet,” they did so with the understanding that there would be a maximum of five (5) licenses based on this administrative regulation. Current license holders who had made significant investments based on this administrative regulation had already been harmed by the increased competition. Sales were down thirty (30) percent in the last two (2) years. The new licenses would further reduce demand and sales. This administrative regulation should be found deficient or deferred until Somerset demonstrated the necessity for these licenses, as required by the statute and this administrative regulation.

Senator Clark stated that Mr. Nemes’ testimony regarding support of the free market seemed contradictory because Mr. Nemes did not support the free market as it pertained to Somerset’s licenses and this administrative regulation. Alcoholic beverage control statutes and administrative regulations were unusual because the law approached the subject from the view of prohibition, rather than from the view of the free market. Senator Clark stated that these requirements were too limited even with ten (10) licenses and that the free market should prevail in this industry. The significant sales in Somerset was at least partly the result of successful local tourism.

Mr. Edwards stated that the argument that the board was limited to the population ratio of one (1) license per 2,300 people was technically incorrect, as shown by a comparison of other cities with similar or larger populations. The economic data presented on behalf of additional licenses for Somerset was striking, in that Somerset was shown to have demand far greater than similarly populated cities and even some cities with larger populations. Somerset had annual sales of \$673,739, which was more than Richmond, which was three (3) times as large in population; Ashland, which was twice as large in population; Nicholasville, which was nearly three (3) times as large in population; and other similarly large cities. Somerset had been ranked as one (1) of the top ten (10) performing micropolitan areas out of 536 micropolitan areas. Based on the economic data, Somerset seemed to deserve the opportunity to grow and have these additional licenses. Mr. Humphress stated that the court order specifically directed the board to

use the requirements established in the previous 2013 version of this administrative regulation; therefore, the economic demonstration was not necessary because that was not a component of this administrative regulation in that previous version.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Maternal and Child Health: Maternal and Child Health

902 KAR 4:120. Health Access Nurturing Development Services (HANDS) Program. Laura Begin, regulation coordinator, and Paula Goff, branch manager, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to specify a form and for clarity; and (2) to amend Sections 2 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.

Radiology

902 KAR 100:030. Quantities of radioactive material requiring labeling. Laura Begin, regulation coordinator, and Dr. Curt Pendergrass, radioactive material specialist, represented the department.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 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.

902 KAR 100:080. Exempt quantities.

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

902 KAR 100:085. Exempt concentrations.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Family Support: Supplemental Nutrition Assistance Program

921 KAR 3:035 & E. Certification process. Elizabeth Caywood, policy analyst, represented the department.

In response to questions by Co-Chair Harris, Ms. Caywood stated that the SNAP program was extending review to the maximum federally allowable review period, which was twelve (12) months; however, there was an interim review requirement to review income and contact information. SNAP recipients were also required to inform the cabinet of changes that may affect eligibility or benefits, such as income fluctuations or employment status.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to delete language suggesting that the time periods for household certification were minimums, in order to comply with 7 C.F.R. 273.10(f), which indicated that these were maximum time periods; and (2) to amend Section 5 for clarification. Without objection, and with agreement of the agency, the amendments were approved.

Division of Protection and Permanency: Child Welfare

922 KAR 1:320 & E. Service appeals for Title 922 KAR Chapters 1, 3, and 5.

Division of Child Care: Day Care

922 KAR 2:020 & E. Child Care Assistance Program (CCAP) improper payments, claims, and penalties.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 3, 6, 7, 8, and 17 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

922 KAR 2:160 & E. Child Care Assistance Program.

In response to questions by Co-Chair Marzian, Ms. Caywood stated that Kentucky was awarded a Race to the Top Early Learning Challenge Grant. The cabinet was implementing in phases a new All Stars Quality Rating System, which was in addition to the existing Stars for Kids Now Rating System. The new system would begin as a pilot phase, then be subject to modification and a determination of the system’s viability. Initially, the All Stars program was voluntary.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 9, 15, and 19 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

922 KAR 2:260 & E. Child care service appeals.

The following administrative regulations were deferred to the August 4, 2016, meeting of the Subcommittee:

FINANCE AND ADMINISTRATION
CABINET: Executive Branch Ethics
Commission: Commission

9 KAR 1:040 & E. Registration and expenditure statements; financial transactions and termination forms; and enforcement.

PUBLIC PROTECTION CABINET: Office of Occupations and Professions: Athlete Agents
200 KAR 30:010. Definitions for 200 KAR Chapter 30.

200 KAR 30:020. Complaint review.

200 KAR 30:030. Procedure for registration.

200 KAR 30:040. Fees.

200 KAR 30:051. Repeal of 200 KAR 30:050 and 200 KAR 30:060.

200 KAR 30:070. Records retention.

GENERAL GOVERNMENT CABINET:
Board of Licensed Diabetes Educators: Board
201 KAR 45:110. Supervision and work experience.

LABOR CABINET: Department of Workers' Claims: Department
803 KAR 25:010. Procedure for adjustments of claims.

803 KAR 25:014. Repeal of 803 KAR 25:009.

The Subcommittee adjourned at 12:20 p.m. until August 4, 2016, at 11 a.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

July 14, 2016

Call to Order and Roll Call

The Government Contract Review Committee met on Thursday, July 14, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Dennis Horlander, Co-Chair; Senator Paul Hornback; Representatives Brad Montell, and Brent Yonts.

Guests: Joe Barrows, Jimmy Schafer, Mary Ellen Myneer, Holly McCoy-Johnson, Elizabeth Natter, Sara Beth Gregory, Libby Carlin, David Beyer, Stacy Woodrum, Tonia Wells, Stephanie Craycraft, Wendy Morris, Doug Lefevers, Staci Cain, Shaunee Bennett, Veronica Cecil, Steve Bechtel, DJ Wasson, Matt Lockett, Melany Aldridge, Corrie Rice, Michele Blevins, Caroline Baesler, Phillip Brown, Michele Landers, Eric Pelfrey, David Waldner, Tina Swansegar, Marshall Carrier, Bill Gulick, Laura Hagan, Jason Siwula, Clark Graves, Brian Meredith, Raza Tiwana, Lea Mott, Brenda Sandy, Lee Calton, Amanda Coder, April Johnson, Carl Rollins, Stacy Phillips, and Rhonda Nix.

LRC Staff: Kim Eisner, Daniel Carter, and Jarrod Schmidt.

A motion was made by Representative Yonts to approve Minutes of the June 2016, meeting of the committee. Representative Montell seconded

the motion, which passed without objection.

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

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

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

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

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

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Stites and Harbison, 1600002387; Transitions, Inc., 1600003952; Stites and Harbison, 1600003953; Greenebaum Doll and McDonald, 1600003954; English Lucas Priest and Owsley, 1600003956.

AGRICULTURE, DEPARTMENT OF:
Stoll Keenon Ogden, PLLC, 1600002550; McBrayer, McGinnis, Leslie and Kirkland, 1600002567; Miss Kentucky Scholarship Organization, Inc., 1600002808.

ALCOHOL AND DRUG COUNSELORS, BOARD OF CERTIFICATION OF:

Marisa Neal, 1600003514.

ATTORNEY GENERAL, OFFICE OF THE:

Charles J. Rickert, 1600003223.

AUCTIONEERS, BOARD OF:

Stephen W. Van Zant, 1600002606.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Harding Shymanski and Company, 1600003356; Teddy Michael Prater CPA, PLLC, 1600003522; Dean Dorton Allen Ford, PLLC, 1600003523.

BOARD OF PROFESSIONAL

COUNSELORS:

Marisa Neal, 1600003192.

CABINET FOR HEALTH AND FAMILY SERVICES:

Trisha Zeller, 1600003010; Tiffany Lorraine Yahr, 1600003011; Mary Hall Sergeant, 1600003012; Constance Gullette Grayson, 1600003013; Julie A. Ledford, 1600003451; Tahira Morenike Bland, 1600003452; James L. Snaders, 1600003466; Thomas J. Hellmann, Attorney-At-Law, PLLC, 1600003476; Susan Gormley Tipton, 1600003477; Jenny V. Jones, 1600003478.

CORRECTIONS, DEPARTMENT OF:

Allen Veterinary Services, PLLC, 1600002257; Henry County Animal Clinic, 1600002565; Town and Country Animal Services, LLC, 1600002578; Mid America Health, Inc., 1600002923; Diamond Drugs, Inc. d/b/a Diamond Pharmacy Services, 1600002926.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Lifeline Homecare, Inc., 1600003962; Independence Assistance Services of the Bluegrass, 1600003963; Nicholas County Senior Citizens, 1600003966; Harrison County Circuit Court, 1600003967; American Health Management, Inc., 1600004009.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Multi, 1600001611; National Toxicology Specialist, Inc., 1600001612; Pharmacy Systems, Inc., 1600001613; Registry of Physician Specialists, A Medical Corporation, 1600001616; Staff Care, Inc., 1600001617; Phillip W. Bale, PSC, 1600001622; Dietary Consultants, Inc., 1600001623; Gilbert Barbee Moore Mcilvoy, PSC, 1600001624; Crown Services, Inc., 1600001627; Guardian Healthcare Providers, Inc., 1600001628; SHC Services, Inc., 1600001629; Susan Mudd, 1600001630; Theracare Alliance, 1600001631; Crown Services, Inc., 1600001632; Hillaree M Needy, 1600001633; Martine Turns, Psy.D., PLLC, 1600001634; John D. Ranseen, 1600001635; Susan Brittain, 1600001636; Steve Sparks, Ph.D., 1600001646; Dennis Buchholz, Ph.D. and Associates, 1600001647; Beth A. Johnson, 1600001648; Margaret Smedley, 1600001649; Martha Gregory & Associates, Inc., 1600001650; Timothy S. Allen, MD, PLLC, 1600001651; The Chyron Group LLC, 1600001664; Res Care, Inc., 1600001666; Rescare, Inc., 1600001667; Marylee Underwood, 1600001671; AMS Temporaries, Inc., 1600001672; Crown Services, Inc., 1600001673; Guardian Angel Staffing Agency, 1600001674; Guardian Healthcare Providers, 1600001675; M. S. M. Solutions, 1600001676;

SHC Services, Inc., 1600001677; Kentucky Alliance Boys and Girls Club, 1600001708; Crown Services, Inc., 1600001713; Pennyrile Radiology, 1600001714; Tri-State Podiatric Medical Services, PSC, 1600001716; Labcorp, 1600001736; Dr. Prakash Shah, 1600003866; Crown Services, Inc., 1600004022.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Public Consulting Group, Inc., 1600002006; Public Consulting Group, 1600002731; Child Care Council of Kentucky, 1600002734.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Jackson Environmental Consulting Services, LLC, 1600002354; George Freeman Gilbert, 1600003026; Terry Gray, 1600003490.

DEPARTMENT FOR INCOME SUPPORT:

Maximus Human Services, Inc., 1600001456; Julie B. Jones, 1600001546; Visions Group 2020 LLC, 1600001547; Rebecca B. Luking, 1600001548; Ebben Psyd, Paul Anthony, 1600001549; Tonya R. Gonzalez, 1600001550; Kay Barnfield Psy.D. PSC, 1600001551; Psych, Inc., 1600001552; Michelle D. Bornstein, 1600001553; Baba Sokan, MD, PSC, 1600001554; Robert Culbertson, MD, 1600001555; Jose T. Lorenzo, 1600001556; Visions Group 2020, LLC, 1600001557; DNA Diagnostics Center, Inc., 1600001843; Multi, 1600002416; Multi, 1600002419; Multi, 1600002420; Multi, 1600002421; Multi, 1600002422; Jefferson County Attorney, 1600002423; Multi, 1600002424; Multi, 1600002425; Multi, 1600002426; Multi, 1600002427; Jane F. Brake, 1600003540; Kavka Stephen, 1600003541.

DEPARTMENT FOR MEDICAID SERVICES:

Aon Consulting, 1600001136; Island Peer Review Organization, Inc., 1600001435.

DEPARTMENT FOR PUBLIC HEALTH:

Multi, 1600002086; Laboratory Corporation of America Holdings d/b/a Labcorp of America Holdings, 1600002523; Multi, 1600002605; Multi, 1600002614; Multi, 1600002663; Multi, 1600002664; Multi, 1600002667; Multi, 1600002737; University of Kentucky Research Foundation, 1600003408; Stephen Gobel, DDS, 1600003697.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL:

Vicki K. Crump, 1600002411; Robert Tankersley, 1600002505; Marsha Brown Parsons, 1600002506; Tiffany Michelle Parsons, 1600002507; James T. Stinson, 1600002508; James Curtis Jones, 1600002509; Steven R. Costello, 1600002510; Charles Hammond, Jr., 1600002511; Sam Castle, 1600002512; Rodney Richardson, 1600002513; Sandy Joslyn,

1600002514; Charles Turner, 1600002515; Kenneth D. Hale, 1600002516.

DEPARTMENT OF INSURANCE:

Highland Clark, LLC, 1600002303; Taylor & Mulder, Inc., 1600002452; Brent D. Simpson Consulting, 1600002490.

DEPARTMENT OF WORKPLACE STANDARDS:

Blue & Company, LLC, 1600002610.

EASTERN KENTUCKY UNIVERSITY:

Dr. Vincet J. Mullen, II, 18-008; HEWV Architects, P.S.C., 18-015; Multi, 18-035; Multi, 18-036; Multi, 18-037; Multi, 18-038; Multi, 18-039; Multi, 18-040; Multi, 18-041; Multi, 18-042; Multi, 18-043; StrAdegy Advertising, 18-044; Wendell Wilson Consulting, 18-045; Mountjoy Chilton Medley, 18-050; BioMedical Research Services, 18-051; iModules Software, Inc., 18-052; Sturgill, Turner, Barker & Moloney, PLLC, 18-053; Stoll Keenon Ogden, PLLC, 18-054; Stoll Keenon Ogden, PLLC, 18-055; Stoll Keen Ogden, PLLC, 18-056; Gess, Mattingly & Atchison, P.S.C., 18-057; McBrayer, McGinnis, Leslie & Kirkland, PLLC, 18-058; Sturgill, Turner, Barker & Moloney, PLLC, 18-060; Stoll Keenon Ogden, PLLC, 18-061; Trek Advancement, LLC, 18-077.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Finn Weisse, 1600003028; Anderson Economic Group, LLC, 1600003189; Hunden Strategic Partners, Inc., 1600003190.

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Hannah B. Satram-Hale, 1600002620; Chelsea Young, 1600002621; Eric L. Ray, 1600002622; Paul Hamann, 1600003406; Eve Proffitt, 1600003513; Larry Hammond, 1600003849.

EDUCATION, DEPARTMENT OF:

Mike Wilson, 1600001306; Jefferey L. Eastham, 1600001307; Patrick Law Firm, 1600001308; Embry Merritt Shaffar Womack, PLLC, 1600001316; John Thompson, 1600001317; Chenoweth Law Office, 1600001335; Jenny V. Jones, 1600001424; Karen Lynne Perch, 1600001437; Mike Wilson, 1600001438; Kim Hunt Price, 1600001439; Paul L. Whalen, 1600001442; Research Foundation of Suny, 1600001488; Public Consulting Group, Inc., 1600001566; JKM Training, Inc., 1600001569; Melior, Inc., 1600001573; Chasteen Enterprises, Inc., 1600001574; Oneplus Services LLC, 1600001575; One Plus Services, 1600001576; Sivic Solutions Group, 1600001584; Multi, 1600001586; Multi, 1600001587; Technical Training Aids, 1600001593; Donna A. Meyer, 1600001739; ACT, 1600002098; Brian P. White, 1600002287; John Ellis, 1600002307; ACT, 1600002317;

William Powers Auty, 1600002524; Assessment Solutions Group, 1600002530; Metametrics, 1600002537; NCS Pearson, Inc., 1600003687.

EDUCATIONAL TELEVISION, KENTUCKY:

Darlene Marie Grimm, 1600002617; Roger M. Bondurant, 1600002627; Susan B. Hines-Bricker, 1600003323; Rex Hart Consulting, 1600003397; Walter D. Crowe, 1600003398; Rebecca F. Embry, 1600003399; Janna Chiang, 1600003672.

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Edmund S. Miller Jr., 1600003395; Robert S. Thompson III, 1600003396.

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Vanantwerp Attorneys, LLP, 1600002236; Stoll, Keenon, Ogden, PLLC, 1600002237; Boehl Stopher and Graves, LLP, 1600002251; Dinsmore & Shohl, LLP, 1600002273; Embry Merritt Shaffar Womack, PLLC, 1600002276; Goldberg Simpson, LLC, 1600002277; Morgan & Pottinger, P.S.C., 1600002279; Sturgill, Turner, Barker & Moloney, PLLC, 1600002455; Vanantwerp Attorneys, LLP, 1600002456; Goldberg Simpson LLC, 1600002457; Conliffe, Sandmann, and Sullivan, PLLC, 1600002460; Wyatt Tarrant and Combs, LLP, 1600002462; Vericclaim, Inc., 1600003519; Vericclaim, Inc., 1600003564; McBrayer McGinnis Leslie and Kirkland, 1600003665.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Greg Best Consulting, Inc., 1600003924.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Intuition College Savings Solutions, 1600003985; Mountjoy Chilton Medley, LLP, 1600003999; Mountjoy Chilton Medley LLP, 1600004001; RosenHarwood, P.A., 1600004003; Actuarial Resources Corporation, 1600004004; Callan Associates, Inc., 1600004008.

INFRASTRUCTURE AUTHORITY:

Dinsmore & Shohl LLP, 1600003263; Amanda Lea Yeary, 1600003858.

JUVENILE JUSTICE, DEPARTMENT OF:

Jessica Johnson, 1600002464; Ronald Boyd, 1600002481; Michelle Hunter, 1600002482; Brenda Wilburn, 1600002487; Abel Screening, Inc., 1600002635; Robert D. Monfort, 1600002740; Paul L. Whalen, 1600002745; Keith Hardison, 1600002755; Management Registry, Inc., 1600002823; Angela Jessie, 1600002995; Angela Jessie, 1600003004; Quality Mobile X-Ray Services, Inc., 1600003008; Brenda K. Wilburn, 1600003021; Brenda K. Wilburn, 1600003022; Scotty D. Combs, 1600003024;

Jenny V. Jones, 1600003030; Onsite Vision Plans, Inc., 1600003070; Mid America Health, Inc., 1600003071; Joseph M. Pittard, MD, 1600003072; Bichlmeir MD, Glen, 1600003074; John C. Helmuth, 1600003248; Mark Brengelman, 1600003249; Derek R. Durbin, 1600003250; Natalie Lile Law, PLLC, 1600003251; Christopher Spedding, Attorney at Law, P.S.C, 1600003252; Thomas J Hellmann, Attorney-At-Law, PLLC, 1600003253; G4s Youth Services, LLC, 1600003266; Jeffrey L. Eastham, 1600003298.

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Scanlan Associates, LLC, 1600003559.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Purdue University, 677; Lansing Community College, 680; Washington State University, 694.

KENTUCKY EMPLOYERS MUTUAL INSURANCE:

Multi, 17-CLD-001; Dean Dorton Allen Ford, PLLC, 17-DDF-001; Kenning Consulting, Inc., 17-KEN-001; Towers Watson Delaware, Inc., 17-TWD-001; Underwriters Safety & Claims, 17-USC-001.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Mountjoy Chilton Medley, LLP, 17-002; BLX Group, Inc., 17-003.

KENTUCKYHOUSINGCORPORATION:

Caine Mitter & Associates, Caine Mitter 2017; Crowe Horwath, LLP, Crowe-2017; Gibson Consulting, LLC, Gibson FY2017; McBrayer, McGinnis, Leslie & Kirkland, PLLC, MMLK-2017; Valbridge Property Advisors, Valbridge FY2017.

KENTUCKYLOTTERYCORPORATION:

PDT Communications, Ltd., 17-10-027; Smartplay International, Inc., 17-12-011; Blue & Company, LLC, 17-13-029; Tescom (USA) Software Systems Testing, Inc., 17-15-028-01; Goldberg Simpson, LLC, 17-16-024-1.

KENTUCKY STATE UNIVERSITY:

Dean Dorton Allen Ford, PLLC, 17-01; Johnson Bearse, LLP, 17-02; McBrayer, McGinnis, Leslie & Kirkland, 17-03; Anthony G. Barnes, 17-04; ERP Analysts, 17-05; Penny R. Smith, 17-06; Winburn & Associates, LLC, 17-07; Environmental Compliance Source, LLC, 17-10.

KY RACING COMMISSION:

Stoll Keenon Ogden, PLLC, 1600002152; LGC Science, Inc., 1600002750.

MEDICAL LICENSURE, BOARD OF:

Multi, 1600002744; Thomas J Hellmann, Attorney-At-Law, PLLC, 1600003267.

MOREHEAD STATE UNIVERSITY:

Dean Dorton Allen Ford, PLLC, 17-002; McBrayer, McGinnis, Leslie & Kirkland,

PLLC, 17-003; Sturgill, Turner, Barker & Moloney, PLLC, 17-004; Sturgill, Turner, Barker & Moloney, PLLC, 17-005; Audrey Luiz Lambert, 17-006; Sign Language Network of KY, Inc., 17-007; Central Kentucky Interpreter Referral, Inc., 17-008; Interpreting Service of the Commonwealth, LLC, 17-009; MML & K Government Solutions, 17-010; Dr. Brenda Wilburn, 17-011; The Segal Company, 17-013; Kentucky Science and Technology Company, 17-014.

MURRAY STATE UNIVERSITY:

Multi, 001-17; McClain DeWees, PLLC, 003-17.

NORTHERN KENTUCKY UNIVERSITY:

Dinsmore & Shohl, LLP, 2017-105; Dressman, Benzinger & LaVelle, PSC, 2017-106; The Sanchez Law Firm, PC, 2017-107; Sturgill, Turner, Barker & Moloney, PLLC, 2017-108; Wood Herron & Evans, LLP, 2017-109; Ziegler & Schneider, PSC, 2017-110; Stites and Harbison, PLLC, 2017-111; Kalil & Co., Inc., 2017-118; Shen Milsom & Wilke, LLC, 2017-121; JMS & Associates, Inc., 2017-122; BKD, LLP, 2017-123; ATC Group Services, LLC, 2017-132; Heapy Engineering, Inc., 2017-133.

NURSING HOME ADMINISTRATORS, BOARD OF LICENSURE FOR:

Marisa Neal, 1600002410.

NURSING, BOARD OF:

Landrum and Shouse, 1600002666.

OCCUPATIONAL THERAPY, BOARD OF:

Marisa Neal, 1600002878.

OFFICE OF INSPECTOR GENERAL:

MRPO, 1600001303; Amda-Society for Post-Acute and Long-Term Care Medicine, Inc., 1600001509.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Jeffrey P. Hanna, 1600003926; Cathryn A. Figlestahler, 1600003973.

PERSONNEL BOARD:

Colleen Beach, 1600002104; Allen Law Office, 1600002600; Geoffrey B. Greenawalt, 1600002647; Darren L. Embry, 1600002653; Stephen T. McMurtry, 1600002655; Roland P. Merkel, PSC, 1600002656; E. Patrick Moores, 1600002657; Kim Hunt Price, 1600002658; John Ryan, 1600002660; Hanson Williams, 1600002661.

PERSONNEL-OFFICE OF THE SECRETARY:

CliftonLarsonAllen, LLP, 1600001068; Reed Weitkamp Schell and Vice, 1600001078; Blue & Company, LLC, 1600001414; Take Care Employer Solutions, LLC, 1600002699.

PHARMACY, BOARD OF:

Brian Fingerson Rph, Inc., 1600003852.

PSYCHOLOGISTS, BOARD OF EXAMINERS OF:

David Dale Lanier, 1600002956.

PUBLIC ADVOCACY, DEPARTMENT FOR:

Rebecca Ballard Diloreto, 1600003214; John Joseph Delaney, 1600003558; Robert Walker, 1600003594; Erwin Wayne Lewis, 1600003664.

REAL ESTATE APPRAISERS BOARD:

McBrayer, McGinnis, Leslie and Kirkland, 1600002051; Dennis Badger and Associates, Inc., 1600003509.

REAL ESTATE COMMISSION:

PSI Services, LLC, 1600002597.

SECRETARY OF STATE, OFFICE OF THE:

Tachau Meek, PLC, 1600003919; Moynahan, Irvin & Mooney, PSC, 1600003922.

SPEECH-LANGUAGE PATHOLOGY & AUDIOLOGY, BOARD OF:

Marisa Neal, 1600002925.

STATE POLICE, DEPARTMENT OF:

Kentucky Auctioneers Associates, Inc., 1600002794; James Daniel Quarles, M.D., 1600002804; David Decker, 1600003776; Joseph Johnson, 1600003777; Donald Perry, 1600003778; John Pratt, 1600003779; Kevin Guier, 1600003780; Steve Thomas, 1600003781; Samuel Little, 1600003782; James Don Trosper, 1600003783; Kelley Farris, 1600003784; Harry J. Sowders, 1600003785; Timothy W. Mullins, 1600003786; Johnny Begley, 1600003787; Billy Hall, 1600003788; Steven Todd Maggard, 1600003789; Jack H. Riley, 1600003790; Joel Woods, 1600003791; David Lassiter, 1600003792; Bruce Kelley, 1600003793; Terry Alexander, 1600003794; Christopher Ison, 1600003795; Ronald Long, 1600003796; Roy Pace Jr., 1600003797; Trevor Scott, 1600003798; Millard Root, 1600003799; Donald R. Bowman Jr., 1600003800; Michael Ray, 1600003801; Todd Simon, 1600003802; Isaiah Hill, 1600003803; Boyd Dwayne Ison, 1600003804; Darrell Hutchison, 1600003805; Michael Wolfe, 1600003806; Stephen Walker, 1600003808; James Mitchell, 1600003809; Gregory Dukes, 1600003810; Kevin Rogers, 1600003811.

TOURISM DEVELOPMENT CABINET:

Hunden Strategic Partners, 1600002438; Searchwide Minnesota LLC, 1600003914.

TRANSPORTATION CABINET:

Strothman and County, PSC, 1600001508; KPMG, LLP, 1600001561; Secon, Inc., 1600001562; Assured NL Insurance Services, Inc., 1600002071; Kentucky Society of Professional Engineers, Inc., 1600002155; William D. Boyd, 1600002159; Paula B. Freeman, 1600002160; Mary E. Martins, 1600002163; David Owen, 1600002164; John

E. Witt, 1600002165; E. Clark Toleman Mai, 1600002167; Thomas Ray Garner, 1600002171; Bluegrass Valuation Group, LLC, 1600002181; Keaton Real Estate Services, LLC, 1600002182; Intequal-Duncan Appraisal, 1600002183; Appco Appraisal Service, Inc., 1600002185; Frost Brown Todd, LLC, 1600002255; St. Elizabeth Business Health, 1600002451; Construction Estimating Institute, 1600003037; American Engineers, Inc., 1600003407; Whitlow, Roberts, Houston and Straub, 1600003453; McMurry and Livingston, 1600003454; Carl J. Bensinger and Associates, 1600003455; Logan & Gaines, PLLC, 1600003456; William T. Davidson, PSC, 1600003457; Gess, Mattingly and Atchison, 1600003458; Cole and Moore, PSC, 1600003460; Arnzen, Molloy, Storm & Turner, PSC, 1600003461; Gambrel and Wilder, 1600003462; Smartcounsel, PSC, 1600003463; Wallace Boggs, PLLC, 1600003464; Legacy Title Company, LLC, 1600003465; Daniels Law Office, PSC, 1600003467; Fox, Wood, Wood & Estill, 1600003468; Crown Title, LLC, 1600003469; Bertram, Cox & Miller, LLP, 1600003470; Vanantwerp Attorneys, LLP, 1600003471; Embry Merritt Shaffar Womack, PLLC, 1600003472; Tooms & Dunaway, PLLC, 1600003473; URS Corporation, 1600003494; Linebach Funkhouser, Inc., 1600003502; Lee Engineering, LLC, 1600003503; Kerrick Bachert Stivers, PSC, 1600003555; George Mason Law Firm, PSC, 1600003556; Gerner & Kearns, PSC, 1600003641; Nielson & Sherry, PSC, 1600003642; Jason G. Howell, 1600003718; Fulton & Devlin, LLC, 1600003719; Whitlow, Roberts, Houston and Straub, 1600003720; Fox, Wood, Wood and Estill, 1600003721; Fowler Bell, PLLC, 1600003722; McMurry and Livingston, 1600003723; Carl J. Bensinger and Associates, 1600003724; Logan & Gaines, PLLC, 1600003725; Fogle Keller Purdy PLLC, 1600003726; Gess, Mattingly and Atchison, 1600003727; Porter, Schmitt, Banks & Baldwin, 1600003729; Reed, Weitkamp, Schell and Vice, 1600003730; Wallace Boggs, PLLC, 1600003731; Arnzen, Molloy, Storm & Turner, PSC, 1600003732; Gambrel and Wilder, 1600003733; Miller & Wells, PLLC, 1600003734; Goldberg Simpson, LLC, 1600003735; Patrick Law Firm, 1600003736; Wanda Ballard Repasky, Attorney at Law, 1600003737; Goodrum & Downs, PLLC, 1600003738; Frank Miller, Jr., PLLC, 1600003739; Kerrick Bachert Stivers, PSC, 1600003740; Robert L. Roark, PLLC, 1600003741; Larry E. Rogers Attorney at Law, PLLC, 1600003742; Vanantwerp Attorneys, LLP, 1600003743; Embry, Merritt, Shaffar & Womack, PLLC, 1600003744; Hoffman & Barnes, 1600003745; Tooms & Dunaway,

PLLC, 1600003746; Ferreri Law Group, PLLC, 1600003747; QK4, Inc., 1600003748; HMB Professional Engineers, Inc., 1600003755; HDR Engineering, Inc., 1600003756; H.W. Lochner Consulting, Inc., 1600003757; Stantec Consulting Services, Inc., 1600003832; Corradino Group, 1600003836; Burgess and Niple, Inc., 1600003837; Cultural Resource Analysts, Inc., 1600003838; CDMSmith, Inc., 1600003839; J.M. Crawford & Associates, Inc., 1600003840; HMB Professional Engineers, Inc., 1600003848; Palmer Engineering County, 1600003894; Integrated Engineering, 1600004012; Palmer Engineering, 1600004033.

TRAVEL, DEPARTMENT OF:

Lofthouse Enterprises, 1600002415; Access Marketing, 1600002418.

UNIVERSITY OF KENTUCKY:

GBBN, A161200; Multi, A181000; Multi, A181010; Multi, A181020; Multi, A181030; Multi, A181040; Multi, A181050; Multi, A181060; Phillips Healthcare, K17-120; MDI Solutions Limited, K17-121; Leidos Health, LLC, K17-122; The CSI Companies d/b/a CSI Healthcare, K17-123; IBM, K17-124; Performance Training Academy, K17-125; Steel River Tech, LLC, K17-126; Trek Advancement, LLC, K17-127; Selge Holding & Ventures, LLC d/b/a Wheless Partners, K17-128; Commonwealth Economic Partners, K17-129; Labyrinth Solutions, Inc. d/b/a LSI Consulting, K17-130; HR Focal Point, LLC, K17-131; Software Information Systems, LLC, K17-132; Phoenix Business Consulting, K17-133; Matrix Integration, K17-134; hyperCison Consulting, K17-135; Boice Enterprises, LLC d/b/a boice.net, K17-136; Marts & Lundy, K17-137; Human Resources Research Organization (HumRRO), K17-138; Agency of Trillions, K17-139; Trinity Consultants, K17-140; Companion Professional Services, LLC, K17-141; Computer Task Group (CTG), K17-142; International Business Machine Corporation f/k/a Truven Health Analytics, K17-143; Smith Management Group, K17-144; Smith Management Group, K17-145; WorleyParsons Group, Inc., K17-146; AON Risk Services Central, Inc., K17-147; BKD, LLP, K17-148; Blue & Co., LLC, K17-149; Central Kentucky Interpreter Referral, Inc., K17-150; Sworn Testimony, K17-151; Rockcastle Hospital and Respiratory Care Center, Inc., K17-152; St. Claire Medical Center, K17-153; FTI Consulting, Inc., K17-154; PriceWaterhouseCoopers, LLP, K17-155; Horn & Associates in Rehabilitation, K17-156; TEK Systems, K17-157; Vortechs Group, K17-158; TreMonti Consulting, K17-159; Cornett Integrated Marketing Solutions, K17-160; NAMI Lexington (KY), Inc., K17-161; Danny Corales, MD, K17-162; Tadarro L. Richardson, MD, PSC, K17-163; CorVel

Enterprises Comp, Inc., K17-164; Waytt, Tarrant, & Combs, LLP, K17-165; Stoll Keenon Ogden, PLLC, K17-166; Stites & Harbison, PLLC, K17-167; Stidham & Associates, K17-168; Barnett, Benvenuti & Butler, PLLC, K17-169; McMasters Keith Butler, Inc., K17-170; Wellman, Nichols & Smith, PLLC, K17-171; Sturgill, Turner, Barker, & Moloney, PLLC, K17-172; Kirz, Jenkins, Prewitt & Jones, K17-173; Benson Law Offices, K17-174; Reminger Co. LPA, K17-175; The Sanchez Law Firm, P.C., K17-176; Jeffries & Corigliano, LLP, K17-177; St. Elizabeth Medical Center, K17-178; Dinsmore & Shohl, K17-179; Fulkerson, Kinkel & Marrs, K17-180; Walther, Gay & Mack, PLC, K17-181; Ware Immigration, K17-182; Susan Burton, DMD, K17-183; Cornett IMS, K17-184; Norton Hospitals, Inc., K17-185; Community Medical Associates & Norton Hospitals, Inc., K17-186; GHD Services, Inc., K17-187; Software Technology Group, Inc., K17-188; Bernard Consulting Group, Inc., K17-189; King & Schickli, PLLC, K17-190; The Robertson & Associates, Inc. d/b/a The Colonnade Group, K17-191; Ruffalo Noel Levitz, LLC, K17-192; Sign Language Network of KY, K17-193; Witt/Kieffer, K17-194.

UNIVERSITY OF LOUISVILLE:

Multi, 17-010 A-G; TEKsystems, 17-012; VB Consulting, Inc., 17-014; The Cansler Group, LLC, 17-015; Multi, 17-016 A-H; Multi, 17-017 A-R; Multi, 17-018 A-D; Multi, 17-019 A-C; Laureate Consulting Group Ltd., d/b/a Chartwell Business Advisors Ltd., 17-020; Learfield Communications, 17-021; Huron Consulting Services, LLC, 17-024; Baker & Associates, 17-025; Greenwood/Asher & Associates, 17-026; Academic Search, Inc., 17-027; Selge Holding d/b/a Wheless Partners, 17-028; Isaacson Miller Inc., 17-029; McCarthy Strategic Solutions, 17-030; Digital Business Solutions, 17-031.

VETERANS AFFAIRS, DEPARTMENT OF:

Hazard ARH Imaging Center, LLC d/b/a Medical Mall Imaging Center, 1600001115; Appalachian Regional Medical Center, Inc., 1600001184; Hazard Radiology Associates, 1600001228.

VETERINARY EXAMINERS, BOARD OF:

C. Loran Wagoner, 1600003711.

WESTERN KENTUCKY UNIVERSITY:

CMS Publishing, Inc. d/b/a R&R Newkirk, 161706; Encompass Digital Media, Inc., 161710; Stokes Production Services, Inc., 161711; Appleby Arganbright, LLC, 161712; LiveHealthier, Inc. d/b/a Centene Management Company, LLC, 161713; THP Limited, Inc., 161806; Multi, 161807; Health Fitness Corporation, 161808; Multi, 161809;

Multi, 161812; Multi, 161813; Multi, 161814; Employers Risk Services A Division of Houchens Insurance Group, 161817; Multi, 161818; Grenzebach Blier & Associates, Inc., 161819; Sibson Consulting, 161823.

WORKER'S COMPENSATION FUNDING COMMISSION:

Actuarial and Technical Solutions, Inc., 1600002355; Goldberg Simpson, LLC, 1600002435

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

CABINET FOR HEALTH AND FAMILY SERVICES:

Tiffany Lorraine Yahr, 1600003011; Mary Hall Sergeant, 1600003012; Constance Gullette Grayson, 1600003013.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Med Care Pharmacy, LLC, 1400001008.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Hospital Research & Education Foundation, 1400001125; Kentucky Pharmacists Association, 1400001126; Mayo Medical Laboratories, 1400001187; Multi, 1500001994; Multi, 1500002133.

EASTERN KENTUCKY UNIVERSITY:

Stoll Keenon Ogden, PLLC, 16-089; Rodney Buttermore, Jr., P.S.C., 16-162.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Hurt Crosbie and May, 1400003114.

EDUCATION, DEPARTMENT OF:

Oneplus Services, LLC, 1400002574.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Hastings & Chivetta Architects, 0700004255; ATC Associates, Inc., 1200002604; Stantec Consulting Services, Inc., 1400000625; Stantec Consulting Services, Inc., 1500002881; Third Rock Consultants, LLC, 1600000239; AMEC Foster Wheeler Environment & Infrastructure, Inc., 1600000665; Murphy + Graves + Trimble, PLLC, 1600000873.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Actuarial Resources Corporation, 1400003683.

KENTUCKY LOTTERY CORPORATION:

PriceWeber Marketing Communications, Inc., 16-08-043; Bandy Carroll Hellige, 16-09-042.

KENTUCKY STATE UNIVERSITY:

Environmental Compliance Source, LLC, 16-14.

MILITARY AFFAIRS, DEPARTMENT OF:

Eric F. Gray, 1500002570.

MOREHEAD STATE UNIVERSITY:

Corbin Design, Inc., 16-008; Corbin Design, Inc., 16-008; JGH Enterprises d/b/a Harris Search Associates, 16-044; Murphy, Graves, Trimble, PLLC, 16-047.

MURRAY STATE UNIVERSITY:

Multi, 001-16; Carrithers Law Office, PLLC, 003-15; Facility Commissioning Group, 003-16; Buck Consultants, 004-15; Wyatt, Tarrant, & Combs, LLP, 005-16; Deaf & Hard of Hearing Interpreter, Referral & Advocacy Services, LLC, 006-16; Boehl, Stopher, & Graves, LLP, 007-15; Peck, Shaffer & Williams, a Division of Dinsmore & Shohl, LLC, 009-15; AT&T, 009-16; Rick Walter/Boehl, Stopher & Graves, LLP, 010-16; RUBINBROWN, LLP, 011-16; Goldberg Simpson, LLC, 012-16; Boehl, Stopher & Graves, LLP, 017-15; Sloan Appraisal & Realty Services, 101-16; Sirk Appraisal Company, 102-16; Trifecta Real Estate Services, 103-16; Murphy Napier & Company, 104-16; Thurman Campbell Group, PLC f/k/a Martin, Colson, Hale & Henderson, 105-15; Haverstock Bell & Pittman, LLP, 106-15.

PERSONNEL-OFFICE OF THE SECRETARY:

AON Consulting, 1500002111.

TRANSPORTATION CABINET:

Michael Baker Jr., Inc., 0700004078; WMB, Inc., 1000001506; WMB, Inc., 1100002316; Entran, PLC, 1200000790; CDM Smith, Inc., 1200002495; HMB Professional Engineers, Inc., 1300000186; HMB Professional Engineers, Inc., 1300000190; HMB Professional Engineers, Inc., 1300000199; H.W. Lochner Consulting, Inc., 1300000204; HMB Professional Engineers, Inc., 1300000207; Vaughn & Melton Consulting Engineers (Kentucky), Inc., 1300000211; H.A. Spalding, Inc., 1300001215; Stantec Consulting Services, Inc., 1300001721; HDR Engineering, Inc., 1300001736; HMB Professional Engineers, Inc., 1300002470; Municipal Engineering Company, 1300003012; CDP Engineers, Inc., 1400000078; Hanson Professional Services Incorporated, 1400000257; CDP Engineers, Inc., 1400000350; Photo Science, Inc., 1400002684; Lee Engineering, LLC, 1400002852; Linebach Funkhouser, Inc., 1400002854; Lee Engineering, LLC, 1400002856; Linebach Funkhouser, Inc., 1400002857; QK4, 1400003194; CDM Smith Incorporated, 1400003283; CDM Smith Incorporated, 1400003298; Palmer Engineering Company, 1400003301; Corradino Group, 1500000055; Stantec Consulting Services Incorporated, 1500000057; CDM Smith Incorporated, 1500000059; Palmer Engineering Company, 1500000221; H. W. Lochner Consulting, Inc., 1500000231; Palmer Engineering Company, 1500000238; Vaughn & Melton Consulting Engineers (Kentucky) Incorporated, 1500000242; H.W. Lochner Consulting, Inc., 1500000243; Strand

Associates, Inc., 1500001032; Baptist Health Medical Group, Inc., 1500001374; CDP Engineers, Inc., 1600000781; Northwestern University, 1600001102; ICA Engineering, C-01228504-1; W M B, Inc., M-99039098-3; Entran, PLC, M-99059239-5.

UNIVERSITY OF KENTUCKY:

Bell Engineering, A121130; HGA Architects & Engineers, LLC, A151140.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Bluegrass Prevention Center Regional MH-MR Board, Inc., 1600003934; Cumberland River Behavioral Health, Inc., 1600003939; Four Rivers Behavioral Health Corporate Office, 1600003940; Kentucky River Comm Care, Inc., 1600003941; Lifeskills Corporation Offices, 1600003942; Mountain Comp Care Center, 1600003946; Pennyroyal Mental Health, 1600003949; River Valley Behavioral Health, 1600003950; Seven Counties Services, Inc., 1600003951.

AGRICULTURE, DEPARTMENT OF:

University of Kentucky Research Foundation, 1600002557.

ALCOHOL AND DRUG COUNSELORS, BOARD OF CERTIFICATION OF:

Occupations and Professions, 1600001877.

ATTORNEY GENERAL, OFFICE OF THE:

Necco, 1600002707; Maryhurst, Inc., 1600002708; Kentucky River Community Care, 1600002709; KVC Behavioral Healthcare Kentucky Assignee for Croney & Clark, 1600002710; Mountain Comprehensive Care Center, Inc., 1600002711; Pathways, Inc., 1600002712; Ramey Estep Homes, Inc., 1600002713; Westcare Kentucky, Inc., 1600002714; Chrysalis House, Inc., 1600002715; Independence House, 1600002716; Childrens Home of Northern Kentucky Attn: Steve Durkee, PhD, LPCC, 1600002717; Transitions, Inc., 1600002718; Volunteers of America of Kentucky, Inc, 1600002719; Kentucky Housing Corporation, 1600002720; Hope In the Mountains, 1600002781.

BOARD OF LICENSING HEARING AID DEALERS & FITTERS:

Occupations and Professions, 1600001888.

BOARD OF LICENSURE FOR PRIVATE INVESTIGATORS:

Occupations and Professions, 1600001928.

BOARD OF PROFESSIONAL COUNSELORS:

Occupations and Professions, 1600001806.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

Patient Services, Inc., 1600002039;

University of Kentucky Research Foundation, 1600002094; River Valley Behavioral Health, 1600002109; La Casita Center, 1600002927; U of L School of Medicine, 1600003595.

CORRECTIONS, DEPARTMENT OF:

University of Kentucky Research, 1600001370; Community Corrections-24th Judicial Circuit, 1600002089; Kentucky Administrative Office of the Courts, 1600002092; Communicare, Inc., 1600002095; Kenton County Community Corrections Advisory Board, Inc., 1600002096; Marion County Fiscal Court, 1600002100; Kentucky Administrative Office of the Courts, 1600002101; Oldham County Public Library, 1600002940.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Multi, 1600001201; Multi, 1600001202; Multi, 1600001203; Multi, 1600001204; Multi, 1600001205; Center for Accessible Living, 1600001206; Multi, 1600001207; Multi, 1600001208; Multi, 1600001210; Nursing Home Ombudsman Agency of the Bluegrass, Inc., 1600001211; Center for Accessible Living, 1600001217; New Vista Behavioral Healthcare, Inc., 1600001221; Green River Area Development District, 1600001222; Bluegrass.Org, 1600001224; Wellspring, Inc., 1600001226; NKCES, 1600001933; United Way of the Bluegrass, 1600002314; Bluegrass.Org, 1600003036; LFUCG-Social Service, 1600003936; Kentucky River Foothills Development Council, Inc., 1600003959; Bluegrass Community Action, 1600003960; Franklin County Council On Aging, Inc., 1600003961; Estill County Fiscal Court, 1600003964; Nursing Home Ombudsman Agency of the Bluegrass, Inc., 1600003969; Bluegrass Community Action Age, 1600004007; Bluegrass Community Action, 1600004026.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Multi, 1600000303; Lake Cumberland Mental Health Mental Retardation Board d/b/a The Adanta Group, 1600001619; Pennyroyal Mental Health, 1600001620; Seven Counties Services, 1600001637; Pennyroyal Regional Mental Health Mental Retardation Board, 1600001638; Northern Kentucky Reg Mental Health Mental Retardation Board, 1600001639; Pathways, Inc., 1600001641; Arc of Kentucky, Inc., 1600001652; Office of Vocational Rehabilitation, 1600001653; University of Kentucky, 1600001657; Kentucky Medical Services Foundation, Inc., 1600001660; Bluegrass Regional Mental Health Mental Retardation, 1600001661; Kentucky River Community Care, 1600001662; University of Kentucky Research Foundation, 1600001670; Seven Counties Services, 1600001679;

Louisville/Jefferson County Metro Govt-Department of Public Health/Wellness, 1600001689; Seven Counties Services, 1600001695; Mountain Comprehensive Care Center, 1600001696; Seven Counties Services, 1600001697; Kentucky Housing Corporation, 1600001699; Alcoholic Beverage Control Department, 1600001701; Division of Mental Health, 1600001702; Eastern Kentucky University, 1600001704; Case Western Reserve University, 1600001717; Kentucky Partnership for Families and Children, Inc., 1600001718; Nami Kentucky, 1600001719; Nami Lexington (Kentucky, Inc.), 1600001720; New Beginnings Bluegrass, Inc., 1600001722; Wellspring, Inc., 1600001723; The Healing Place, Inc., 1600001725; People Advocating Recovery, 1600001726; Oxford House, Inc., 1600001731; University of Kentucky Research Foundation, 1600001735; Four Rivers Behavioral Health, 1600001861; Pennyroyal Mental Health Mental Retardation Board, 1600001862; Green River Regional Mental Health Mental Retardation Board d/b/a River Valley Behavior, 1600001863; Lifeskills Industries, 1600001864; Communicare, Inc., 1600001865; Seven Counties Services, 1600001866; Northern Kentucky Reg Mental Health Mental Retardation Board, 1600001867; Comprehend, Inc., 1600001868; Pathways, Inc., 1600001869; Mountain Comprehensive Care Center, 1600001870; Kentucky River Community Care, 1600001871; Cumberland River Behavioral Health, Inc., 1600001872; Lake Cumberland Mental Health Mental Retardation Board d/b/a The Adanta Group, 1600001873; Bluegrass.Org, 1600001874; Welcome House of Northern Kentucky, 1600002413; Center for Human Entrepreneurship, 1600002463; Pennyroyal Mental Health, 1600003698.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Multi, 1600001161; Bluegrass.Org, 1600001163; Seven Counties Services, 1600001164; Seven Counties Services, 1600001165; Eastern Kentucky University, 1600001294; Prevent Child Abuse Kentucky, 1600001309; Big Sandy Area Development District, 1600001310; Family and Children First, 1600001313; Madison County Fiscal Court, 1600001315; Kentucky Association of Sexual Assault Programs, 1600001348; Multi, 1600001461; Audubon Area Community Services, 1600001911; Big Sandy Area Development District, 1600001912; Central Kentucky CAC, Inc., 1600001913; Housing Authority of Bowling Green, 1600001914; Northern Kentucky Area Development District, 1600001915; Kentuckianaworks, 1600001918; Brighton Center, Inc., 1600001919; Hazard Perry County Community Development

Center, 1600001920; Home of the Innocents, 1600001922; Multi, 1600001934; Kentucky Housing Corporation, 1600001952; Community Action Kentucky, Inc., 1600001953; Kentucky River Community Care, 1600001990; Northern Kentucky Regional Mental Health Mental Retardation Board, 1600001991; Pathways, Inc., 1600001992; Green River Reg Mental Health Mental Retardation Board d/ba/ Rivervalley Behavior, 1600001993; Seven Counties Services, 1600001994; Seven Counties Services, 1600001995; Louisville/Jefferson County Metro Government, 1600001996; University of Kentucky Research Foundation, 1600001997; Kentucky Administrative Office of the Courts, 1600001999; Community Action Lexington-Fayette, 1600002000; Kentucky Housing Corporation, 1600002001; Maryhurst, Inc., 1600002002; University of Kentucky Research Foundation, 1600002003; Kentucky State Police Headquarters, 1600002117; Seven Counties Services, Inc., 1600002475; Multi, 1600002561; Bluegrass.Org, 1600002629; Eastern Kentucky CEP, Inc., 1600002680; Jobs for the Future, 1600002681; Kentucky Community and Technical Colloge System, 1600002682; Council On Postsecondary Education, 1600002683; Education Cabinet, 1600002684; Kentucky Coalition Against Domestic Violence, Inc., 1600002762; University of Kentucky Research Foundation, 1600003667.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Western Kentucky University Research Foundation, 1600003033.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Multi, 1600002525; Multi, 1600002526; Jefferson County Board of Education Vanhoose Education Center, 1600002527; Multi, 1600002528; Multi, 1600002529; Multi, 1600002531; Multi, 1600002532; Multi, 1600002533; Multi, 1600002534; Multi, 1600002535; Multi, 1600002536; Northern Kentucky Cooperative for Educational Services, Inc., 1600002777.

DEPARTMENT FOR INCOME SUPPORT:

State of Rhode Island Department of Human Services, 1600001842; Kentucky State Police Headquarters, 1600002336; State of Mississippi, 1600002518.

DEPARTMENT FOR MEDICAID SERVICES:

Multi, 1600000145; Kentucky Transportation Cabinet, 1600000316; Kentucky Board of Nursing, 1600000319; Multi, 1600000320; Department of Education, 1600000322; University of Kentucky Research Foundation, 1600000805; University of Kentucky Research Foundation, 1600001103;

University of Kentucky Research Foundation, 1600002270.

DEPARTMENT FOR NATURAL RESOURCES:

University of Kentucky, 1600002430; UK Research Foundation, 1600002700; UK Research Foundation, 1600003237.

DEPARTMENT FOR PUBLIC HEALTH:

Aids Volunteers, Inc., 1600001578; Volunteers of America of Kentucky, Inc., 1600001579; Volunteers of America of Kentucky, Inc., 1600001580; Department of Education, 1600001853; University of Kentucky Research Foundation, 1600001881; University of Kentucky Research Foundation, 1600001907; KPHI, Inc., 1600002008; St. Elizabeth Medical Center, 1600002022; Norton Healthcare Foundation, 1600002024; U of L Research Foundation, 1600002074; Park Duvalle Neighborhood Health Center, 1600002076; University of Kentucky Research Foundation, 1600002083; Bon Secours Kentucky, 1600002084; Family and Children First, Inc., 1600002134; Pathways, Inc., 1600002148; University of Kentucky Research Foundation, 1600002149; Wendell Fosters Campus, 1600002150; University of Kentucky Research Foundation, 1600002169; Eastern Kentucky University, 1600002170; National Jewish Health, 1600002189; Multi, 1600002222; Kentucky Pharmacy Education and Research Foundation, Inc., 1600002278; University of Kentucky Research Foundation, 1600002280; Kentucky Hospital Research & Education Foundation, 1600002281; University of Kentucky Research Foundation, 1600002282; Matthew 25 Aids Service, Inc., 1600002283; Heartland Cares, Inc., 1600002284; University of Kentucky Research Foundation, 1600002286; U of L Research Foundation, 1600002294; University of Kentucky Research Foundation, 1600002295; Lincoln Trail Area Development District, 1600002297; Health Kentucky, 1600002298; U of L Research Foundation, 1600002326; DMA Kentucky Community Crisis Board, 1600002437; Kentuckiana Health Collaborative, 1600002458; Norton Healthcare, Inc., 1600002543; Cancer Survivors Against Radon, Inc., 1600002549; Kentuckyone Health, 1600002960; University of Kentucky Research Foundation, 1600003207; University of Kentucky Research Foundation, 1600003211; University of Kentucky Research Foundation, 1600003688; University of Kentucky Research Foundation, 1600003689.

DEPARTMENT OF WORKPLACE STANDARDS:

Office of Vocational Rehabilitation, 1600002177; Department for Public Health, 1600003498.

DIETITIANS & NUTRITIONISTS BOARD OF LICENSURE CERTIFICATION:

Occupations and Professions, 1600001885.
EARLY CHILDHOOD ADVISORY COUNCIL:

Kentucky Center for Education and Workforce Statistics, 1600002085; Ohio Valley Educational Cooperative, 1600003231.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Kentucky Science and Technology Corporation, 1600002752; Kentucky Science and Technology Corporation, 1600002754.

EDUCATION, DEPARTMENT OF:

Kentucky Valley Education, 1600001808; University of Louisville Research Foundation, 1600002173; Kentucky School Boards Association Educational Foundation, 1600002304; CHS Department for Public Health Food Safety Branch, 1600002471; Anderson County Board of Education, 1600002547; University of Louisville Research Foundation, 1600002548; Kentucky Valley Education, 1600002581; University of Kentucky Research Foundation, 1600002595; University of Kentucky Research Foundation, 1600002599; University of Kentucky Research Foundation, 1600002611; University of Louisville Research Foundation, 1600002615; Barren County Board of Education, 1600002628; Eastern Kentucky University, 1600002675; VSA Arts of Kentucky, 1600002677; Madisonville Community College, 1600002689; Kentucky Educational Development Corporation, 1600002690; Bluegrass Community and Technical College, 1600002691; NKU Research Foundation, 1600002701; Ashland Independent Board of Education, 1600002703; Murray State University, 1600002735; University of Kentucky Research Foundation, 1600002749; University of Kentucky Research Foundation, 1600002764; KCTCS, 1600002770; Barren County Board of Education, 1600002776; University of Kentucky Research Foundation, 1600002790; Eastern Kentucky University, 1600002792; Letcher County Board of Education, 1600002795; Fayette County Board of Education, 1600002796; Fayette County Board of Education, 1600002797; Fayette County Board of Education, 1600002798; Campbellsville Independent Board of Education, 1600002799; Christian County Board of Education, 1600002800; Bourbon County Board of Education, 1600002801; Boyle County Board of Education, 1600002802; Henderson County Board of Education, 1600002803; University of Kentucky Research Foundation, 1600002817; Barren County Board of Education, 1600002824; Ballard County Board of Education, 1600002825; Bell County Board of Education, 1600002826; Barren County Board of Education, 1600002829; Boone County Board of Education, 1600002831; Franklin County Board of Education, 1600002834; Lincoln County Board of

Education, 1600002835; Bourbon County Board of Education, 1600002836; Franklin County Board of Education, 1600002837; Franklin County Board of Education, 1600002838; Boyd County Board of Education, 1600002839; Bourbon County Board of Education, 1600002840; Henderson County Board of Education, 1600002841; Dayton Independent Board of Education, 1600002842; Boys and Girls Club, Inc., 1600002843; Boys & Girls Club of Greater Cincinnati, 1600002845; Breathitt County Board of Education, 1600002847; Burgin Board of Education, 1600002848; Mayfield Independent Board of Education, 1600002851; Webster County Board of Education, 1600002852; Russell County Board of Education, 1600002853; Crittenden County Board of Education, 1600002854; Breathitt County Board of Education, 1600002855; Fulton Independent Board of Education, 1600002856; Bullitt County Board of Education, 1600002857; Hazard Perry County Comm Mns Development Center d/b/a New Beginnings Chile, 1600002858; Knott County Board of Education, 1600002859; Paducah Independent Board of Education, 1600002861; Todd County Board of Education, 1600002862; Calloway County Board of Education, 1600002863; Wolfe County Board of Education, 1600002864; Christian County Board of Education, 1600002865; Hickman County Board of Education, 1600002866; Metcalf County Board of Education, 1600002867; Nicholas County Board of Education, 1600002868; Save the Children Appalachian Field Office, 1600002869; Taylor County Board of Education, 1600002870; Campbellsville Independent Board of Education, 1600002871; Eminence Independent Board of Education, 1600002872; Campbell County Board of Education, 1600002873; Floyd County Board of Education, 1600002874; Garrard County Board of Education, 1600002875; Lotts Creek Community School, 1600002876; Somerset Independent Somerset School District, 1600002877; Carter County Board of Education, 1600002879; Jackson Independent Board of Education, 1600002880; Lighthouse Promise, Inc., 1600002881; Casey County Board of Education, 1600002882; Bullitt County Board of Education, 1600002883; Campbell County Board of Education, 1600002884; Christian County Board of Education, 1600002885; Carroll County Board of Education, 1600002886; Casey County Board of Education, 1600002887; Clinton County Board of Education, 1600002888; Corbin Independent Board of Education, 1600002890; Covington Independent Board of Education, 1600002891; Clay County Board of Education, 1600002892; Cumberland County Board of Education, 1600002893;

Fayette County Board of Education, 1600002895; Glasgow Board of Education, 1600002897; Covington Independent Board of Education, 1600002898; Greenup County Board of Education, 1600002901; Henderson County Board of Education, 1600002902; Leslie County Board of Education, 1600002903; Letcher County Board of Education, 1600002904; Lincoln County Board of Education, 1600002905; Livingston County Board of Education, 1600002906; McCracken County Board of Education, 1600002908; Monroe County Board of Education, 1600002909; Newport Independent Board of Education, 1600002912; Owensboro Independent Board of Education, 1600002914; Spencer County Board of Education, 1600002916; Wayne County Board of Education, 1600002917; Whitley County Board of Education, 1600002918; YMCA of Greater Cincinnati, 1600002919; Daviess County Board of Education, 1600002929; Elliott County Board of Education, 1600002932; Fayette County Board of Education, 1600002938; Adair County Board of Education, 1600002941; Anderson County Board of Education, 1600002942; Floyd County Board of Education, 1600002945; Graves County Board of Education, 1600002948; Grayson County Board of Education, 1600002949; Hancock County Board of Education, 1600002951; Harlan County Board of Education, 1600002954; Hart County Board of Education, 1600002963; Jackson County Board of Education, 1600002968; Council On Postsecondary Education, 1600002989; Bluegrass Community and Technical College, 1600002994; Kenton County Board of Education, 1600002996; Knott County Board of Education, 1600002997; Knox County Board of Education, 1600002998; Larue County Board of Education, 1600002999; Leslie County Board of Education, 1600003003; Letcher County Board of Education, 1600003006; Spencer County Board of Education, 1600003014; Woodford County Board of Education, 1600003015; Madisonville Community College, 1600003017; Scott County Board of Education, 1600003018; Scott County Board of Education, 1600003019; Kentucky Educational Development Corporation, 1600003020; Eastern Kentucky University, 1600003023; Madison County Board of Education, 1600003041; Madison County Board of Education, 1600003043; Madison County Board of Education, 1600003049; Bell County Board of Education, 1600003051; Fleming County Board of Education, 1600003053; Harlan County Board of Education, 1600003060; Ludlow Independent Board of Education, 1600003064; Pendleton County Board of Education, 1600003066; Kentucky Educational Development

Corporataion, 1600003067; Race for Education, 1600003069; Grayson County Board of Education, 1600003077; Monroe County Board of Education, 1600003085; Hart County Board of Education, 1600003089; Kentucky Valley Education, 1600003090; Glasgow Board of Education, 1600003091; Kentucky Valley Education, 1600003092; Green County Board of Education, 1600003094; Jefferson County Board of Education, 1600003095; Hardin County Board of Education, 1600003096; Jefferson County Board of Education, 1600003098; Leslie County Board of Education, 1600003099; Shelby County Board of Education, 1600003101; Leslie County Board of Education, 1600003102; Hopkins County Board of Education, 1600003103; Kentucky Educational Development Corporation, 1600003104; Pulaski County Board of Education, 1600003105; Kentucky Valley Education, 1600003106; Jefferson County Board of Education, 1600003110; Jefferson County Board of Education, 1600003111; Newport Independent Board of Education, 1600003112; Pike County Board of Education, 1600003113; Montgomery County Board of Education, 1600003114; Montgomery County Board of Education, 1600003115; Kentucky Educational Development Corporation, 1600003116; Montgomery County Board of Education, 1600003117; Jefferson County Board of Education, 1600003118; Trigg County Board of Education, 1600003119; Pulaski County Board of Education, 1600003121; Jefferson County Board of Education, 1600003123; Marion County Board of Education, 1600003124; Jefferson County Board of Education, 1600003125; Jefferson County Board of Education, 1600003126; Boone County Board of Education, 1600003127; Hopkins County Board of Education, 1600003128; Logan County Board of Education, 1600003138; Madison County Board of Education, 1600003141; Marshall County Board of Education, 1600003143; Martin County Board of Education, 1600003146; McCracken County Board of Education, 1600003148; Meade County Board of Education, 1600003150; Frankfort Independent Board of Education, 1600003152; Kentucky Valley Education, 1600003155; Monroe County Board of Education, 1600003158; Montgomery County Board of Education, 1600003159; Owen County Board of Education, 1600003160; Shelby County Board of Education, 1600003162; Shelby County Board of Education, 1600003164; Jefferson County Board of Education, 1600003165; Nelson County Board of Education, 1600003166; Newport Independent Board of Education, 1600003167; Shelby County Board of Education, 1600003169; KCTCS, 1600003171; Shelby

County Board of Education, 1600003172; Garrard County Board of Education, 1600003179; Jefferson County Board of Education, 1600003180; Estill County Board of Education, 1600003181; Newport Independent Board of Education, 1600003182; Ohio County Board of Education, 1600003199; Owensboro Independent Board of Education, 1600003201; Pendleton County Board of Education, 1600003205; Perry County Board of Education, 1600003206; Pike County Board of Education, 1600003208; Scott County Board of Education, 1600003235; Shelby County Board of Education, 1600003236; Spencer County Board of Education, 1600003238; Todd County Board of Education, 1600003241; Wolfe County Board of Education, 1600003245; Kentucky School Boards Association Educational Foundation, Inc., 1600003247; The Center for Education Leadership, 1600003256; Anderson County Board of Education, 1600003257; Ashland Independent Board of Education, 1600003258; Berea Independent Board of Education, 1600003259; Calloway County Board of Education, 1600003260; Simpson County Board of Education, 1600003261; Northern Kentucky Cooperative for Educational Services, Inc., 1600003269; Jessamine County Board of Education, 1600003271; Visually Impaired, 1600003280; Heuser Hearing & Language Academy, Inc., 1600003322; Lexington Hearing and Speech Center, 1600003344; Murray State University, 1600003410; Eastern Kentucky University, 1600003480; The Center for Education Leadership, 1600003491; Boyd County Board of Education, 1600003518; Knox County Board of Education, 1600003524; Robertson County Board of Education, 1600003538; Clay County Board of Education, 1600003578; Science Hill Independent School, 1600003582; Corbin Independent Board of Education, 1600003587; Hopkins County Board of Education, 1600003588; Christian County Board of Education, 1600003589; Ohio Valley Education Cooperative, 1600003590; Research Foundation of SUNY, 1600003678; Kentucky Science and Technology Corporation, 1600003686; Fort Thomas Independent Board of Education, 1600003853; Hardin County Board of Education, 1600003863; KCTCS, 1600003882; Scott County Board of Education, 1600003928.

EDUCATION, OFFICE OF THE SECRETARY:

Personnel Cabinet Ceta Administrator, 1600002141.

ELECTIONS, BOARD OF:

Multi, 1600001290.

FISH & WILDLIFE, DEPARTMENT OF:

Jackson Purchase RC and D, 1600002366; University of Louisville Research Foundation,

1600002384; University of Louisville, 1600002388; University of Louisville Stream Institute Civil & Environmental Engineering, 1600002403; University of Kentucky Research Foundation, 1600002791.

GEOLOGISTS, BOARD OF:

Occupations and Professions, 1600001929.

INFRASTRUCTURE AUTHORITY:

Harlan County Fiscal Court, 1600004006.

INTERPRETERS FOR DEAF, BOARD

OF:

Occupations and Professions, 1600001879.

JUVENILE JUSTICE, DEPARTMENT

OF:

Eastern Kentucky University, 1600002441; Eastern Kentucky University, 1600002816; Barren County Board of Education, 1600003035; Bullitt County Board of Education, 1600003058; Calloway County Board of Education, 1600003061; Campbell County Board of Education, 1600003065; Corbin Independent Board of Education, 1600003073; Franklin County Board of Education, 1600003075; Hopkins County Board of Education, 1600003076; Knox County Board of Education, 1600003078; Laurel County Board of Education, 1600003080; Lexington Fayette Urban County Govt Department of Social Services, 1600003082; Madison County Board of Education, 1600003083; Mercer County Board of Education, 1600003084; Ohio County Board of Education, 1600003086; Pike County Board of Education, 1600003087; Pulaski County Board of Education, 1600003088; Shelby County Board of Education, 1600003107; Warren County Board of Education, 1600003108; Kentucky Department of Education, 1600003274.

KENTUCKY BOARD OF HOME INSPECTORS:

Occupations and Professions, 1600001795.

KENTUCKY BOARD OF LICENSURE FOR MASSAGE THERAPY:

Occupations and Professions, 1600001883.

KENTUCKY BOARD OF PROSTHETICS, ORTHOTICS AND PEDORTHICS:

Occupations and Professions, 1600001884.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Kentucky Higher Education Assistance Authority, 17-005.

KY RACING COMMISSION:

University of Kentucky Research Foundation, 1600002290.

MARRIAGE AND FAMILY THERAPISTS, BOARD OF LICENSURE FOR:

Occupations and Professions, 1600001905.

MEDICAID SERVICES BENEFITS, DEPARTMENT FOR:

Kentucky Transportation Cabinet, 1600000317; University of Kentucky Research

Foundation, 1600002271.

MILITARY AFFAIRS, DEPARTMENT

OF:

Fort Knox Schools Food Service, 1600002630; Communicare, Inc., 1600003409.

OCCUPATIONAL THERAPY, BOARD

OF:

Occupations and Professions, 1600001897.

OFFICE OF THE GOVERNOR,

DEPARTMENT FOR LOCAL GOVERNMENT:

Kentucky Highlands Investment Corporation, 1600003168; Warren County Judge Executive, 1600003297; City of Pikeville, 1600003335; Edmonson County Fiscal Court, 1600003495; City of Paducah, 1600003506; Hancock County Fiscal Court, 1600003536; City of Livermore, 1600003539; City of Adairville, 1600003547; the Healing Place, Inc., 1600003591; University of Kentucky Research Foundation, 1600003592; City of Wayland, 1600003841.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE:

Department of Insurance, 1600003570; Kentucky Health Departments Association, Inc., 1600003584.

OPHTHALMIC DISPENSERS, BOARD

OF:

Occupations and Professions, 1600001892.

PERSONNEL-OFFICE OF THE

SECRETARY:

University of Kentucky, 1600003007.

POST SECONDARY EDUCATION,

COUNCIL ON:

Southern Regional Education Board, 1600000460; University of Kentucky, 1600002264.

PSYCHOLOGISTS, BOARD OF

EXAMINERS OF:

Occupations and Professions, 1600001886.

SPEECH-LANGUAGE PATHOLOGY &

AUDIOLOGY, BOARD OF:

Occupations and Professions, 1600001906.

TOURISM DEVELOPMENT CABINET:

Multi, 1600003861.

TRANSPORTATION CABINET:

Kentucky Waterways Alliance, 1600001815; University of Kentucky Research Foundation, 1600001833; Graves County Fiscal Court, 1600001878; Kentucky Transportation Center, 1600001900; Kentucky State University, 1600002061; Office of Employment and Training, 1600002063; Kentucky Division of Water, 1600002065; Kentucky Natural Lands Trust, Inc., 1600002066; Kentucky Department of Corrections, 1600002077; Commonwealth Office of Technology, 1600002078; Elizabethtown Community and Technical College, 1600002126; Kentucky Transportation Center, 1600002156; Kentucky Heritage Council, 1600002443; U.S. Army

Corps of Engineers, 1600002645; Kentucky State University, 1600002767; Eastern Kentucky University, 1600003040; Eastern Kentucky University, 1600003046.

UNIVERSITY OF KENTUCKY:

Morehead State University, MOA-003-17; St. Claire Regional Medical Center, MOA-004-17; Kentucky Appalachian Transitions Services, MOU-001-17.

VETERANS AFFAIRS, DEPARTMENT

OF:

Epilepsy Foundation Kentuckiana, Inc., 1600001411; Kentucky Transportation Cabinet, 1600003357.

VETERINARY EXAMINERS, BOARD

OF:

Occupations and Professions, 1600001908.

WORKFORCE INVESTMENT, OFFICE

OF:

City of Bowling Green, 1600001460; Pennyryle Area Development District, 1600001464; Lincoln Trail Area Development District, 1600001491; Kentuckiana Works/Workforce Investment Board, 1600001493; Buffalo Trace Area Development District, 1600001494; Northern Kentucky Area Development District, 1600001495; Green River Area Development, 1600001496; Eastern Kentucky C E P, Inc., 1600001497; Cumberlands SDA, 1600001498; Pennyryle Area Development District, 1600001927; Lincoln Trail Area Development District Department of Training & Reemployment, 1600001945; Kentuckiana Works/Workforce Investment Board, 1600001946; Northern Kentucky Area Development District, 1600001956; Buffalo Trace Area Development District, 1600001958; Eastern Kentucky C E P, Inc., 1600001960; Cumberlands Sda, 1600001961; Green River Area Development, 1600001962; City of Bowling Green, 1600001963; UK Research Foundation, 1600002088; University of Kentucky College of Education, 1600002142; UK Research Foundation, 1600002253; UK Research Foundation, 1600002262; Morehead State University, 1600002267; UK Research Foundation, 1600002275; UK Research Foundation, 1600002301; UK Research Foundation, 1600002328; Spalding University Entech, 1600002726; Redwood School and Rehabilitation Center, 1600002727; Council On Developmental Disabilities, Inc., 1600002728; Western Kentucky Assist Tech Center, 1600002730; Bluegrass Technology Center, 1600002753; Harvard University, 1600002763; Eastern Kentucky C E P, Inc., 1600003486; Eastern Kentucky University, 1600003515; Kentuckiana Works/Workforce Investment Board, 1600003677; Kentuckiana Works, 1600003679; Bluegrass Area Development District, 1600004021; Bluegrass Area

Development District, 1600004024.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

National Center for State Courts, 1600000942.

AGRICULTURE, DEPARTMENT OF:

Multi, 1500001216; Multi, 1500001218; Multi, 1500001218.

CORRECTIONS, DEPARTMENT OF:

Bluegrass Regional MHMR Board Incorporated, 1400002351; Hardin County Jail, 1600001459.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Kentucky Partnership for Families and Children Incorporated, 1400001307; University of Kentucky Research Foundation, 1400002885; Pennyroyal Mental Health Mental Retardation Board, 1500001722; Kentucky River Community Care, 1500001731; Cumberland River Behavioral Health, Inc., 1500001732; Lake Cumberland Mental Health Mental Retardation Board, 1500001733; Bluegrass.org, 1500001734.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Kentuckianaworks, 1400001473; Tri-County Community Action Agency, 1500001311; Community Action Lexington-Fayette, 1500002661.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Jefferson County Board of Education, 1400003345; Multi, 1500001647; Multi, 1500001648; Multi, 1500001650; Multi, 1500001651; Multi, 1500001652; Multi, 1500001653; Multi, 1500001654; Multi, 1500001655; Multi, 1500001657.

DEPARTMENT FOR NATURAL RESOURCES:

Kentucky KYTC Capital City Airport, 1400002087.

DEPARTMENT FOR PUBLIC HEALTH:

KPHI, Inc., 1500001359.

EDUCATION, DEPARTMENT OF:

Eastern Kentucky University, 1500002257.

HERITAGE COUNCIL:

African American Heritage Foundation, Inc., 1600000905.

INFRASTRUCTURE AUTHORITY:

Lawrence County Fiscal Court, 1400001630.

KENTUCKY LOTTERY CORPORATION:

Finance & Administration Cabinet, Department of Facilities & Support Services, 16-15-043.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Cumberland, 1300001176; Perry County Fiscal Court, 1300001472; Floyd County Fiscal Court, 1600000289; Elliott County Fiscal Court, 1600001077.

POST SECONDARY EDUCATION, COUNCIL ON:

Eastern Kentucky University, 1600000432.

TRANSPORTATION CABINET:

Kentucky Association of Chiefs of Police, 1600000526; Kentucky Association of Chiefs of Police, 1600000529; Kentucky Association of Chiefs of Police, 1600000531; Kentucky Association of Chiefs of Police, 1600000533; Kosair Children's Hospital, 1600000534.

JUNE 2016 DEFERRED ITEM:

OFFICE OF HOMELAND SECURITY:

Black & Veatch Assignee, for RCC Consultants, Inc, 1600002202. Joe Barrows discussed the contract with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed with Senator Hornback and Senator Wise voting no and Representative Montell voting to pass.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

ADMINISTRATIVE OFFICE OF THE COURTS:

Wyatt Tarrant and Combs, 1600003871; Adams Stepner Woltermann and Dusing, 1600003912; McBrayer McGinnis Leslie and Kirkland, 1600003913. Jenny Schafer discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

ATTORNEY GENERAL, OFFICE OF THE:

Stauss Troy Co., LPA, 1600003219; Weitz & Luxenberg, P.C., 1600003220; Stauss Troy Co., LPA, 1600003222. Mary Ellen Mynear, Holly McCoy-Johnson, and Elizabeth Natter discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Blue & Company, LLC, 1600003342. Sarah Beth Gregory and Libby Carlin discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

Correct Care Solutions, LLC, 1600001268; Praeses, LLC, 1600002662; Correct Care

Solutions, LLC, 1600002930; Correct Care Solutions, LLC, 1600002933; Transitions, Inc., 1600003100; Greater Louisville Counseling, 1600003226; Windows of Discovery, 1600003566. A motion was made by Representative Yonts to defer the contracts to the August 2016 meeting of the committee. Representative Horlander seconded the motion, which passed.

DENTISTRY, BOARD OF:

McBrayer, McGinnis, Leslie and Kirkland, 1600000745. David Beyer discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Neurorestorative Carbondale, 1600001218; Neurobehavioral Resources, Ltd, 1600001220. Stacy Woodrum and Tonia Wells discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Labor Relations Alternatives, Inc., 1600001665. Stephanie Craycraft and Wendy Morris discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Crown Services, Inc., 1600002250. Stephanie Craycraft and Wendy Morris discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT FOR INCOME SUPPORT:

Suddeb Mukherjee, 1600003542; John M. Reed, MD, 1600003543; Jo Anne Sexton, 1600003544; Marina T. Yarbro, 1600003545; Edward A. Ross, 1600003617; Parandhamulu Saranga, 1600003618; Nick Watters, PsyD PLC, 1600003619; Anna L. Demaree, 1600003673; Ilze A. Sillers, 1600003674; Lisa D. Beihn, 1600003692; Anna L. Damaree, 1600003693; Mary Thompson Ph D, 1600003694; Dan K. Vandiver, 1600003695; Shambra Mulder, 1600003696; R. Kendall Brown, 1600003814; Bruening & Associates, 1600003815; Laura M. Cutler, 1600003816; Larry Freudenberger, 1600003817; Alexis M. Guerrero, 1600003818; Olegarios J. Ignacios Jr., 1600003820; Diosdado Irlandez, 1600003821; Lea J. Perritt Ph D, 1600003822; Thompson H. Prout, 1600003823;

Donna Fay Sadler, 1600003824; Ed Stodola, 1600003825; Dr. William Underwood, 1600003826; Lisa D. Beihn, 1600003828; John M. Reed MD, 1600003829. Doug Lefever, Staci Cain, and Shaunee Bennett discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT FOR MEDICAID SERVICES:

Myers and Stauffer LC, 1600000112; Myers and Stauffer LC, 1600000122; Fairbanks, LLC, 1600000324. Veronica Cecil and Steve Bechtel discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT OF INSURANCE:

INS Consultants, Inc., 1600002568; Lewis and Ellis, Inc., 1600002569; United Health Actuarial Services, Inc., 1600002571; Lewis and Ellis, Inc., 1600002572. DJ Wasson and Matt Lockett discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

EASTERN KENTUCKY UNIVERSITY:

McCandish Holton, PC, 18-059. Melanie Aldridge and Corrie Rice discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Masamichi Takahashi, 1600003771. Caroline Baesler discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Embry Merritt Shaffar Womack, PLLC, 1600001473. A motion was made by Representative Yonts to defer the contract to the August 2016 meeting of the committee. Representative Montell seconded the motion, which passed.

HORSE PARK, KENTUCKY:

Laura S. Prewitt, 1600003930. Phillip Brown discussed the contracts with the committee. A motion was made by Senator Hornback to consider the contracts as reviewed. Senator Wise seconded the motion, which passed with Representative Yonts voting to pass.

KENTUCKY EMPLOYERS MUTUAL INSURANCE:

Conning, Inc., 17-CON-001; Deutsche

Investment Management Americas, Inc., 17-DIM-001. Michele Landers discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

KENTUCKY EMPLOYERS MUTUAL INSURANCE:

McCarthy Strategic Solutions, LLC, 17-MSS-001. Michele Landers discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed with Senator Hornback voting no.

OFFICE OF HOMELAND SECURITY:

Goldberg Simpson, LLC, 1600003996. Joe Barrows discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

TRANSPORTATION CABINET:

Linebach Funkhouser, Inc., 1600003712; Lee Engineering, LLC, 1600003714. Eric Pelfrey and David Waldner discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Montell seconded the motion, which passed.

TRANSPORTATION CABINET:

Northrop Grumman Systems Corporation, 1600004035. Eric Pelfrey and Tina Swansegar discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Wise seconded the motion, which passed.

TRANSPORTATION CABINET:

Blue & Company, LLC, 1600001559; Wyatt Tarrant and Combs, 1600002069. A motion was made by Representative Yonts to defer the contract to the August 2016 meeting of the committee. Representative Horlander seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE:

Multi, 17-023 A-F; Pence & Ogburn, PLLC, 17-032. A motion was made by Representative Yonts to defer the contract to the August 2016 meeting of the committee. Senator Hornback seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY:

Multi, 161820. Brian Meredith and Raza Tiwana discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Senator Hornback seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

ATTORNEY GENERAL, OFFICE OF THE:

Stauss Troy County, LPA, 1500002737. Mary Ellen Mynear, Holly McCoy-Johnson, and Elizabeth Natter discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

TRANSPORTATION CABINET:

GRW Engineers, Inc., 1300002158. A motion was made by Representative Yonts to defer the contract to the August 2016 meeting of the committee. Representative Horlander seconded the motion, which passed.

TRANSPORTATION CABINET:

QK4, 1400001951. Eric Pelfrey and Marshall Carrier discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed.

TRANSPORTATION CABINET:

Lynn Imaging, 1500000264. Eric Pelfrey and Bill Gulick discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed.

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

EASTERN KENTUCKY UNIVERSITY:

Todd Reynolds, LCADC, CADC, MSSW, 18-026; Susan Blank, MD, 18-027; Fred Fyer, Ph.D., CADC, 18-063; Tom Workman, Ph.D., 18-064; Geoff Wilson, LCSW, CADC, 18-065; Patricia O’Gorman, 18-067; Jane Goble-Clark, MPA, CSAPC, 18-068; Mike Barry, BS, 18-069; Alan Lyme, LISW, ICADC, ICCS, 18-070; Twyla Peterson Wilson, LCSW, ACSW, 18-073; James Campbell, MA, CAC11, 18-074; Michael Johnson, 18-078; Cardwell C. Nuckols, Ph.D., 18-079. Melanie Aldridge, Corrie Rice, and Michele Blevins discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE:

Middleton Reutlinger, 17-022. A motion was made by Representative Yonts to defer the contract to the August 2016 meeting of the committee. Senator Hornback seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

CORRECTIONS, DEPARTMENT OF:

Pennyroyal Mental Health Mental Retardation Board, 1600001409; Pike County Detention Center, 1600001417; Casey County

Fiscal Court, 1600001821; Fayette County Detention Center, 1600001825; JFA Institute 5, 1600002607. A motion was made by Representative Yonts to defer the contracts to the August 2016 meeting of the committee. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Green River Reg Mental Health Mental Retardation Board d/b/a Rivervalley Behavior, 1600001625; Pennyroyal Regional Mental Health Mental Retardation Board, 1600001712. Stephanie Craycraft and Wendy Morris discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

University of Kentucky Research Foundation, 1600001655. Stephanie Craycraft and Wendy Morris discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

University of Kentucky, 1600001658. Stephanie Craycraft and Wendy Morris discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

University of Kentucky Research Foundation, 1600001659. Stephanie Craycraft and Wendy Morris discussed the contracts with the committee. A motion was made by Representative Montell to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT FOR MEDICAID SERVICES:

University of Kentucky Research Foundation, 1600002272. Veronica Cecil and Steve Bechtel discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

DEPARTMENT FOR PUBLIC HEALTH:

Mayo Medical Laboratories, 1600002522. Lea Mott and Brenda Sandy discussed the contract with the committee. A motion was made

by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

University of Kentucky Research Foundation, 1600002580. Lee Calton and Amanda Coder discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Department for Medicaid Services, 1600002670; Eastern Kentucky University, 1600002922; Washington County Board of Education, 1600003057; Breathitt County Board of Education, 1600003062; Hopkins County Board of Education, 1600003129; Johnson County Board of Education, 1600003130; Wayne County Board of Education, 1600003131; Shelby County Board of Education, 1600003132; Newport Independent Board of Education, 1600003133. Embry Merritt Shaffar Womack, PLLC, 1600001473. A motion was made by Representative Yonts to defer the contracts to the August 2016 meeting of the committee. Representative Montell seconded the motion, which passed.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Kentucky Higher Education Student Loan Corporation, 1600003945. April Johnson and Carl Rollins discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE:

Multi, 1600003583. Stacy Phillips discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

POST SECONDARY EDUCATION, COUNCIL ON:

Washington Center for Internships and Academic, 1600000465. A motion was made by Representative Yonts to defer the contracts to the August 2016 meeting of the committee. Senator Wise seconded the motion, which passed.

TRANSPORTATION CABINET:

University of Kentucky Research Foundation, 1600002186. Laura Hagan, Jason Siwula, and Clark Graves discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

TRAVEL, DEPARTMENT OF:

Multi, 1600003710; Multi, 1600003751; Multi, 1600003759; Multi, 1600003760; Multi, 1600003761; Multi, 1600003763; Multi, 1600003765; Multi, 1600003768; Multi, 1600003770. Phillip Brown and Rhonda Nix discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Wise seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

MEDICAID SERVICES BENEFITS, DEPARTMENT FOR:

Kentucky Transportation Cabinet, 1400001697. Veronica Cecil and Steve Bechtel discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

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

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 5th Meeting of the 2016 Interim

June 27, 2016

Call to Order and Roll Call

The 5th meeting of the Public Pension Oversight Board was held on Monday, June 27, 2016, at 12:00 PM, in Room 169 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Representative Brian Linder; John Chilton, Mitchel Denham, Mike Harmon, James M. “Mac” Jefferson, Sharon Mattingly, and Alison Stemler.

Guests: Bill Thielen, Executive Director, Kentucky Retirement Systems, and Rogier Slingerland, CEM Benchmarking Inc.

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

Approval of Minutes

Mac Jefferson moved that the minutes of the May 23, 2016, meeting be approved. Representative Yonts seconded the motion, and the minutes were approved without objection.

Senator Bowen said the Public Pension Oversight Board (PPOB) is not a venue to articulate a political position.

KRS Pension Administration Benchmarking Report

Roger Slingerland stated CEM Benchmarking, Inc., performed a pension administration study for the Kentucky

Retirement Systems (KRS) that looked at cost, efficiency, and service levels of the systems. The analysis included two kinds of comparisons, with the main comparison to a specific peer group and the secondary comparison to all funds that have participated in CEM's benchmarking service. The comparisons are revealing because, even though each state and country had its own regulations and rules, pension funds around the country and throughout the world are about 90 percent the same.

Mr. Slingerland stated the most important part of the analysis was based on a custom peer group. For each of the funds evaluated, a peer group was picked that fits best. The actives and annuitants are examined to try to build a group that is as similar as possible. The reason is so the economies of scale can be eliminated as much as possible when trying to explain why costs are different from the peer group. For the Kentucky Retirement Systems, total pension administration cost was \$77 per active member and annuitant, which was \$35 below the peer average of \$112 and \$7 below the peer median of \$84. Total pension administration cost was \$19.5 million. This excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of \$11.5 million. The reason why the fully-attributed costs is that only a small number of systems administer their own healthcare, which can vary greatly between systems. Reasons why the total cost was \$35 below the peer average include:

- Economies of scale advantage;
- Lower transactions per member (workloads);
- Lower transactions per full-time equivalent or "FTE" (productivity);
- Lower costs per FTE for: salaries and benefits, building and utilities, HR and IT desktop;
- Lower third-party and other costs in front-office activities; and
- Paying more/less for back-office activities including:
 - Governance and Financial Control;
 - Major Projects;
 - IT Strategy, Database, Applications (excl. major projects); and
 - Actuarial, Legal, Audit, Other Support Services.

Senator Bowen wanted to know if there was any type of cost per member as it relates to the level or percent of funding. Mr. Slingerland answered there is not.

Mr. Slingerland continued with service levels. KRS's total service score is 63, which is below the peer median of 80. The important thing to consider regarding the service score is only items that can actually be measured are incorporated into the score, such as how fast things are done,

what is available, and what choices there are. He explained that CEM will make suggestions on how to raise the service score, but they will be in the context of the fund.

The key service measures where KRS is similar to peers are:

- Website;
- 1-on-1 Counseling and Member Presentations;
- Percent of active membership that attended a 1-on-1 counseling session;
- Percent of active membership that attended a presentation;
- Pension Inceptions; and
- Member Statements.

Key service measures where KRS differed with peers are:

- Member contacts, including total call wait time including time negotiating auto attendants. KRS call wait time is six minutes and nineteen seconds, and the peer average is two minutes and ten seconds;
- Menu Layers;
- Written Estimates – Turnaround time for KRS is 180 days; Turnaround time for peers is 20 days;
- Purchases; and
- 1-on-1 Counseling:
 - Percent of membership counseled at 1-on-1 sessions in the field; and
 - The wait time for a pre-scheduled in-house counseling sessions.

KRS' complexity is one of the highest in the peer group and is driven by pension payment options, customization choices, and multiple plan types.

Senator Bowen asked if a correlation could be drawn between cost and service per member being low. Mr. Slingerland answered that the correlation is surprisingly weak and there is not a very strong relationship between cost and service. There are funds that are low cost and very high serviced and funds that are high cost and low service. There is some correlation at the specific service of level, for example, if KRS wanted a fully staffed call center, it would be expensive but the service would be good. When looking at the total cost, for example, the website is one kind of expense that would reap benefits over time without having the recurring cost.

Senator Bowen asked if more service might be required of KRS given the funds level of funding and the anxiety that members might have as a result. Mr. Slingerland responded that when a fund is in the news negatively two things happen, satisfaction surveying scores go down without reason and call volumes tend to go up. Also, as more information is made available, the calls received increase because the calls are different, people are more educated, so the

member is smarter about the pension, which leads to longer phone calls and more complicated questions for staff.

Responding to a question from Mac Jefferson, Mr. Slingerland said actives and annuitants are the ones that drive costs and are the main driver of cost. Inactives generally do not drive costs.

Bill Thielen stated KRS appreciates the work CEM has done and is already looking at the results and has started to react to improve customer service. For instance, several months ago KRS implemented a call back assist feature so a member can get a call back if that member does not want to wait on the line. The acceptance rate of call back assist is only about 26 percent to 30 percent at this time. KRS is reaching out to several of their peer public pension plans that have been identified by CEM to see what their staffing is with their call centers and what their best practices are to see if KRS can improve productivity. Also, KRS is looking at live web chat to allow members to go online and chat with counselors. At this time, KRS is hiring new retirement counselors, but given the complexity of the system, there is a training process of 6 to 9 months.

Responding to questions from Representative Yonts regarding the CEM report on call waiting average, which was 2 minutes 10 seconds for the peer average but 6 minutes 19 seconds for KRS, Mr. Slingerland said that too many calls could be the reason KRS gets undesired outcomes and that CEM does look at the number FTE (total productivity) and the size of the call center staff and functionality. Also, there is no national standard of the number of people in relation to size of call system and call volume.

Responding to a question from Representative Jerry Miller regarding why written estimates take 180 days when the benchmarks are 20 days for most written estimates and 32 for purchases, Mr. Thielen stated that over the past several years a significant backlog has developed because of resource demands on staff due to the implementation of HB 1, SB 2, HB 62, pension spiking, and technology advances. The Chief Benefits Officer and staff have instituted a backlog reduction plan over the last several months.

Senator Bowen stated that the most important function KRS could provide is a reasonable response time for benefits. Mr. Thielen said that KRS recognizes that is an important function and they are working to reduce the backlog. Some members call two to three years before intending to retire and ask for benefit estimates for several dates. KRS provides an online self-service so members can create a very accurate benefit assessment with a little

information. In addition, there's a quality control audit for accuracy, which takes extra time.

Responding to questions from Senator Bowen, Mr. Thielen stated that he could not give a timetable on the backlog not knowing what may need to be implemented by the General Assembly that will take also staff resources. Also, compared to other states, Kentucky has a more complex system by having to administer both pension and health benefits.

Representative Arnold Simpson asked if the executive summary excludes the fully attributed cost of administering healthcare and third-party administered benefits of \$11.5 million. Mr. Slingerland responded that it was decided that the focus was on the pension plans administration because some systems will administer not only healthcare but also certain plans that are not part of the pension service.

Responding to questions from Representative Simpson, Mr. Slingerland said that KRS took on the difficult task of segregating calls for the study, whether it was pension or health insurance.

Responding to a question from Representative Simpson, Mr. Thielen stated KRS had not undertaken a review of the healthcare administration.

Senate Bill 2 – Analysis & Discussion of National Trends

Jennifer Black Hans and Bo Cracraft, Legislative Research Commission, spoke on a staff study regarding SB 2 and the legislative purposes that arose out of SB 2 during the 2016 legislative session. Staff reviewed the proposals and analyzed certain key aspects and some national trends related to the proposals.

Mr. John Chilton, State Budget Director, asked if the board of either of the retirement systems takes a position on any of these legislative incentives. Ms. Hans said KRS wrote legislators to oppose SB 2 as it was originally written.

Mr. Thielen disagreed, saying that he had sent two letters to Co-Chair Bowen and Co-Chair Yonts regarding the proposals in SB 2, but that he never took the position on behalf of the board or himself opposing. He pointed out there were issues raised by the various proposals, and they need further study.

Ms. Hans discussed Executive Order 2016-340, issued on June 17, 2016. The Governor's Executive Order addressed the board's composition by (1) abolishing and replacing the KRS Board of Trustees with KRS Board of Directors and transferring the powers of the KRS Board of Trustees accordingly; (2) expanding the KRS Board from 13 to 17 members; (3) reappointing 13 existing trustee positions as provided by KRS 61.645; (4) adding 4 new appointed trustee positions for a total of 10

appointees (renaming those to director positions); (5) requiring 6 appointed directors to have investment experience as defined by KRS 61.645 without changing that definition of investment experience in any way; (6) and providing that the Governor shall name the Chairperson and Vice Chairperson, and named those individuals. The Executive Order provides provisions similar to SB 2 as passed by the Senate: (1) effective 90 days from the Order, placing the KRS staff, except for the Executive Director, under State Personnel System; (2) imposing CFA (Charter Financial Analyst) Institute Standards on KRS; and (3) effective July 1, 2016, requiring posting to the KRS website of all investment holdings, fees and commissions, including underlying managers in fund of funds, profit sharing, carried interest and partnership incentives, and all contracts or offering documents for services, goods or property purchased by KRS without any specific exemptions.

Mr. Mitchel Denham, Kentucky Office of the Attorney General, said that the legality and constitutionality of the Executive Order are being challenged in Franklin Circuit Court.

Ms. Hans discussed the Model Procurement Code (MPC). KRS was exempted from the State Purchasing Laws in 1972. The State Purchasing Law preceded the MPC. In 1978, KRS was exempted from the MPC as part of the passage of that law. KRS had specific exemptions under KRS 61.645(2)(d) & (f) which granted contracting authority directly to the board. The justification, according to the board's minutes, was that the Board of Trustees needed independence and had direct fiduciary responsibility to its members. In 1994, the General Assembly amended KRS 61.645(2)(d) to remove the exemption, putting KRS under the Finance Cabinet's regulations and requiring it to report its contracts to the Government Contract Review Committee. The exemption was again restored in 1998.

The Kentucky Teachers' Retirement System (KTRS) has a written procurement policy which has been adopted by its board and has some parallels to the MPC. At one time, KTRS was under the State Purchasing Laws, and in 1972 it was exempted from the State Purchasing Laws. In 1978, KTRS was specifically exempted from the MPC where it was granted contracting authority to the board and given specific exemption. KTRS now has a written procurement policy that has been adopted by the board.

The Judicial Form Retirement System (JFRS) was subject to the MPC prior to 1994. 1994 HB 183 amended KRS 21.540(1) to exempt JFRS from the MPC. The justification according to the board's minutes was that continuity of service of its contracts and vendors was very important, and changing vendors could be detrimental to the funds. To avoid the burden of

MPC, JFRS needed the exemption. The statutory language in KRS 21.540(1) grants contracting authority to the board without the limits of MPC. JFRS has no written procurement policy.

LRC staff surveyed all states and the District of Columbia to review statutes and policies. Twenty-nine states have no exemption for their state retirement systems, which were thereby subject to the state's procurement code; 20 states had an explicit exemption from the MPC for their state retirement systems; and 2 states were indeterminable (California and Louisiana). Illinois is exempt from its procurement code, but required by statute that the retirement system adopt a written procurement policy. It has codified into the language what that procurement policy needs to include and the exceptions to that procurement policy such as, when an exemption from an RFP process can occur, when it can have sole source contracts and how it needs to be justified and transparent to the public.

Senator Bowen asked if that was a recent enactment. Ms. Hans stated it is fairly recent, but did not have a date.

In response to questions from Representative Yonts, Ms. Hans said that KTRS and KRS both had procurement policies similar to the MPC.

Representative Yonts asked if there are substantial differences in terms of getting contracts and how bids are advertised. Ms. Hans said it is substantially the same, and there are dollar differences in terms for RFP. The dollar exemption for KRS is \$40,000, at which point it must bid for an RFP. For KTRS, soliciting bids at a \$30,000 level is required.

Representative Yonts asked about processes if an entity moves from being exempt to being subject to the MPC. Ms. Hans said the entity would be subject to Finance's regulations and process.

Senator Bowen asked if there were contracts that are under the \$40,000 and \$30,000. Ms. Hans does not have that information but presumes there are contracts under that limit.

Mr. Cracraft spoke about investment expense reporting and how the discussions have centered around transparency and additional disclosure. He referenced the trend over the past several years to ban Placement Agents and how much of the industry is now in agreement. With regards to disclosing fees, there appears to be a similar trend occurring.

The major components of investment expense are Management Fees, Incentive or Performance, and Other Fees (such as underlying Fund of Fund fees). Management Fees are the most readily available, calculated as a flat or percentage of market value, paid regardless of performance or markets, and very typical for traditional assets. They are very easy to calculate and most plans are reporting this type.

Incentive or Performance is largely related to private equity, hedge funds, or other partnership level agreements. These represent agreements between the limited partner and general partner to share a portion of the excess return or profit of the fund. Most plans do not report these expenses. Other or Fund of Funds is where a plan hires a parent fund and gives it capital, and the parent invests in several underlying funds. A fee is generally only reported at the top level. KRS and KTRS are using Fund of Funds.

In regards to the 2016 proposals, Mr. Cracraft stated that SB 2 and the later compromise would require disclosure of all Management Fees, Incentive or Performance, and underlying Fund of Funds Fees. The proposed House substitute would have required Management Fees and Incentive or Performance, but only to the extent they were available and required the plans to make a good faith effort to gain information.

KRS is recording almost all private Management Fees and Incentive or Performance Fees and are getting 90 percent to 98 percent of their private equity and alternative fees. KRS is not getting the underlying Fund of Fund fees. Either proposal would require additional disclosure, such as manager level data and underlying Fund of Funds information would be required under some proposals.

KTRS is reporting all Management Fees. The carried interest is treated as profit sharing and is not disclosed. KTRS utilizes Fund of Funds within private equity, but does not disclose the underlying fees within those Fund of Funds. That would be an additional disclosure required.

JFRS is unique in that it is a smaller fund, has a single asset manager, and does not have any performance related or alternative structure deals.

Mr. Cracraft commented that all three plans are recording net of fee bases that began in 2016 for KTRS and JFRS. KRS made the change a few years ago.

No two states are the same, but almost all plans are reporting Management Fees. A handful are recording private equity and alternative asset fees as expenses and another handful are saying the fees are there, but are netted. There are a lot of state funds that are just netting against income and there is no specific foot note.

Senator Bowen commented about how important it is to have investment professionals on these boards, because without, it would be hard to properly process the information.

Representative Yonts asked in regards to the Fund of Funds, if it is impossible to require the information to be disclosed and how much is KRS using Fund of Funds. Mr. Cracraft responded that he believes the information is not being asked for. KRS is using it on the absolute return side which is approximately 5 percent of

the portfolio and is working on cutting out the Fund of Funds parent. KTRS has a small private equity Fund of Funds. It is a smaller percent but has a lot of underlying managers.

Mr. Cracraft spoke about contract disclosure. The Senate proposal required contracts to be publicly disclosed on a website, where the House version removed contracts and only identified the offering documents. Within both proposals, and more specifically as it relates to the Senate side since contracts would be publicly disclosed, there was language to exempt those contracts that if made public would negatively affect the plan the ability to invest or have access to a specific asset class. With SB 2/PHS, there is no requirement to publicly disclose contracts, and all contracts regardless of exemption, would be subject to review by the board, State Auditor, Governor, or member of the General Assembly provided the individual signs a confidentiality agreement. Investment manager agreements are not generally public. Fee information is negotiated and may include guidelines and portfolio characteristics. None of the Kentucky state plans provide fee information publicly.

Ms. Hans discussed board composition for KRS, KTRS, and JFRS. KRS has been affected by the Executive Order, and SB 2 would have had Governor appointees subject to Senate confirmation and redefined investment experience by eliminating “university professor teaching economics” or “any other professional with exceptional experiences in field of public or private finance.” For KTRS, SB 2 would have had additional Governor appointees. Two would be required to meet a revised “investment experience” definition. No changes were proposed for JFRS.

Senator Bowen commented on the differences between the procurement codes of the system and the MPC. Protests are handled internally as opposed to the Finance Cabinet resolving any protest under the MPC.

With no further business to come before the board, the meeting was adjourned. The next regularly scheduled meeting is Monday, August 22, 2016.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

July 19, 2016

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee met on Tuesday, July 19, 2016, at 1:00 PM, 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; Representative Chris Harris, Co-Chair; Senators Julian M. Carroll, Chris Girdler, and Christian McDaniel; and Representative Jim Wayne.

Guests: Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet; Ms. Janice Tomes, Deputy State Budget Director; Ms. Elizabeth Baker, Planning Director, University of Kentucky, Mr. Ryan Barrow, Executive Director, Office of Financial Management; Ms. Katie Smith, Executive Director, Office of Financial Services; Ms. Amber Halloran, Chief Financial Officer, Kentucky Center for the Arts; Mr. Chuck Schmidt, Vice President of Facilities, Kentucky Center for the Arts; and Mr. Jeremy Ratliff, Managing Director of Multifamily Housing, Kentucky Housing Corporation.

LRC Staff: Josh Nacey, Committee Staff Administrator; Julia Wang, Analyst; and Jenny Wells, Committee Assistant.

Approval of Minutes

Representative Harris moved to approve the minutes of the June, 21, 2016 meeting. The motion was seconded by Representative Wayne and approved by voice vote.

Informational Items

Mr. Nacey reported on two information items. The first item is a status report from the Kentucky Transportation Infrastructure Authority (KPTIA) for the Louisville-Southern Indiana Ohio River Bridges project. The new Abraham Lincoln Bridge is complete and open to traffic in both directions. The rehabilitation of the Kennedy Bridge is underway and should be completed later this year. Overall, the project is 85 percent complete. The project has an estimated substantial completion date of December 9, 2016, and a final completion date of April 15, 2017.

The second item includes the quarterly status reports on capital projects for the Administrative Office of the Courts, the Commonwealth Office of Technology, the Finance and Administration Cabinet, and the universities that manage their own capital construction programs.

Project Reports from the Universities

Ms. Elizabeth Baker, Planning Director, University of Kentucky (UK), reported on two new leases for UK. The first lease is for UK, College of Agriculture, Food, and the Environmental (CAFE) and the Kentucky Corn Growers Association, in excess of \$100,000, located in Caldwell County. UK seeks to acquire 292.33 acres in Princeton, KY, adjacent to a research farm which the college has operated for many years. The annual cost is \$199,000. Representative Wayne moved to approve the new lease, seconded by Senator McDaniel. The

motion passed by a roll call vote of 5 yeas, 0 nays.

The second lease is for the University of Kentucky Health Care (UKHC) and Kentucky Medical Services Foundation, in excess of \$100,000, located in Fayette County. The university currently has several clinics and other ancillary services at this location. UKHC's expansion of its clinical services is fueling the need to expand administrative and clinical space at its Turfland location in Fayette County. UK is seeking to expand the lease by 45,000 sq. ft. The annual cost is \$1,181,250. In response to a question from Representative Wayne, Ms. Baker said the term of the new lease is set for two years with three renewals after the initial two year period. Ms. Baker further said that there is a 30 day termination in the lease agreement if UK needed to replace space or terminate the lease. Representative Wayne moved to approve the new lease, seconded by Representative Harris. The motion passed by a roll call vote of 5 yeas, 0 nays.

Lease Reports from Finance and Administration Cabinet

Mr. Scott Aubrey, Director, Division of Real Properties, Finance and Administration Cabinet, presented one item which was a new lease for the Cabinet for Health and Family Services, Department for Community Based Services, in excess of \$100,000, located in Fayette County. The new lease will consolidate two offices and is for 87,846 sq., with an annual cost of \$777,437, and an annual savings of \$106,051. This lease will expire June 30, 2024. In response to three questions from Senator McDaniel, Mr. Aubrey said that the lower county percentage rate of \$8.85 cost per sq. ft., with a county average of \$13.86 cost per sq. ft., appears to be based on market conditions at the time of the new bids for additional space. All lease-based inventory in any particular county is maintained at the Cabinet through an in-house database which monitors the averages for the county included in any new bid process. When looking at some of the older leases for possible renegotiation, most of them already have an old rate and would normally generate higher rates when put out to bid. Senator McDaniel made a motion to approve the new lease, seconded by Representative Wayne. The motion passed by a roll call vote of 5 yeas, 0 nays.

Project Reports from the Finance and Administration Cabinet

Ms. Janice Tomes, Deputy State Budget Director, reported on two projects from the Finance and Administration Cabinet. The first project is a new project for the Kentucky Transportation Cabinet (KTC), Department of Aviation, Capital Airport Lighting System Replacement, in Franklin County. The project

appropriation is \$1,925,000, and will be funded with 90 percent federal funds and 10 percent restricted funds. That equates to \$1,732,500 federal funds from the Federal Aviation Administration and \$192,500 restricted funds from the Aviation Economic Development Fund. This project will fully replace the existing 20 year old, outdated system with an LED lighting system and meets all current FAA standards for operations safety and provides energy efficiency. This project was not requested in the 2016-2018 budget due to it being a new federal grant. In response to two questions from Senator Humphries, Mr. Craig Farmer, Engineering Branch Manager, Department of Aviation, KTC, said that the monies being used for this project comes from a combination of the money that typically comes to Capital City Airport annually in addition to state appropriation monies for the entire state. Mr. Farmer said that the Federal Aviation Administration (FAA) gives each airport in the state their annual entitlements which amounts to 90 percent in federal grant money. Mr. Farmer further said that there are approximately fifty new general aviation projects that will be receiving FAA grants within the next few months. Senator McDaniel made a motion to approve the project, seconded by Representative Harris. The motion passed by a roll call vote of 5 yeas, 0 nays.

The second project is for an appropriation increase for the Kentucky Center for the Arts (KCA), Chiller Replacement, in Franklin County. The new total is \$2,578,900 and will replace the existing chiller for KCA. It is being funded with a grant award from the Louisville/Jefferson County Metro Government in the amount of \$2,507,500. This project was previously reported to the committee in December, 2015, with 100 percent private funds coming from the Louisville/Jefferson County Metro Government. Currently, KCA is asking for an additional \$71,400 of restricted funds from the 2014-2016 Maintenance Pool Funds. Ms. Tomes said that after receiving the bids for the project, the appropriation amount must be amended in order to award the contract. In response to two questions from Representative Wayne, Ms. Tomes said that the Maintenance Pool, which was authorized in the 2014-2016 budget, was specifically for KCA and the Center is using the remaining FY 2016 balance of \$71,400. In response to another question from Representative Wayne, Mr. Chuck Smith, Vice President of Facilities, Kentucky Center for the Arts, said that the remaining \$71,400 would not be sufficient to meet the needs for the project; however, the pool funds will help reduce the impact of the out-of-pocket expenses.

In response from another question from Representative Wayne, Ms. Amber Halloran,

Chief Financial Officer, Kentucky Center for the Arts, said that, as for the remaining balance needed for the project, the bid was completed in three alternates and the Center is currently assessing how to accept those alternates. In response to a question from Senator McDaniel, Mr. Schmidt said that this project originally had three phases; the first phase was the cooling tower, the second phase was the chillers, and the third phase was for the air handling units. Mr. Schmidt said that KCA had estimated the cost on rebuilding the cooling towers and, before the bid went out, the cooling towers failed and had to be completely replaced. During this same phase, the chiller that was to be rebuilt broke down and had to be replaced. Mr. Schmidt further stated that in phase three of the air handler unit bid, those bids came in over budget.

In response to questions from Senator McDaniel, Mr. Schmidt and Ms. Halloran said that initially the committee had approved the funding amount in one lump sum for the cooling tower, the chillers, and the air handlers. Mr. Schmidt said that the original bid for the project covered the repair work to the cooling tower, the chillers, and purchase of the new air handlers. After replacing the cooling towers and chillers, the air handler scope stayed the same. In response to questions from Senator McDaniel, Ms. Halloran said that KCA is still paying the bills associated with the replacement costs of all three phases; the total cost of replacing the cooling towers was \$375,000 which was the budgeted price. Ms. Halloran said that the budgeted price for the chillers was \$450,000 but did not have the contractor's price to report at this time. The budgeted price for the air handlers was for \$1,225,000. Senator McDaniel said that by his calculations he came up with approximately \$2.045 million dollars, of which \$2.5 million dollars of this amount was the original appropriations. Senator McDaniel said he could not determine the deficit and his concern was that there was a half million dollars' worth of engineering fees relating to a \$2 million dollar job and he could not determine the shortfall without all the figures. Ms. Halloran said that the engineering cost is separate from that amount and could provide those figures as a follow-up.

Representative Wayne said that he believes since the committee is an oversight committee, it would be best to pass over this project and vote on the project once all the figures have been presented to the committee. In response to questions from Senator McDaniel, Mr. Schmidt said that the air conditioning, the coolers, the chillers are working, and the air handlers are currently working at 25 percent. Mr. Schmidt said that, specifically, KCA is looking at issues with some of the resident groups using the balcony

area because the air handlers are not sufficient to keep the balcony cool. Mr. Schmidt said that KCA has just accepted a bid on the air handlers and Ms. Halloran said that the contractors could not sign a contract until KCA has all the appropriations. In response to a question from Representative Harris, Mr. Schmidt said that there is a six week lag time while the contractors gets some of their materials and the project is estimated to last until March, 2017. Mr. Schmidt said that each air handler at the KCA will be replaced. Representative Wayne made a motion to table the project until next month's meeting, pending any additional information that clarifies where the committee is regarding the process on the project, seconded by Senator McDaniel. The motion to table the project passed by a roll call vote of 5 yeas, 1 pass, 0 nays.

Report from the Office of Financial Management

Ms. Katie Smith, Executive Director, Office of Financial Services, Cabinet for Economic Development, reported on one item which is for a \$450,000 Economic Development Bond (EDB) grant to the Lexington-Fayette Urban County Government f/b/o Ashland, Inc. Ashland is the leading global specialty chemical company with customers in over 100 countries. The company plans to lease a facility in Lexington and the facility will serve as a new headquarters for Ashland's Valvoline unit. The total investment is approximately \$7 million dollars which excludes the lease cost for the facility. The company will be required to retain 616 existing, permanent, full-time Kentucky resident jobs in Fayette County with an average hourly wage of \$42, excluding benefits, within one year of the date of Kentucky Economic Development Finance Authority (KEDFA) approval and maintain those jobs and wages for an additional three years. This is a performance based grant and disbursements will occur after each of the annual compliance dates. The agreement will include reduction provisions should the company fail to meet the job and wage requirements. KEDFA approved the project at its meeting on June 30, 2016, and the State Property and Buildings Commission approved the project on July 18, 2016.

In response to several questions from Senator McDaniel, Ms. Smith said that the monies for this grant comes from a bond pool that is used to attract new investment into the state and to retain operations and investment in the state in order to grow jobs, to retain jobs, and increase wages. Ms. Smith said that the amount in the bond pool in the recent budget was \$7 million dollars in reserve monies. Ms. Smith said that the available current balance of \$60 million dollars is shared across three different programs and the balance rolls forward each year. Ms. Smith said that the legislature had approved the

same amount as in previous years which was \$7 million dollars for economic development, \$7 million dollars for the high tech pool, and \$7 million dollars for KEDFA loans for a total of \$21 million dollars. Ms. Smith further said that the proceeds are carried forward each year; the EDC prefers to use these funds to attract companies to the area instead of using cash funds. Ms. Smith said that the Division of State Properties is the issuance authority and provides the funding on this bond issue. In response to a question from Senator Humphries, Ms. Smith said that the company is required to retain all 616 existing, permanent, full-time Kentucky resident jobs which is 100 percent of the job retention requirements for this project. Senator McDaniel made a motion to approve the grant, seconded by Representative Wayne. The motion passed by a roll call vote of 6 yeas, 0 nays.

Mr. Ryan Barrow, Executive Director, Office of Financial Management (OFM), reported on eight items. The first item was the Kentucky Housing Corporation (KHC) Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, for Parkway Plaza Apartments, located in Lexington, KY. Proceeds from this bond will finance the acquisition, rehabilitation, and equipping the units. The anticipated net proceeds of the bonds is \$10,000,000; the project is estimated above \$21,000,000. In response to a question from Representative Wayne, Mr. Jeremy Ratliff, Managing Director of Multifamily Housing, KHC, said that KHC had notified local legislators, and had received confirmed return receipts from the legislators regarding the two projects being presented to the committee. In response to a question from Senator McDaniel, Mr. Barrow said that the interest rate of 5 percent is the developer's credit and is viewed as a private entity transaction and seems reasonable given the credit package backing it. Mr. Barrow said that the developer does put in a portion of cash but there is always risk involved in these private transactions. Senator McDaniel made a motion to approve the bonds, seconded by Representative Wayne. The motion passed by a roll call vote of 6 yeas, 0 nays.

The second item was the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, Arlington Lofts Apartments, located in Lexington, KY. Proceeds from this bond issue will finance the acquisition, construction, and equipping of the 81 unit property. The anticipated bond proceeds is \$6,000,000 with the total project cost being \$8.7 million dollars. Senator Carroll made a motion to approve the bonds, seconded by Representative Wayne. The motion passed by a roll call vote of 6 yeas, 0 nays.

The third item was the State Property

and Building Commission (SPBC) Agency Fund Revenue Bonds, Project No. 113, with a par amount of \$10,850,000, true interest cost of 2.29 percent, and a net present savings of \$1.77 million dollars. This bond issue provided funds to refund SPBC's outstanding Agency Fund Revenue Bonds (Project No. 91) and pay associated cost of issuance. No action was required.

The fourth item was the State Property and Building Commission Agency Fund Revenue Bonds, Project 114, with a par amount of \$44,555,000, and a true interest cost of 3.023 percent. This bond issue provided funds to permanently finance approximately \$52,250,000 of Agency Fund supported capital projects (BuildSmart) and pay associated cost of issuance. No action was required.

The fifth item was the Kentucky Economic Development Finance Authority (KEDFA) Healthcare Facilities Revenue and Revenue Refunding Bonds, Series 2016, Baptist Life Communities project, with a par amount of \$64,420,000, a true interest rate of 6.48 percent, and paid associated cost of issuance. This bond issue financed and refinanced the acquisition and construction of healthcare and health related facilities located in three locations in Northern Kentucky. No action was required.

The sixth item was the Kentucky Higher Education Student Loan Corporation (KHESLC) Student Loan Backed Notes, Series 2016-1, priced May 4, 2016 with a par amount of \$89,500,000. This bond issue is a variable rate transaction based on a LIBOR rate; Tax-Exempt, One Month LIBOR plus .09 percent, and Taxable, One Month LIBOR plus 1.25 percent, as a direct purchase with Bank of America. The Tax-Exempt and Taxable Direct Purchase Student Loan Backed Notes will be issued for the purpose of financing Federal Family Education Loan Program (FFELP) Student loans and rehabilitated FFELP loans recently originated by KHESLC and currently held on KHESLC's balance sheet and its warehouse lines. No action was required.

The last item was the Kentucky Housing Corporation Housing Revenue Bonds, 2016 Series A. This bond issue refunded certain Series 2006 and 2007 bond issues with a par amount of \$72,465,000, true interest cost of 3.37 percent, a net present value savings of approximately \$4.8 million dollars, and the present value savings was 6.6 percent. No action was required.

New School Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation

Mr. Ryan Barrow reported on two school bond issues. The first school bond issue will finance construction of the new area Technology Center located in Logan County. This is new

money with approximately 95 percent local money and is for \$18 million dollars. Logan County enacted a recallable nickel tax increase which was passed by the Logan County Board of Education in 2014 to finance the proposed bond and other projects. The new tax rate will increase real estate tax from 40.1 to 45.1 cents per \$100 valuation for county residents.

The second school bond issue will refinance a previous bond issue, Series 2008, for Jefferson County and will involve no tax increase. Senator Carroll made a motion to approve the two bonds, seconded by Senator McDaniel. The motion passed by a roll call vote of 6 yeas, 0 nays.

Mr. Nacey said that the updated debt issuance calendar was included in the members' folders.

With there being no further business, the meeting was adjourned at 1:56 p.m.

CAPITAL PLANNING ADVISORY BOARD

Minutes

July 19, 2016

Call to Order and Roll Call

The 1st meeting of the Capital Planning Advisory Board was held on Tuesday, July 19, 2016, at 10:00 AM, at the Kentucky International Convention Center in Louisville, Kentucky. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Terry Mills, Co-Chair; Representative Tom Riner; John Chilton, Jane Driskell, Stephen Knipper, William Landrum, and Kaelin Reed.

Guests: Representative Ron Crimm; Representative Larry Clark; Ms. Linda Edwards, Vice President and General Manager, Kentucky International Convention Center; and Mr. Richard Polk, Principal Architect, EOP Architects.

LRC Staff: Shawn Bowen, Julia Wang, and Jennifer Luttrell.

Approval of Minutes (October 20, 2015)

Due to the absence of a quorum, this item was tabled until the September meeting.

Welcome and Comments

Senator Humphries thanked the staff of the Kentucky International Convention Center (KICC) for hosting the meeting. He welcomed two members of the Jefferson County legislative delegation, Representative Ron Crimm and Representative Larry Clark. They, in turn, thanked the board for the invitation to attend the meeting. Senator Humphries then introduced five new members of the board: Mr. Scott Brinkman, Mr. John Chilton, Mr. William Landrum, Mr. Stephen Knipper, and Mr. Kaelin Reed. He also

introduced a new staff member, Julia Wang, who replaced Katherine Halloran. Representative Mills also expressed his gratitude to the new board members and to the Jefferson County legislative delegation for attending.

Information Items

Shawn Bowen, Committee Staff Administrator, said there were two information items included in members' folders: the 2016-2018 Executive and Judicial Branch Budget Update and correspondence from the University of Kentucky (UK) regarding the Facilities Renewal and Modernization Project.

In regard to the UK Facilities Renewal and Modernization Project, Ms. Bowen said this project was discussed in-depth at the July 2015 board meeting. The university was asked to provide a list of the projects and the dollar amounts for each proposed project, however, that information was not provided. The chairs met with university officials, and subsequently agreed to include the project in the 2016-2022 capital plan with the understanding that the proposed projects be reported to the board upon finalization. She said the correspondence included in members' folders identifies seven primary buildings and eight alternative buildings that may be included in the Facilities Renewal and Modernization project. The dollar amounts for each project have not been finalized, and are not included.

Senator Humphries said he and Representative Mills met with university officials last year regarding this project. The purpose of the meeting was to clarify the board's expectations in regards to the type and amount of information being submitted in UK's capital plan. Projects submitted during the planning process with incomplete or scant details may impart a negative message about the capital planning process in general and the amount of detail that is required in project descriptions. The board does not want to set a precedent by not questioning pool projects that are submitted with insufficient or inadequate details.

In response to a question from Ms. Driskell, Ms. Bowen said there has been no additional follow-up from UK regarding the individual project scopes for the Facilities Renewal and Modernization project. She said the board's staff will request that this information be provided when it is available.

Instructions for the 2018-2024 capital plans

Due to the absence of a quorum, this item was tabled until the September meeting.

Presentation – Kentucky International Convention Center Renovation Project

Ms. Edwards and Mr. Polk gave a brief history of KICC and provided an overview of the renovation project. The convention center,

built in 1977, hosts a variety of national and international conventions and trade shows. A 1999 renovation, at a cost of about \$71 million, doubled the facility's size to 200,000 square feet of contiguous exhibit space. In 2012, the Louisville Convention and Visitors Bureau commissioned Fentress Architects to study the expansion of the convention center. Fentress concluded that the convention center's problems included a confusing layout, poor signs, a small registration area, and outdated facilities, including the elevators.

The renovation and expansion project was authorized in the 2014 budget with \$56 million bond funds and \$124 million derived from bond proceeds issued by the Louisville and Jefferson County Visitors and Convention Bureau. The project will include creation of an additional 230,000 square feet of contiguous exhibit space with the latest technology, and include 10,000 additional square feet of ballroom space for a total of 40,000. The space can be divided into five flexible separate rooms with color-changing fabric walls to accommodate many different themes. The project also includes upgrades to fire, HVAC, and communications equipment, and improvements to exterior finishes including a white canopy over the entire building to reflect heat and save energy. The construction period begins in August 2016 and ends June 2018.

In response to a question from Representative Riner about security enhancements in the newly renovated building, Ms. Edwards said there will be sensor doors throughout the facility and 150 cameras within and around the exterior of the building tied into the Louisville Metro Police Department. There will be a command center with five 60-inch monitors to observe staff and public areas. The command will be staffed by 28 officers and open 24 hours a day, and there will be one employee entrance with ID admittance only. Mr. Polk added that as another measure of security they will have the capability to shut down Third Street in the event of a crisis.

In response to a question from Representative Clark, Mr. Polk said no federal funding was available to defray the cost of adding a green roof, the project design calls for the inclusion of a less expensive white roof.

In response to a question from Representative Clark regarding the displacement of KICC employees during the construction period, Ms. Edwards replied that all full-time staff will remain at KICC or relocate to the Kentucky Exhibition Center.

In response to a question from Mr. Chilton, Ms. Edwards said during the two-year construction period, there were 18 events scheduled. Staff diverted those events to the Kentucky Yum! Center, the Galt House, the Hyatt, the Kentucky Center for the Arts, the

Palace Theatre, or the Marriott. She added that three organizations with events planned during the two-year period, delayed the years in which they had planned conventions so they could be held when KICC reopens.

In response to questions from Representative Mills about losing the annual National Future Farmers of America (FFA) Convention, Ms. Edwards stated that the FFA Convention will not return to Louisville in the near future. FFA has signed a long-term lease with the city of Indianapolis, Indiana until 2023, mainly due to the close proximity and type of hotel rooms available in that area. The annual convention typically drew more than 60,000 people and generated about \$40 million in economic impact.

In response to a question from Senator Humphries regarding KICC's ability to meet the project's aggressive deadline within budget, Mr. Polk stated that Hunt Abel Finch Construction was selected as the construction manager to oversee the two-year project and, unless something unexpected is found during the demolition phase, they are confident that the projected two-year construction schedule will be met within budget.

Other Business

Senator Humphries announced that the next meeting will be held September 20, 2016, at 10 AM, at The 300 Building on Sower Boulevard in Frankfort, Kentucky.

Adjournment

With there being no further business, the meeting adjourned at 11:22 AM.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 7th Meeting of the 2016 Interim

August 3, 2016

Call to Order and Roll Call

The 7th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, August 3, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Paul Hornback, Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Jonathan Shell, and James Tipton.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy, and Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy.

LRC Staff: Kelly Ludwig and Marielle

Manning.

Upon motion made by Senator Embry and seconded by Representative Mills, the July 6, 2016 minutes were approved upon voice vote and without objection.

Governor's Office of Agricultural Policy

Mr. Warren Beeler, Executive Director, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy, presented projects receiving the Agricultural Development Board approval at its July 2016 meeting. Those included approved amendments, Grains Center of Excellence, a livestock events center, farmers market incentive programs, a high school greenhouse, youth cost-share, Ag Expo, livestock center improvements, On-farm investments, Deceased Farm Animal Removal Program, Shared-use equipment, and major statewide of regional projects.

GOAP representatives responded questions about the Grain Center for Excellence.

Responding to Senator Webb's question about continuing livestock research at the Grains Center of Excellence, GOAP officials explained that the board wanted to change the center's name to the Grain and Forage Center of Excellence. Mr. Beeler expects there will be forage research at the center.

Senator Hornback said the Dean has assured the change of name at the Grain and Forage Center of Excellence. Senator Hornback explained that part of the center can only be used for livestock. He expressed appreciation to the Kentucky Corn Growers Association.

The committee received reports on seven regional projects: (1) University of Kentucky Research Foundation, approved by the board for \$15 million in State funds to establish the Kentucky Grains Center of Excellence at the UK Research and Education Center (UKREC) in Princeton; (2) Hardin County Agricultural Extension Foundation, Inc., approved by the board for up to \$130,569 in State and \$130,569 in multi-county funds for the construction of a multi-species Livestock Events Center; (3) Community Farm Alliance, Inc., approved by the board for \$78,188 in State funds to support the Double Dollars and Market Manager incentives programs; (4) Calloway County School District, approved by the board for \$15,000 in Calloway County funds to assist with the construction of a 40' X 90' greenhouse and 40' X 30' headhouse at Calloway County High School; (5) Green River Area Beef Improvement Group, Inc., approved by the board for \$20,000 in Daviess County funds for Daviess County's youth cost-share program; (6) Grain Day, Inc., approved by the board for \$5,000 in Daviess County funds to support the annual Ag Expo, an educational event for the Green River Area; and (7) Washington County Livestock Center, Inc., approved by the board

for up to \$209,079 in multi-county funds to upgrade its existing facilities.

GOAP officials answered questions about the seven regional projects received by the board in July.

Senator Parrett commented on the Hardin County Agricultural Extension Foundation, Inc. project. The Ag Complex will be on the property of the Hardin County Extension Office.

Representative Stone mentioned that the farmers market in Franklin, Kentucky has doubled in a year, and he expects it to double next year.

Responding to Representative Stone's question about the Calloway County School District greenhouse, GOAP officials confirmed the greenhouse is insured for \$93,396.

GOAP officials described one funding denial: (1) Magoffin County Conservation District, turned down for \$94,726.46 in CAIP funds due to no funds committed by the county. The board denied this request based on staff's recommendation.

Responding Senator Gibson's question about the Washington County Livestock Center project, GOAP officials said that a cooperative owned by the cattle producers runs the center. GOAP officials said that privately owned projects are moved from a grant to a loan.

Responding to Representative McKee's question, GOAP officials said the Hopkinsville stockyards recently closed.

Responding to Representative Mill's question, GOAP officials said that a county council decides whether to put money into CAIP. That decision is approved by GOAP and then approved by the Agriculture Development Board.

Representative Stone commented that there might be a time to look at a previous legislature to assess current situations.

Senator Webb commented that no changes have to be made, but a reassessment may be needed in order for diversification of the Tobacco Master Settlement Funds.

Representative Shell commented on Persistent Infection (PI) testing in cattle and urged GOAP officials to have a broader conversation with cattle producers on how to handle PI positive cattle.

Documents distributed during the meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the August Meeting

August 4, 2016

Call to Order and Roll Call

The August meeting of the Administrative Regulation Review Subcommittee was held on Thursday, August 4, 2016, at 11:00 AM, in Room 149 of the Capitol Annex. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Mary Lou Marzian, Co-Chair; Senators Julie Raque Adams, Perry B. Clark, and Alice Forgry Kerr; Representatives Linda Belcher and Tommy Turner.

Guests: Kara Daniel, John Schaaf, Legislative Ethics Commission; Kathryn Gabhart, Jenny May, Executive Branch Ethics Commission; Larry Brown, John Marcus Jones, Office of Occupations and Professions; Florence Huffman, Board of Social Work; Allan Allday, Ryan Halloran, Board of Applied Behavior Analysis; Sean Alteri, Division of Air Quality; Amy Barker, Department of Corrections; Michael Kurtsinger, Ann-Tyler Morgan, Fire Commission; Thomas Dockter, Lucretia Johnson, Pam Knight, Dwight Lovan, Charles Lowther, Robert Milligan, Michael Nemes, Brooken Smith, Labor Cabinet; Jamie Eads, Marc Guilfoil, Horse Racing Commission; Elizabeth Caywood, Department for Community Based Services; Bill Londrigan, Ched Jennings, and Tim Wilson.

LRC Staff: Sarah Amburgey, Emily Caudill, Betsy Cupp, Ange Darnell, Emily Harkenrider, Karen Howard, Carrie Klaber, and Donna Little.

The Administrative Regulation Review Subcommittee met on Thursday, August 4, 2016, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

GENERAL ASSEMBLY: Legislative Ethics Commission: Commission

2 KAR 2:010. Required forms. Kara Daniel, attorney, and John Schaaf, executive director, represented the commission.

2 KAR 2:020. Statement of financial disclosure.

In response to a question by Co-Chair Marzian, Ms. Daniel stated that the financial disclosure form was amended to require disclosure of fiduciary positions held by the filer only, not by the filer's spouse. This was done for consistency with the authorizing statutes. Mr. Schaaf stated that the authorizing statutes did not require a spouse to disclose fiduciary positions.

A motion was made and seconded to approve the following amendment: to amend the RELATES TO paragraph to add a citation.

Without objection, and with agreement of the agency, the amendment was approved.

2 KAR 2:040. Updated registration short forms for employers and legislative agents.

A motion was made and seconded to approve the following amendment: to amend the RELATES TO paragraph to add a citation. Without objection, and with agreement of the agency, the amendment was approved.

2 KAR 2:050. Preliminary inquiries.

In response to a question by Co-Chair Harris, Ms. Daniel stated that this administrative regulation was new and established preliminary inquiry procedures to address complaints of alleged Code of Legislative Ethics violations. The preliminary inquiry procedures were commensurate with the authorizing statute and with the commission's historical process.

A motion was made and seconded to approve the following amendment: to amend the RELATES TO paragraph to add a citation. Without objection, and with agreement of the agency, the amendment was approved.

2 KAR 2:060. Adjudicatory hearings.

A motion was made and seconded to approve the following amendment: to amend the RELATES TO paragraph to add a citation. Without objection, and with agreement of the agency, the amendment was approved.

2 KAR 2:070. Advisory opinions.

FINANCE AND ADMINISTRATION CABINET: Executive Branch Ethics Commission: Commission

9 KAR 1:040 & E. Registration and expenditure statements; financial transactions and termination forms; and enforcement. Kathryn Gabhart, executive director, and Jenny May, administrative assistant, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 4 to establish the types of circumstances that qualified for exoneration or reduction of a fine for late filing of an updated registration statement; and (4) to amend Sections 2 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Office of Occupations and Professions: Athlete Agents

200 KAR 30:010. Definitions for 200 KAR Chapter 30. Larry Brown, executive director, and John Marcus Jones, assistant attorney general, represented the office.

Mr. Brown stated that his office had thoroughly reviewed all of the statutes, administrative regulations, and forms related to athlete agents. These administrative regulations were being amended to comply with the office's current statutory authority.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

200 KAR 30:020. Complaint review.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 2 and 3 to comply with current statutory provisions; and (4) to amend Sections 1 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.

200 KAR 30:030. Procedure for registration.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to add a new Section 2 to establish the requirement for submitting an Application for Renewal of Registration as an Athlete Agent. Without objection, and with agreement of the agency, the amendments were approved.

200 KAR 30:040. Fees.

A motion was made and seconded to approve the following amendment: to delete Section 2, which did not seem authorized by statute. Without objection, and with agreement of the agency, the amendment was approved.

200 KAR 30:051. Repeal of 200 KAR 30:050 and 200 KAR 30:060.

GENERAL GOVERNMENT CABINET: Board of Social Work: Board

201 KAR 23:055. Inactive status of license. Florence Huffman, executive director, represented the board.

Ms. Huffman thanked Subcommittee Staff, especially Donna Little and Carrie Klabor, for assistance with this administrative regulation.

A motion was made and seconded

to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 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.

Kentucky Applied Behavior Analysis Licensing Board: Board

201 KAR 43:110. Per Diem. Allan Allday, board member, and Ryan Halloran, assistant attorney general, represented the board.

In response to a question by Co-Chair Harris, Mr. Halloran stated that the fiscal impact submitted for this administrative regulation was erroneous. The board's total expenses were \$129,000, but the impact of this administrative regulation was \$8,400.

ENERGY AND ENVIRONMENT CABINET: Department of Environmental Protection: Division of Air Quality: Attainment and Maintenance of the National Ambient Air Quality Standards

401 KAR 51:010. Attainment status designations. Sean Alteri, division director, represented the division.

In response to questions by Co-Chair Harris, Mr. Alteri stated that this administrative regulation established the designation of boundaries relative to the new and revised standards for primary and secondary ambient air quality standards. The only areas that may be out of attainment for the 2015 ozone standard were the Louisville and Northern Kentucky areas, and those areas were very familiar with the control strategies necessary to regain attainment status. Not all areas were in attainment for all pollutants, but air quality in Kentucky continued to improve.

In response to questions by Representative Belcher, Mr. Alteri stated that, if an area was designated nonattainment, an appropriate control strategy would be determined. Failure to comply may result in restrictions on specific pollutant source categories or processes. A key component in regaining attainment status was the permitting process, which included offset reductions from existing facilities. Area growth or new projects may be impacted.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 4, 5, 8, 9, and 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Office of the Secretary

501 KAR 6:110. Roederer Correctional Complex. Amy Barker, assistant general counsel, represented the department.

In response to a question by Co-Chair Harris, Ms. Barker stated that this policy revision was the annual policy update for the Roederer Correctional Complex.

A motion was made and seconded to approve the following amendments: to amend Section 1 to revise policies RCC 09-29-01, 09-31-01, 13-13-01, 16-01-02, 16-03-01, 17-01-02, and 26-01-01: (1) for clarity and consistency; (2) to update citations; and (3) to make minor technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 6:160. Correctional Industries.

COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Fire Commission: Commission on Fire Protection Personnel Standards and Education

739 KAR 2:140. Volunteer fire department reporting requirements. Michael Kurtsinger, division director, and Anne – Tyler Morgan, attorney, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend Section 4 to reference the July 15, 2016 compliance deadline established in KRS 95A.055(7), in order to clarify that the requirements were not transitional, but a permanent regulatory device. Without objection, and with agreement of the agency, the amendments were approved.

LABOR CABINET: Department of Workers' Claims: Department

803 KAR 25:010. Procedure for adjustments of claims. Dwight Lovan, commissioner; Michael Nemes, deputy secretary; and Brooken Smith, chief of staff, represented the department. Bill Londrigan, president, AFL – CIO, and Ched Jennings, attorney for injured workers, appeared in opposition to 803 KAR 25:010. Tim Wilson, attorney, appeared in support of 803 KAR 25:010.

Mr. Lovan stated that this administrative regulation established procedures in accordance with KRS Chapter 342 for processing workers' compensation claims related to litigation. The department was responsible for balancing the rights of injured workers with the rights of employers. This administrative regulation established provisions for the use of an online, electronic Litigation Management System (LMS). LMS would save both the department and stakeholders money because LMS would reduce paper, copying, and postage costs. Claims

would be processed more quickly. To effectively use LMS, training was taking place at various locations across Kentucky. The department made accommodations for electronic signatures and created a new method for determining when a document was received. Forms were revised for compatibility with LMS.

Mr. Jennings stated that he had represented injured workers for the last forty (40) years. Changing workers' claims processing to an electronic format was important; however, efficiency and accuracy were still crucial. LMS had not been adequately tested outside of the cabinet. Injured workers should be able to use LMS without an attorney; however, the system was extremely difficult for nonattorneys to use. There were access concerns regarding worker injury attorneys, especially in rural areas of Kentucky. Of particular concern was the complexity of the forms required for LMS. A nonattorney would have great difficulty completing LMS forms.

Mr. Jennings requested three (3) amendments to this administrative regulation. He requested that, during interlocutory relief determinations, once a judge was assigned to a case, that judge should not be subject to change during the adjudication process. This would reduce delays and discourage judge shopping. The second amendment Mr. Jennings requested pertained to safety violations. If it was determined that an employer committed a safety violation, the injured worker would be compensated thirty (30) percent more. If it was determined that the employee committed a safety violation, the injured worker's compensation would be reduced by fifteen (15) percent. Both the injured worker and the employer were required to identify the specific safety violation that resulted in the injury. It was very difficult for an injured worker to determine the specific safety violation; therefore, that requirement for specificity should be deleted. The third amendment would reduce the maximum number of days for processing a compensation payment. Because LMS should expedite the claims process, the maximum number of days for issuing a payment should be fourteen (14) days. A penalty was not established in this administrative regulation if the payment did not meet the deadline.

Mr. Londrigan stated that the AFL – CIO concurred with the comments made by Mr. Jennings. AFL – CIO's main concern was transparency and the difficulty of using LMS for the claims process.

In response to questions by Co-Chair Marzian, Mr. Jennings stated that over the last decade workers' claims premiums were reduced by approximately fifty (50) percent. Another rate reduction was expected soon. Some premiums had been refunded. The workers' claims fund

was not related to the general fund or tax dollars. Employers have financially benefitted to the detriment of injured workers. Mr. Londrigan stated that he hand delivered a comment letter to the department on April 29 and did not receive a response. Mr. Jennings stated that the Statement of Consideration did not address Mr. Londrigan's comment letter.

Co-Chair Marzian stated that 1990s' reforms to workers' compensation laws made it difficult for injured workers to receive compensation and to find injury attorneys to represent them. The legislation capped workers' injury claims attorneys' fees. This administrative regulation seemed to require a lot of forms. The fourteen (14) day deadline seemed reasonable. It seemed prudent during interlocutory adjudication to maintain the same judge, who would already be familiar with the facts of the case. Co-Chair Marzian stated that it was her hope that the department would consider the three (3) amendments suggested by Mr. Jennings and Mr. Londrigan.

Mr. Wilson stated that the forms were simpler with LMS than the previous forms. Nonattorneys could complete the forms. The deadline for claims payments was sufficient. Only three (3) people attended the public hearing, and there were only ten (10) written comments. Workers' claims was a delicately balanced system.

In response to questions by Representative Belcher, Mr. Jennings stated that a claim could still be filed outside of the LMS system, but the claim would then be on a two (2) tier system, which may create problems. Most injury clients used a smartphone, rather than corresponding by email. Mr. Wilson stated that the department had claims specialists, who could assist injured workers with understanding LMS forms. Injured workers filing without an attorney were required to be held to the same standards as attorneys. Statistically, self-representing injured worker cases resulted in poor outcomes. The department attempted to facilitate injured workers without attorneys in the past, but that system failed. Many injury attorneys did not require payment until compensation was awarded. Mr. Jennings stated that a claims specialist was prohibited from completing forms for the claimant and had restrictions regarding how much assistance could be offered. Mr. Londrigan stated that the lack of attorneys available to assist these injured workers was underestimated, especially in rural areas.

Representative Belcher stated that she had concerns regarding injured workers without access to attorneys or computers. These injured citizens were already under stress, and the claims system should be made easier for self-

representing injured workers. Mr. Nemes stated that the department was considering legislation to make the process easier for self-representing injured workers. Senator Kerr stated that she was, with Representative Chris Harris, co-chairing a task force that included workers' compensation stakeholders. The task force was meeting August 19, 2016, at 10 a.m. in Room 131 of the Capitol Annex and would consider many of the issues relevant to this administrative regulation.

In response to a question by Senator Kerr, Mr. Lovan stated that LMS was tested extensively. Because of firewalls, not everyone was able to test LMS before it went live. Information required on LMS forms was not substantively different than that required on the previous forms, but the format had changed. The interlocutory process was developed specifically to provide appropriate relief as quickly as possible. It was not practical to require a single judge to adjudicate the entire process because these types of judges traveled throughout the state. From a scheduling standpoint, requiring a single judge may significantly increase the amount of time for the injured worker to receive interlocutory relief. The process was designed to discourage judge shopping. Regarding the concern about the requirement that an employee establish the specific safety violation, case law established the need for the proof of specificity. Pertaining to the maximum deadline for issuing a compensation payment, the authorizing statutes were silent regarding this matter. The initial deadline proposal was for thirty (30) days; however, public comments on the deadline were received and in response to those comments the deadline was revised to twenty-one (21) days. Parties could agree to arrange the issuance of a payment earlier. Mr. Lovan stated that he personally accepted Mr. Londrigan's comment letter. Mr. Lovan thought that the comments from the letter had been addressed in the Statement of Consideration, but if they were not, it was inadvertent. Mr. Nemes stated that the interlocutory process established in this administrative regulation gave the department the flexibility to change judges during adjudication if necessary to expedite the process to provide faster relief to an injured worker.

In response to a question by Co-Chair Harris, Mr. Lovan declined to agree to the three (3) amendments requested by Mr. Jennings and Mr. Londrigan.

Co-Chair Harris stated that this was not a partisan issue. This was a complex issue with many variables.

Senator Clark stated that this was not a partisan issue, but an issue of a new system. A new system often had flaws that would be corrected. Once the flaws in this system were

addressed and training was completed, Senator Clark expected this to be a good system.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct citations; (2) to amend Sections 5, 7, 10, and 30 to incorporate by reference required forms; (3) to amend Section 12 to authorize the use of telephonic or video hearings if the parties agree or demonstrate good cause; and (4) to amend Sections 1, 3, 4, 7, 8, 10, 12, 14, 19, 20, 25, and 30 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

803 KAR 25:014. Repeal of 803 KAR 25:009.

Mr. Lovan stated that 803 KAR 25:009 was being repealed because the Supreme Court found the portion of the statute that authorized 803 KAR 25:009 unconstitutional.

803 KAR 25:089. Workers' compensation medical fee schedule for physicians.

PUBLIC PROTECTION CABINET: Horse Racing Commission: Thoroughbred Racing

810 KAR 1:009. Jockeys and apprentices. Marc Guilfoil, executive director, and Jamie Eads, director, Division of Incentives and Development, represented the commission.

Quarter Horse, Paint Horse, Appaloosa and Arabian Racing

811 KAR 2:190. Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Community Based Services: Division of Family Support: Energy Assistance Program/Weatherization

921 KAR 4:119. Repeal of 921 KAR 4:118. Elizabeth Caywood, policy analyst, represented the department.

Division of Protection and Permanency: Adult Services

922 KAR 5:081. Repeal of 922 KAR 5:080.

The following administrative regulations were deferred to the September 13, 2016, meeting of the Subcommittee:

HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: Kentucky Educational Excellence Scholarship Program

11 KAR 15:090. Kentucky Educational Excellence Scholarship (KEES) program.

GENERAL GOVERNMENT CABINET: Board of Licensure for Marriage and Family Therapists: Board

201 KAR 32:030. Fees.

Board of Licensed Diabetes Educators: Board

201 KAR 45:110. Supervision and work

experience.

TRANSPORTATION CABINET: Division of Driver Licensing: Administration

601 KAR 2:030 & E. Ignition interlock.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: Learning Results Services

703 KAR 4:041. Repeal of 703 KAR 4:040. Office of Instruction

704 KAR 3:342. Repeal of 704 KAR 3:340.

LABOR CABINET: Department of Workplace Standards: Division of Occupational Safety and Health Compliance: Division of Occupational Safety and Health Education and Training: Occupational Safety and Health

803 KAR 2:412. Fall protection.

PUBLIC PROTECTION CABINET: Department of Financial Institutions: Division of Non-Depository Institutions: Mortgage Loan Companies and Mortgage Loan Brokers

808 KAR 12:021. Licensing and registration.

808 KAR 12:055. Uniform standards for mortgage loan processor applicant employee background checks.

The Subcommittee adjourned at 12:25 p.m. until September 13, 2016, at 1 p.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

August 15, 2016

Call to Order and Roll Call

The Government Contract Review Committee met on Monday, August 15, 2016, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, and Paul Hornback; Representatives Brad Montell, Lewis Nicholls, and Brent Yonts.

Guests: Nikki James, Rodney Ballard, Hilarye Dailey, Kevin Pangburn, Charlie Harman, Kevin Brown, Kelly Foster, Rebecca Stoddard, Robert Meachum, Laura Hagan, Megan McClain, Kevin Moore, David Gormley, Travis Thompson, Jill Asher, Leslie Strohm, Travis Powell, Melissa Young, Bridgette Stacy, William Landrum, Gwen Pence, Ken Bohac, Mike Denney, Mary Harville, David Byerman, Morgain Sprague, Jeff Strunk, Bill Harris, Craig Collins, Tina Swansegar, and Keith Rogers.

LRC Staff: Kim Eisner, Daniel Carter, and Jarrod Schmidt.

A motion was made by Representative Yonts to approve Minutes of the July 2016, meeting

of the committee. Senator Carroll seconded the motion, which passed without objection.

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

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

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

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

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

A motion was made by Representative Yonts to consider as reviewed the Addition List. Senator Carroll seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ACCOUNTANCY, BOARD OF:

8700 Corporation, 1600003976; Strothman and County PSC, 1600003983.

ADMINISTRATIVE OFFICE OF THE COURTS:

Little Mendelson, PSC, 1700000168.

CORRECTIONS, DEPARTMENT OF:

American Correctional Association, 1600003691.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Jackson & Coker Locumtenens, LLC, 1600001614; Locumtenens.Com, 1600001615.

DEPARTMENT FOR NATURAL RESOURCES:

Secon, Inc., 1600003921.

DEPARTMENT OF INSURANCE:

Prometric, Inc., 1600002432; Janice S. Hickerson, 1600003572; Zach Cannon Consulting, LLC, 1600003573.

DEPARTMENT OF REVENUE:

RTC, Inc., 1600003624.

EASTERN KENTUCKY UNIVERSITY:

PWM Insurance, A Division of J. Smith Lanier & Company, 18-082; Compliance Assurance Associates, Inc., 18-084.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Gess Mattingly and Atchison, 1700000077.

EDUCATION, DEPARTMENT OF:

Scanlan Associates, LLC, 1600001455; Megan Samples, 1600001741; CN Resource, LLC, 1600002306.

JUSTICE CABINET:

Hurt, Deckard & May, PLLC, 1600003510.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Deloitte & Touche, LLP, 17-004.

KY RACING COMMISSION:

LGC Science, Inc., 1600003497.

MOREHEAD STATE UNIVERSITY:

Carson Consulting and Training, Inc., 17-027; Steve Hinds, 17-028.

MURRAY STATE UNIVERSITY:

MGT of America Consulting, LLC, 004-17.

NORTHERN KENTUCKY UNIVERSITY:

Anderson Strickler, 2017-135; Site Solutions Consulting, 2017-160.

PSYCHOLOGISTS, BOARD OF EXAMINERS OF:

Drive Paula Berry, 1600003917.

STATE POLICE, DEPARTMENT OF:

Law Enforcement Services, Inc., 1600002805; Powerphone, Inc., 1700000016; William C. Sutton, 1700000073.

TRANSPORTATION CABINET:

Burgess and Niple, Inc., 1700000010; Palmer Engineering County, 1700000012; GRW Aerial Surveys, Inc., 1700000112; Quantum Spatial, Inc., 1700000113; Stantec Consulting Services, Inc., 1700000166; Town Branch Tree Experts, Inc., 1700000174; Burgess and Niple, Inc., 1700000177.

UNIVERSITY OF KENTUCKY:

Steptoe & Johnson, PLLC, K17-195; Bond, Schoeneck & King, PLLC, K17-196; Aspire HR, Inc., K17-197; Korn Ferry, K17-207.

UNIVERSITY OF LOUISVILLE:

V-Soft Consulting Group, Inc., 17-034; Siemens Industry, Inc. / Building Technologies Division, 17-037; HBSA, 17-042.

WESTERN KENTUCKY UNIVERSITY:

Sublime Media Group, LLC, 161715; Ruffalo Noel Levitz, LLC, 161824; The National Center for Drug Free Sport, Inc., 161825; Adelphi Technology, Inc., 161826; Multi, 161828.

WORKFORCE INVESTMENT, OFFICE OF:

Adanta Group, 1600003955; Supported Employment Alliance, 1600003989

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE

REVIEWED WITHOUT OBJECTION:

**FINANCE AND ADMINISTRATION
CABINET:**

Taft Stettinius & Hollister, 1600003972.

**FINANCE AND ADMINISTRATION
CABINET - DIVISION OF ENGINEERING:**

Amec Earth & Environmental, 0900012816; Brown & Caldwell, 1000001566; URS Corporation, 1100002668; Biagi Chance Cummins London Titzer, Inc., 1300001446; CMTA, Inc., 1400000547; Paladin, Inc., 1400001412; K. Norman Berry Associates, 1500000668; Clotfelter Samokar, PSC, 1500000669; Third Rock Consultants, LLC, 1600000239; Barnette Bagley Architects, C-06012536.

HORSE PARK, KENTUCKY:

Park Equine Hospital, 1400003106.

TRANSPORTATION CABINET:

QK4, 1000000838; GRW Engineers, Inc., 1100000003; Palmer Engineering Company, 1200003574; Parsons Brinckerhoff, Inc., 1300001224; Strand Associates, Inc., 1300001505; QK4, 1400001041; Stantec Consulting Services, Inc., 1500000096; Lynn Imaging, 1500000264; J M Crawford and Associates, Inc., 1500000907; Municipal Engineering County, 1600000205; Northrop Grumman Systems Corporation, 1600004035.

UNIVERSITY OF KENTUCKY:

Ross Tarrant, A141200; De Leon & Primmer, A161140.

**THE FOLLOWING MEMORANDA
OF AGREEMENTS WERE REVIEWED
WITHOUT OBJECTION:**

CORRECTIONS, DEPARTMENT OF:

KCTCS, 1600003831.

**DEPARTMENT FOR ENVIRONMENTAL
PROTECTION:**

University of Kentucky Medical, 1600002575.

DEPARTMENT FOR PUBLIC HEALTH:

Ashland Hospital Corporation d/b/a Kings Daughter Medical Center, 1600002023.

**DEPARTMENT OF ENERGY
DEVELOPMENT AND INDEPENDENCE:**

Kentucky Pollution Prevention, 1600003830.

EDUCATION, DEPARTMENT OF:

Department of Agriculture, 1600002461; Eastern Kentucky University, 1600002669; Jefferson County Board of Education, 1600002970; Johnson County Board of Education, 1600002973; Department of Corrections, 1600002991; Eastern Kentucky University, 1600003239; Whitley County Board of Education, 1600003244; Woodford County Board of Education, 1600003246; NKU Research Foundation, 1600003511; NKU Research Foundation, 1600003532; NKU Research Foundation, 1600003535; Marshall County Board of Education, 1600003574; Danville Independent Board of Education, 1600003586; Jefferson County Board of Education, 1600003593; NKU Research Foundation, 1600003630; Fayette County Board of

Education, 1600003636; Jefferson County Board of Education, 1600003895; Campbell County Board of Education, 1600003896; Bath County Board of Education, 1600003929; Kentucky Valley Education, 1600004031; Carter County Board of Education, 1700000013; Grayson County Board of Education, 1700000051; Center for Assessment, 1700000080.

HORSE PARK, KENTUCKY:

Scott County Parks and Recreation, 1600003157.

**JUVENILE JUSTICE, DEPARTMENT
OF:**

Boyle County Board of Education, 1600003045.

KY RACING COMMISSION:

University of Kentucky Research Foundation, 1600003264.

NORTHERN KENTUCKY UNIVERSITY:

Central Campbell County Fire District, 2017-124.

OFFICE OF INSPECTOR GENERAL:

Office of Employment and Training, 1600002542.

**OFFICE OF THE GOVERNOR,
DEPARTMENT FOR LOCAL GOVERNMENT:**

Boyd County Fiscal Court, 1600004005; Mercer County Fiscal Court, 1700000007; City of Carrollton, 1700000103; City of McHenry, 1700000116.

**POST SECONDARY EDUCATION,
COUNCIL ON:**

Kentucky Science and Technology Corporation, 1600000461; Kentucky Science & Technology Corporation, 1600000462; Kentucky Science & Technology Corporation, 1600000463; Southern Regional Board of Education, 1600000464.

STATE POLICE, DEPARTMENT OF:

Kentucky Medical Service, 1600002807.

WORKFORCE INVESTMENT, OFFICE

OF:

Easter Seals West Kentucky, 1600003856; Lifeskills, Inc., 1600003874; Options Unlimited, Inc., 1600003991.

**THE FOLLOWING MEMORANDA
OF AGREEMENT AMENDMENTS WERE
REVIEWED WITHOUT OBJECTION:**

**EARLY CHILDHOOD ADVISORY
COUNCIL:**

Prichard Committee For, 1600003272.

EDUCATION, DEPARTMENT OF:

Lincoln County Board of Education, 1600002835.

**OFFICE OF THE GOVERNOR,
DEPARTMENT FOR LOCAL GOVERNMENT:**

City of Madisonville, 1500001226; City of Providence, 1500001621; City of West Liberty, 1500002217; Wayland City Treasurer, 1500002729; Perry County Fiscal Court, 1600000839.

TRANSPORTATION CABINET:

Kentucky State University, 1600002767.

WORKFORCE INVESTMENT, OFFICE

OF:

Kentuckianaworks, 1600001233;

Kentuckiana Works/Workforce Investment Board, 1600001493; Kentuckiana Works/Workforce Investment Board, 1600001946; Kentuckiana Works/Workforce Investment Board, 1600003677; Kentuckiana Works, 1600003679.

JULY 2016 DEFERRED ITEMS:

CORRECTIONS, DEPARTMENT OF:

Correct Care Solutions, LLC, 1600001268; Correct Care Solutions, LLC, 1600002930; Correct Care Solutions, LLC, 1600002933. Nikki James, Rodney Ballard, and Hilarye Dailey discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

Praeses, LLC, 1600002662. Nikki James, Rodney Ballard, and Hilarye Dailey discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

Transitions, Inc., 1600003100; Greater Louisville Counseling, 1600003226; Windows of Discovery, 1600003566. Nikki James, Rodney Ballard, Kevin Pangburn, and Hilarye Dailey discussed the contracts with the committee. A motion was made by Senator Hornback to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

Pennyroyal Mental Health Mental Retardation Board, 1600001409. Nikki James, Rodney Ballard, Kevin Pangburn, and Hilarye Dailey discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Wise seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

Pike County Detention Center, 1600001417; Casey County Fiscal Court, 1600001821; Fayette County Detention Center, 1600001825. Nikki James, Rodney Ballard, Kevin Pangburn, and Hilarye Dailey discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Wise seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

JFA Institute 5, 1600002607. Nikki James, Rodney Ballard, Kevin Pangburn, and Hilarye Dailey discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Embry Merritt Shaffar Womack, PLLC, 1600001473. Charlie Harman, Kevin Brown, Kelly Foster, Rebecca Stoddard, and Robert Meachum discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Department for Medicaid Services, 1600002670. Charlie Harman, Kevin Brown, Kelly Foster, Rebecca Stoddard, and Robert Meachum discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Wise seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Eastern Kentucky University, 1600002922. Charlie Harman, Kevin Brown, Kelly Foster, Rebecca Stoddard, and Robert Meachum discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Wise seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Washington County Board of Education, 1600003057; Breathitt County Board of Education, 1600003062. Charlie Harman, Kevin Brown, Kelly Foster, Rebecca Stoddard, and Robert Meachum discussed the contracts with the committee. A motion was made by Senator Wise to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Hopkins County Board of Education, 1600003129; Johnson County Board of Education, 1600003130; Wayne County Board of Education, 1600003131; Shelby County Board of Education, 1600003132; Newport Independent Board of Education, 1600003133. Charlie Harman, Kevin Brown, and Kelly Foster discussed the contracts with the committee. A motion was made by Senator Wise to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

TRANSPORTATION CABINET:

Blue & Company, LLC, 1600001559; Wyatt Tarrant and Combs, 1600002069. Laura Hagan, Megan McClain, and Kevin Moore discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

TRANSPORTATION CABINET:

GRW Engineers, Inc., 1300002158. David Gormley, Travis Thompson, and Jill Asher discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE:

Multi, 17-023 A-F. Leslie Strohm discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE:

Pence & Ogburn, PLLC, 17-032. Leslie Strohm discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE:

Middleton Reutlinger, 17-022. Leslie Strohm discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed.

POST SECONDARY EDUCATION, COUNCIL ON:

Washington Center for Internships and Academic, 1600000465. Melissa Young and Travis Powell discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Wise seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

CABINET FOR HEALTH AND FAMILY SERVICES:

Conliffe Sandmann and Sullivan, 1700000081. A motion was made by Senator Carroll to defer the contract to the September 2016 meeting of the committee. Representative Yonts seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Walter H. Hulett, 1700000011. Charlie Harman discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

FINANCE AND ADMINISTRATION CABINET:

Taft Stettinius & Hollister, 1600003972. William Landrum, Gwen Pence, and Ken Bohac discussed the contract with the committee. A motion was made by Representative Nicholls to disapprove the contract. Representative Yonts seconded the motion, which failed with Senator Hornback, Representative Montell, and Senator Wise voting no. A motion was made by Senator Wise to consider the contract as reviewed. Representative Montell seconded the motion, which failed with Senator Carroll, Representative Nicholls, Representative Yonts, and Representative Horlander voting no. Representative Horlander said that the contract moves forward.

KENTUCKY LOTTERY CORPORATION:

Valenti Hanley, PLLC, 17-16-024-2. Mary Harville and Mike Denney discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

LEGISLATIVE RESEARCH COMMISSION:

Linkedin Corporation, 16/17-01. David Byerman and Morgain Sprague discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

NORTHERN KENTUCKY UNIVERSITY:

Multi, 2017-100. Jeff Strunk discussed the contract with the committee. A motion was made by Senator Wise to consider the contracts as reviewed. Representative Yonts seconded the

motion, which passed.

UNIVERSITY OF KENTUCKY:

Impel Creative, Inc., K17-198; Shatterbox, LLC, K17-199; Conrad Design, K17-200; Born, LLC, K17-201; T2 Design, K17-202; Kari Maloney Photography and Design, K17-203; Serif Group, K17-204. Bill Harris and Craig Collins discussed the contracts with the Committee. A motion was made by Senator Wise to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

UNIVERSITY OF KENTUCKY:

Ernst & Young, LLP, K17-205; Sibson Consulting, A Division of the Segal Company, K17-206. Bill Harris and Craig Collins discussed the contracts with the Committee. A motion was made by Senator Wise to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY:

Kerrick Bachert Law Firm, 161827. A motion was made by Senator Wise to defer the contract to the September 2016 meeting of the committee. Representative Yonts seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

LEGISLATIVE RESEARCH COMMISSION:

Linkedin Corporation, 16/17-01. David Byerman and Morgain Sprague discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

TRANSPORTATION CABINET:

Tunnel Management, Inc., 1000002437. David Gormley and Tina Swansegar discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:

Trustees of Indiana University, 1600003270. Charlie Harman and Bridgette Stacy discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

ADDITION LIST:

THE FOLLOWING MEMORANDA OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

AGRICULTURE, DEPARTMENT OF:

Kentucky Association of Food Banks, Inc., 1700000155. Keith Rogers discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

There being no further business, the meeting was adjourned at 12:52 p.m.

2016 Interim

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