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



RECORD

KET pioneer O. Leonard Press named 2012 Hellard Award recipient

by Scott Payton
LRC Public Information

O. Leonard Press, Founding Director of Kentucky Educational Television and nationally acclaimed pioneer in bringing classroom and civic education to Kentuckians through the nascent medium of public TV, has been named recipient of the 2012 Vic Hellard Jr. Award for excellence in public service.

The Hellard Award, the highest honor the Legislature can bestow, has been given annually since 1997. Press was chosen for this year's honor by the 16-member legislative leadership that comprises the Legislative Research Commission.



Vic Hellard Jr.

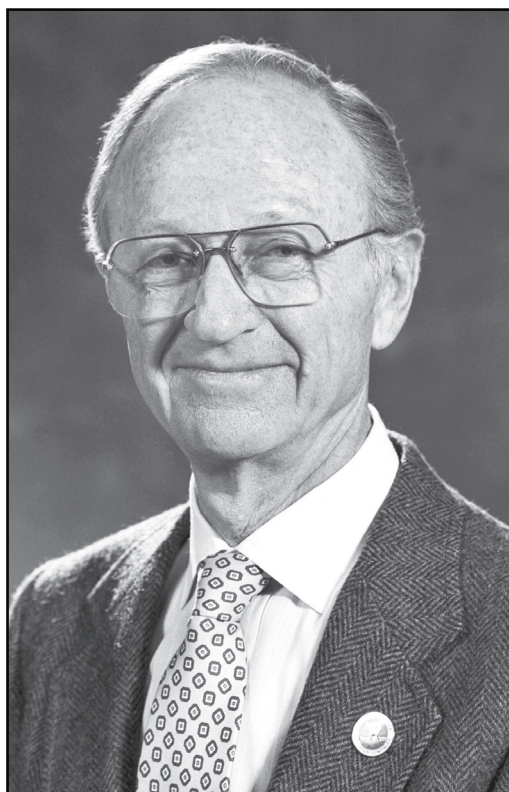
The award's namesake, Vic

Hellard Jr., was executive director of the LRC staff for 19 years. The honor goes each year to someone who embodies the professional vision and unique personal qualities that Hellard brought to his own long and distinguished career.

In announcing Press' selection, legislative leaders noted that Len – as everyone knows him -- has throughout his working and personal life met those lofty criteria perfectly.

"Len is an ideal candidate for the Hellard Award," said House Speaker Greg Stumbo, D-Prestonsburg. "He is, as Vic was, someone who truly respects history and how its lessons can help us make a better future. He has never been satisfied with the status quo, and has always looked for ways we could make the world better. Kentucky is in a much better place because of him."

Senate Majority Leader Robert Stivers, R-Manchester, agreed. "Like Vic, Len Press has always championed the dignity and potential of all. Like Vic too, he has devoted his considerable ener-



O. Leonard Press

gies to direct engagement and two-way dialogue between the people and their government – especially the Legislature, the Peoples' Branch -- all in a spirit of commitment, caring, generosity and humor."

Press' long life and career (he just turned 91) are historically remarkable. A Lowell, Massachusetts native, what he often calls his life's "geography of opportunity" led him from a Depression-era upbringing through service in World War II to various jobs in radio broadcasting in the Northeast, and the emerging and revolutionary medium of television. Eventually, the "branching paths" of his career's 'geography' led him to Kentucky.

"I was intrigued by seeing another part of the country," he recalls. He originally came to teach at UK for just one year. But a visit to a poor underserved mountain school gave birth to a vision.

"Across Kentucky, I saw the heroic struggle to provide equal education thwarted by the barrier

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Vic Hellard Jr. Award past winners

2011

Charles Siler

2010

Peggy Hyland

2009

Congressman Romano Mazzoli

2008

Sally Brown

2007

John R. Hall

2006

Sylvia L. Lovely

2005

William H. Hintze

2004

Robert M. "Mike" Duncan

2003

Walter A. Baker

2002

Virginia G. Fox

2001

Thomas D. Clark

2000

Albert P. (Al) Smith

1999

Mary Helen Miller

1998

Joseph W. Kelly

1997

Anthony M. Wilhoit

Task force presents public pension recommendations

by Amy Rose Karr
LRC Public Information

Kentucky needs a new plan to provide a secure retirement to its workers, lawmakers agreed at the final meeting of the Kentucky Public Pension Task Force in November.

The task force approved 11-1 an eight-point proposal aimed at paying down pension debt and creating a new pension plan for future employees.

The proposal's first recommendation is that the Commonwealth pay more into the pension system. Currently, the state is paying only a portion of the actuarially required contribution (ARC).

Legislation passed in 2008 increased the ARC payment incrementally over time. The proposal is calling for a full ARC payment by fiscal year 2015.

Each time the full ARC is not paid, additional unfunded liabilities and higher costs are incurred by the state, committee Co-chair Rep. Mike Cherry, D-Princeton, said.

To provide immediate short-term relief to city and county budgets, the proposal suggests resetting the amortization period for payment of the unfunded liability from 26 years to 30 years.

Other recommendations included in the proposal would repeal the current cost-of-living adjustments

provided to retirees and would prohibit public employees from being re-employed with the state for up to two years after retirement.

Under the proposed plan, pension benefits for new hires would be calculated in a hybrid cash balance plan. New employees would be guaranteed a four percent annual return on contributions.

According to David Draine, Senior Researcher of public sector retirement systems with the Pew Center on the States, the hybrid cash balance plan is more predictable and sustainable than the current plan.

Overall, the proposal is a result of bipartisan compromise, Cherry said. "What we [ended] up with is... something we all can agree on," he said.

Committee Co-chair Sen. Damon Thayer, R-Georgetown, said he and Cherry plan to pre-file a bill for the 2013 legislative session that includes the recommendations set forth in the task force's final report.

"It really is one step along the way of what I hope will be significant, serious and substantive reforms that really affect all 4.3 million Kentuckians more than just about any legislation that we will consider in the next session of the General Assembly," Thayer said.

Tax amnesty program on track to meet goals

by Rob Weber
LRC Public Information

A tax amnesty program offered by the state to those with delinquent tax liabilities is expected to reach its goal of collecting \$55 million, lawmakers were told during the November 29 meeting of the Joint Committee on Appropriations and Revenue.

The tax amnesty offer, which lasted from Oct. 1 through November 30, was approved by lawmakers during the General Assembly's 2012 regular session to collect unpaid taxes and help balance the state budget. The program allowed those with unpaid state taxes to work out payments to avoid fines and higher interest.

By November 28, the state had received more than 15,000 amnesty applications, said Thomas B. Miller, commissioner of the Department of Revenue. About 12,000 of those were from inside the state and more than 2,000 were from outside Kentucky. Applications came from more than 6,000 individuals and 9,000 businesses.

Amnesty applications have been received from every Kentucky county and every U.S. state, Miller said.

More than 29,000 phone calls were received at the Department of Revenue through a toll-free hotline for the amnesty program, Miller said. "This week alone we've averaging a thousand calls a day just for amnesty," he told lawmakers.

In response to a question from Rep. Brent Yonts, D-Greenville, about the likelihood of collecting the \$55 million expected when the program was approved, Miller said that collections were on track to meet expectations.

"I'm very confident we will hit our estimated target that was set in the budget last session," he said.

Still, it's too early to know exactly how much the program will collect. "Because of payment plans and post-amnesty collection initiatives, we won't really have a final total until after the end of the fiscal year," Miller said.

Prior to the beginning of the amnesty period, more than 175,000 taxpayers with outstanding tax liabilities were sent amnesty applications.

In addition to sending out applications, Miller went across the state to speak at meetings of accountants and groups like Rotary Clubs. A marketing firm also was part of the effort to inform people about the amnesty offer. "They have done an outstanding job getting the word out," he said.

Sen. Vernie McGaha, R-Russell Springs, told Miller that he had heard about instances in which people received forms for the amnesty program even though they weren't behind on tax payments.

"I had several calls from CPAs in my district complaining ... because of the number of people who come in with (amnesty) applications, and they had to stop their work and go back through their taxes only to find that they owed nothing. They had not been delinquent."

Miller said there have been some instances where forms were sent to limited liability companies that no longer operate.

"If they didn't file a final return they're still on our tax rolls and they're still considered to be running a business unless they let us know," he said. "We've tried to work through that and, yes, there were some glitches I'm sure that some people were upset about. We've tried hard to handle that in a professional way."

Situations like that, in which a company may let the Secretary of State but not the Department of Revenue know it no longer operates, are among the reasons the state is working on the Kentucky One-Stop Business Portal to make it easier for people to interact online with state government at a unified access point, Miller said.

2013 LRC Publications Price List

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Daily Record Mailed\$165 (plus postage)
Friday Record Mailed\$38.50 (plus postage)
Individual Record Pickup ...\$2.75
Individual Record Mailed ..\$2.75 (plus postage)
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Complete Set of Bills and Resolutions (Pick-up)
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Per Page....\$.05
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Journals
House and Senate Complete Set, House Set, Senate Set...all priced after printing
(all prices subject to 6% Kentucky sales tax, and subject to change)

Hellard Award, from page 1

of unequal resources,” he said once. “It was essential that we harness the power of television to assure the education and enrichment of our people so they would have every possible opportunity. We could not afford to accept less.”

That driving vision kept him here.

After 10 years of hard, personal lobbying for what some in Frankfort called a pipe dream, Kentucky Educational Television went on the air in 1968, statewide in reach, boundless (it proved) in potential.

Under Press, KET quickly outgrew being simply “educational TV” bringing classes to poor rural schools. It evolved dramatically to become a unifying force in Kentucky life, drawing the far-flung Commonwealth together through one statewide public-affairs network. KET defined, from the mountains of the East to the lake country of the West, what it meant to be ‘a Kentuckian.’ In fact, for several

years ‘Bringing Kentucky Together’ was the network’s tagline.

Press’ innovative 1978 decision to bring coverage of General Assembly sessions to every hill, holler, flatland farm and town and city of the state played a key role in fostering the era’s fledgling Legislative Independence Movement. KET’s nightly coverage brought the Legislature into folks’ living rooms, enhanced its institutional stature and professionalism, and helped cement its status as a co-equal branch of government. Legislative independence was Hellard’s passion, and Press was a key ally in that fight.

Current LRC Director Robert S. Sherman said his old mentor Hellard would surely be pleased with this year’s selection, citing the “historic connection” the two men shared. “Len Press, through his groundbreaking KET coverage, lent a welcome hand to Vic and the Legislature in the ear-

ly days of legislative independence, a time when the outcome of that struggle was far from certain,” Sherman said. “He is a welcome and absolutely appropriate addition to the honor roll of Hellard Award recipients.”

Press, no stranger to awards and accolades, said he was “especially moved” by this latest recognition. “I’m honored, I’m touched, and I can only accept this award humbly,” Press said. “Vic Hellard was a special man, and this is a special honor, even more so since it at least in part recognizes my heartfelt commitment, which Vic shared, to connect Kentuckians more closely with their government through the simple, obvious, but hard-won act of just showing it to them.”

O. Leonard Press is the 16th recipient of the Vic Hellard Jr. award. Hellard himself died in 1996, a year after his retirement from the LRC. The award in his name has been given annually since.

Proposed changes to HB 1 aired before committee

by Rebecca Hanchett
LRC Public Information

Proposed regulatory changes to Kentucky’s 2012 “pill mill” law—including exemptions for certain prescription cough syrups and pediatric patients—have been submitted to the state Legislative Research Commission for approval, regulatory agency and board officials told a state legislative panel on Dec. 12.

The changes to regulations required by the passage of House Bill 1 during a special session earlier this year were aired before the 2012 SS (Special Session) HB 1 Implementation and Oversight Committee by representatives of the Kentucky Board of Medical Licensure (KBML), the Cabinet for Health and Family Services (CHFS) and the Kentucky Board of Nursing, among others.

Of all the concerns with HB 1 that were shared with KBML by health care professionals statewide, KBML chair Dr. Preston Nunnolley said prescribing standards were at the top. The board responded by recommending that prescribing standards for patients under 16, Schedule V drugs (i.e., codeine-based cough formulas) and controlled substances that are non-pain medications—like ADHD and anxiety drugs—be removed from HB 1.

The KBML’s revised regulations “would only deal with pain, and only chronic pain, medication,” with chronic pain meaning a condition requiring a prescription for over 90 days, said Nunnolley. Also, drug screening would only be required for chronic pain medication, he said, and not a broad array of controlled substances as is now the case under HB 1.

For non-pain related con-

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Multi-modal transport reviewed by panel

by Rebecca Hanchett
LRC Public Information

Kentucky lags behind surrounding states in funding for non-highway modes of transportation but has opportunities to increase funding if it desires, a transportation expert from the University of Kentucky told a state budget subcommittee on Nov. 29.

“We wanted to identify some of these opportunities, put them out there, so that they can be considered and ... if there are some opportunities that show promise, we can certainly do a more detailed investigation of those and determine whether they would be suitable and beneficial to the Commonwealth,” UK Kentucky Transportation Center Director Dr. Joe Crabtree told the Budget Review Subcommittee on Transportation.

Subcommittee Co-Chair Rep. Sannie Overly, D-Paris, said all modes of transportation are “important to our comprehensive transportation needs in the Commonwealth.”

“We spend a great deal of our time talking about the bridges and the highway system in the state, and certainly that’s critical, but as you said, it is a dependent transportation system...” stated Overly.

Besides its paved highways, Kentucky relies on aviation, rail, public transit, and its waterways for transport. Yet, Crabtree said a study of these other modes of transport indicate that they receive limited state support.

Most of Kentucky’s funding for planning and development of public use airports is through the federal Airport Improvement Program, which provides federal funding in exchange for state and local matching funds, Crabtree explained. But the state’s ability to match federal dollars from its 14-year old aviation economic development fund has been hampered by fund transfers, he said, placing Kentucky near the bottom of the list both regionally and among four other states in utilization of AIP funds.

Opportunities to increase aviation funding include keeping state aviation economic development funds for aviation rather than transferring them elsewhere, raising or eliminating the state’s per carrier cap on its tax on jet fuel, and establishing an infrastructure bank to increase funding similar to what is available in Pennsylvania or Ohio, among other possibilities, Crabtree said.

In state funding for public transit, Kentucky also is near the bottom of

the list, according to Crabtree. He said per capita spending of state funds on public transit in Kentucky is less than that in every other state bordering the Commonwealth.

“This is certainly not an indictment of public transit services in Kentucky,” he said, “...but if you just look at the level of investment...we rank very, very low.” Possible mechanisms to boost funding include, but aren’t limited to, dedicated sales tax revenue or other revenues, or utilizing available federal financing programs such as “grant anticipation notes”—notes or bonds issued by a state in anticipation of receiving federal grant funds, he said.

For rail transport, Crabtree told the subcommittee that Kentucky’s opportunities may include setting up a dedicated revenue source for rail, establishing a state infrastructure bank to fund multi-modal projects, creating a passenger rail trust fund using federal dollars for passenger and high speed rail, offering tax incentives for some types of rail, and seeking private/public partnerships. Kentucky may also wish to update its state rail plan, which is now a decade old, he said.

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2013 REGULAR SESSION CALENDAR

2013 REGULAR SESSION CALENDAR (approved by LRC 9/5/12; clerical error corrected 9/5/12)

JANUARY – PART I

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

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

FEBRUARY – PART II

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

() Denotes Legislative Day

MARCH

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

() Denotes Legislative Day



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INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 6th Meeting
of the 2012 Interim
November 14, 2012

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, November 14, 2012, at 1:00 PM, in Room 171 of the Capitol Annex. Senator David Givens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David Givens, Co-Chair; Representative Tom McKee, Co-Chair; Senators Joe Bowen, Paul Hornback, Vernie McGaha, Dennis Parrett, Joey Pendleton, Damon Thayer, Robin L. Webb, and Ken Winters; Representatives Royce W. Adams, Johnny Bell, John “Bam” Carney, Mike Cherry, Mike Denham, Myron Dossett, C.B. Embry Jr., Kim King, Michael Meredith, Terry Mills, Brad Montell, David Osborne, Sannie Overly, Ryan Quarles, Tom Riner, Bart Rowland, Steven Rudy, Wilson Stone, Tommy Turner, and Susan Westrom.

Guests: Mr. Roger Thomas, Executive Director, Governor’s Office of Agricultural Policy; Commissioner James R. Comer, Kentucky Department of Agriculture; Mr. Mark Haney, President, Kentucky Farm Bureau; Cassia Heron, Carolyn Gahn, and Mike Lewis, Community Farm Alliance, and Dr. Teferi Tsegaye, Dean, College of Agriculture, Kentucky State University.

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

The October 10, 2012 minutes were approved, without objection, by voice vote upon motion made by Senator Webb and second by Representative Embry.

The Subcommittee Report on Rural Issues was approved, without objection, by voice vote upon motion made by Senator Winters and seconded by Representative Denham.

The Subcommittee Report on Horse Farming was approved, without objection, by voice vote upon motion made by Senator Thayer and seconded by Representative Westrom.

Legislative Issues for 2013 Session: Governor’s Office of Agriculture Policy

Mr. Roger Thomas, Executive Director, Governor’s Office of Agriculture Policy (GOAP) stated that GOAP did not have specific legislation for the 2013 Session. He discussed Master Settlement funding and GOAP initiatives. Kentucky will start seeing a decrease in Master Settlement Agreement (MSA) funds from \$115 million to approximately \$90 million.

GOAP hopes some of the debt service obligations can be shifted from the Master Settlement Agreement Fund back to the General Fund. Fifty percent of MSA funds go to the rural development fund and the other fifty percent to early childhood and healthcare initiatives. As a result of the decrease in MSA funding, both initiatives will have less money to work with. He also updated the committee on the MSA arbitration hearings. Kentucky’s hearing will take place from May 23 through May 28, 2013, and it is hoped that Kentucky is in a good position of presenting evidence that it enforced the 2003 model statute to ensure that participating manufacturers were not put at a competitive disadvantage when the MSA was signed in 1998.

Mr. Thomas said the Agriculture Development Board agrees that water may become the next oil resource for Kentucky. The board approved two projects: working with the U.S. Geological Survey; and testing Kentucky’s water quality.

Mr. Thomas said it was anticipated that funding would be available for the Kentucky Proud program, Kentucky Beef Network, Kentucky Dairy Development Council, and the Kentucky Horticulture Council. GOAP was working with the poultry, pork, and beef producers promoting their products through the Kentucky Broadcasters Association, using recycled agriculture development funds. There will be a continuing need for investing in agriculture.

In response to Senator Givens’ question, Mr. Thomas explained that the MSA hearings should conclude at the end of 2013. It will be up to the Court to decide whether a deal between the states and the participating manufacturers is to be negotiated. The exact amount that Kentucky stands to receive, depending on the court’s decision, is estimated to be approximately \$40 million.

In response to Representative McKee, Mr. Thomas said that the demand for tobacco this year is very strong. Unfortunately, the demand for Kentucky tobacco is due to the sale of cigarettes out of the country. The MSA and payments to the states are based upon domestic sales.

Kentucky Department of Agriculture

Commissioner James R. Comer, Kentucky Department of Agriculture, stated that industrial hemp legislation would be a priority for the Department. He is the newly elected Chairman of the Kentucky Hemp Commission, and is submitting a report to the Agriculture Committee as required by statute. Other legislative issues requiring minor changes include the county fair program, livestock shows, and dairy shows (lowering the number of head of cattle required to have a breed show). Regarding Amusement

Rides, the department would like changes made to existing statutory language requiring fines against a company or person to follow the individual. Minor changes also need to be made to the grain regulation. The department needs language clarifying the price of fuel at the pump versus the fuel retailers’ street sign. The department would support a farm family tax credit, and it also supports the horse industry and its importance to Kentucky.

In response to Senator Givens, Commissioner Comer said that the department is in the process of purging names from the Kentucky Proud register who have not met the requirements to be labeled Kentucky Proud. The department is working to label milk from Kentucky as Kentucky Proud, but it is a tedious process. The department is working with milk processors to get Kentucky Proud milk into stores such as Wal-Mart.

In response to Senator Pendleton, Commissioner Comer said fuel is tested at the retail outlet. If changes are needed to fuel regulations, the department is open to discussions for expanding tests to other sources.

In response to Senator Givens, Commissioner Comer said that if a retailer calls the department about the quality of fuel coming into a facility, the department has the authority to test the product before it is unloaded.

Kentucky Farm Bureau

Mr. Mark Haney, President, Kentucky Farm Bureau (KFB) stated that the issues that have gotten the most attention from the members of KFB are tax modernization, sales and usage taxes, property taxes, and farm tax exemptions. KFB believes that a broad-based sales and use tax is the best way to finance state government. Wildlife management is very important to Kentucky Farm Bureau Insurance (KFBI). In 2011, KFBI received approximately 7,200 claims worth more than \$23 million in accidents caused by deer. KFB supports the importance of Kentucky’s water quality. Kentucky needs to consider the impoundment of water to assist farmers in the growing of crops.

Representative Stone and Senator Webb encouraged KFB to monitor proposed federal regulation regarding water quality and its effects on agriculture in Kentucky.

Community Farm Alliance

Cassia Heron, President, Community Farm Alliance, and Carolyn Gahn, and Mike Lewis, Community Farm Alliance Young Farmers, spoke on behalf of the Community Farm Alliance (CFA). Ms. Heron explained that Community Farm Alliance (CFA) is a farmer based organization with a membership representing several different

groups of people. Its mission is to build democracy and create good public policy. CFA was established to help marketing development. It is active in supporting local and community based projects such as farmers' markets, farm to school projects, and small business development. CFA has been involved in addressing Kentucky's nutrition issues and encourages the study of how the food and nutrient programs are administered in by looking to see if the programs are actually increasing food access and providing solid markets for farmers.

Carolyn Gahn explained that it had been a struggle as a beginning farmer. CFA's Agriculture Legacy Initiative has helped to connect with other beginning farmers. There are five specific needs of beginning farmers: access to land, reliable markets, support resources, community with mentorship, and holistic support systems. House Bill 391 should include a provision and expansion to include non-farming entrepreneurs, along with a better definition of oversight and enforcement. Eastern Kentucky's beginning farmers are among the fastest growing groups in Agriculture Legacy, but they have very few resources because eastern Kentucky is not dependent upon tobacco per the stipulations in House Bill 611.

Mike Lewis said he and his family farm in Rockcastle County, and he is president of the Berea's farmers' market and is a disabled veteran. In cooperation with the Rockcastle County Industrial Development Authority, he is working towards developing a cooperative food hub for the distribution of local farm products. There is a critical need for market support, particularly staff. There are not enough farmers to meet market demands. With the support of the Farmer Veteran Coalition and Berea College's, Grow Appalachia program, CFA is sponsoring the Veteran's Agriculture project as a model to support new and beginning veteran farmers. He is proud to be working with KDA and USA Cares on the new Kentucky Proud jobs for veterans program as well as the creation of the Homegrown by Heroes brand.

In response to Senator Givens, Mr. Lewis stated that the farmer veteran coalition is a national organization that works with veterans across the country to help them pursue careers in agriculture. The Homegrown by Heroes brand, through the Kentucky Department of Agriculture, is a labeling process to recognize veteran farmers who grow and produce a product.

Kentucky State University

Dr. Teferi Tsegaye, Dean and Director of Land Grant Programs, Kentucky State University, gave a brief update on the College of Agriculture. The land grant mission covers three areas: academic, research, and extension. KSU's aquaculture program is still listed in the top 5 nationally, and the organic farming program is ranked in the top 20. Kentucky State University is in the process of becoming more visible in all 120 counties, as well as nationally and abroad. Dr.

Tsegaye announced that two of KSU's staff members would be deployed to Afghanistan to assist the National Guard.

There being no further business, the meeting adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Horse Farming Minutes of the 2nd Meeting of the 2012 Interim November 14, 2012

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Horse Farming of the Interim Joint Committee on Agriculture was held on Wednesday, November 14, 2012, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Susan Westrom, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Susan Westrom, Co-Chair; Senators David Givens, Dennis Parrett, and Robin L. Webb; Representatives Royce W. Adams, Tom McKee, Michael Meredith, Brad Montell, David Osborne, Ryan Quarles, and Tom Riner.

Guests: Ms. Ginny Grulke and Ms. Erin Woodall, Kentucky Horse Council; Mr. Ben Shaffar, Kentucky Department of Agriculture; Mr. Ron Thomas, Executive Director and Mr. Marty Irby, President, Tennessee Walking Horse Breeders' and Exhibitors' Association; and Ms. Linda Starnes, Tennessee Walking Horse Breeders' and Exhibitors' Association – Kentucky affiliation.

LRC Staff: Lowell Atchley and Kelly Blevins.

The October 10, 2012, minutes were approved, without objection, by voice vote, upon motion made by Senator Thayer and second by Senator Parrett.

Kentucky Horse Council

The subcommittee first heard from Ms. Ginny Grulke, Executive Director of the Kentucky Horse Council (KHC), Mr. Ben Shaffar, with the Kentucky Department of Agriculture's Kentucky Proud Program, and from Ms. Erin Woodall, Chair of the Kentucky Breeds and Disciplines Council.

Ms. Grulke discussed a range of issues, including the general status of the horse industry in Kentucky, the comprehensive equine survey, the possible need to seek legislation related to the special license plate, and the Kentucky Proud designation for horse farms.

Ms. Grulke said that the horse industry is beginning to recover from the recession. Race horse sales are up, and there is more activity related to the breeding side of the industry. There appear to be fewer reports of abandoned or neglected horses, which was a problem during the height of the recession.

Ms. Grulke discussed the KHC-initiated equine survey. The University of Kentucky Equine Initiative is coordinating the survey in conjunction

with the University of Louisville's Equine Business Program and the National Agricultural Statistics Service (NASS). Of the 15,000 names of horse owners identified initially, about 10,000 responded to the survey. In the months ahead, NASS will be generating data collected, there will be some follow-ups in low response areas, and consumer data (such as horse show and race track attendee spending) will be collected.

Responding to Senator Webb, Ms. Grulke indicated the compliance rate for the survey was good, although owners in some counties did not respond. Senator Webb mentioned that some people in her area may have been reticent to respond.

Ms. Grulke described to Representative Adams how KHC has gone about addressing some misunderstandings about the survey information. Results from the survey can show the scope of the industry in the state and be used to justify the need for a sales tax exemption long sought for horse farms.

In response to Co-chair Thayer, Ms. Grulke described how the council operates. She said that 2012 marks the 40th anniversary of the organization.

Ms. Grulke mentioned the possible need for legislation allowing owners of registered farm trucks to buy the special Horse Council equine license plate, from which a portion of revenue supports the KHC.

Ms. Grulke introduced Ms. Shaffar and also took part in the Kentucky Proud discussion.

Mr. Shaffar testified about how horse farms can become designated as Kentucky Proud facilities. The program promotes Kentucky grown or processed agricultural products. Horse farms would need to meet Kentucky Proud standards, be eligible to receive grants from the Department of Agriculture, and be eligible to participate in a cost-share program.

Ms. Grulke and Mr. Shaffar explained to Senator Webb the Kentucky Proud standards for horse farms. Ms. Grulke indicated that a horse born in Kentucky can be tied to the program.

Responding to Senator Thayer, Ms. Grulke and Mr. Shaffar said the designation will give horses brand recognition, plus the financial incentives would be available. Ms. Grulke noted that Breeders' Incentive Fund Program awards generally go to those involved in horse racing or showing, but the Kentucky Proud designation would provide a boost to those not involved in racing or showing, such as exhibitors at county fairs.

Senator Thayer advised them to "proceed with caution" and urged cooperation between Kentucky Proud for horses and the Breeders' Incentive Fund Program.

In remarks to the witnesses, Senator Webb said Kentucky Proud for horses is a form of agricultural diversification.

Prior to Ms. Woodall's remarks, Senator Thayer mentioned the problem in Kentucky with horse trail riders getting

access to trails on public lands.

Ms. Woodall discussed the concept of the Kentucky Breeds and Disciplines Council. The idea behind the council is to provide a venue to share ideas by those involved in all equine disciplines and to offer suggestions to the KHC.

Tennessee Walking Horse Breeders' and Exhibitors' Association

Mr. Ron Thomas, Executive Director of the Tennessee Walking Horse Breeders' and Exhibitors' Association (TWHBEA), Mr. Marty Irby, TWHBEA president (both residents of Tennessee), and Ms. Linda Starnes, Edmondson County, a Tennessee Walking Horse owner and championship show participant, testified about the association.

Senator Webb, a Tennessee Walking Horse rider, introduced the speakers. She mentioned that Representative Gregory, who was unable to attend the meeting, shows Tennessee Walking Horses.

Mr. Irby testified about the scope of the breed and the history of the TWHBEA. The breed registry was formed in 1935 and currently has 10,000 members in the U.S. and worldwide.

Mr. Irby told the subcommittee that Kentucky important to the association. For example, Kentucky ranks second to Tennessee in the number of TWHBEA members. There are almost 35,000 registered Tennessee Walking Horses in Kentucky. In 2011, almost 1,300 mares were bred in Kentucky and almost 550 foals born. Six Grand Champion Tennessee Walking Horses were bred in Kentucky and two World Grand Champion Tennessee Walking Horses were owned in the state in 2011. The horse is a versatile breed and is shown and is ridden for pleasure.

Mr. Thomas talked about the history of the breed as a utility horse suited for a recreational mount due to its smooth, easy ride, and gentle disposition. The breed was founded in middle Tennessee. The first Tennessee Walking Horse show occurred in Shelbyville, Tennessee, which is home of the Tennessee Walking Horse National Celebration.

He addressed the controversy surrounding some who abuse the horses in training and showing. Mr. Thomas said his organization has worked hard to rectify the problem and separate itself from those who do not act appropriately.

Responding to Senator Webb, Mr. Thomas described the classic class as a competition class for older horses, 15 or older.

Senator Webb talked about the wide range in ages of riders. She described one 93-year-old show participant. Mr. Irby indicated he started riding at age 3.

Ms. Starnes talked about her involvement with the breed and expressed her appreciation for the Kentucky Breeders' Incentive Fund Program. Mr. Irby also expressed his appreciation for the program.

The meeting adjourned at about 11:20 a.m.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Rural Issues

Minutes of the 2nd Meeting of the 2012 Interim

November 14, 2012

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Rural Issues of the Interim Joint Committee on Agriculture was held on Wednesday, November 14, 2012, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Mike Denham, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Mike Denham, Co-Chair; Senators Joe Bowen, David Givens, Paul Hornback, and Ken Winters; Representatives John “Bam” Carney, C.B. Embry Jr., Kim King, Tom McKee, Terry Mills, Bart Rowland and Steven Rudy.

Guests: Ron Couch, Director of Research and Statistics, Kentucky Education and Workforce Development Cabinet and Dr. Alison Davis, Director, Community and Economic Development Initiative of Kentucky.

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

The October 10, 2012 minutes were approved by voice vote, without objection, upon motion made by Representative Rudy and second by Senator McGaha.

Discussion on Population Shift and its Effects on Rural Issues

Mr. Ron Crouch, Director of Research and Statistics, Kentucky Education and Workforce Development Cabinet, stated that the face of Kentucky and its rural areas, as well as America, is changing through diversity and longevity. By 2050, it is projected that the world population under 25 years of age will have stopped growing. After 2050, all population growth will be in the 45 or above age bracket. In five to ten years, the world will see a significant increase in the aging population. The projected increase in the aging population will cause major issues for Medicaid and social security funding. The northeast and midwest are in a major population decline. If the current trends continue, California, Arizona, Texas, and Nevada will be the new Appalachia. The southeast, including Kentucky and its rural areas, have major potential to do well if the right investments are made. Kentucky is fortunate to have an abundance of water because water may become the new oil in the future.

Mr. Crouch stated that, contrary to popular belief, many people are staying in rural areas. The only thing that has changed demographically is that families have fewer children. The trend shows a decline in the younger population of workers, which means that the United States will have to re-tool and retrain the older workforce.

Mr. Crouch pointed out that,

according to Kentucky’s 2010 Census, the fastest growing population under 18 years of age was minority and mostly Hispanic. In some counties, the largest employer is the health care industry. Kentucky has lost some manufacturing due to automated equipment. A challenge for rural Kentucky is dealing with a two-tier wage system. New workers are making less than the older workers resulting in an increase in use of food stamps. Another challenge is that 42 percent of children are born to unwed mothers who are mainly in their twenties. Women are investing in education, but men are not. In Kentucky, seven percent of males are less likely to graduate from high school than females.

In response to Representative Denham’s questions, Mr. Crouch stated that the world population was not growing due to better education, medical care, and urbanization. In the past, children were considered an economic asset. By 2050, the number of children will start declining in raw numbers. The reason for the population increase in the Golden Triangle is due to access to interstates. Most Kentucky counties are still gaining population as opposed to a lot of other states.

In response to Senator Givens’ questions, Mr. Crouch stated that the last ten years showed an increase of employment in the government sector due mainly to the hiring of additional policemen and firefighters in local government. Data for 2012 shows that the public sector is losing employment and the private sector is gaining. If Kentucky makes the right investments in the Hispanic population, infrastructure, water, and a skilled educated population, then the economic future will look good. One other area of concern was people running out of money before running out of life.

In response to Representative Carney’s questions, Mr. Crouch said there was not a way to track the cost of living in Kentucky counties. Having technical schools around the state would be helpful in training skilled workers, along with training for electricians, plumbers, and mechanics.

In response to Representative Rudy, Mr. Crouch said that one of reasons that the population had been declining in rural areas such as Fulton and Hickman was because farming had become automated. Farms were not hiring additional help.

In response to Senator Hornback, Mr. Crouch said that young male students were not applying themselves. Jobs are getting smarter, and Kentucky needs young males to be more skilled and educated.

In response to Senator Bowen’s question, Mr. Crouch said he did not know the exact amount of shoreline that Kentucky has, but it will be important to keep the water clean so that it will be a valuable asset.

Discussion on Jobs in Rural Kentucky

Dr. Alison Davis, Community and Economic Development Initiative

of Kentucky (CEDIK), College of Agriculture, University of Kentucky, stated that CEDIK works with communities and organizations across Kentucky. CEDIK provides support to all counties for economic and community development. According to a recent report, rural Kentucky is lagging behind all of the southern states in per capita income and high poverty levels. In eastern Kentucky, substance abuse is insurmountable and makes it almost impossible to implement any type of economic development strategy. There are jobs available in eastern Kentucky; however, employers are unable to hire workers due to the prevalence of substance abuse. Another issue for Kentucky is Social Security and SSI. Incentives are needed to induce people to work. Many families will say that they do better financially by not working. She explained the differences between rural and urban Kentucky. It is documented that the rural areas are losing people to work in urban areas. As examples, she said that Bath County has a population of 4,100 and, of those, 875 people are staying in the county to work. In Owsley County, only 1.3 percent of the residents are able to find jobs, and only 17 people are making \$40,000 a year or more.

Dr. Davis said that between 2000 and 2009, Kentucky lost 21 percent from non-resident companies. Self-employment increased by 151 percent. Manufacturing jobs are coming back, but there is a large demand for professional services and skilled and trade jobs. Kentucky has not grown as much as it should have in healthcare jobs and growing those jobs in the rural area is essential to economic growth. The largest growth in jobs comes from businesses that currently exist in Kentucky. Overall, job growth has declined, consistent with the recession. Kentucky should focus on expanding businesses and a support system for entrepreneurs and self-employed.

Ms. Davis explained that many states have invested in economic gardening programs. These programs embrace strategies to grow existing businesses who have survived the first year. In Littleton, Colorado, through economic gardening, the city doubled jobs from 15,000 to 34,000.

CEDIK surveyed 1,200 of the fastest growing manufacturers and asked what their top incentives were in considering locating to Kentucky. The top answers were education, a good healthcare system, and a skilled labor force. In talking with physicians who were leaving the area, the major complaint was lack of entertainment and jobs.

Ms. Davis noted that the website for CEDIK contained information regarding agriculture, healthcare, and overall economic welfare for all counties.

In response to Representative Denham’s questions Ms. Davis said that a regional coalition in Kentucky is possible. Communities are slowly recognizing the benefits from sharing some information.

There are still concerns on how to share water rights and taxes. There is not enough information available yet to say if House Bill 1 is making a difference in eastern Kentucky.

In response to Senator Givens, Ms. Davis said that there were several reasons for the closing of Goodyear in Union City, Tennessee. There had been a decline in the population affecting the number of skilled workers available. Workers at the Goodyear plant made excellent money, but there were no extra amenities for them to continue living in the area. When Goodyear announced it was leaving the area, there were opportunities that should have happened. The small business development centers should have been there working to get the labor force re-tooled so people could have developed their own business ventures.

There being no further business, the meeting adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 6th Meeting of the 2012 Interim

November 29, 2012

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, November 29, 2012, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Rick Rand, Co-Chair; Senators Walter Blevins Jr., Tom Buford, Jared Carpenter, Denise Harper Angel, Ernie Harris, Ray S. Jones II, Vernie McGaha, Gerald A. Neal, R.J. Palmer II, Joey Pendleton, Brandon Smith, Jack Westwood, and Mike Wilson; Representatives Royce W. Adams, John “Bam” Carney, Ron Crimm, Mike Denham, Bob M. DeWeese, Danny Ford, Derrick Graham, Keith Hall, Richard Henderson, Jimmie Lee, Reginald Meeks, Sannie Overly, Marie Rader, Jody Richards, Steven Rudy, Sal Santoro, Arnold Simpson, Jim Stewart III, Tommy Turner, Jim Wayne, and Brent Yonts.

Guests: Mr. Thomas B. Miller, Commissioner, Department of Revenue; Representative Mike Cherry, Co-Chair, Kentucky Public Pensions Task Force; Mr. David Draine, Senior Researcher, Pew Center on the States.

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

Representative Yonts moved that the minutes from the previous meeting be approved as written. The motion was seconded by Representative Simpson. The motion carried by voice vote.

Tax Amnesty

Mr. Thomas B. Miller, Commissioner, Department of Revenue, reported to the committee that Tax Amnesty was ongoing,

with approximately one day and ten hours remaining in the application period. He discussed the provisions of tax amnesty, stating that taxpayers are required to pay both eligible and non-eligible tax periods. Approved taxpayers must pay the full amount of tax and one-half the interest due on eligible tax periods, with the payment on amnesty agreements due in full by May 31, 2013.

Commissioner Miller stated that as has been the case with the prior two amnesty programs, most of the applications are received within the last ten days of the period. There have been 15,000 applications received, and over 14,000 of those applications for amnesty have been approved.

Commissioner Miller stated that because of installment payments allowed for Tax Amnesty and the enhanced enforcement tools granted by the General Assembly, a final count of dollars collected through the program will not be available until the current fiscal year ends. Additionally, it will be at least another month before the processing has been completed for the applications received in these last few days of the program. Commissioner Miller stated that he is confident that the \$55 million estimate for receipts from Tax Amnesty will be obtained.

In response to a question from Representative Ford, Commissioner Miller stated that everyone who fills out an amnesty application, is approved, and asks for an extended payment agreement may have until May, 2013 to pay all amounts due under the agreement.

In response to a question from Representative Yonts, Commissioner Miller replied that he is confident that the department will meet the \$55 million estimate, but all income from amnesty has not been received yet, so a firm estimate cannot be made.

Kentucky Public Pensions Task Force

Representative Mike Cherry and Mr. David Draine, Senior Researcher, Pew Center on the States, reported to the committee that the Kentucky Public Pensions Task Force has completed its work and made recommendations for improving the financial health of the Kentucky Retirement Systems (KRS). Related to the unfunded liability, the task force primarily recommends that the full actuarially required contribution (ARC) be made beginning with the next budget cycle, FY 2014-2015 and FY 2015-2016, and the statutory provisions for cost of living adjustments be repealed. These two recommendations will result in an additional appropriation to the KRS of approximately \$300 to \$350 million for each year of the next biennial budget.

Other secondary recommendations include resetting the amortization period, modifying the provisions related to reemployment after retirement (commonly referred to as “double-dipping”), providing pension spiking provisions,

establishing further transparency on the KRS website, and modifying the structure of the KRS Board.

Finally, a Hybrid Cash Balance Plan is recommended for all newly hired employees. This new plan will create a stable and sustainable retirement for employees, share risk between the Commonwealth and its employees, and provide an appropriate benefit plan to produce the needed workers for the Commonwealth.

In response to a question from Senator Smith, Representative Cherry responded that during the task force process, recommendations that could not be agreed upon were discarded. It is believed that the recommendations presented in the task force report are those that members of both chambers could agree upon.

In response to a question from Senator Westwood, Representative Cherry replied that he does not believe that the recommendations would be applicable to the Kentucky Teachers Retirement System. That system’s unfunded liability is increasing, but the more immediate need is found in the Kentucky Employees Retirement System and should be addressed first.

In response to a question from Representative Denham, Representative Cherry stated that the pension fund has historically outperformed the 7 percent return rate benchmark and is expected to continue to do so.

In response to a question from Representative Simpson, Mr. Draine replied that the Governmental Accounting Standards Board (GASB) changes to be adopted in 2014 will do away with ARC payment calculations and there will no longer be a mandatory ARC.

There being no further business, the meeting was adjourned at 3:30 p.m. A cassette tape this meeting is available in the Legislative Research Commission library.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, and Public Protection
Minutes of the 1st Meeting of the 2012 Interim
November 29, 2012

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 Thursday, November 29, 2012, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Jack Westwood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Royce W. Adams, Co-Chair; Senator Joey Pendleton;

Representatives Dwight D. Butler, Leslie Combs, Mike Denham, Adam Koenig, Tom McKee, Tanya Pullin, Tom Riner, and Wilson Stone.

Guests: Adam Edelen, Auditor of Public Accounts.

LRC Staff: Tom Willis, Jennifer Rowe, Katherine Halloran, and Spring Emerson.

Report on Special Districts in Kentucky

Adam Edelen, Auditor of Public Accounts, provided an overview of the report on special districts in Kentucky. He said there is an opportunity to make Kentucky a national leader in good government with a four-point approach, which includes modernization and reform of 1,017 individual statutes in order to develop clarity; a better system of compelling compliance; a centralized registry of special districts that tax, fee, hold money in reserves, or borrow funds, including organizational structures; and, a method of accountability and transparency such as the ethics code.

In response to questions from Representative McKee, Auditor Edelen said under existing law there are 23 categories of taxing districts and 20 categories of non-taxing special districts which charge fees. He added that there is a citizen auditor database available on the internet which can be accessed for information regarding individual counties.

In response to a question from Chair Westwood, Auditor Edelen stated that there are some special districts that neither tax nor charge fees, such as local health departments and area development districts.

In response to a question from Co-Chair Adams, Auditor Edelen said expectations and responsibilities of special districts need to be identified and clearly outlined for newly formed special districts as well as current ones. He also said the laws are unclear regarding the dissolution of special districts that do not exist or are operating illegally.

In response to questions from Representative Koenig, Auditor Edelen said the disparity of approximately \$1 billion accounts for federal, state, and local grants, and corporate grants, which become a part of their revenue stream. He also said when the website was launched, numbers were scrambled in one area due to a computer glitch, and that issue has been resolved. He added that the cost of a centralized registry would be approximately \$250,000 per year and should be housed at the Department of Local Government, with the cost being covered by a staggered fee system and paid for by the special districts.

In response to questions from Representative Stone, Auditor Edelen said the current threshold for annual audits is \$750,000, and those districts with less revenue are audited every four years, by law. He added that only 45 percent of those districts with revenues over \$750,000 get annual audits, and of those who fall below

that threshold, one in three does not get audited every four years.

In response to questions from Representative Pullin, Auditor Edelen said some boards are comprised of elected officials, which allows for more accountability in those special districts. He added that nonprofits report to the Secretary of State, not the special district. He reiterated the need to reform the oversight of the system.

In response to questions from Chair Westwood, Auditor Edelen said there are many special districts in northern Kentucky. He went on to say that if the special districts’ ability to change their power to tax to the fiscal courts would be disastrous for the county governments’ ability to bond. Audits are conducted by APA career staff as well as private CPA firms under contract, and are paid for by the special districts.

Representative Denham said there are four members of this committee who are leaving the General Assembly, and he made a motion for a resolution to thank Co-Chairs Westwood and Adams and Senators McGaha and Pendleton for their contributions to this committee and their service to the commonwealth; the motion was seconded by Representative Combs and passed without objection.

Co-Chair Adams stated that he had been on the committee for over 15 years and thanked everyone for the opportunity to serve in this capacity. Co-Chair Westwood echoed those sentiments and thanked everyone for their support.

There being no further business before the committee, Chair Westwood asked for a motion to adjourn. A motion was made by Representative McKee and seconded by Representative Stone, and the meeting was adjourned at 11:18 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Transportation
Minutes of the 3rd Meeting of the 2012 Interim
November 29, 2012

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, November 29, 2012, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Sannie Overly, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Sannie Overly, Co-Chair; Senator R.J. Palmer II; Representatives Hubert Collins, Tim Couch, Danny Ford, Dennis Keene, Sal Santoro, John Short, and Jim Stewart III.

Guests: Monty Boyd, Chairman, Kentuckians for Better Transportation, and Chairman and CEO, Whyne Supply Company; Dr. Joe Crabtree, Director, Kentucky Transportation

Center, University of Kentucky; Stan Lampe, President, Kentuckians for Better Transportation; John Wilcoxson, Branch Manager, Pavement and Operations Branch, Division of Maintenance, Transportation Cabinet; and, Mike Hancock, Secretary, Transportation Cabinet.

LRC Staff: Chuck Truesdell, Zach Ireland, and Christina Williams.

States' Support of Non-Highway Modes of Transportation

Monty Boyd, Chairman, Kentuckians for Better Transportation (KBT), provided a brief overview of modes of transportation. There are five modes of transportation: air, public transit, railroads, and waterways, as well as streets, roads, highways, and bridges that tie all the other modes together in a connected network. All modes of transportation require a reliable, dependable, and growing revenue stream.

Dr. Crabtree, Director, Kentucky Transportation Center (KTC), University of Kentucky, gave an overview of the KTC, which provides services through research, technology transfer, and education. The KBT sponsored a study by the KTC to investigate how other states support the four non-highway modes of transportation which include aviation, public transportation, rail, and waterways. The review and investigation included governance, ownership, and regulation; financial assistance; and technical and marketing assistance, in order to identify innovative opportunities for Kentucky. The key researchers on the project were Candice Wallace, Aviation; Ben Blandford, Public Transportation; Andrew Martin, Rail; Tim Brock, Waterways; and, Chuck Knowles and Candice Wallace, Project Coordination and Oversight.

In response to questions from Representative Collins, Ms. Wallace said there are instances where plane owners are parking their planes across state lines and buying jet fuel from other states, as well as acquiring mechanical services and those fees are going to other states. Dr. Crabtree said Kentucky receives no benefit from property tax on planes for the support of airports. He also said the cap on the jet fuel tax was to encourage large carriers to operate in Kentucky and subsequently receive tax benefits, which also results in a loss of tax revenue for the commonwealth. Representative Collins requested that jet fuel tax information on other states be provided to the committee at a later date. Mr. Lampe said Kentucky's large airports are individually owned by county and local governments, and they receive revenues from the airport boards annually when profits are realized.

In response to a question from Representative Keene, Dr. Crabtree said some options that had been considered, such as a state infrastructure bank, would provide opportunities for financing.

In response to questions from Chair Overly, Secretary Hancock said bond funds are used to support revenue streams,

such as matching federal funds. He also said even though the larger airports generate income, there is still a need for additional funds.

Pavement Condition Trends in Kentucky

John Wilcoxson, Branch Manager, Pavement and Operations Branch, Division of Maintenance, Transportation Cabinet, provided a brief presentation outlining pavement condition trends in Kentucky.

In response to a question from Representative Collins, Mr. Wilcoxson said there had been issues with center line road reflectors being damaged by snow plows. He added that there had not been road deterioration issues with center line rumble strips.

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

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 6th Meeting
of the 2012 Interim
November 19, 2012

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Education was held on Monday, November 19, 2012, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Carl Rollins II, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ken Winters, Co-Chair; Representative Carl Rollins II, Co-Chair; Senators Walter Blevins Jr., Jared Carpenter, David Givens, Denise Harper Angel, Jimmy Higdon, Vernie McGaha, Johnny Ray Turner, Jack Westwood, and Mike Wilson; Representatives Linda Belcher, Regina Petrey Bunch, John "Bam" Carney, Hubert Collins, Leslie Combs, Ted Edmonds, C.B. Embry Jr., Kelly Flood, Derrick Graham, Donna Mayfield, Reginald Meeks, Charles Miller, Ruth Ann Palumbo, Ryan Quarles, Marie Rader, Jody Richards, Tom Riner, Bart Rowland, Rita Smart, Wilson Stone, Ben Waide, Addia Wuchner, and Jill York.

Guests: Jim Thompson, Education and Workforce Development Cabinet, Clyde Caudill, Kentucky Association of School Administrators and Jefferson County Public Schools, and Wayne Young, Kentucky Association of School Administrators.

LRC Staff: Kenneth Warlick, Jo Carole Ellis, Ben Boggs, Janet Stevens, and Lisa W. Moore.

Approval of minutes from September 10 and October 8, 2012, meetings

Representative Collins moved to approve the minutes and Representative Richards seconded the motion. The motion carried.

Reports from the Subcommittees

Senator McGaha reported that the Subcommittee on Elementary and Secondary Education heard a presentation

on recognizing the military as a career option for students. A Major recommended that the Kentucky Department of Education (KDE) recognize the military as a career cluster; recognize Jr. ROTC as a career pathway; and recognize a Jr. ROTC Certificate of Training as an industrial certificate.

The committee approved a recommendation to be submitted to the Kentucky Board of Education to add the military as a career pathway and to develop a waiver program for a student who obtains an industry certificate but does not complete a three-course preparatory program.

Representative Meeks reported that the Subcommittee on Postsecondary Education heard about partnerships between P-12 and postsecondary that formed as a result of Senate Bill 1. The Council on Postsecondary Education (CPE) presented information on the consequences of students not being college and career ready such as unemployment and incarceration rates.

Representative Meeks said after passage of Senate Bill 1, the General Assembly appropriated \$6 million dollars plus \$1.5 million in recurring funds for professional development initiatives to meet Senate Bill 1 goals. CPE attributed the use of these dollars as a direct contributor to the 10 percent increase in the number of students who graduated college and career ready between 2010-2011 and 2011-2012.

Representative Meeks said that the subcommittee heard from partnerships that were made possible by the funding and the resulting work that is happening between colleges and secondary education to improve the success of Kentucky students. The presentations demonstrated that the progress being made in meeting Senate Bill 1 goals is because of partnerships and no one sector working alone.

Adult Education and Literacy Programming including the Commonwealth College Initiative, the GED program, and Project Graduate

Aaron Thompson, Senior Vice President for Academic Affairs, CPE, said Kentucky is a state in need. Education is an investment that Kentucky can no longer afford to ignore. About 56 percent of Kentucky jobs are expected to require some college training in 2020. Workers with a high school diploma or GED are twice as likely to be unemployed as those with a bachelor's degree. Incomes for those with just some college but no degree average 15 percent higher in Kentucky than for those with a high school diploma or GED.

Dr. Thompson said postsecondary education is becoming more necessary for employment. American employers in 2025 will need about 23 million more degree and certificate holders than the nation's colleges and universities will have produced. By 2018, 54 percent of all jobs in Kentucky will require some level of postsecondary education.

Mr. Reecie Stagnolia, Vice President, Kentucky Adult Education (KYAE), said two-thirds of the nation's college completion goal will come from non-traditional students staying and entering into the postsecondary pipeline. It is the goal that many of those will be GED graduates.

Mr. Stagnolia said adult education has had success over the last few decades. Kentucky is starting to move ahead of other states nationally in the percentage of work age adults that do not have a high school credential. Kentucky's percentage of working age adults that do not have a high school credential is 15 percent and is closing the gap towards the national average of 13 percent.

Mr. Stagnolia said in 2000, 44 counties had a population above 30 percent without a high school diploma or GED. In 2010, no county is above 40 percent without a high school diploma, and only nine counties are above 30 percent. Kentucky has moved from 29 to 69 counties in the most favorable category of only 0-19 percent of people not having a high school diploma or GED. These improved statistics have a significant impact on Kentucky's economic development efforts to be successful.

Mr. Stagnolia said that from 2005-2009 Kentucky led the nation in an increase in enrollment in adult education programs. Only 13 states had an increase over that same period of time. Kentucky is not satisfied and wants to engage more students to enroll and stay in its adult education programs.

Mr. Stagnolia said over the last decade, Kentucky has produced 106,000 GED graduates. Kentucky's bigger goal is to successfully transition the GED graduates into postsecondary education. This is what will make the biggest impact on potential earnings in their lifetime. It is estimated that a GED graduate will earn \$9,700 more dollars annually in earnings. Over a 30-year work career, that is \$2.7 billion in additional earnings if adult education students stay in the pipeline. The ideal goal is for GED graduates to enroll in postsecondary education without needing developmental education courses. This is a challenge because data shows an increase in students needing remedial courses from 21 percent in 2007-2008 to 25 percent in 2011-2012.

Mr. Stagnolia said adult education students face many barriers and challenges to entering and staying in the education pipeline. Many do not have help from counselors, parents, and teachers to complete financial aid paperwork and college entrance forms.

Dr. Cheryl King, CPE, said workers with a high school diploma or GED are twice as likely as those with a bachelor's degrees to be unemployed. About 77 percent of the adult population in Kentucky, or 1.8 million adults, do not have a bachelor's degree. She said 1.3 million adults in Kentucky need to reengage in postsecondary education

in order to qualify for the jobs that are available. There is an adequate pool of applicants, but the educational attainment levels do not meet what employers need. This is not systematic of a poor system. It is an issue of recognizing how adults learn and addressing their issues of balancing education with family and employment responsibilities.

Dr. King said Kentucky lags the nation in adult education attainment and college participation. She said 6 percent of the targeted adult population is served. Kentucky ranks 46th in the nation with adults with a bachelor's degree or higher. Kentucky ranks 37th in adult enrollment compared to adults without a bachelor's or higher degree.

Dr. King said it is imperative to find cost effective ways to enroll more adults. Over 21 percent of students enrolled in Kentucky colleges are adults; however the system is designed and geared to the more traditional 18-24 year old student. Kentucky needs to evolve and design programs focused on the adult learner.

Dr. Thompson said Project Graduate is a student recruitment program designed to bring Kentuckians with 90 or more college credit hours but no bachelor's degree back to college to finish their degree. It is a collaborative effort between the CPE, Kentucky's public universities and the Association of Independent Kentucky Colleges and Universities. The program graduated 873 adult students with bachelor's degrees in the past four years. A marketing communications plan is under development to step up outreach to this target audience and to identify strategies to reach out to the larger adult learner market in Kentucky.

Dr. Thompson said employers need employees with critical thinking skills and problem solvers that can work with diverse populations. Kentucky needs up-to-date ways to help students learn and make workers more productive. This includes using formative courses that have a faster delivery system designed for adult learners. Paradigm shifts and resources will be essential for success.

Responding to Representative Rollins, Mr. Stagnolia said adult education programs are offered in each county. The system is designed to allow the programs flexibility to design services fit for the community. It is important to offer courses based on student demand and ease of access as opposed to convenience for teachers.

Mr. Stagnolia said a partnership between the Kentucky Community and Technical College System (KCTCS), the Kentucky Workforce Investment Board (KWIB), KYAE, and a Bill and Melinda Gates Foundation funded initiative is helping transform adult education into more successful pathways leading to economic security for underprepared workers in today's demanding job market. The initiative will assist Kentucky colleges in providing adult learners with a fast track education that will quickly

prepare them for a job in high demand, high wage sectors. Students can earn a certificate from KCTCS simultaneously while completing their adult education course curriculum.

Mr. Stagnolia said Kentucky is the only adult education program in the nation to formally adopt the common core standards. Kentucky received national recognition for this effort of making the transition into postsecondary education more seamless. It ensures adult education students will be college and career ready and not in need of developmental education courses after college enrollment.

Responding to Representative Rollins question, Mr. Stagnolia said KYAE has begun to track data on how many students graduate from a postsecondary education institution. This is an important data point that KYAE needs to trend. Approximately 13 percent of the adult education students obtain a certificate at KCTCS and retention rates must be improved. These are students that face many life barriers and drop out of the program for various reasons. The need to provide wrap-around services for the adult learner is critically important for this student population.

Representative Rollins said it is important to track the number of GED graduates that need remedial courses in postsecondary education and the number who obtain a certificate or a degree. Dr. Thompson noted that CPE is close to being able to track how many adult education students complete a certificate or degree program. He also noted more Kentucky postsecondary education institutions are applying for adult education grants and becoming the provider of the services.

Responding to a question from Senator Carpenter regarding tuition costs rising and preparing students for today's job market, Dr. Thompson said part of the postsecondary strategic agenda is focusing on reducing most programs, if not all, to 120 hours. The two-year associate of science and associate of arts degrees at KCTCS need to be 60 hours. He said many comprehensive schools are offering accelerated degrees. Senator Carpenter said Kentucky's education system must progress to keep up with technology and changing times.

Responding to Senator Wilson, Dr. Thompson said Kentucky needs to be branded as an adult learner friendly state. He said the process should start at the local levels. Dr. King said marketing and savvy branding are crucial to reaching the adult population. Mr. Stagnolia said 68 percent of adult education students enter the program reading below the ninth grade level, and it is a challenge to keep these students in the adult education pipeline. One-third of adult education students have a GED and need remediation in order to avoid developmental education courses.

Senator Wilson would like information on how many students have obtained certificates through technical college. These students are coded as

having attended some college. CPE will break out the data and provide the information to the committee.

Responding to Representative Richards, Mr. Stagnolia said the University of Kentucky Collaborative Center for Literacy Development is one of KYAE's key partners to provide professional development for adult educators across the state.

Kentucky Youth ChalleNGe—Credit Recovery

Colonel John W. Smith, National Guard, shared what Kentucky Youth ChalleNGe (KYYC) has accomplished in the lives of Kentucky's At Risk Youth, both at Bluegrass and Appalachian ChalleNGe Academies. Cadets from both academies were in attendance to answer questions from the committee.

Colonel Smith said efforts over the last two years to integrate a computer-based instruction high school credit recovery model, along with the traditional GED program, has been difficult and rewarding. In addition, work has been done to expand the Youth ChalleNGe opportunity into Appalachia, establishing a second site in Harlan County.

Colonel Smith said there have been 2,340 KYYC graduates in the Commonwealth since July 1999. New goals for the program will add 400 new graduates each year that will either attain high school graduate status or earn credits and return to high school.

Mr. Eric Vowels, Hardin County Schools, said he has not received clear definitions from the Kentucky Department of Education (KDE) regarding KYYC students. Students cannot receive a diploma from the Bluegrass Challenge Academy and must receive it from their home school district. Colonel Smith said the residency statute is problematic for KDE and asked that it be amended to remove the barrier.

Responding to Senator Winters, Colonel Smith said the General Assembly should identify the KYYC as an alternative for every student leaving traditional secondary education. He would like to move KYYC away from the Support Educational Excellence in Kentucky (SEEK) formula and allow the school awarding the credits or diplomas some share of the performance-based SEEK monies. He also would like consideration of some appropriation of funds to flow from the awarding school to a KYYC entity. He asked for a statutory definition of the Kentucky Youth ChalleNGe effort and a statutory requirement for all 16-17 year old dropouts to graduate from KYYC as a condition of dropping out.

Responding to a question from Representative Graham regarding student residency, Mr. Vowels said it was an administrative decision. Colonel Smith said students have already left the system and dropped out of school when they enroll in the Youth ChalleNGe program, so it has no impact on the number of students enrolled in the local school district.

Responding to a question from Representative Graham, Colonel Smith said students are tracked for one year after leaving the program. He would like to allow students to update their post graduate whereabouts through social media sites such as Facebook. KYYC does not have the resources to track students after graduation. Representative Graham said the longer students are tracked the more legitimacy it brings to the program.

Responding to Senator Wilson regarding obtaining federal funds, Colonel Smith said the program is funded through a 75/25 federal/state grant. He was hoping to fund the Appalachia program with the use of coal severance funds but found it was too controversial on how to utilize those tax dollars.

Kay Kennedy, KDE, discussed the use of SEEK funds and how it affects the challenge academies. She said KDE has set up the challenge academies and infinite campus to track average daily membership for each of the 22-week sessions that the challenge academies provide during the school year. In early December, there will be a count of average daily membership of enrollees in each of those academies from June to December. Each academy will then report to its home district, and KDE will provide one-half of the base SEEK amount for the first 22-week session. For example, Colonel Smith's quarterly report of the average daily membership of the Bluegrass Challenge Academy for the first quarter was 114.19 students. If that figure is multiplied by one-half of the \$3,833 base amount (\$1916.50), then the amount of the award for Bluegrass would be \$218,845.13.

Ms. Kennedy said these funds come out of the SEEK allotment to KDE and is carved off the top before the rest of the funds are distributed to the 174 school districts. It is estimated \$716,000 will be paid annually out of the total SEEK appropriation for challenge academies. She is anticipating a little larger enrollment for the second session this year, and KDE has budgeted \$1.5 million to cover what could be the maximum number of students enrolled (400). If all the dollars are not utilized for the challenge academies, it rolls back into the SEEK funding for the school districts.

Ms. Kennedy said by tracking the students through Infinite Campus, KDE knows the average daily membership and Infinite Campus allows KDE to use electronic records to track transfers from the student's home district to the challenge academies. Once the parent signs the appropriate release form, KDE can transfer the student records electronically to the challenge academy.

Responding to a question from Representative Rollins, Ms. Kennedy said that it is her understanding that all students enrolled in the academies are dropouts. She noted the academies are not certified Kentucky high schools. Ms. Lisa Lang, KDE, explained the process for becoming a Kentucky certified high school and

said the academies have not taken the steps to become certified. Representative Rollins was surprised the academies were receiving SEEK funds if they are not certified Kentucky high schools.

Ms. Lang noted that private and parochial schools can be certified by the Kentucky Board of Education (KBE). They have to complete the same process that the challenge academy would need to do. She clarified that the problem with the challenge academies becoming certified public high schools is that by definition the students are dropouts and outside of the public school system.

Ms. Lang said students have to complete the challenge program and re-enroll in their home district high school, and the high school determines whether or not to award credit for what the student completed in the challenge academy. The statute identifies high school graduation requirements, but local board policy can set forth in more specific detail how that credit is to be evaluated. For instance, especially with credit recovery, different boards for different districts are going to award credit differently. They may give students two credits or zero credits depending on local policy. Further complicating matters is that school systems already accept credits from alternative education programs but the challenge program is not an academic program so that causes an additional challenge to overcome.

Responding to Representative Graham, Ms. Kennedy clarified that SEEK dollars used for the academies was not part of the school district's allocation. The money is an automatic take off at the top before it is divided up between school districts. Basically, all school districts are receiving a little less because of the SEEK funding going to the challenge academies.

Ms. Lang said the challenge is that funding for dropout students is distributed across the state. When students finish the academy, the challenge is they want to come back to a specific school district that essentially is no longer receiving credit for those students. Changing residency requirements could cause an unwanted ripple effect with all sorts of unintended consequences. She wants local school districts to have the opportunity to evaluate what they are willing to accept and not accept.

Senator Winters read the dropout definition. He said the SEEK money is allocated to districts based on Average Daily Attendance (ADA). He noted it is not completely accurate to say the money comes off the top when it is actually deducted from a pool.

Representative Collins noted \$1.5 million out of \$2.9 billion is less than one-half percent of the SEEK dollars going to the challenge academies and that is not much money. It was clarified that the diploma was awarded by the high school in the student's home district and not the Bluegrass Academy.

Representative Carney said the

communities are better served by giving these young people opportunities. The challenge program may keep them out of jail and motivated to continue their education to make a better living for their family.

Representative Waide said the academies need to be an academic program that is a certified Kentucky high school. He said this will benefit the students enrolled in the program and help them to better reach their goals.

Administrative Regulations

Alicia Sneed, Acting Executive Director, Education Professional Standards Board, represented the agency to explain 16 KAR 3:010 and 16 KAR 6:030. No members had questions and no action was taken.

Other Business

Representative Rollins distributed citations to Senators Winters, Westwood, and McGaha, and Representatives Farmer, Belcher, and Edmonds for their service to education.

Adjournment

The meeting adjourned at 3:45 PM.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 4th Meeting of the 2012 Interim November 19, 2012

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 19, 2012, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Vernie McGaha, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Senators David Givens, Denise Harper Angel, Jack Westwood, and Ken Winters; Representatives Linda Belcher, Hubert Collins, Derrick Graham, Rick G. Nelson, Marie Rader, Carl Rollins II, Wilson Stone, and Jill York.

Guests: Jim Thompson, Education and Workforce Development Cabinet, Wayne Young, Kentucky Association of School Administrators, and Clyde Caudill, Jefferson County Public Schools and Kentucky Association of School Administrators.

LRC Staff: Janet Stevens, Ben Boggs, and Daniel Clark.

The Role of Military Training in Career Readiness

Major Michael J. Foncannon, US Army, Ret., Senior Army Instructor, Pulaski County High School, JROTC, spoke about Senate Bill 1 and how it related to his JROTC program. The mission statement for Senate Bill 1 is, "Successful transition to Post-Secondary Education, work, or the military is one of the goals of Kentucky Educational System." Major Foncannon spoke about

the current school grading system and how it relates to each school. According to the school grading system, if a student is college ready the school gets one point; if the student meets the career goals and is career ready the school gets one point; and if the student meets the goals for being college and career ready, the school gets one and a half points. The school is graded on its performance based on how many of the school's seniors meet the College and Career Readiness (CCR) goals.

Major Foncannon stated that a student who chooses to enlist in the military, whether it be the National Guard or active duty, is not considered career ready under the current CCR system. To obtain a military contract, a student must have a high school diploma, or if the student is a junior in high school, he or she must be on track to graduate on time. A student must also meet the mental and physical requirement for their desired branch of service.

Major Foncannon said he would recommend that, if a student enlists in the military or receives a contract and is accepted, the student should get credit for fulfilling Senate Bill 1 and its goals. Major Foncannon stated that there is currently no KDE recognized career cluster with leadership or the military as a goal. Students cannot get credit for JROTC and are being steered into other career pathways as schools work to meet CCR Standards.

Major Foncannon said JROTC provides intensive character and leadership education, using a military model of instruction because it provides students with the opportunity to lead. One objective of JROTC is to assist students in preparing for leadership roles during and beyond high school. Students receive both theory and hands-on experience in management and leadership responsibilities. JROTC's curriculum is accredited by AdvancED, the leading accreditation agency in the United States. JROTC is accredited separately from the school in which they are located.

Major Foncannon stated that all JROTC programs are inspected on a yearly basis. Every third year there is an intensive Battalion Formal Inspection, with a score given based on the performance and knowledge of the cadets. If a JROTC unit fails or an instructor is failing to meet standards, Cadet Command can decertify the instructors or close that particular program.

Major Foncannon said since there is no state test on leadership, he would like to propose an industry certificate for JROTC students. To be recognized, an industrial certificate needs to meet four areas of criteria: the certificate must be recognized, endorsed, or required by an industry; the certificate has to be written by national or state industries; the certificate indicates the curriculum and certification are aligned with state and/or national standards; and certification must be awarded following an end of program assessment related to

the student's identified career pathway achieved through a sequence of courses. The JROTC program meets all of the identified criteria: the JROTC certificate is recognized by the Department of Defense and the Kentucky National Guard; the curriculum is written and verified by the US military and accredited by AdvancED; the curriculum is certified and aligned with national standards; and a JROTC certificate is awarded following successful completion and assessment in a series of Leadership Education Training Courses. Last year, Major Foncannon sent a formal request to KDE asking that JROTC be identified as a program for which students would earn an Industrial Certificate upon completion.

Major Foncannon said his recommendation would be to include leadership or the Military in a career cluster such as public service, and to recognize the JROTC Program as a career pathway and as a component of other pathways in Career and Technical Education.

Representative Collins spoke about his experiences in the Army. JROTC students are the most polite in his school district. The program teaches great leadership qualities.

Representative York spoke to the cadets in attendance and praised them on what they are doing and what they are learning. She encouraged the cadets to stay on track and keep doing what they are doing.

Representative Stone spoke about his experiences on the Allen County School Board trying to bring the JROTC program to his schools. Since JROTC has become a part of the Allen County school system, behavior in schools has improved. The program has had an overall positive effect on the schools.

Senator Winters stated that language in Senate Bill 1 was not an accident and was meant to be included in the bill. When he was a student, he selected to go into the JROTC because it was a career pathway for him to become successful.

In response to Senator Winters' question, Major Foncannon said the Education Recovery Specialist is someone who comes to priority schools to retrain and reorient the staff of the school.

Representative Belcher stated that she is lucky to be in a county that has two excellent JROTC programs. She also spoke about how polite each one of the JROTC students is in public and in schools.

Christy Coulter, Principal, Bullitt Central High School, Bullitt County Schools, said she agreed with everything Major Foncannon said. The JROTC program is a big part of Bullitt Central High School, and the program aligns perfectly with creating soft skills. Students are having a hard time joining the JROTC program. They are allowed one elective in addition to the other required courses. The elective has to be part of the CCR curriculum, and JROTC is not a part of that curriculum. The military has a

requirement of enrollment for the JROTC program, and if the enrollment decreases, the program suffers and loses instructors. She is concerned that if enrollment decreases, the school may lose the program. The program does much for the community and school.

Ms. Coulter spoke about a young at-risk student at her school that was consistently truant, transient, and moving in and out of different programs. This student started in the agriculture pathway, and then moved to the welding pathway. After completing a few courses with welding, the student moved out of the district. The student returned to Bullitt Central High School for his senior year. Although the student is a very talented welder, he did not complete the welding pathway. Through Bullitt Central’s business department, the school was able to find him a Co-Op opportunity through a local business that paid to send him to classes. The student came back to Ms. Coulter after weeks of classes and training to show her his ASE certified certificate. Even though the student was industry and ASE certified, Bullitt Central High School did not receive any points for the student because he did not take the automotive courses at the high school. Ms. Coulter said she would like to see some type of waiver program for students like this. Even though he did not complete the required automotive courses at Bullitt Central High School, he is working 20 hours a week and is industry certified.

Chairman McGaha stated he appreciated her common sense approach to her students. Not all students come from a stable environment and not all have been pointed toward a career.

Senator Westwood seconded what Chairman McGaha said and stated that Senate Bill 38, which passed in the 2012 session, was designed to help the type of student Ms. Coulter described. It astounds him that the military is not considered a career pathway. Senator Westwood asked Chairman McGaha if there could be a vote among the committee whether the JROTC should be considered a career pathway.

In response to Representative Belcher’s question regarding waivers for industry certification, Senator Westwood said he is supportive of encouraging the department of education to provide a waiver for students that may get certification from a business instead of the school.

Representative Collins said if it were not for hands-on things in schools or Co-Op programs, a lot of students would not graduate.

Chairman McGaha said enrollment in JROTC programs is key because without it there are no programs. The example that JROTC students set for other students is dynamic. These types of programs are needed in the schools.

Military/ Career Pathways/ Assessment and Accountability for Military

Dale Winkler, Kentucky Department

of Education, Associate Commissioner, Office of Career and Technical Education, said his office views the military as a viable career pathway. Unfortunately, the career clusters under which Kentucky has been operating since 1998 do not align with the national career clusters. The Kentucky Department of Education (KDE) has made steps to move to the national 16 career clusters in the next school year that include a pathway for the military under the Government and Public Administration Cluster.

Mr. Winkler said KDE adopted its College Readiness measures in early 2011 and then in August of 2011, KDE adopted the Career Readiness measures. KDE adopted a career readiness definition in measures that closely relates to the definition adopted by the Career Readiness Partnership Council. The Council includes people from many different organizations, including Achieve, The American Association of Community Colleges, The Association of Career Technical Education, The Council of Chief State School Officers, Ford Motor Company Fund, Manufacturing Institute, and The National Governors’ Association.

Mr. Winkler said one of the next steps for KDE is to survey state directors of Career and Technical Education to determine how military pathways are implemented or assessed in other states. There are three other states that include ROTC in their Career and Technical Education Divisions. At this point, there is no contact person or point person in KDE for JROTC. KDE will take input and guidance from the military and appointed someone a few months ago as the point person for the military pathway. That individual was recently called to active duty.

In response to Representative Belcher’s questions regarding an industry certificate, Mr. Winkler said in recognizing the industry certificate, KDE has used the definitions of exploring and preparatory that is identified in the federal Carl D. Perkins Act.

Chairman McGaha stated that it was disturbing to him that a student can have a certification in a certain industry, but because the student did not finish the three career pathway classes at his high school, the student does not receive the industry certificate.

Senator Westwood stated that he understands the importance of trying to keep a child directed into a particular program and having the requirement of three classes. There will be students that jump around and explore different career choices like the student Ms. Coulter described. In that case, one could take advantage of the mentor and career coaches idea as mentioned in Senate Bill 38. He recommends KDE have a waiver in certain situations.

In response to Representative Stone’s question regarding the possibility for a school to get credit for a student being able to be in the military or receiving a

completion certificate from the JROTC by the 2013 school year, Mr. Winkler said it is possible and there is a way to do that within the time frame.

Senator Givens stated that Pulaski County has an amazing ROTC program and the Education Recovery folks are excited about what is going on at Pulaski County.

Representative Collins stated that everything that was discussed in the meeting today has an effect on a student staying in high school. He said some of the things that were mentioned today should be put into consideration for change.

Ms. Coulter stated that she wanted the committee to focus on the JROTC and military. It is time to honor the military as a career cluster. She is not trying to muddy the water with her situation by wanting a waiver.

Senator Givens said Ms. Coulter made a very good case today and should take that enthusiasm back to her local school board.

Upon motion from Representative Belcher, seconded by Representative Collins, the committee requested a letter be drafted directing KDE to recognize JROTC as a career pathway, under the Government and Public service cluster, and to accept the “Certificate of JROTC Training” as meeting the industrial certificate for career readiness. Also, the committee directed KDE to recognize a student who enlists in the Kentucky National Guard or the United States military as “career ready.” Finally, the committee directed KDE to develop a waiver program for a student who obtains an industry certificate but does not complete a three-course preparatory program.

Upon motion from Representative Collins, seconded by Representative Stone, the September 10, 2012 minutes were approved.

Chairman McGaha thanked the guests for their presentations. With no further business before the committee, the meeting adjourned at 12:00 p.m.

INTERIM JOINT COMMITTEE ON EDUCATION
Subcommittee on Postsecondary Education
Minutes of the 4th Meeting of the 2012 Interim November 19, 2012

Call to Order and Roll Call

The fourth meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, November 19, 2012, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Alice Forgy Kerr, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Reginald Meeks, Co-Chair; Senators Jared Carpenter, Johnny Ray Turner, Mike

Wilson, and Ken Winters; Representatives Leslie Combs, C.B. Embry Jr., Jim Glenn, Donna Mayfield, Ryan Quarles, Jody Richards, Tom Riner, Carl Rollins II, Rita Smart, and Addia Wuchner.

Guests: Priscilla Black, Legislative Research Commission and Erin Klarer, Kentucky Higher Education Assistance Authority.

LRC Staff: Jo Carole Ellis and Lisa W. Moore.

Approval of June 11, 2012, minutes

Representative Meeks moved to approve the minutes and Representative Richards seconded the motion. The minutes were approved by voice vote.

Approval of August 13, 2012, minutes

Representative Glenn moved to approve the minutes and Representative Meeks seconded the motion. The minutes were approved by voice vote.

Approval of September 10, 2012, minutes

Representative Embry moved to approve the minutes and Representative Glenn seconded the motion. The minutes were approved by voice vote.

Senate Bill 1 Implementation and Professional Development Initiatives Council on Postsecondary Education

Aaron Thompson, Senior Vice President for Academic Affairs, said some of the goals of 2009 Senate Bill 1 were to reduce college remediation of recent high school graduates by at least three percent and to increase college completion rates of developmental students by three percent annually. Senate Bill 1 partners include the governor, legislature, K-12 community, the Kentucky Department of Education (KDE), the Kentucky Council on Postsecondary Education (CPE), Adult Education, the Education Professional Standards Board (EPSB), parents, businesses, and community groups.

Dr. Thompson said the reason partnerships between postsecondary education and P-12 are important is because for every 100 ninth-graders in Kentucky, 72 graduate from high school, 44 enter college, 29 are still enrolled sophomore year, and 18 graduate from college. He reported the significant difference in the graduation gaps among students entering college ready and those who are not college ready. He correlated the high levels of unemployment and incarceration rates among students who have less than a high school education. The percentages improve as student education levels increase.

John DeAtley, Director of P-20 Initiatives, said Kentuckians with less than a high school diploma are 10 times more likely to be on Medicaid. There are more Kentuckians on Medicaid than there are students enrolled in secondary schools.

Mr. DeAtley said Kentucky has received national recognition for its college and career readiness initiatives. Kentucky is the first to adopt the common

core standards and assess its students on the new standards. KDE recently released the assessment scores. He said Kentucky is making progress on college and career readiness. The percentage of graduates that are college and/or career ready increased from 38 percent in 2010-2011 to 47.2 percent in 2011-2012. He attributed the progress to a systematic effort at all levels.

Mr. DeAtley said the postsecondary and adult education strategic agenda contained four areas of focus: college readiness; student success; research, economic, and community development; and efficiency and innovation. Two of the four focus areas incorporate the goals established in Senate Bill 1. The Commonwealth Commitment was signed by college and university presidents, the KDE Commissioner, the CPE President, and legislators. It is a pledge to work collaboratively to improve student transitions and implement the unified strategy. Policy objectives were to increase the number of college-ready Kentuckians and college-ready GED graduates entering postsecondary education and to increase the effectiveness of Kentucky's K-12 teachers and school leaders.

Mr. DeAtley said common learning outcomes were developed using ACT, SAT, Compass and the Kentucky Online Testing Program (KYOTE). All universities have agreed to accept the same Compass or KYOTE score to prevent students from repeating assessments.

Mr. DeAtley said a steering committee was formed including legislative leadership, CPE, KDE, EPSB, and the Governor's Office. Legislators have been kept apprised of progress. An appropriation of \$6 million was received in 2010 to fund necessary professional development, plus \$1.5 million in recurring funds. Specific information about the competitive grants, partnerships, training efforts, and other budget expenses can be found in the meeting folder located in the Legislative Research Commission (LRC) library.

Kentucky Partnership Academies

Cathy Gunn, the 21st Century Education Enterprise: A Kentucky Partnership Academy, Morehead State University, said the goal of the partnership is to ensure that 100 percent of students who graduate in east Kentucky are college and career ready. For students to succeed in the global economy, communication, critical thinking, and technology skills are necessary.

Ms. Gunn said the enterprise focuses on project-based learning techniques and promotes the use of technology in the classroom, professional development, and educational leadership to help improve teacher effectiveness and better engage today's students in the classroom. The integration of digital media utilizing regional partnerships will play a vital role in its success.

She said university faculty are included in the partnership and assist

in designing the teacher preparation programs. There is a continuous assessment system in place for P-20 in eastern Kentucky.

Susan Cook, Center for Educator Excellence: A Kentucky Partnership Academy, Northern Kentucky University (NKU), offers high quality professional development, supports college and career readiness initiatives, collaborates with partners to assess and distribute student outcome data, convenes professional learning communities, implements procedures to measure educator excellence and program evaluation, and fosters the growth of the Future Educators of America's middle and secondary school chapters.

Ms. Cook said NKU was awarded a \$200,000 grant from the Kentucky Council on Postsecondary Education to establish a Kentucky Partnership Academy for College and Career Readiness. These funds have helped the Center for Education Excellence establish several regional networks that provide targeted professional development to regional school districts.

Ms. Cook said the mission of the Center for Educator Excellence is to foster collaboration in the Northern Kentucky region to recruit, support, and retain highly qualified educators who will meet or exceed national standards as they prepare all children to be productive participants in the global, knowledge-based economy. This requires obtaining superintendent input and buy-in from the P-12 community. Superintendents recommended the center begin its work with school counselors. She noted 120 school counselors attended the first meeting to network and share effective college and career readiness initiatives. Principals are being encouraged to do the same.

Pam Petty, A.S.K. (Assistance-Strategies-Know-How): A Kentucky Partnership Academy, Western Kentucky University (WKU), was created in response to Senate Bill 1 to assist in increasing students' college and career readiness levels. Funded by CPE, A.S.K. is housed in the Center for Excellence in Teaching and Learning: Models in Innovation at WKU. The program helps schools identify areas of concern and implement strategies to improve those areas. A.S.K. benefits a variety of groups and people including teachers, students, parents, school administrators, school systems as a whole, and other educational programs with areas of need. She said the program is a wonderful opportunity for K-12 and postsecondary education to align.

Ms. Petty said A.S.K. assists schools in identifying ways to improve students' college and career readiness, and provides a center where schools can obtain contracted services to meet their individual needs. She recently worked with Shelby County and in four weeks struggling readers moved up multiple grade levels.

She is partnering with Perry County Schools to help increase the assessment scores for the lowest performing students.

Ms. Perry said A.S.K. is in the process of developing a broad range of services for schools. The cost of services provided by A.S.K. depends on which service is requested. The cost might also vary depending on the size of the group to be serviced as well as the length of time the service will be provided. A.S.K. has trained program evaluators to help determine areas of need for a school.

Representative Richards commended Ms. Perry and her work at WKU.

Mr. DeAtley noted that the Kentucky Partnership Academies are doing amazing work with a relatively small amount of funding. He said they each received a one-time start-up amount of \$275,000 each, and they leverage any dollars the school district may give. Programs must show success in order to get others involved in partnership.

External Funding-Rockefeller Philanthropy Advisors

Ms. Jan Lantz, Chair of the Teacher Education Program, St. Catharine College (SCC), said SCC was a recipient of a small grant that has allowed a relationship to foster between SCC and Washington County Schools (WCS) to create the Commander College at Washington County High School (WCHS). This partnership aids all students by providing college hours through dual credit, articulated agreement technical certification classes, Early College, high school on campus, and Advance Kentucky Advanced Placement (AP) courses. She said prior to graduation from WCHS, all students will have the opportunity to participate in postsecondary coursework aligned to their career pathway choices.

Ms. Lantz said the dual credit gives students the opportunity to take classes at the high school or a local college to earn both high school credits as well as college. She noted students will pay a reduced rate of tuition to the college, but textbooks will be the responsibility of the student to purchase. There are 25 juniors participating in the program at WCHS.

Ms. Robin Cochran, WCS Superintendent, said a group of sophomores at WCHS were identified as students of promise and targeted to participate in the dual credit early college program. She said the school system tried to identify young people of poverty, ethnicity, or first-time college goers, to give these students momentum and success in a college setting. These are not the gifted and talented students, but ones that may have been on the bubble about attending college.

Ms. Cochran said WCHS supports students who enroll in the college program to take high school classes and college courses simultaneously. Early college provides academic counseling and advising services to high school students while they participate in these college program pathways. Students who

participate in early college programs for two years have the opportunity to earn an associate's degree, thus letting them graduate from college sooner and enter the workforce with marketable skills. Students may also earn multiple certifications in a technical career program prior to high school graduation. She notes the program gives WCHS students an employment advantage in times when it is hard to find a job.

CPE-Funded Mini-Grants for College and Career Readiness

Ms. Christine Sherretz, University Liaison at J.B. Atkinson Academy, University of Louisville (UofL), said J.B. Atkinson Academy partnered with UofL to address the summer dip, or reading learning loss, of all students over summer break. They created the Summer Boost program to mitigate this loss that is prevalent in students of low socioeconomic status (SES). The Summer Boost program served as a catalyst to progress elementary and middle school students forward in literacy achievement by tailoring instruction to meet the individualized needs of each student.

Ms. Sherretz said UofL faculty, graduate students, and teachers from J. B. Atkinson Academy of Excellence in Teaching and Learning directed the Summer Boost program. Nearly 98 percent of the children at Atkinson qualify for the free and reduced lunch program. Last year approximately 400 children were enrolled, and about 35 percent of those students are reading on the novice or apprentice levels. She said 100 students participated in the Summer Boost program. All students received four hours of daily targeted reading instruction taught by trained teachers and UofL graduate students (all certified teachers). The graduate students provide their services for free in exchange for the teaching credit hours.

Ms. Sherretz said by the time a low SES student begins middle school, the average student is behind almost 1.5 years of reading compared to their peers from a middle or high SES. It is imperative that summer reading programs be developed to address this gap.

Ms. Sherretz noted that the Summer Boost program did mitigate summer reading loss for students who attended. Research shows that students from low SES lost approximately 2.5 months of reading achievement during the summer, but students attending summer boost lost less than one month, which is on par with the average loss of all students during the summer regardless of income level.

Responding to questions from Representative Wuchner, Ms. Sherretz said numerous research studies support that students learn at the same rate, regardless of SES, during the school year. She said even though students are learning at the same growth rates during the school year, a differentiation still exists between low and middle and high SES students if the low SES students do not attend the Summer Boost program. She said those

students start out several reading levels behind and never catch up to their peers.

Responding to Representative Wuchner, Mr. DeAtley said CPE is tracking data on remediation rates for students. He said approximately 50 percent of students with remedial needs are not graduating at the same rate of students without remedial needs. He said students who enter postsecondary education college ready have increasing graduation rates across Kentucky at all postsecondary institutions. Representative Wuchner would like for the committee to receive the data from 2010, 2011, and 2012.

Responding to questions from Representative Meeks, Ms. Sherretz said she had shared the Summer Boost program data with Jefferson County Public Schools (JCPS). JCPS wants to use the data as support for more summer programs across the county.

Ms. Sherretz said a list of academic and programmatic recommendations are included in the meeting materials in the LRC library. She noted that the program focused on self selected reading and students were more likely to read if it was something they were interested in. She said another success was the implementation of enrichment activities. Instead of students sitting in front of a computer all day, dancers and musicians were brought in. Just like an affluent school, they wanted the children to have good literature, targeted interventions, and numerous enrichment opportunities.

Ms. Sherretz said 100 students consistently attended the summer program, and it was completely voluntary. She said because of its success, the program should solicit more students to participate next summer.

Representative Meeks is concerned that CPE is not tracking students who are not admitted into college. Mr. DeAtley is not aware of any records kept on students not selected to enroll in college. Ms. Jennifer Stansbury Koenig, Center for Excellence, NKU, said there are career readiness assessments underway for students who do not score college ready on the ACT or KYOTE. Ms. Sherretz said students should start being prepared for college in kindergarten.

Responding to Senator Wilson regarding transportation costs not being covered in his Senate Bill 95 that created summer learning camps for Title I schools, Ms. Sherretz said transportation can provide huge barriers for students attending summer programs. She suggested partnering with JCPS to cover the cost of transporting students back and forth to school in the summer. She asked CPE to cover the \$9,000 transportation cost for the Summer Boost program.

Council on Postsecondary Education

Mr. DeAtley concluded that systematic change is necessary for growth. Educator preparation programs,

professional development, and developmental education are essential for success in developing P-12 and postsecondary education partnerships to ensure all students graduate career and college ready.

Responding to Representative Meeks, Mr. DeAtley said the school report cards and the individual student Kentucky Performance Rating for Educational Progress (K-PREP) test scores have been mailed to the students' homes.

Responding to Representative Quarles, Mr. DeAtley said it is difficult to quantify the cost of students dropping out of college, while utilizing financial aid, in a monetary figure. He noted a federal study reported a figure of a \$1.2 billion a year loss as the cost of students who use financial aid but never graduate. Representative Quarles would like to see a multi-faceted approach between K-12 and Postsecondary Education. He is hopeful that more students graduate from college as a result of the implementation of Senate Bill 1. He would like to figure the cost involved to taxpayers of students who use financial aid and drop out of college. He mentioned the lost Kentucky Educational Excellence Scholarship (KEES) money, the cost of repeating courses, and the cost of state appropriations to the postsecondary institutions.

Adjournment

With no further business before the committee, the meeting adjourned at 11:40 AM.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 5th Meeting
of the 2012 Interim
November 16, 2012

Call to Order and Roll Call

The 5th meeting of the Special Subcommittee on Energy was held on Friday, November 16, 2012, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Keith Hall, Co-Chair; Senators Joe Bowen, Ernie Harris, Bob Leeper, Dorsey Ridley- via video conference, Katie Stine, Johnny Ray Turner, and Robin L. Webb; Representatives Royce W. Adams, Rocky Adkins, Tim Couch, Will Coursey, Jim Gooch Jr., Wade Hurt, Thomas Kerr, Lonnie Napier, Sannie Overly, Tom Riner, Kevin Sinnette, John Will Stacy, Fitz Steele, and Brent Yonts.

Guests: Mike Lorek, Vice President, Nuclear Operations Support, Tennessee Valley Authority; Sarah Davasher, Program Manager, Tennessee Valley Authority, Kentucky District; Bob Morris, Vice President, Tennessee Valley Authority, and Danny Townsend, Townsend Sorghum, Montgomery County.

LRC Staff: D. Todd Littlefield and

Susan Spoonamore, Committee Assistant.

The October 29, 2012 minutes were approved without objection, by voice vote, upon motion made by Senator Bowen and second by Representative Hall.

Nuclear Power and a Balanced Energy Mix

Mr. Mike Lorek, Vice President, TVA Nuclear Operations Support, discussed nuclear power and a balanced energy mix. The Tennessee Valley Authority (TVA) is a federal corporation funded entirely by power sales. TVA provides electricity, economic development, flood control, and navigation. It covers 80,000 square miles and serves 9 million people. Its mission is to be one of the nation's leading providers of low-cost and cleaner energy by 2020. Nuclear energy makes up nearly 20 percent of the nation's electricity supply. Nuclear power produces the most cost-efficient electricity compared to coal and natural gas, with 104 reactors in 31 states. As a result of the Three Mile Island and the Fukushima, Japan nuclear power plant accidents, safety is the top priority. The plants are well designed and operated by professionals who must undergo intensive training on a regular basis. There are well organized emergency plans, coordinated with state, local and federal officials. There are challenges for the nuclear industry such as cost, emergency preparedness, and waste storage.

In response to Senator Smith, Mr. Lorek stated that, as a result of the Three Mile Island disaster, a federal emergency response organization was formed to ensure that the correct infrastructure is in place to protect the safety and health of the public. The emergency response preparedness team coordinates with local, state, and federal officials. The disaster at the Fukushima, Japan nuclear power plants was caused by an earthquake followed by a tsunami, and the tsunami caused the major problems at the plant. The only power available was through batteries. As a result, it became clear that nuclear plants needed to have a way to transport pumps and generators or else have them stored on site in a flood proof bunker.

In response to Senator Smith, Mr. Lorek stated that there is no strategy to repel or prevent attacks or accidents involving aircraft. The structures are designed to withstand tornado winds of 300 mph.

In response to Senator Webb, Mr. Lorek said that TVA manages a nuclear plant in Alabama and two in Tennessee. There are stringent environmental and seismic regulations for locating and building new plants. Tennessee and Alabama state officials do not play a role in siting or regulations. They have their own resident inspectors. Licensing, operating, and siting are primarily federal processes.

In response to Representative Riner's questions, Mr. Lorek stated that even if nuclear plants are not located in Kentucky, they will still affect Kentucky. TVA will purchase generation on the open market if

it is cheaper than buying from a coal-fired plant. If nuclear power plants are targeted by air strikes, the United States would need to intercept the planes or missiles. TVA has been assured that if a nuclear power plant is hit by a plane, there would be no release of radioactive material.

Mr. Lorek stated that radioactive waste is classified as high or low level waste. Only high level waste, or spent fuel, is stored on site. No national solution has been found for permanent disposal of high level waste. High level waste is being stored in stainless steel and concrete containers on site. Low level waste is shipped to a regional storage facility.

In response to Senator Smith, Mr. Lorek said that with the exception of Three Mile Island, there has never been a leak of radioactive materials above the federal required limit. Small amounts of radioactive material are released into the air every day within government limits.

In response to Senator Leeper's question, Mr. Lorek said that he could not confirm that the release of radioactive material into the atmosphere from Three Mile Island was equivalent to one chest x-ray.

Mr. Lorek said that TVA is preparing to move forward with construction of two nuclear plants. One would be the Watts Bar 2 unit in Tennessee with a projected completion date around June, 2015. Construction will not begin on Bellefonte 1 until Watts Bar 2 is completed. TVA has partnered with Babcock and Wilcox to build Bellefonte 1. Depending upon the outcome, small modular reactors could replace aging coal units and use existing sites and transmission.

In response to Senator Webb, Mr. Lorek said it would probably be around the year 2020 before modular reactors come on line. There is a federal licensing process that could take a long time before a license is issued for construction. High level waste is contained on-site, but low level waste is shipped to central burial depositories in Texas. The federal government is committed to finding a solution for storing high level waste, but there have been no recent developments on finding central depositories.

In response to Representative Yonts, Mr. Lorek said that Watts Bar 2 nuclear plant would go on-line in December of 2015. The original plan for Bellefonte 1 has not changed, but because Watts Bar 2 would not be completed until 2013, the Bellefonte 1 plant completion date was pushed back. Money that has been spent at Bellefonte has not been wasted.

Sorghum as an Energy Crop

Mr. Danny Townsend, Townsend Sorghum, from Montgomery County, talked about the potential of using the sweet juice of sorghum for making ethanol. Growing sorghum is inexpensive and needs less water than corn. Another advantage for growing sorghum is that it does not require fertile soil.

In response to Senator Smith, Mr. Townsend stated that he did not know

why farmers in Kentucky were not more involved in growing sorghum. Every big country is looking at sweet sorghum to produce ethanol. He does not make ethanol at his farm. One of the problems for sorghum development is that farmers are not informed of the potential. There are no ethanol plants in eastern Kentucky. He has been approached about growing sorghum for ethanol, but his family is more involved in making syrup.

Mr. Townsend said that BioDimensions, Delta Bioworks, a company in Memphis, Tennessee is the only company that he is aware of that is using sweet sorghum for multiple products. There could be a demand for sweet sorghum if more money were put into research.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE Minutes of the Sixth Meeting of the 2012 Interim December 11, 2012

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Health and Welfare was held on Tuesday, December 11, 2012, at 10:00 a.m., in Room 129 of the Capitol Annex. Senator Julie Denton, Co-Chair, called the meeting to order at 10:07 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Joe Bowen, Tom Buford, Perry B. Clark, David Givens, Dennis Parrett, Joey Pendleton, and Jack Westwood; Representatives Julie Raque Adams, Bob M. DeWeese, Kelly Flood, Jim Glenn, Joni L. Jenkins, Mary Lou Marzian, Darryl T. Owens, Ruth Ann Palumbo, Ben Waide, Susan Westrom, and Addia Wuchner.

Guest Legislators: Representatives Jimmie Lee and Carl Rollins, John Will Stacy.

Guests: Lawrence Kissner, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Mike Rodman, Executive Director, Kentucky Board of Medical Licensure; Jill Seyfred, Executive Director, Prevent Child Abuse Kentucky; Carrie Banahan, Executive Director, and Chris Clark, Program Manager, Office of the Kentucky Health Benefit Exchange, Cabinet for Health and Family Services; Mary Begley, Inspector General, and Stephanie Brammer-Barnes, Internal Policy Analyst, Office of the Inspector General, Lorna Jones, Office of Administrative and Technology Services, Cabinet for Health and Family Services; Chandra Venettozzi and Diona Mullins, Office of Health Policy, Cabinet for Health and Family Services; Colleen Kaelin, Department for Public Health, Cabinet for Health and Family Services; Bill Doll, Kentucky Medical Association; Jan Gould, Kentucky Retail Federation;

Sara Boswell Dent, Administrative Office of the Courts; Sarah S. Nicholson, Kentucky Hospital Association; Mike Porter, Kentucky Dental Association; Andrea Bennett, Kentucky Youth Advocates; Eric T. Clark, Kentucky Association of Health Care Facilities; Nathan Goldman, Kentucky Board of Nursing; Clyde Caudill, Jefferson County Bible Schools, Kentucky Association of School Administrators; and Phyllis Sosa and Morallia Tran, Department for Aging and Independent Living, Cabinet for Health and Family Services.

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

Minutes

A motion to approve the minutes of the November 9, 2012 meeting was made by Representative Burch, seconded by Representative Marzian, and approved by voice vote.

Recognition of Members

Senator Denton recognized and thanked Senators Pendleton and Westwood, and Representative Housman for their service to the committee and wished them well in their future endeavors.

Consideration of Referred Administrative Regulations

The following administrative regulations were referred for consideration: **201 KAR 22:001** – sets forth the definitions for 201 KAR Chapter 22 pertaining to the practice and credentialing of physical therapists and physical therapist assistants; **201 KAR 22:053** – establishes a code of ethical standards and standards of practice for physical therapists and physical therapist assistants which, if violated, are a basis for disciplinary action under KRS 327.070; **900 KAR 6:030** – provides for the adjustment of expenditure minimums for capital expenditures and major medical equipment in the Certificate of Need (CON) program; **900 KAR 6:125** – establishes the requirements for registration of Magnetic Resonance Imaging (MRI) units and the requirements for submission of annual survey data that are used to produce annual reports necessary for the orderly administration of the Certificate of Need (CON) program; and **910 KAR 1:260** – establishes the Kentucky Family Caregiver Program. A motion to accept the administrative regulations was made by Senator Denton, seconded by Representative Burch, and accepted by voice vote.

Medicaid Managed Care

Lawrence Kissner, Commissioner, Department for Medicaid Services (DMS), Cabinet for Health and Family Services, stated that the projected cost to Medicaid without managed care for 32 months is \$7.75 billion and with managed care is \$6.48 billion a savings of \$1.27 billion. The enacted budget was based on achieving the projected \$1.3 billion savings, therefore the savings have already been captured by the state. Of the \$5.79 billion SFY 2013 enacted

budget, \$2,839,430,076 is fee-for-service, and \$2,954,145,924 is for the Medicaid Managed Care Organizations (MCOs). MCOs service 85 percent of the Medicaid members. MCO per member per month (PMPM) costs is \$354 and \$1,852 for fee-for-service. Medicaid is on track for the overall Medicaid budget for SFY 2013 based on the first four months of SFY 2013. DMS conducts continuous network adequacy reviews from information submitted by providers. Open enrollment for the seven regions was August 29, 2012 through October 20, 2012. As of November 1, 2012, was Coventry lost 33,672 members, Kentucky Spirit lost 7,642, and Wellcare added over 41,264. Members have 90 days to change MCOs. As of December 7, 2012, Passport had 72,067 members or 43.9 percent of Region 3's membership. As members change plans, health risks for the MCO change, so appropriate risk adjustments are being done every three months. The Request for Information (RFP) for the Medicaid Management Information System (MMIS) updates has not been released. DMS must contract with an independent External Quality Review Organization (EQRO) to evaluate the performance of the MCOs. The Island Peer Review Organization (IPRO) contract is effective September 1, 2012 through June 30, 2014. Rector & Associates is a firm retained to perform additional financial analysis in addition to the normal audits performed by DOI. The goal of this analysis is to achieve improved financial tracking through market conduct examinations of the MCOs and review of MCO financial data. The contract is effective July 1, 2012 through June 30, 2014. From November 1, 2010 through April 30, 12, the MCOs, excluding Passport, provided more services and drugs to members at a lower cost and the number of emergency room visits went down.

In response to questions by Senator Denton, Commissioner Kissner stated that from 2005 to 2011, the number of providers who accepted Medicaid patients increased 27 percent. The number of primary care providers increased 36 percent. The DMS receives a list of contracted providers several times per month and then a monthly report by region is done to make sure there is network adequacy. He stated that he would have to get her the information on how many providers in each MCO have closed panels where providers are employees of the MCO or of a group that contracts with MCOs. He also would have to find details about the \$6 million monthly special expenditures/offsets and why they are higher than the \$4 million enacted monthly budgeted. There is nothing in an MCO's contract that guarantees a certain percent of the enrolled members. If Passport stays above 41 percent, the automatic algorithm will assign new members to the other three MCOs, but these members will have the option to transfer to a different MCO. Wellcare and CoventryCares spread

administrative costs statewide and it is helping to get additional members. Region 3 had a higher per member per month (PMPM) cost structure before the 2012 bid and, therefore was able to submit an appropriate bid. He stated that he would have to send her information as to why Region 3's 2012 bid was 30 percent higher than 2011.

The RFP for the MMIS changes will be issued within the next 60 days for approximately \$40 million per year. There are funds within the RFP for start-up and transition. There is a possibility that the current vendor will not be awarded the contract. After a state has met all the requirements of the Affordable Care Act (ACA), the match rate will be 90 percent federal funds and 10 percent state funds. The health care exchange requirements of the ACA become effective on January 1, 2014 and enrollment is effective October 1, 2013. The short-term goal of DMS is to develop a near real time interface with its current systems. The long-time goal is to have a real time review that occurs within seconds. After a plan has been approved by the Centers for Medicare and Medicaid Services (CMS), the 90 percent federal match can be drawn down as money is spent. CMS does a significant review to make sure Kentucky's system is compliant with its plan. There are no plans to submit any other technology contracts related to Medicaid.

In response to questions by Senator Bowen, Commissioner Kissner stated that providers signed a contract with the MCOs and, therefore they need to work out problems themselves. DMS has facilitated meetings between the providers and the MCOs to work out issues so claims can be paid. The MCOs and the Kentucky Hospital Association meet weekly to discuss issues about what is included in the accounts receivable listing.

In response to a question by Representative Owens, Commissioner Kissner stated that the overall costs of emergency room visits has gone down.

In response to questions by Representative Waide, Commissioner Kissner stated that the DMS is holding the MCOs accountable to Kentucky's prompt pay standards. The MCOs submit quarterly financial data to the Department of Insurance (DOI). Two of the MCOs have submitted a corrective action plan showing steps to speed up claims payment. If an MCO violates its contractual obligations, a corrective action plan will be requested that includes steps for improvement. If improvements are not made within several months, the Finance and Administration Cabinet can find the MCO in breach of contract and impose penalties. The MCOs have been responsive to submitting corrective action plans.

In response to questions by Representative Adams, Commissioner Kissner stated that based on the first four months of state fiscal year 2013, the Medicaid budget is on track for state

fiscal year 2013. This does not include the economic impact if Kentucky Spirit leaves Kentucky. Information cannot be provided on the economic impact to Kentucky if Kentucky Spirit leaves because of legal issues. Letters were sent to members to let them know which MCO had been assigned to manage their care. Members will have a month to request a new MCO. CMS requires DMS to conduct readiness reviews with all the MCOs, and all of them are ready to accept the members.

In response to questions by Representative Stacy, Commissioner Kissner stated that he did not have nor has the department requested an estimate of how much money the MCOs currently owe providers. DMS is holding the MCOs accountable to the prompt pay law by submitting statutory filings to DOI. The MCOs have to report to DOI because they are licensed insurers in Kentucky.

In response to questions by Senator Denton, Commissioner Kissner stated that DOI requested corrective action plans from Kentucky Spirit and Wellcare. No penalties for non-compliance have been assessed against any of the MCOs. The process followed by DMS is set in state law and DOI is the regulatory agency for prompt pay. The MCOs have six months to submit the January through March quarterly report to DOI, and Kentucky Spirit and Wellcare were found non-compliant for prompt pay and were asked to submit a corrective action plan. The two MCOs have not been found in breach of the contract or state law. The process allows the MCOs to submit a corrective action plan stating how the problems will be corrected. If MCOs do not comply with state law, they can be found in breach of contract with the cabinet. The cabinet is not aware of any violations in the any willing provider laws, but is aware of termination letters being sent to hospitals and other providers. DMS runs a monthly network adequacy model. He would have to provide information on closed panels in relation to adequacy networks.

The DMS has reviewed the nationally recognized emergency rooms standards used by the MCOs and DMS is not requiring detailed algorithms of their programs. The MCOs claim it is proprietary information. In November, DMS provided to Mike Russ from the Kentucky Hospital Association an outline from each MCO on how to treat emergency room patients. The Emergency Medical Treatment and Active Labor Act (EMTALA) requires hospitals to provide services to anyone who seeks treatment at the hospital regardless of ability to pay. After determining that a person does not need emergency care, some hospitals have referred patients to an appropriate lower cost venue. He will look into the issue of why the MCOs do not consistently use child psychiatrists to review requests for services provided to children since federal rules require that only appropriately qualified physicians can deny care. The cabinet will find out why the MCOs have

not provided specific reasons for denials, because the cabinet has approved all member-specific letters that site specific reasons why there is a denial of service or denial of prior-authorization. The DMS is not involved in negotiation of rates between MCOs and providers. The cabinet will continue to monitor network adequacy and access. Avesis, dental provider for Coventry, stated it needs to reduce the rates for general practitioners by ten percent and oral surgeons by five percent to reach a point of profitability within the state. Even though Passport withdrew its protest, the contract states that auto assignment would continue.

In response to questions by Representative Wuchner, Commissioner Kissner stated that the corrective action states that an MCO has not complied with state law for 90 percent of clean claims paid within 30 days and what action will be taken to correct the problem. MCOs have 30 days from date of corrective action plan to fix the problems.

Representative Marzian suggested the issues with MCOs should be dealt with by the Medicaid Oversight and Advisory Committee.

In response to questions by Representative Westrom, Commissioner Kissner stated that if the MCO does not comply with the corrective action plan within 30 days, DOI will impose sanctions.

In response to a question by Representative Waide, Commissioner Kissner stated that model procurement laws must be followed.

Prescription Pain Medication: 2012 SS House Bill 1 Implementation

Preston Nunnelley, M.D., President, and Mike Rodman, Executive Director, Kentucky Board of Medical Licensure (KBML), stated that since the last meeting the majority of the Board's focus has been collaborating with different groups and revising several of its administrative regulations, specifically the prescribing regulation. As a result of the comments and collaborative efforts, the board completed revisions and on November 15, 2012 submitted amendments to the Administrative Regulations Review Subcommittee for 201 KAR 9:001 - definitions, 201 KAR 9:250 – pain clinics, 201 KAR 9:260 – prescribing standards, and 201 KAR 9:310 – continuing medical education. Some of the changes to 201 KAR 9:260 are 1) focus on pain standards for prescribing over 90 days; 2) exclude patients under 16 from pain standards; 3) include an exception for all Schedule V controlled substances from the regulatory standards; 4) develop standards for prescribing and dispensing for treatment of conditions other than pain and run an initial KASPER report; 5) perform a normal patient work-up; and 6) conform to the standards of the medical complaint and use of controlled substances after initial prescribing. Some changes for 201 KAR 9:250 are 1) remove requirement that a physician has to be board-certified to work in a physician owned pain clinic;

2) amend language for fees to be \$500 per clinic; 3) attempt to expand who can own a physician owned pain clinic; and 4) require physicians who are employed in a pain management facility to complete a minimum of ten hours of Category I CME in pain management during the CME cycle in addition to the 45 hours required by statute.

In response to questions by Senator Denton, Dr. Nunnelley and Lloyd Vest, General Counsel, Kentucky Board of Medical Licensure, stated that the new regulations would become effective after review and approval by the Administrative Regulations Review Subcommittee and proper jurisdictional LRC committee. The original emergency regulations will stay in effect 180 days from July. Mike Rodman, Executive Director, KBML, stated that KBML informed the physicians that once changes have been made to the administrative regulations and posted on its web site, that document would be used to advise the board on how to deal with disciplinary and policy issues and standards. Dr. Nunnelley stated that the monitoring process is initially at the 90-day level, physicians would be required to conduct some monitoring. If a physician suspects something is wrong after the 90-day initial period, then urine screens, blood tests, or hair samples could be required but are not mandatory.

In response to a question by Representative Palumbo, Dr. Nunnelley stated that the regulation deals with chronic pain not scheduled drugs which will narrow the population that would require screenings and further monitoring.

Senator Pendleton stated that the cabinet needs to make improvements to KASPER to make sure there is real time reporting.

In response to a question by Senator Bowen, Dr. Nunnelley stated that the administrative regulations address the majority of complaints. Some unintended consequences were not anticipated, but are being addressed. The board wants to make sure that it operates within the intent of the law to reduce prescription drug abuse. The board wants to make certain that patients do not go without good quality healthcare. While the patients come first, physicians are very important in pain management.

In response to a question by Representative DeWeese, Dr. Nunnelley stated that the KBML monitors KASPER. Since the legislation was enacted, KASPER queries have gone from approximately 5,000 per day to 20,000. The cabinet is in the process of having KASPER report in real time.

Child Fatality Review Panel

Jill Seyfred, Executive Director, Prevent Child Abuse Kentucky, stated that the mission of Prevent Child Abuse Kentucky (PCAK) is to prevent the abuse and neglect of Kentucky's children. PCAK believes this can be accomplished by valuing children, supporting families and engaging communities. The agency's mission, values and principles provide

the foundation for PCAK's position regarding the need to implement a Child Fatality Review system in Kentucky. The death of any child by maltreatment is a tragic occurrence worthy of in-depth study and review. This review should be completed in the context of prevention, and information gathered should be used to develop strategies to prevent not only child deaths, but to implement model programs to minimize risk to all children.

The Board of Directors of Prevent Child Abuse Kentucky approved the following recommendations: 1) Support the establishment of a legislatively mandated Child Fatality Review system for all deaths suspected to be related to abuse or neglect; 2) Review cases individually and in aggregate with other sources of data to develop evidence-informed prevention and intervention strategies; 3) Engage community and multidisciplinary responses to prevent child maltreatment, as well as deaths and near; 4) Identify systemic assets and areas of needed improvement in regard to the cases served. All agencies must be accountable to the public they serve and, foremost, to the children and families they encounter. To be effective, the child fatality review process should be independent, and conducted in an atmosphere of trust and mutual respect; 5) Expect the information regarding families and children be treated confidentially and respectfully. The public also has an equally valid interest in transparency regarding the actions of those agencies intended to serve and protect children. Child Fatality Review processes should be crafted in a manner to allow for meaningful review of individual case records while protecting the individual family's right to privacy.

Joel Griffith, PCAK and member of the Kentucky Child Fatality Review Panel stated that for several years PCAK has been committed to the need to establish an in Child Fatality Review Panel in Kentucky. The death of any child by maltreatment is a tragic occurrence worthy of in-depth study and review. This review should be completed in the context of prevention, and information gathered should be used to develop strategies to prevent not only child deaths, but to implement model programs to minimize risk to all children. Legislation is needed, not only to codify what has been initiated through the executive order, but also to address necessary improvement. In partnership with other advocates and professionals, PCAK has convened many professionals across the state who believe there is strong support for enabling legislation to address needed improvements. Information gathered from a case should be viewed individually and in aggregate with overall maltreatment data and other sources of child death data to develop evidence-informed prevention and intervention strategies. Prevention of child maltreatment, as well as deaths and near fatalities, requires community engagement and a multidisciplinary

response. An effective child fatality review process will identify systemic assets and areas of needed improvement. Reviews must be conducted in an atmosphere of trust and mutual respect, and to the greatest extent possible, be independent of agency influence. Other states have utilized various strategies such as using subpoena power. Given the complexities of federal and state laws regarding medical, educational and social service records, this will require careful review. However, assuring the panel has access to necessary records is of critical importance, and is fully achievable. The public has a valid interest in transparency regarding the actions of agencies intended to serve and protect children. This is especially critical in light of the opportunity to improve practice by the study of these most tragic cases. The family's right to privacy and the public's expectation of transparency are not mutually exclusive. Child fatality review processes should be crafted in a manner to allow for meaningful review of individual case records, while protecting the individual family's right to privacy. There seems to be consensus that this can best be achieved by carefully crafting legislation allowing the panel to operate in closed session when necessary while fully disclosing findings and recommendations increasing public confidence that these that these tragic cases are receiving necessary study and review. It is critical to address the issue of accountability. A system should be established either through statute, regulation or policy which ensures the Child Fatality Review Panel recommendations are published, tracked until completion, and evaluated for effectiveness.

Senator Denton stated that it is critical for the panel to have access to all information in a child's file.

Kentucky Health Benefit Exchange

Chris Clark, Program Manager, Office of the Kentucky Health Benefit Exchange, Cabinet for Health and Family Services, stated that the Affordable Care Act requires that a health benefit exchange be established by states no later than January 1, 2014 that 1) facilitates the purchase of qualified health plans; 2) provides for the establishment of a Small Business Health Options Program that is designed to assist qualified employers in the state who are small employers in facilitating the enrollment of employees in qualified health plans offered in the small group market; and 3) meets the requirements of Section 1311(d). The Request for Proposal (RFP) was released on May 22, 2012, proposals received and evaluated on July 12, 2012, and a contract signed with Deloitte Consulting Services on October 3, 2012. The contract with Deloitte will run through December 31, 2014. Deloitte is subcontracting with CGI for the plan management and billing solution. CGI's functions included quality health plan certification, health plan quality ratings, financial management, billing for premiums, collections, and

reconciliation, and small business health options program employer setup to assist participating small employers in plan selection and administration. The eligibility of families and childless adults is based on the modified adjusted gross income (MAGI). Non-MAGI programs for the aged, blind, and disabled will be based on income and resources. Enrollment is the process of facilitating plan selection for a customer who has been determined eligible and elects to enroll into a qualified health plan and/or Medicaid managed care organization (MCO).

In response to questions by Senator Denton, Carrie Banahan, Executive Director, Office of the Kentucky Health Benefit Exchange, Cabinet for Health and Family Services, stated that on November 16, 2012 the cabinet has filed a blueprint application with the federal government to establish a health benefit exchange that included a budget estimate of \$39.8 million in 2015 to operate the exchange. The \$39.8 million funding would include and assessment on the health benefit plans offered by the insurers in Kentucky and transitioning approximately tobacco settlement funds currently used for the Kentucky Access, Kentucky's high risk pool. The insurers would continue to have the opportunity to raise premiums to cover the assessment for everyone insured not just individuals participating in the exchange. The Department for Insurance (DOI) bases the assessment on approximately 600,000 insured individuals. Approximately \$15 million of the \$39.8 million will come from the tobacco settlement funds. It is estimated that the tobacco settlement funds will be allocated for at least ten years.

In response to a question by Senator Westwood, Lorna Jones, Office of Administrative and Technology Services, Cabinet for Health and Family Services, stated that the tobacco settlement funds are used for smoking cessation programs, Kentucky Access, KY-ASAP, and the Kentucky Lung Cancer Research Program. The exchange would only use the Kentucky Access portion of the tobacco settlement funds and would not affect any of the other programs.

In response to questions by Representative DeWeese, Ms. Banahan stated that the Affordable Care Act (ACA) includes a \$63 re-insurance per person per year component.

In response to questions by Representative Stacy, Ms. Banahan stated that purpose of the exchange is to increase access and affordability for health insurance coverage. People will be able to access care sooner and become healthier which should lower the overall healthcare costs in Kentucky.

In response to questions by Senator Bowen, Ms. Banahan stated that the exchange will provide health insurance coverage to individuals who qualify in the individual market for small employer groups and its employees. Association groups in Kentucky will not be part of

the exchange. Individuals who work less than 30 hours will be eligible to purchase health insurance through the exchange and receive premium assistance if their incomes are between 133 percent and 400 percent of the federal poverty level.

National Background Check Program

Mary Begley, Inspector General, Office of the Inspector General, Cabinet for Health and Family Services, stated that the National Background Check Program (NBCP) grant is administered by the Centers for Medicare and Medicaid Services (CMS). The fingerprint-supported state and FBI criminal background check program is for new employees in long-term care settings. Kentucky received \$3 million in federal funds with a \$1 million state match over three years. The Office of Inspector General with the Cabinet for Health and Family Services is responsible for administering the NBCP grant. It is a collaborative effort between CHFS, Kentucky State Police (KSP), and Department of Workforce Investment. The initiative is called Kentucky Applicant Registry and Employment Screening (KARES). Grant funds used to enhance the pre-employment screening process in long-term care settings will help reduce the potential for abuse, neglect, or exploitation of residents and replace the current less reliable name-based criminal background check. The KARES query fee for an applicant who has been previously fingerprinted or is eligible to be hired based on the results of a prior background check is \$30. If the facility has paid the \$30 KARES query fee but an application is not in the system, the facility pays an additional \$19 for submission of applicant prints and associated criminal history.

Because additional authority under state law is needed to fully implement the grant's requirements, legislation will be filed in the 2013 Regular Session. The legislation will require new employees in long-term care settings to submit to fingerprinting-supported state and FBI criminal history checks. The bill will identify what constitutes a disqualifying offense, reduce duplicative fingerprinting by establishing a process for continue employment assessment, provide applicants with a means to appeal the accuracy of information contained in a criminal background check, establish a rehabilitation review process, and consider mitigating circumstances.

In response to a question by Senator Westwood, Stephanie Brammer-Barnes, Policy Analyst, Office of Inspector General, Cabinet for Health and Family Services, stated that a disqualifying offense would be a conviction not just a charge.

In response to questions by Representative Burch, Ms. Brammer-Barnes stated that initially an individual will submit to a check of applicable abuse registries. If an individual has been cleared and the professional license is in good standing, an employer would submit

a fee so the individual could submit to the fingerprint supported background check. Legislation is needed to mandate participation in the program.

Adjournment

There being no further business, the meeting was adjourned at 1:00 p.m.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 6th Meeting of the 2012 Interim

November 19, 2012

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Judiciary was held on Monday, November 19, 2012, at 10:00 AM, at Fort Campbell, Kentucky. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Jensen, Co-Chair; Representative John Tilley, Co-Chair; Senators Perry B. Clark, John Schickel, Brandon Smith, and Robin L. Webb; Representatives Joseph M. Fischer, Sara Beth Gregory, Joni L. Jenkins, Mary Lou Marzian, Michael J. Nemes, Steven Rudy, and Brent Yonts.

Guests: Eric Sherman, USA4MilitaryFamilies Program; John D. Minton, Jr., Chief Justice, and Will T. Scott, Justice, Kentucky Supreme Court; Judge David Holton, Jefferson District Court; Connie Neal, Manager, Drug Court, Administrative Office of the Courts; and Colonel David Thompson, Kentucky Commission on Military Affairs.

LRC Staff: Jon Grate, Joanna Decker, and Rebecca Crawley.

The minutes of the October 5, 2012 meeting were approved without objection.

Colonel David Dellinger welcomed the committee to Fort Campbell. He said Fort Campbell has 31,000 active duty military service members, 48,000 family members, provides education to 5,000 children on base, and 15,000 children are educated in Christian County, Kentucky and Montgomery County, Tennessee. Fort Campbell contributes \$4.5 billion annually to the economies of Kentucky and Tennessee. He thanked the committee for coming to Fort Campbell and encouraged them to ask questions and participate in the planned activities.

Chairman Tilley welcomed Representative Tanya Pullen, chair of the Military and Veterans Affairs Committee, to the meeting and commended her for her efforts on behalf of active duty military and veterans in Kentucky.

USA4MilitaryFamilies Program

Eric Sherman, SE Region State Liaison, Office of the Deputy Assistant Secretary of Defense, gave an overview of the USA 4 Military Families Initiative. The goal of the Department of Defense (DoD) State Liaison Program is to educate policy makers and participate in state level discussions on issues affecting service members and their families. Issues include removing licensure impediments

for separating service members to allow them to transition back into civilian jobs, encouraging states to allow military education and training as credit toward licensing requirements, encouraging states to allow academic credit for military education and training, working with state governments to align state child care rating systems with DoD child care requirements to provide quality child care options for military families, establishing veterans treatment courts to address veterans suffering from substance abuse and behavioral health problems, encouraging states to address predatory lending practices which target military service members and their families, and clarification of state statutes on disposition of human remains.

In response to questions from Representative Marzian and Senator Smith, Mr. Sherman said the four Kentucky zip codes most densely packed with payday lenders are all near Fort Campbell and Fort Knox, the state's only two military bases. There are 18 payday lenders near Fort Campbell and 22 payday lenders near Fort Knox. Payday lenders target members of the military because they know they receive a guaranteed check every two weeks, and if there is a problem, they can contact the base command who will make sure the problem is resolved. Even though Kentucky has an interest rate cap of 17 percent, the legislature has authorized payday lenders to charge "fees" which equate to up to an interest rate of 459 percent. He said payday lenders around military bases are also known for changing the terms of the contract which can lead to severe financial hardships for the service member.

Another area of concern for service members and their families is the disposition of human remains designation. All service members must update their designation annually and before deployment. There have been problems when family members or state statutes disagree with the soldier's designation of who decides what to do with their remains in the event of death. He suggested Kentucky law be amended to state the person designated by the decedent on the U. S. Department of Defense Record of Emergency Data, DD Form 93, shall have the primary authority and responsibility for the final disposition of the decedent's remains.

Military personnel, veterans and the Kentucky Court of Justice

John D. Minton, Jr., Chief Justice, Kentucky Supreme Court, said the Kentucky Access to Justice Commission was created in 2010 to identify barriers to justice in Kentucky and make recommendations to ensure citizens can access the court system across the state. Justice Will T. Scott, a veteran, was named Chairman of the Veterans Subcommittee to make sure veterans have access to all the services authorized by Congress.

Justice Scott told the members it is estimated there are 22.2 million veterans

in the United States, and 335,700 in Kentucky. He said Jefferson County has the largest veteran population in Kentucky, and as the wars in Iraq and Afghanistan come to a close, the veteran population will continue to grow and some will struggle with the transition to civilian life. In response to these statistics, the Administrative Office of the Courts is collaborating with several agencies to implement the Jefferson County Veterans Treatment Court (VTC), the first of its kind in Kentucky. Funded by a three-year grant from the Veterans Justice Administration, the VTC will use case managers to assist veterans entering the criminal justice system, offering comprehensive evidence-based services to help them achieve stable mental health and recover from addiction. Another component of the VTC is to collect data on the number of veterans entering the Kentucky criminal justice system, whether they served in combat, and what they are charged with, so services and assistance can be tailored to meet their needs. He said jails do not ask if the incarcerated person is a veteran and do not offer to help the veteran access available services.

Thanks to the help of Representative Pullen, Kentucky now has veteran's driver's licenses, so law enforcement is immediately aware of the veteran's status. The uniform citation form, which is the entry point for a person entering the criminal justice system, has been changed to include veteran's information. That allows the jails to know immediately if a veteran is in custody and whether the veteran should be provided veterans' services and assistance. The Administrative Office of the Courts is redesigning its database to allow the county clerk to produce a list of all veterans in the court system, so veterans who are attorneys can provide pro bono legal services, and veteran's advocates can assist them as they go through the justice system. He said Judge Kimberly Shumate headed up the effort to develop Tier One veteran's courts for urban areas and is working on a Tier Two model for rural areas. Circuit judges will preside over veterans-only dockets and provide veterans with services and options. Another effort of the Veterans Subcommittee is educating judges around the state on what services are available for veterans through the Department of Defense and how to access them. He said veterans status is now included on pretrial forms so that information can be shared by the entire court system.

Representative Yonts said judges should be mandated to participate in veterans courts. Justice Scott said initially he is looking for voluntary participation. He said Tennessee has already established a veteran's court program, which will hopefully pressure Kentucky judges to follow their lead. He said the Commission is looking at establishing a veteran's court in Christian County because of the number of soldiers at Fort Campbell, but the final decision is based on the number

of veterans living in the county.

In response to a question from Representative Jenkins about whether the same veteran's services are offered to victims of crime, Justice Scott said there is no difference in accessing services whether the veteran is the perpetrator or the victim.

Judge David Holton, Jefferson District Court, said he is honored to preside over Kentucky's first Veterans Treatment Court. Returning service members face a number of problems including homelessness, unemployment, mental health problems such as post traumatic stress syndrome and traumatic brain injuries, depression and suicide, and substance abuse. A 2000 Bureau of Justice report found that 81 percent of all veterans involved in the justice system had a substance abuse problem prior to incarceration. He said the services of the Veterans Treatment Court are also available to veterans living outside Jefferson County.

Connie Payne, Manager, Drug Court, Veterans Treatment Court pilot project, said judges across the state are committed to veteran's treatment courts. She said AOC must target areas with enough veterans to support a veterans docket for it to be successful. She said changes to the AOC database to identify veterans in the court system will help develop new courts and train judges to operate them.

Representative Tilley said there is a great need for a veteran's treatment court in Christian County and Ms. Payne said Christian County is in the top four to get one established. She encouraged everyone to light a fire under their circuit judges to build support for establishing veteran's treatment courts. Chief Justice Minton said Fort Campbell is unique because it straddles the Kentucky-Tennessee border. He said Montgomery County, Tennessee has already established a veteran's treatment court, which increases pressure to mirror that in Christian County. He said the court system is being cautious about creating another level of courts, similar to drug courts which are now statewide.

Senator Schickel said the court system was set up to provide justice to the citizens and should be very careful about moving into providing social services, which is not the courts' role in society. He said it is a slippery slope as there first was a family court, then a drug court, mental health court, and now veteran's court. He said the justice system seems to be moving outside its judicial responsibility.

Justice Scott responded said the VTC are being established to develop a better way to serve veterans and increase the use of already available services through the Department of Defense. He noted these are not preferential services for veterans. Senator Webb said the Veterans Administration funds and provides the services, which has a positive fiscal impact for states. Ms. Neal said the courts are more successful in forcing a veteran into getting assistance with much better

outcomes. She said the courts are also looking at partnering with community-based services agencies to keep veterans out of the court system entirely.

Behavioral Health for Kentucky Veterans, Service Members and their Families: The Way Ahead

Colonel David Thompson, Director, Kentucky Commission on Military Affairs, discussed behavioral health services for veterans, service members and their families. In August 2012, Governor Beshear created the Kentucky Strategic Action Plan, with the goal of increasing access to appropriate and effective behavioral health services for service members, veterans and their families, maximizing the quality of services and efficiently allocating resources, sustaining a stable and health environment, and collecting data to support decision making. The Veterans Crisis Line has been established to help service members access needed services for depression and suicide prevention, alcohol and substance abuse, and domestic abuse.

Representative Tilley commended Senator Jensen for his long-time service to the state, General Assembly, and as co-chairman of the Judiciary Committee. Senator Jensen said it was an honor to serve in the legislature and he has every faith Representative Tilley will continue to lead the Judiciary Committee in the right direction.

The meeting adjourned at 11:45 a.m.

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 6th Meeting of the 2012 Interim November 20, 2012

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Licensing and Occupations was held on Tuesday, November 20, 2012, at 10:00 AM, in Room 129 of the Capitol Annex. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Julie Denton, Denise Harper Angel, Paul Hornback, Dan "Malano" Seum, Damon Thayer, and Robin L. Webb; Representatives Tom Burch, Larry Clark, Dennis Horlander, Wade Hurt, Joni L. Jenkins, Adam Koenig, Charles Miller, Michael J. Nemes, David Osborne, Ruth Ann Palumbo, Carl Rollins II, Sal Santoro, Arnold Simpson, and Susan Westrom.

Guests: Marty Hammons, Commissioner, Bob Sparrow, Deputy Commissioner and Acting Director of Enforcement, Lisa Moreman, General Counsel and Acting Director of Licensing and Compliance, Department of Charitable Gaming; Soren Campbell, Daniel Bates, Kentucky Academy of Anesthesiologist Assistants; Alexander Montavon, Student, Case Western Reserve University,

Washington, D.C.; Heidi Koenig, M.D., Ross Cotton, M.D., Anjum Bux, M.D., Kentucky Society of Anesthesiologist.

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

Pilot project on electronic record keeping

Marty Hammons, Commissioner of the Department for Charitable Gaming said that Kentucky ranks in the top six in charitable gaming nationally. In 2011, charitable gaming in the state was a \$394 million industry. Of that, \$44 million went to the charities. Although receipts are declining, charities are able to retain the money available to them. 2011 also had the fewest number of violations; of the 653 licensees, only 17 did not meet the 40 percent retention required by statute.

Fines have also seen a reduction since 2007. Staff worked with charities to determine the degree of each violation. Some mistakes that were previously fined were reduced to warnings. Staff is now emailing notices and reminders to licensees and this has resulted in all but 17 charities filing annual reports in a timely manner.

The department understands that charities are run by volunteers with other obligations. However, charitable gaming is an all cash industry and it is important to track all money that is passed. The paper work can be burdensome. Financial reports can include up to 25 pages of documentation for one session. Kentucky has 16 licensed distributors with the ability to electronically track their product from their warehouse to the bingo floor. A letter was sent to each distributor asking for input on making tracking easier for charities. Two distributors were interested in helping with a Point of Sale software system that would help charities track the product that is in their inventory, what is being sold, what their payout should be, and what their net should be at the end of each session. This information could be electronically transferred to the department so the charity is reporting on time.

The distributors were allowed to choose the charities they wanted to work with so that a variety of charities could be sampled. There are six charities participating with two distributors. The reporting period started October 1, and will end December 31. Financial reports are due January 31. There are no results of the project to report.

Commissioner Hammons said that he, Bob Sparrow, and Lisa Moreman have witnessed demonstrations of the products and attended an installation of software. The system tells the charity the amount of inventory available and when the inventory becomes low. Products are scanned into the system, which automatically gives the charity the payouts and identifies the net profit.

The department does not intend to mandate this software system. However, letters from the charities participating

testify that the electronic tracking and reporting system has improved their ability to report their gaming sessions. Current law does not allow for electronic reporting. This project allows the department, the distributors, and the charities to see what the system can do to make the burdensome paperwork less of a burden for the charities. This allows all parties to have input so that the department does not continue to come to the legislature for changes regarding electronic tracking and reporting.

The program is an option for the charities to use in reporting to the department. The department is looking for ways to make reporting easier for the volunteers who run the charities. The department, as a regulatory body, wants to make sure that the accountability and integrity of the industry is maintained, and at the same time provide a service to the charities.

In response to a question from Representative Clark, Mr. Hammons said when a box of pull tabs is scanned into the system the number of tickets for sale is recorded. Pull tabs are easy to track due to the serial numbers on the box with the seal card matching the serial number. The software will track the box until all tickets are sold and the point of sale is closed out. The system will also allow a partially sold box of pull tabs to be recorded and will pick up sales from the box at the next session. The biggest issue is Bingo paper. Several states do not track paper. What the department has found is that this is a simple way to cheat the system.

Issues relating to licensure of Anesthesiologist Assistants

Soren Campbell, Anesthesiologist Assistant (AA) and representative of the Kentucky Academy of Anesthesiologist Assistants, said AAs have been practicing safely in Kentucky for over 25 years. State licensing was changed about 25 years ago requiring an AA to also be licensed as a Primary Care Physician Assistant in order to obtain licensure. This stopped any new practicing AAs from coming into Kentucky. In other states where AAs practice, there is no other requirement for physician assistant licensure. AAs receive a Masters level education in order to assist for anesthesiologists. AAs do not assist other physicians.

Changing licensing to allow AAs to practice in Kentucky is endorsed by the Kentucky Society of Anesthesiologists and the Louisville Society of Anesthesiologists. The Kentucky Medical Association remains neutral on the issue and the Kentucky Academy of Physician Assistants prefers that AAs have their own licensure. AAs fall under the PA licensing statute, which causes some confusion, not only in name recognition, but also job responsibilities. The Certified Registered Nurse Anesthetists (CRNA) are opposed to changing the licensure. The AAs and CRNAs practice under the same anesthesia care team model with anesthesiologists involved in the care

of the patients. One argument against licensure of AAs is that AAs are not safe; however, there is no study that shows that outcome. There is a study that was done in Cleveland of 50,000 cases where half were done by AAs and the other half by CRNAs that showed no difference in the number of adverse events.

AAs were designed by anesthesiologists to work as a team member. AAs are reimbursable. The Centers for Medicare and Medicaid Services (CMS) identify both AAs and CRNAs as “anesthetist” in their code of federal regulations. AAs are also eligible to work in the VA system. Last year, the House and Senate Licensing and Occupations committees passed similar legislation to revise licensure requirements for AAs, but no compromise was reached.

Daniel Bates, President of the Kentucky Academy of Anesthesiologist Assistants, stated that he is forced to work in Cincinnati, Ohio because he does not have a PA license. The CRNAs, who are opposed to licensure of the AAs, have the same role as AAs in the anesthesia care team. CRNAs go through nursing’s anesthesia school to become anesthetists while AAs go through a pre-med school that is connected with a residency program for anesthesiology. Kentucky’s duplicate certification requirement is restricting AAs from practicing. Case Western Reserve University has expressed an interest in opening an AA program in Kentucky. This would be possible if AAs are able to work in Kentucky without the dual licensing requirement.

Alexander Montavon, AA student in Case Western Reserve University’s Masters of Anesthesia program in Washington, DC, said he graduated from Eastern Kentucky University with a bachelor’s degree in Chemistry and Bio-Chemistry. He then enrolled in the AA program, which began with a five week didactic schedule including classes in physics, as well as using the anesthesia machine and monitors that are part of the practice of anesthesia. There is also a class in pharmacology to learn the class of medications AAs use, and a physiology class to learn how diseases affect the anesthesia care of patients. In the last five months he has earned 300 hours of clinical experience. He wants to take the skills he has learned and return to Kentucky.

In response to a question from Representative Burch, Mr. Campbell said the modern anesthesia model uses a team composed of an anesthetist that is in the operating room with the patient. The anesthesiologist sees the patient pre-operatively to make the anesthetic plan and is present for the induction, emergence, and other critical components of the anesthetic. CMS allows anesthesiologist to supervise up to four operating rooms. The nurse anesthetist does the same type of anesthetic work that the AA does. With health care reform there are expected to be more patients, therefore the demand for AAs will grow in the future. Billing

for all members of the anesthetist team is typically done by a physician group.

Dr. Heidi Koenig, University of Louisville, President of the Kentucky Society of Anesthesiologist stated that she was speaking for the society rather than the university. The M.D. anesthesiologist role is focused on safety and patient well-being, as well as preparing patients for surgery. AAs and CRNAs are necessary. AA programs are well integrated with rigorous testing and national certification in place. Kentucky’s duplicative requirement prevents well trained, nationally credentialed health care practitioners from practicing and taking care of patients.

Dr. Anjum Bux, Chief of Anesthesia at Ephraim McDowell Hospital in Danville and Kentucky representative for the National Society of Anesthesiologist, said the society is supportive of the AA licensure. A 2006 study conducted by the Legislative Research Commission noted that AAs are not allowed to practice as generalist physician assistants. The generalist physician assistants follow a different educational curriculum, geared toward their specialty. Allowing AAs licensure in Kentucky will add to the anesthesia care team, allowing better care and enhancing patient safety. With the patient population growing, allowing AAs to work in Kentucky will not result in fewer jobs for other practitioners but will allow more access to rural hospitals that are not easily covered.

Dr. Ross Cotton, anesthesiologist at Norton Health Care, said anesthesiologists take care of critically ill people every day. Health care is a changing profession that currently requires good mid-level caregivers. There is a shortage of people qualified to work on anesthesia teams.

In response to a question from Representative Westrom, Dr. Koenig said the Kentucky Medical Association (KMA) has remained neutral on this issue. There is a need for more providers and the KMA is in support of team based care. The mid-level provider is where patient care can be expanded.

Senator Schickel and Representative Keene recognized Representative Hurt and Representative Nemes for their service to the Commonwealth.

Senator Webb commented that during a previous meeting a regulation concerning the race day administration of Furosemide had been found deficient. However, the Governor overrode that decision and passed the regulation by executive order. Since that order went into effect, state veterinarians have improperly administered Lasix at least four times. This topic is worthy of further discussion.

Senator Thayer commented that he enjoyed working with Representative Nemes during his service.

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

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 4th Meeting
of the 2012 Interim
November 28, 2012

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Local Government was held on Wednesday, November 28, 2012, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Walter Blevins Jr., R.J. Palmer II, John Schickel, Dan “Malano” Seum, Robert Stivers II, and Johnny Ray Turner; Representatives Julie Raque Adams, Ron Crimm, Mike Denham, Adam Koenig, Stan Lee, Tom McKee, Michael Meredith, Jody Richards, Arnold Simpson, Kevin Sinnette, and Rita Smart.

Guests: Tommy Turner, LaRue County Judge/Executive, KACo President-Elect; Tom Bozarth, Mayor of Midway, KLC First Vice President; Jim Gray, Mayor of Lexington; and Adam Edelen, State Auditor of Public Accounts.

LRC Staff: Mark Mitchell, John Ryan, Jessica Causey, Joe Pinczewski-Lee, and Ashlee McDonald.

Approval of Minutes

Upon the motion of Senator Palmer and a second by Representative Sinnette, the minutes of the October 24, 2012 meeting were approved.

Kentucky Association of Counties Legislative Platform for the 2013 Session of the General Assembly

Mr. Tommy Turner, LaRue County Judge/Executive, KACo President-Elect, testified about issues facing county officials. Special districts were the focus of parallel studies in the interim. Counties support strengthening compliance with reporting requirements, consolidation in statutes and types where realistic, and providing for maintenance of the registry established by the Auditor’s Office.

Critical funding for E-911 is needed. Wireless devices account for over 75 percent of calls made to dispatch centers, but only account for 25 percent of the funding according to CMRS board data. Local governments bear the brunt of funding for this critical service through decreasing landline fees and general fund dollars. This cannot be sustained without an increase in revenues, namely the 70-cent monthly wireless fee. 114 out of 120 counties collect landline fees. The wireless fee of 70 cents on monthly bills provides about 15 percent of the funding. This has not changed since 1998.

Jails continue to be the largest drain on most county budgets. Counties support refunding the Local Corrections Assistance Fund that was used to shore up the Catastrophic Inmate Medical Fund, and the restoration of the 12-hours booking rule for pretrial officers to submit

information to a judge for pretrial release options.

Mr. Turner added that counties support comprehensive tax reform on both the state and local levels. There are intertwined and should have been considered in tandem. All efforts should be made to reach a fair and equitable system for all tax payers while modernizing our tax code for the 21st century. There are still several proposals under consideration that include increase funding for PVA offices and amending the Constitution to allow a local general sales tax.

Regarding constables, Mr. Turner said that the working group established by Justice and Public Safety Cabinet Secretary J. Michael Brown has produced a comprehensive analysis of this office. They concluded the office should be abolished and there are counties supporting the abolishment of the office of constable.

Mr. Turner stated that counties support reform with the following parameters:

The Commonwealth must honor promises made to current retirees and active employees.

Address the unfunded liabilities including consideration of a bond issue. Statutorily recognize adequate funding at 80 percent, working toward 100 percent.

Consider a separate governing board for CERS, and

Exhaust all remedies for reform before considering benefit changes for new employees.

Mr. Turner explained that it is not about reducing cost in the system, but about designing the state’s needs while being fiscally responsible and sustainable.

Responding to a question from Senator Schickel, Mr. Turner said that the unfunded liability to CERS is approximately \$6 billion. The unfunded amount for the entire retirement system is \$19 billion, excluding Teachers Retirement.

In response to Representative Riggs regarding the Juvenile Code Task Force, Mr. Turner stated that he does not have the information regarding the report on the efficiency of the Juvenile Code.

Responding to Representative Simpson regarding the Pension Reform Task Force, Mr. Turner stated that he thinks the task force is more unified now than previously. Much of the discussion last year was regarding the switch from the current plan to the 401K type plan. In regards to the new hire situation, the task force is focusing on CERS. One of the reasons KACo feels that CERS should be separated as a whole that the plan to fix the Kentucky Retirement System is based on the weakest link. Mr. Turner feels that KERS is the weakest link, and new hires of CERS will suffer the greatest. Separating CERS would allow benefits to be adjusted to mirror the stability of the fund versus mirroring KERS.

Mr. Turner stated that if it were not possible to separate CERS, he is not sure

if there is enough fairness to hold CERS at the same level as the KERS.

Representative Simpson added that having pension systems that are drastically unfunded drastically creates issues for the Commonwealth. In regards to double-dippers and triple-dippers, Mr. Turner explained that contrary to some people beliefs, retirees who come back actually help the retirement system not hurt it. The retiree has to pay into the retirement system without receiving any benefits in return.

Chairman Thayer responded by saying that he would have to respectfully disagree with Mr. Turner, and he suggested that KACo look into the benefits more closely. He explained that the Pension Reform Task Force has suggested that a two year re-employment time be implemented or that if a retiree decides to go back to work, the pension be suspended until retiring again.

Representative Richards said the pension has done too much in stocks and not diversified in bonds and property. Mr. Turner stated that one of the problems that KERS has is that it had to pull out some funds to pay benefits each month.

In response to Representative Smart, Mr. Turner clarified that if a returning retiree comes back, if employed after 2008, the person does not start a new retirement fund. If employed prior to 2008, the person will earn a second retirement. Earning two retirements (double-dipping) was eliminated in 2008. However, re-entry/re-employment is still allowable if the person is not employed for 3 months.

State Auditor’s Final Recommendations for Special Districts

Adam Edelen, State Auditor of Public Accounts, explained that before his investigation, the department had no idea how many special districts existed. The department identified districts that spend \$2.7 billion a year collectively. They collect fees and taxes of \$1.5 billion annually and hold \$1.4 billion in capital bonds.

In 117 out of 120 counties, citizens pay more in taxes and fees collectively to special districts than in property taxes to county governments. The special districts have \$1.4 billion in reserves, which is twice the amount that all 174 school districts have in rainy day funds. Until this investigation, there was no ability to determine which districts were in compliance and which ones are not. Every entity in Kentucky that has a budget of \$750,000 or more is required to have an annual audit. The investigation found that only 55 percent of them do. The amount of money that is going unaudited by the remaining 45 percent that is not being audited is \$461 million dollars.

Mr. Edelen recommends a centralized registry that includes tracking to ensure yearly reporting and the public should have access to view. He recommends a uniformed ethics code. Any business or entity that has the ability to fee or tax in Kentucky is governed by the ethics code

in the county they operate in.

Responding to a question from Senator Schickel, Mr. Edelen said that he would respectfully disagree with the statement about “ghost government.” Mr. Edelen explained that the investigation proved that there has been a lack of accountability and transparency.

Senator Schickel responded that the area he feels that is most strongly disagreed upon is taxes.

Senator Thayer added he agreed with Senator Schickel. When there are tax dollars at play, he feels like there should be accountability for those elected officials.

Responding to Representative Lee, Mr. Edelen explained that taking away the ability of the districts to raise the revenue to meet a federal mandate may mean a loss of agreement with the federal government. Mr. Edelen said that the need is accountability and transparency, with a clear level of expectancy.

Representative Lee inquired about the penalty for those not in compliance. Mr. Edelen explained a centralized registry would allow people to know who is in compliance.

Senator Thayer noted that two years ago, in a bipartisan effort, the legislature passed legislation that requires MSD and SD1 (or any other sanitation department) to report any increase above 5 percent, which must be approved by a majority of the fiscal court.

Responding to Representative Sinnette, Mr. Edelen said that the citizens need to have awareness of who is taxing them before they change the structure. Representative Sinnette added that he understands there is transparency but he is not sure where the accountability is issued. Mr. Edelen added that identifying this layer of ghost government and making the businesses report annually is an effective accountability tool.

Lexington-Fayette Urban County Government’s Pension Task Force Findings

Jim Gray, Mayor of Lexington, explained that the police and fire pension is the most significant financial issue for Lexington. This is the only pension that exists outside the state pension. There is a \$258 million dollar unfunded liability that does not include medical or health care costs. The approximate general fund is \$290 million dollars.

The Lexington Police and Fire Pension Task Force’s approach is to have reliable and independent ideas and data-driven analysis. The retiree benefit plans must be sustainable, affordable, competitive, and sufficient to offer career employees the opportunity for a dignified retirement.

Pension funding issues are best addressed using a multi-disciplinary approach that combines an understanding of public sector finance and workforce issues with rigorous actuarial and quantitative analysis.

Mr. Gray said that assembling a team of professionals experienced with

the public sector, which has helped government agencies of all sizes, is required for the engagement.

Mr. D.J. Kapor, Public Financial Management, explained that Mr. Gray and the city hired his company to help find a consensus. This began with understanding the needs of all the stakeholders and getting all to agree on the projections. The task force should be clear about what benefits employees and retirees can expect and rely upon.

Mr. Kapor reviewed the phases of how this pension will be delivered. Phase 1 is the Review and Analysis. There is preliminary benchmarking, development of baseline cost projections and evaluation of current pension system investment policies and guidelines. The target date of this is early December.

Phase 2 is the Options and Draft Recommendations phase. This consists of developing a scope of work the Pension Task Force to narrow plan design options. The target date for this is also early December.

The last phase is the Final Recommendations and Report. The task force will be given the developed draft and final reports. There will be an opportunity to discuss report and recommendations with interested stakeholders as well as those tasked with drafting the legislation. The target date for this is end of December/early January.

Detective Santonio, Fraternal Order of Police, explained that there have not been any agreements but that there are negotiations with the city of Lexington.

Lt. Chris Bartley, City of Lexington Fire Department, explained that the department has been committed to this work for the past year to come to a solution that is fair to employees and the taxpayers.

Mr. Gray commented that if an agreement could not be met, then he would urge local control.

Kentucky League of Cities' Legislative Platform for the Upcoming 2013 Session of the General Assembly

Tom Bozarth, Mayor of Midway, KLC First Vice President, testified about KLC before introducing J.D. Chaney, Chief Governmental Affairs Officer.

Mr. Chaney explained that the main KLC legislative issues are allowing local governments the chance at governing the retirement systems and having a balanced approach at addressing the pension issues.

Another priority for cities is to continue to urge state policy makers to allow cities to have greater revenue flexibility. The stagnant economy, declining revenues and increasing expenses are making it harder for cities. Many cities are unable to fairly recoup the revenue required to maintain city infrastructure, essential services, and amenities that contribute to high quality of life.

Mr. Chaney explained that the KLC board has supported the expansion of the restaurant tax. The tax would be used in lieu of the collection of net profits or gross

receipts taxes on restaurants. KLC will support an amendment to the Kentucky Constitution to permit cities to approve a local options sales tax for particular projects or programs.

Mr. Bozarth said that the General Assembly divides cities into one of six classes based on population size. Cities can change classes only after approval by the General Assembly. KLC will seek legislation to reduce and largely eliminate the number of city classes. When possible, the legislation should eliminate mandates and extend maximum flexibility to cities for self-governance.

Mr. Bozarth explained that local governments have the ability to assess fees for 911 services on land-based telephone lines. The decline in the popularity of landline telephones has left many local governments with decreasing revenues to support the ever-more expensive 911 services. To address this issue, the KCL will continue to oppose any measure that removes the ability of local governments to impose local fees for 911 operations, and oppose any proposal that would reduce the total amount of state-generated revenue from wireless fees.

Responding to Representative Koenig, Mr. Chaney said that several city officials are trying to eliminate the wireless fee and keep the landline fee.

Adjournment

With no further business, the meeting adjourned at 12:45 p.m.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 6th Meeting of the 2012 Interim November 1, 2012

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, November 1, 2012, at 10:00 AM, at the Kentucky Geological Society Well Sample and Core Library in Lexington, Kentucky. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Joe Bowen, Ernie Harris, Ray S. Jones II, Bob Leeper, Katie Stine, Johnny Ray Turner, and Robin L. Webb; Representatives Tim Couch, Keith Hall, Stan Lee, Tim Moore, John Short, Fitz Steele, Jim Stewart III, and Jill York.

Guests: Dr. James Tracy, University of Kentucky, Vice President for Research; Dr. Jim Cobb, Dr. Gerry Weisenfluh, and Dr. Dave Harris, Kentucky Geological Survey; Dr. Rick Honaker, University of Kentucky Department of Mining Engineering; Dr. John Anthony, University of Kentucky Department of Chemistry; Dr. Stephen Lipka, Center for Applied Energy Research; Mr. Steve Sullivan, The Corradine Group; Mr. Steve Gardner, ECSI; Mr. Adam Scott,

Kentucky Infrastructure Authority; Mr. Jan Gould, Kentucky Retail Federation; Mr. Geoff Pinkerton, Office of the State Budget Director.

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

A quorum being established, the minutes from the September 4, 2012 meeting were approved. Dr. James Tracy, University of Kentucky Vice President for Research, welcomed the committee and commented that the University of Kentucky takes interest in research in the areas of energy, environment, and natural resources.

Kentucky Geological Survey

Dr. Jim Cobb, State Geologist and Director of the Kentucky Geological Survey (KGS), described the role, organizational structure, and mission of KGS. KGS is a department of the University of Kentucky, and its mission is derived with input from an advisory board of 12 citizens. Several legislative mandates also inform the KGS mission, such as the requirement to maintain maps of the Commonwealth's mineral resources. These maps are widely used in the mining industry.

The Energy Independence and Incentives Act provided \$5 million for carbon sequestration research. Dr. Cobb explained the research was divided evenly between research in western Kentucky on carbon dioxide (CO₂) injection and Enhanced Oil Recovery (EOR) and in central Kentucky involving a CO₂ deep well injection test in Carter County. E.ON, Conoco Phillips, and American Electric Power have provided \$8 million additional funds.

In response to a question about the depth of a deep well, Mr. Brandon Nuttall said that the deepest well in Kentucky is approximately 15,200 feet and is located in Webster County.

In response to a question about the relationship between temperature and CO₂, Dr. Cobb said that CO₂ is released into the geological formation at the same temperature as the formation. The temperature is usually 100 degrees. The CO₂ becomes hot as it is compressed and cools down when released.

Dr. Cobb continued that Kentucky has the largest amount of state-supported research into CO₂ injection, noting the several existing research wells along the Ohio River. There will be a new well drilled close to the Ohio River. The carbon sequestration research has led to three key findings. First, Kentucky can adequately store CO₂ in rock formations. There is proven, adequate storage capacity in the Knox County formation. Second, Kentucky can support cost-effective EOR if the CO₂ is purchased in a wholesale manner from power plants. Finally, KGS was successful in using CO₂ injection in the Devonian shale for enhanced gas recovery (EGR).

Department of Mining Engineering

Dr. Rick Honaker, Chair, Department of Mine Engineering, described the history

of the mining engineering program at the University of Kentucky, the number of faculty and staff, and several studies being performed by the department. Of the more notable studies, one state-funded study on respirable dust is expected to be completed and report findings in the next few months. Another study commissioned by the National Institute for Occupational Safety and Health (NIOSH) aims at developing technologies to identify weak areas in mine roofs. Also, researchers are working on a study to create a fuel feedstock for utilities using biomass and coal. The feedstock will be a pelletized product intended to be used in fluidized beds in coal fired power plants. Dr. Honaker discussed the possible opening of an experimental mine to be used in mine rescue and health and safety training. A feasibility study is being done to examine sites in the Lexington area for such a facility. The facility would be valuable for the University of Kentucky to host visiting trainees and for faculty to teach safety, training, and research.

Dr. Honaker updated the committee on the Environmental Research Initiative. This initiative involves eight universities with funding of \$12.5 million to investigate mine safety and water conductivity issues. Some of the resulting research has revealed that it is possible to locate, isolate, and cap the substrate of soil containing selenium in order to prevent it from leaching out and contributing to the increased conductivity of water runoff from mine sites.

In response to a question on long-term drainage from the mine site, Dr. Honaker said that work must be done with mine companies to train their employees on how to remove the selenium and pack the overburden to create the cap. The area is then forested, but the cap has good integrity for preventing further drainage.

Department of Chemistry

Dr. John Anthony described ongoing departmental research on producing renewable energy from agriculture wastes through carbon based materials. Quartz is a good source of silica used for renewable cells, but the process is energy-intensive and expensive. Other materials, including those that use petroleum-based processes like plastics, use less energy. So those materials have a smaller carbon footprint. Also, plastics are cheaper to manufacture. There is a National Science Foundation (NSF) project that is partnering with Cambridge University. Kentucky has a phenomenal set of resources that can be used to make solar panels for export to other states and countries.

In response to a question about whether these materials are used in computer nanotechnology, Dr. Anthony said that the technology is used in computers. The flexible displays which currently use silicon to create pixels can be replaced in the future with carbon; however, the molecular engineering is different from nanotechnology.

Center for Applied Energy

Research

Dr. Stephen Lipka updated the committee on the Center for Applied Energy Research's (CAER) work on electrical energy storage devices. Research areas include: electric, hybrid-electric, and electric grid storage, which is also known as stationary storage. The research involves using bourbon distillation byproducts that are carbohydrate-rich, to prepare carbons which can be used as active materials in energy storage devices such as lithium-ion batteries, fuel cells, and electrochemical capacitors. Electrochemical capacitors are like batteries because both store energy, but capacitors have infinite capacity for storage. Batteries are limited.

Dr. Lipka explained that the electrochemical technology is used in new micro-hybrid vehicles as a part of the fuel-saving idle stop-start system. Part of his research focuses on the quickly rechargeable, long-lasting batteries that must be used to provide the instant restart capability for this technology. Idle stop-start systems will be standard in new vehicles in five to ten years.

In response to a comment about potential investors in the type of research being conducted at the University of Kentucky, Dr. Lipka responded that CAER and the Department of Chemistry have looked into ways to combine research. Dr. Anthony commented that the Department of Chemistry's research has generated several royalties for the University of Kentucky.

Development of Total Maximum Daily Loads for Nutrient Management

Mr. Scott Smith, Smith Management Group, expressed concern on behalf of several organizations about the Division of Water's issuance of Total Maximum Daily Loads (TMDLs). TMDLs are used to reduce pollution in impaired waters in the Commonwealth. Mr. Smith expressed fear that the current process could yield TMDL levels that are unrealistic, and the demanded reductions on effluents could negatively impact agricultural and mining operations in the Commonwealth. The 2012 Draft Integrated Report from the Division of Water lists 2,460 impaired waters in Kentucky, with 41 TMDLs slated for development in 2012 and 114 TMDLs planned for public notice in 2013.

Co-Chairman Gooch commented that the streams designated as impaired are similar to nonattainment for air quality standards. Anyone seeking to obtain a permit will be forced to comply with the TMDL. TMDLs have implications for agriculture, home building, and other industries.

In response to a question about what Smith Management is doing at this time in the way of a reaction to the TMDLs, Mr. Smith commented that the members could help by raising public awareness and educating the public on the possible impacts of an overly-restrictive TMDL. The Legislative Research Commission can provide information on what other states have done and whether there should

be any statutory or regulatory changes.

In response to a question about whether road construction will be impacted by TMDLs, Mr. Smith said that while road construction is not named, it will be impacted indirectly. He stated that TMDL is a current issue that has impacted the Chesapeake Bay area, Florida, and the Ohio River Valley.

Rep. Webb requested more research be conducted on the development of TMDLs in other states.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Minutes of the 5th Meeting of the 2012 Interim November 28, 2012

Call to Order and Roll Call

The fifth and final meeting of the Interim Joint Committee on State Government was held on Wednesday, November 28, 2012, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Mike Cherry, Chair, called the meeting to order, and the secretary called the roll. Co-Chair Senator Damon Thayer jointly chaired the meeting with Representative Cherry.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Mike Cherry, Co-Chair; Senators Walter Blevins Jr., Jimmy Higdon, Gerald Neal, R. J. Palmer II, and Dorsey Ridley; Representatives Linda Belcher, Kevin Bratcher, Dwight Butler, Larry Clark, Leslie Combs, Tim Couch, Will Coursey, Danny Ford, Derrick Graham, Mike Harmon, Melvin Henley, Martha Jane King, Jimmie Lee, Lonnie Napier, Sannie Overly, Tanya Pullin, Tom Riner, Bart Rowland, Steven Rudy, Sal Santoro, John Will Stacy, Tommy Thompson, John Tilley, Tommy Turner, and Brent Yonts.

Guests: David Draine, Pew Center on the States; William Thielen, Kentucky Retirement Systems; Representative Susan Westrom; David Meade; and Jonathan Shell.

LRC Staff: Judy Fritz, Kevin Devlin, Brad Gross, Alisha Miller, Greg Woosley, and Peggy Sciantarelli.

Recognitions

The committee recognized Senator Thayer for his election as new Majority Floor Leader in the Senate, effective in January 2013. Representative Ford and Representative Napier welcomed David Meade and Jonathan Shell, their successors to represent House Districts 80 and 36, respectively.

Representative Cherry recognized individually a group of students from the Kentucky Junior Historical Society who are his constituents in Crittenden and Livingston Counties.

Approval of Minutes

A motion to approve the minutes of the October 24, 2012, meeting was adopted without objection.

Task Force on Kentucky Public

Pensions: Status Report

Senator Thayer explained that the Task Force on Kentucky Public Pensions, co-chaired by Representative Cherry and him, was created by enactment of HCR 162—sponsored by Representative Cherry—in the 2012 Regular Session. On November 20, the Task Force adopted recommendations to reform Kentucky's pension system. The Kentucky Teachers Retirement System was not included in the Task Force's studies. He expressed thanks to members of the Task Force, which included several members of the State Government Committee; LRC staff who worked with the Task Force; and the Pew Center on the States (PEW) and the Laura and John Arnold Foundation (LJAF), which provided input and assistance throughout the process.

Present from PEW were David Draine, lead researcher on public sector retirement systems, and Michele Evermore, Project Manager for State Policy, States' Public Sector Retirement Systems. In appreciation for their work with the Task Force, Representative Cherry presented them with membership commissions in the Honorable Order of Kentucky Colonels. Kentucky Colonel commissions were also provided for other PEW and LJAF staff who assisted the Task Force but were not present.

Representative Cherry said he and Senator Thayer are proud to present a consensus report based on bipartisanship and compromise. The Task Force chose not to include in its recommendations methods for raising new revenue, although bonding, increasing employee contributions, and other potential revenue sources had been discussed. He proceeded with an overview of the recommendations adopted by the Task Force for inclusion in its final report to the Legislative Research Commission, due December 7, 2012. The overview included a slide presentation entitled "Funding and Plan Design Changes for Kentucky Retirement Systems." Committee members were provided with copies of the presentation and a matrix style document outlining the proposed changes and how they differ from what is currently in place. Representative Cherry was assisted by Brad Gross, LRC staff.

The recommendations apply to the systems administered by Kentucky Retirement Systems (KRS)—Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS), State Police Retirement System (SPRS)—and the Judicial Form Retirement System, which includes the Legislators Retirement Plan (LRP) and the Judicial Retirement Plan (JRP).

Proposed changes to KRS:

Begin paying the full actuarially required contribution (ARC) beginning in FY 2014-2015 for KERS and SPRS;

Repeal cost-of-living adjustment (COLA) provisions;

Reset the amortization period to 30 years for KERS, CERS, and SPRS;

Reemployment after retirement option: Extend required break in employment to two years for retirees who are reemployed on or after July 1, 2013, except require only a one year break for full-time retired hazardous employees who are returning to full-time hazardous employment;

Pension spiking: Require employers to pay any additional actuarial costs for salary increases greater than 10 percent during the last five years of employment;

Transparency: Require KRS to establish a web page(s) with information that is easily available and understood by the public regarding its financial and actuarial condition;

Increase KRS Board membership to 11 (currently nine members): five elected (two from KERS, two from CERS, one from SPRS); five appointed by the Governor (two must have 10 years of "investment experience" as defined by statute and cannot be participating or retired from KERS, CERS, or SPRS); one appointed from a list of three recommended by the Kentucky League of Cities; one appointed from a list of three recommended by the Kentucky Association of Counties; one from a list of three recommended by the Kentucky School Boards Association); and the Secretary of the Personnel Cabinet;

New plan: Effective July 1, 2013, new hires in KERS, CERS, and SPRS would participate under a new hybrid cash balance plan.

Proposed changes to Judicial Form Retirement System:

Repeal COLA provisions;

New Hires: Close LRP and JRP to new participants. Effective July 1, 2013, new legislators and judges would participate in KERS under a new hybrid cash balance plan.

The slide presentation included charts showing the 20-year projected impact on employer contributions (in millions of dollars or percentage of payroll) by retaining the current phase-in schedule and continuing COLAs for KERS-nonhazardous; making the full ARC payment for KERS-nonhazardous with COLAs repealed; and by the continuation or repeal of COLAs in CERS.

Mr. Draine said that for about five years PEW has been studying public sector retirement systems and the fiscal challenge of their costs to states, taxpayers, public workers, and those who depend on public services. PEW has recently begun offering technical assistance to help states understand the options available and the tradeoffs of different approaches. There is no "one size fits all" approach. PEW's view is that any real set of reforms will include a credible plan for paying off the funding gap over a reasonable time frame; a new plan going forward that is affordable, sustainable, and secure; and the ability to recruit and retain a talented public sector workforce.

Mr. Draine said he thinks the recommendations adopted by the Task

Force represent a strong set of reforms for Kentucky. They include a plan to close the funding gap and commitment to pay the required contributions beginning in the next budget cycle. It will not be easy, and it is important that policymakers remain committed. The recommendation to suspend COLAs will help ensure that the funding gap does not widen. The way Kentucky has been offering COLAs has caused the unfunded liability to grow; an employer-provided COLA needs to be paid for before it is offered. However, Kentucky policymakers could consider offering COLAs that would be paid for by the employee—for example, by opting for a smaller benefit at retirement or an increased employee contribution.

Representative Cherry explained elements of the hybrid cash balance plan proposed for new hires and for all new legislators and judges. Mr. Draine said that a cash balance plan would allow costs to be more predictable and transparent, risk would be shared between public employers and employees, and workers would have a portable benefit that they could earn across their entire career.

Representative Belcher said she hopes the recommended two-year break in employment would not apply to retirees who return to work part-time in classified school positions and that she would appreciate that being taken into account when the legislation is drafted. The Co-Chairs said her suggestion is a good one and that it will be considered.

When the issue was raised by Representative Graham, discussion followed regarding reemployment after retirement. William Thielen, Executive Director, Kentucky Retirement Systems, said there are IRS requirements that must be met in order to maintain qualified plan status but that federal law does not specify the length of the required break in service. The Internal Revenue code also prohibits prearranged agreements for reemployment when retiring. If the break in service is violated or it is determined there was a prearranged agreement, current law requires the retirement to be voided and repayment of benefits that were paid out. Senator Thayer said there was some support on the Task Force, but not a consensus, to allow reemployment with suspension of pension payments. Both he and Representative Cherry indicated that opposition to double dipping is mainly an issue of public perception and that there are valid arguments both for and against the practice.

Representative Pullin suggested that longevity in a job might not be encouraged under the hybrid cash balance plan because of its portability. On the other hand, Mr. Draine pointed out that traditional pension plans tend to incentivize experienced and valuable employees to retire when they are still ready to continue their careers so that they will not forfeit benefits already earned.

In response to a question from Senator Blevins, it was explained that

the Task Force recommendations do not include any changes relating to service credit requirements.

When the subject was brought up by Senator Higdon, there was discussion of the KRS funding situation and the factors that led to the unfunded liability over the past few years. Representative Cherry said the two prime factors were plummeting investment return and the failure to pay the full ARC. Mr. Gross reviewed an analysis by the KRS actuary of factors responsible for the \$5.5 billion growth in the unfunded liability of the KERS-nonhazardous Pension Fund from 2005 to 2011. The pie chart analysis indicated that growth due to investment experience was about \$1 billion; COLAs, \$995 million; employer rate reductions, \$948 million; demographic and salary experience, \$371 million; assumption changes, \$690 million; benefit changes, \$88 million; and other, \$1.345 billion. The Co-Chairs requested that copies of the analysis be sent to the committee members' Annex offices and also to members of the Interim Joint Committee on Appropriations and Revenue for its November 29 meeting, at which Representative Cherry and Mr. Draine will be presenting the Task Force recommendations.

When Representative Overly inquired about potential transition costs to implement the hybrid cash balance plan, Mr. Draine explained why transition costs should not be a concern. Mr. Thielen agreed and said there will not be significant transition costs to move to a cash balance plan. There will be minor additional costs—for employer education, for example—but it would be difficult to provide detailed cost information at this time for the more than 1,400 participating employers. Mr. Thielen also commended the Task Force, PEW, and LJAF for their work and said the KRS Board does not have a problem with the Task Force recommendations. If the recommendations are implemented, he believes they will help resolve the funding problem, and he hopes that KRS will have input regarding the forthcoming legislation. The Co-Chairs assured Mr. Thielen that KRS would have the opportunity to work with LRC staff.

Responding to another question from Representative Overly, Representative Cherry said that the new hybrid cash balance plan would have little impact on the unfunded liability. Mr. Draine explained that paying the full ARC and suspending the COLA will help close the funding gap. Under the new plan costs will be more predictable, and risk will be shared. The goal of the plan was not to offer a less generous benefit but to offer a similarly generous benefit that provides retirement security and shares risk more evenly.

When asked by Representative Ford, Mr. Gross explained that the recommendations do not address how accumulated sick leave and compensatory time would be treated at retirement.

Senator Thayer said that the pension liability is the biggest fiscal issue facing the state at this time and that he is proud of the work of the Task Force and its development of a truly bipartisan, consensus compromise. The recommendations will be drafted as legislation that he will introduce in the Senate.

Subcommittee Report

Senator Thayer, Co-Chair of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs, read a report of the Task Force's November 27 meeting. The report was adopted without objection.

Recognition of Retiring Members

On behalf of the committee, Senator Thayer presented resolutions honoring the following retiring members: Senator Jensen, and Representatives Belcher, Ford, Henley, Napier, and Webb-Edgington. He extended special thanks to retiring Co-Chair Mike Cherry and presented him with a framed certificate making him an Admiral of the Great Fleet of the Commonwealth. The committee adopted the resolutions without objection, upon motion by Representative Yonts.

Adjournment

With business concluded, the meeting was adjourned at 3:40 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 5th Meeting Of the 2012 Interim

November 13, 2012

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Transportation was held on Tuesday, November 13, 2012, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Hubert Collins, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators David Givens, Jimmy Higdon, Ray S. Jones II, Bob Leeper, R.J. Palmer II, John Schickel, Brandon Smith, and Johnny Ray Turner; Representatives Linda Belcher, Leslie Combs, Tim Couch, Will Coursey, David Floyd, Keith Hall, Melvin B. Henley, Jimmie Lee, Terry Mills, Rick G. Nelson, Tanya Pullin, Marie Rader, Steve Riggs, John Short, Arnold Simpson, Fitz Steele, Jim Stewart III, and Addia Wuchner.

Guests: From the Kentucky Transportation Cabinet: Tom Zawacki, Commissioner, Department of Vehicle Regulation; Heather Stout, Director, Division of Motor Vehicle Licensing; Alice Wilson, Executive Director, Office of Audits; Randy Royer, Division Director, Office of Audits; Kim Jenkins, Audit Manager, Office of Audits; Vickie Bourne, Executive Director, Office of Transportation Delivery; Lisa Lee, Office of Transportation Delivery; Kim Jenkins, Legislative Liason; Matt Osborne, Legislative Liason; Jerry Burns, Attorney;

David Allgood, Center for Accessible Living.

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Jennifer Beeler.

Approval of Minutes

Representative Hall moved to approve the minutes from the October 2, 2012 meeting. The motion was seconded by Representative Steele and adopted by voice vote.

Chairman Collins recognized the departing members of the committee: Representative Linda Belcher, Representative Melvin Henley, Representative Lonnie Napier, and Representative Alicia Webb-Edgington.

Parking Placards for the Disabled

Tom Zawacki, Commissioner, Department of Vehicle Regulation explained how Kentucky is trying to find ways to change the current system of parking placards for the disabled so that there is less abuse in the system.

Heather Stout, Director Division of Motor Vehicle Licensing, explained that the cabinet receives numerous complaints about people misusing the placard and is striving to a solution. In 2008, when a \$6 fee was charged for a permanent placard, there were approximately 26,000 placards issued. During the 2008 Regular Session, legislation passed to remove the fee to obtain a placard; succeeding years have seen a large increase in the number of placards issued, reaching approximately 230,000 in 2012. Temporary placards have also increased, but not as dramatically. In 2008, there were approximately 6,000 issued and, as of October 2012, there have been approximately 8,800 issued.

Ms. Stout explained that one of the issues the cabinet has noticed is that there are no requirements for a physician's signature for placard renewals. Placards have a two year expiration, but an individual is allowed to renew a placard twice before having to acquire a physician's signature, thus the individual has a total of 6 years to hold the placard. The expiration on the placard is handwritten, which causes concern because it can be easily altered. Local law enforcement officials are primarily concerned with the data that is received from the placard system inquiry. Often, when law enforcement officials query a placard, the officers will receive a message that states the placard is not found. When a query is run on a specific placard, the officer should receive a name, address, social security number, placard number, and expiration date or status of the placard. It is the responsibility of the county clerk's office to input this information.

One possibility to improve the placards is to modify the design to a hole punch expiration date, which would alleviate the chance of someone altering the expiration date. Another option is a sticker decal on the placard with the month and year expiration.

In response to Representative Collins, Ms. Stout stated that the most cost effective option to modify the placards

would be to change to the hole punch expiration option, but that could also bring additional problems with waste of placards at the end of the year.

In response to Representative Collins, Ms. Stout explained modifying the design of the placards to the decal option would require a change to the system for the ability to print the decal, and that there would be an additional cost of 25 cents to print each decal.

In response to Senator Harris, Ms. Stout stated that a legislative change was needed to require a physician's signature to renew a placard after two years. It would depend on the physician whether to give an individual a placard for the next two years.

In response to Senator Harris, Ms. Stout stated that, with the implementation of the new KAVIS system, entering information for a placard will be simpler. She explained that instead of having to type in the information that the clerk would just scan the application into the system.

In response to Representative Collins, Ms. Stout explained that a temporary placard requires physician approval which allows for three months' use of the placard and can be renewed only once with an additional physician's signature. She stated that the permanent placard requires either a physician's signature or observance from the clerk that the person is disabled.

In response to Representative Riggs, Ms. Stout stated that with the hold punch placard the year would be permanently printed on the placard, so the reason for the waste would be the need to print a certain amount of placards, and if those placards are not used by the end of that year, any remaining placards would be discarded and wasted.

In response to Representative Riggs, Ms. Stout explained that in 2008 legislation was passed to remove the fee required to obtain a placard. She added that the material cost to print the placards to do a decal and the placard would be 50 cents per placard.

David Allgood, Center for Accessible Living, said he is one of many who has been able to drive a disability accessible vehicle. As a person with a permanent placard, his concern is the double abuse and what the need is for individuals to be issued two placards.

Tom Zawacki, Commissioner, Department of Vehicle Regulation explained that an individual may have the option of receiving two placards if they show need that there are two different vehicles that require a placard.

Mr. Allgood explained that there is a huge need to change the way placards are issued and enforced because there is a lot of abuse. Individuals who truly need those placards need to be able to park in the assigned parking spaces.

In response to Representative Floyd, Ms. Stout explained that the idea of putting a driver's license number on

a parking placard was thought of in the past, but what deterred the decision was in the case of children or those who do not have driver's licenses. She added that the cabinet is willing to look into tying a personal identification card or another form of identification to the placard.

Cabinet's Auditing Procedures for the International Fuel Tax Agreement (IFTA) Fuel Tax Reporting

Alice Wilson, Executive Director, Office of Audits, stated that the International Fuel Tax Agreement (IFTA) is an agreement among the 48 contiguous states and 10 Canadian provinces to distribute motor carrier fuel taxes based on the miles driven in each jurisdiction. The agreement simplifies fuel reporting used by interstate motor carriers. Each driver pays a usage tax at the pump when purchasing diesel fuel. The tax is a fuel usage tax when a driver is driving through certain states. Taxes collected through IFTA are motor fuel taxes that are imposed by each jurisdiction on the consumption of motor fuel in qualified motor vehicles. To qualify for IFTA, a motor vehicle must be used in interstate operations, have a gross vehicle or registered gross vehicle weight exceeding 26,000 pounds, or have three or more axles regardless of weight.

In response to Representative Collins, Ms. Wilson explained that each state that is a member of the IFTA agreement must audit three percent of the carriers each year. There is also a peer review process that includes a team of workers to go to each state and look at the auditing procedures to verify the state is meeting its three percent auditing quota.

Ms. Wilson explained that some of the benefits to the licensee include one license and one set of decals for each qualified motor vehicle to operate through all member jurisdictions. This allows for the licensee to file only one tax return each quarter with the base jurisdiction. There is only one tax payment or refund and one audit by the base jurisdiction. There are also benefits to each jurisdiction, and there are fewer taxpayers, lower administrative costs, increased audit coverage, and increased enforcement.

The Kentucky Transportation Cabinet, Division of Motor Carriers, oversees licensing of IFTA carriers, processes tax returns, and conducts various training sessions throughout the year so the carriers understand what is required by being a part of the IFTA agreement. Annually, upon renewal, the licensee must sign a form stating he or she has read and understood all recordkeeping requirements to go along with an IFTA decal.

Ms. Wilson testified about the auditing procedure, how the cabinet chooses which licensees to audit, the process by which the audit is performed, and how at the conclusion of the audit the license will either receive a bill or a refund. A licensee is required to maintain a beginning and ending odometer reading by vehicle for each quarter, a trip sheet,

driver's logs, lease agreements for vehicles leased, quarterly distance recaps for each IFTA vehicle, and fuel receipts for bulk purchases and retail purchases.

There are two different ways a licensee can handle bulk fuel, either by paying taxes directly to the supplier, or paying no tax when purchased but paying under a separate return filed with the jurisdiction where the fuel was purchased and stored.

Ms. Wilson explained that, if a licensee has a bulk tank at the time of audit, the cabinet will enter the bulk purchases and bulk withdrawals into separate excel spreadsheets and compare the totals on a quarterly basis for each fuel type.

In response to Senator Schickel, Ms. Wilson stated that there have been no additional policies or procedures added in the last year. She explained that there have been representatives from the cabinet that have been out conducting seminars to inform licensees of their responsibilities, and that could be the cause of recent confusion.

In response to Representative Collins' question regarding motor carrier registration, Kim Jenkins, Audit Manager, Office of Audits, explained that typically a licensee is required to travel to the Transportation Cabinet when an apportion plate is being received.

In response to Senator Higdon, Rick Taylor, Deputy Commissioner, Department of Vehicle Regulation stated that all renewals fees for interstate motor carriers are based off the previous year's mileage for each jurisdiction.

Chairman Collins turned over the meeting to Chairman Harris.

Human Service Transportation

Vickie Bourne, Executive Director, Office of Transportation Delivery gave a status on the number of providers in each county, as well as a breakdown of which brokers served as providers. Ms. Bourne also informed the committee of the 1915(b) waiver the cabinet has received from Centers for Medicare and Medicaid Services (CMS) to allow brokers to serve as providers.

Jerry Burns, an attorney representing Ron and Brenda Babcock, owners of Ron and Brenda's Transportation Service, explained that his clients started out with just one van and now have certificates in five counties providing transportation services for disabled person's vehicles. His clients applied for authority to provide Medicaid-only transportation services in Pulaski County, as well as an application for 20 disabled people's vehicles in the same county. Those applications were protested by the regional human service transportation broker, which also acts as a provider. His clients wish to change the law so that a broker who is also a provider cannot protest competition. He raised questions regarding the fairness of for-profit companies having to compete against government-subsidized not-for-profit agencies.

In response to Senator Givens, Lisa

Lee, Deputy Commissioner, Department of Medicaid Services, explained that Kentucky has operated under the 1915(b) waiver for quite some time. Once the Deficit Reduction Act of 2005 passed giving states flexibility in their Medicaid programs, Kentucky's Medicaid program chose to make several changes. CMS urged the department to move towards using the state plan over the 1915(b) waiver to alleviate some of the administrative burdens associated with the waiver. In 2009, federal law restricted the ability of brokers to serve as anything other than a provider of last resort. The Kentucky Medicaid program then pursued a 1915(b) waiver to ensure an adequate number of providers.

With no further business before the Committee, the meeting adjourned at noon.

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

Minutes of the 6th Meeting of the 2012 Interim

November 8, 2012

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, November 8, 2012, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Jack Westwood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Tanya Pullin, Co-Chair; Senators Carroll Gibson, Vernie McGaha, Dennis Parrett, Joey Pendleton, Kathy W. Stein, and Mike Wilson; Representatives Royce W. Adams, Linda Belcher, Petrey Bunch, Tom Burch, Mike Cherry, Leslie Combs, Tim Couch, Ron Crimm, Myron Dossett, David Floyd, Jimmie Lee, Donna Mayfield, Terry Mills, Tim Moore, Tom Riner, Carl Rollins II, Rita Smart, and John Tilley.

Guests: Ken Lucas, Commissioner, Margaret Plattner, Deputy Commissioner, and Gilda Hill, Executive Director, Kentucky Veterans Centers, Kentucky Department of Veterans Affairs; Gene Kiser, Executive Director, Doug Recktenwald, Assistant Chief, Louisville Fire and Rescue Department, Gregg Bayer, Battalion Chief, Lexington Fire and Emergency Services Department, Kentucky Office of Homeland Security Heavy Search and Rescue.

LRC Staff: Erica Warren, Tiffany Opii, Kristopher Shera, and Rhonda Schierer.

Minutes

Representative Lee moved to adopt the August 21, September 13, and October 11, 2012, meeting minutes. Representative Floyd seconded the motion. The minutes were adopted.

Resolutions

Co-Chair Pullin read resolutions honoring Senator Jack Westwood and Representatives Royce Adams, Bill Farmer, Alecia Webb-Edgington, Linda Belcher, and Mike Cherry. Chair Westwood read resolutions for Senators Joey Pendleton, Ken Winters, and Vernie McGaha. Representative Crimm moved to adopt all of the resolutions. Representative Burch seconded the motion. The resolutions were adopted.

Kentucky Department of Veterans Affairs Update

Ken Lucas, Commissioner, Margaret Plattner, Deputy Commissioner, and Gilda Hill, Office of Kentucky Veterans Centers, of the Kentucky Department of Veterans Affairs (KDVA) testified regarding the agency's activities and services. The state veterans homes that are operational all have waiting lists for the beds as they become available. The commissioner provided a progress report on the planned Radcliff Veterans Center, including a gap in funding between the current VA building requirements, what the state has already committed, and what the VA has indicated is the maximum amount they will provide. Regardless of this funding gap, KDVA intends to bid the project in January 2013 with construction starting in the spring of 2013.

KDVA intends to begin participating in the Medicare and Medicaid programs with its nursing home residents. It began assessing the billing requirements and financial structure necessary to bill Medicare and Medicaid in August 2012 and held informational meetings with residents and families in September. At this time, KDVA is awaiting certification by the federal programs and hopes have patients apply for Medicaid early next year. Initially, 40 percent of residents will qualify for Medicare or Medicaid billing and that within one year that will increase to 50 percent.

Commissioner Lucas and Deputy Commissioner Plattner testified about the projects funded through the Veterans Program Trust Fund, including assistance in opening a homeless veterans' shelter in Western Kentucky and providing a grant to the Administrative Office of the Courts for a veterans treatment pilot program. The trust fund also provided grants to the University of Louisville for a veterans' entrepreneurship program as well as for various organizations to purchase vans to assist transporting veterans with medical needs.

In response to a question from Representative Lee, Gilda Hill stated that KDVA is in the process of dually certifying all beds for Medicare/Medicaid and will not discharge veterans based on payment.

In response to a question from Co-Chair Pullin, Gilda Hill stated that KDVA will bill a veteran's private insurance.

Kentucky Office of Homeland Security Heavy Search and Rescue

Gene Kiser, Executive Director of KOHS, explained that the office

distributes federal grant funds for heavy search and rescue programs, which are generally located in urban areas, including two in Kentucky, and introduced Doug Recktenwald, Battalion Chief, from the Lexington Fire and Emergency Services Department and Gregg Bayer, Assistant Chief of the Louisville Fire and Rescue Department. Doug Recktenwald explained that heavy search and rescue is also called technical search and rescue, and its primary mission is to find and rescue people affected by major widespread disasters while working with multi-discipline teams. In addition to searches of collapsed buildings, search and rescue helps in situations like the tornadoes seen in West Liberty, the massive flooding experienced last year in Middlesboro, as well as potential earthquake response to the New Madrid Fault.

Gregg Bayer explained the funding history for these heavy search and rescue teams, which started in 2005 with a grant to the Louisville Fire and Rescue Department, however; it was a one-time resource as the U.S. Department of Homeland Security then began diverting the urban funds to larger cities that it deemed more likely to experience terrorist attacks. The Louisville and Lexington departments have also each received a KOHS grant on one other occasion, but do not otherwise have a continual funding source. Doug Recktenwald stressed their groups' history of working together and in partnership with other emergency and first responders, as well as specialized civilian resources like construction equipment companies, engineers, and medical personnel. He also explained the multitude of specialized and credentialed training necessary to meet federal standards to serve in this capacity. Louisville and Lexington meet Type I capabilities of a Collapse Search and Rescue Team, but want to collaborate to meet Type II Technical Rescue capabilities.

Mr. Recktenwald and Mr. Bayer discussed the desire to develop a state training strategy and eventually have a legislatively enacted and funded program, develop satellite teams throughout the state that are at least partially trained in search and rescue techniques, provide state sponsored training, and therefore be able to provide the entire state with this needed expertise in a timely manner. All surrounding states provide ongoing state funding for heavy search and rescue needs. Response times from Louisville and Lexington throughout the state may not be adequate, but for a multi-state emergency such as a severe New Madrid fault earthquake, Kentucky may not be able to rely on resources from the surrounding states.

In response to a question from Senator Stein, Mr. Bayer stated that 90 percent of what the heavy search and rescue teams do is the search component of the search and rescue mission such as missing persons. Mr. Recktenwald stated that the teams also can go in and clear

an area and affirm that no one is left in a building that is on fire or has collapsed.

There being no further business, the meeting was adjourned.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes of the 11th Meeting of the 2012 Interim

November 20, 2012

Call to Order and Roll Call

The 11th meeting of the Capital Projects and Bond Oversight Committee was held on Tuesday, November 20, 2012, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Jim Glenn, Co-Chair; Senators Jared Carpenter, and Julian M. Carroll; Representatives Robert R. Damron, Steven Rudy, and Jim Wayne.

Guests: Robin Brewer, Financial Analyst, Office of Financial Management; Rick McQuady, Chief Executive Officer, Kentucky Housing Corporation; Michael Gross, Frontgate developer; Sujyot Patel, Bond Counsel, Peck, Shaffer, and Williams; John Bingham, community representative; Lisa Beran, General Counsel, Kentucky Housing Corporation; Ben Threadman, community representative; Sonja Minch, Mayor of Hollow Creek; Scott Aubrey, Director, Division of Real Properties; John Hicks, Deputy Director, Governor's Office for Policy and Management; John Covington, Executive Director, Kentucky Infrastructure Authority.

LRC Staff: Kristi Culpepper, Josh Nacey, and Christine Robertson.

Approval of Minutes

Representative Rudy moved to approve the minutes of the October 16, 2012, meeting. The motion was seconded by Representative Damron and approved by voice vote.

Resolution

Senator Leeper asked Kristi Culpepper, Committee Staff Administrator, to read a resolution honoring Tom Howard upon his retirement from the Office of Financial Management. Representative Rudy made a motion to approve the resolution. The motion was seconded by Senator Carroll and passed unanimously by voice vote.

Information Items

Ms. Culpepper said there were two items for members to review. The first was a report of Fitch Ratings' downgrade of Kentucky's appropriation-supported debt from AA- to A+. The outlook for the new rating was revised from negative to stable. The second item was the annual report on the Economic Development Bond (EDB) program from the Cabinet for Economic Development detailing whether previously approved EDB projects have met their job creation and wage requirements. No action was required.

Correspondence Item

Ms. Culpepper said there was one

correspondence item for members to review. The committee received a response from the Office of Financial Management in response to question raised at last month's meeting about the manipulation of the London Interbank Offered Rate – based on interest rate swaps. The Finance Cabinet has filed three claims to participate in a \$63.3 million settlement fund for and out-of-court settlement between UBS AG and 25 state attorneys general. The total amount of the claims filed to date is \$602,693.

Old Business

There was one item of old business. The Kentucky Housing Corporation (KHC) Conduit Multifamily Housing Revenue Bonds, Series 2012 – Frontgate Apartments project was originally considered at the September 2012, meeting, but action was postponed pending local action on the project.

Robin Brewer, Financial Analyst, Office of Financial Management, said that the information from their office had not changed since the issue was first presented to the committee at the September 2012 meeting.

Jon Bingham, a community representative, expressed a number of concerns about the project. He said the neighborhood had concerns about the developer's track record with other properties. KHC should take the developer's track record into account when evaluating applications for assistance. He questioned the affordability of apartments in the new complex. A nearby apartment complex had lower rental rates. Mr. Bingham said that the community was concerned about the number of apartments in the proposed project. There were fairness issues when the project was considered by the local Board of Zoning Adjustment that led to the neighborhood filing a lawsuit in circuit court the prior week. He had concerns about who the actual developer for the project was. The entity that applied for tax credits, Overlook Development, is different than the entity that will be developing the project, LDG. He believed the developer applied for assistance under Overlook to take advantage of KHC's policy for giving preference in scoring to a female-owned business.

Rick McQuady, Chief Executive Officer, KHC, said it had received two applications with respect to the Frontgate project. The first application was for nine percent tax credits. Approximately \$9.5 million of these credits are provided to the state each year for the development of multi-family housing projects throughout the state. The developer submitted an application for 32 units at Frontgate Apartments, which was scored competitively. The project scored high enough to be funded.

A second application for a tax-exempt bond issue was received from the developer. Projects funded with tax-exempt bonds issued to create multi-family housing automatically receive four

percent tax credits. That bond issue called for 180 units of housing on the same site as the 32 units funded by the nine percent credit. Due to a surplus of tax-exempt bond cap, the cycle for the bond-funded projects is not competitive at this time. KHC reviews market studies for projects and uses agency criteria in an attempt to ensure that projects are viable and will succeed. Since this project met the criteria, the bond funds were allocated.

Representative Wayne asked Mr. McQuady to respond to Mr. Bingham's concerns. Mr. McQuady said that the competitive process involving points assigned to Overlook Development being a female-owned business had to do with the 9 percent tax credits and did not involve the bond issue before the committee. Developers frequently create different entities for legal and tax purposes. Mr. McQuady said that he had met twice with Mr. Bingham and will take his suggestions for improving the application process into consideration.

In response to a question from Senator Leeper, Mr. McQuady said that rent limits are established by the United States Treasury Department.

In response to a question from Senator Carpenter, Mr. McQuady said he was confident in the application process and the way this bond issue has been handled.

In response to a question from Representative Wayne, Lisa Beran, General Counsel for KHC, said that different deals were put together to create the housing complex at Frontgate. She said this was a standard process for such developments.

Michael Gross with LDG addressed the committee to discuss the concerns of neighborhood representatives. Concerns had been expressed at the September meeting about another LDG project (Cambridge Station) in Indianapolis, Indiana, and associated property liens. Every lien the neighborhood representatives presented had to do with single-family homes and not multi-family housing projects. LDG hired an asset manager to supervise the property management company in 2009. When issues were raised regarding Section 8 issues by the Indianapolis Housing Authority, LDG elected to keep the Section 8 tenants in place and absorb the costs while those issues were resolved. Mr. Gross had a letter stating that all violation fees have been resolved. Regarding complaints about the developer's Falconcrest property, KHC investigated Falconcrest and found that it was not falling into disrepair or suffering from mismanagement as was suggested by the community representatives at the September meeting.

Mr. Gross presented a letter from Louisville Metro Government stating that there are no outstanding property violation fees associated with LDG developments there.

In response to a question from

Representative Wayne, Mr. Gross said the two meetings held between neighborhood residents and the developer at the suggestion of the committee at the September meeting were both constructive and non-constructive. Mr. Gross said that the developer addressed many of the issues raised by the neighborhood representatives, but the revised plan was rejected by the resident group. There have been two Board of Zoning Adjustment (BOZA) meetings since the September meeting. In order for the revised plan to be approved, the developer had to file for category three approval with the local planning department. An issue was raised as to whether a waiver was needed. The director of planning issued a letter that said variance was not needed for the development plan. The neighborhood appealed, and that appeal went to BOZA. The appeal was denied and the developer's plan was upheld. The neighborhood attorney asked for another hearing, which was denied by BOZA. A planning commission meeting was then held and the development plan was approved. After that, the developer held another meeting with neighborhood representatives. The neighborhood's proposed plan included three times the retail space and a fraction of the planned residential development, which the developer found problematic because there is already vacant retail space in the area. Mr. Gross said the developer filed a compromise plan which took away retail space, lowered the height of buildings, increased open space, lowered density, and increased buffers between the apartment complex and neighborhood. That is the plan the developer intends to move forward with.

In response to a question from Representative Wayne, Mr. Gross said the nine percent tax credits will go to Frontgate Apartments Limited, which is a single-purpose, free-standing entity set up to develop the nine percent tax credit project. Mr. Gross also said that there is a second entity, Frontgate Apartments Two Limited, set up to develop the project funded with tax-exempt bonds. Whoever purchases the tax credits will become a limited partner and will own 99.99 percent of the development.

Ben Threadman, a neighborhood resident, asked to address the committee and asked Senator Leeper what the role of the committee is in an oversight capacity. Senator Leeper said he believed his role on the committee was to determine if the proper process had been followed. Mr. Threadman said he believed that the project is not in the best interest of the community.

Sonja Minch, Mayor of Hollow Creek, expressed her concerns about LDG and Overlook as separate, free-standing entities. Mr. Gross said that the application for a category three development plan was submitted to the local planning department by the developer's local real estate counsel without review and had several errors on it. The forms have been

corrected at the local level and there were no errors on the KHC application. The developer was submitted as Overlook on both applications.

Representative Wayne made a motion to approve the project. Representative Glenn seconded the motion, which passed with five yes votes and two no votes.

Lease Reports Submitted by the Finance and Administration Cabinet

Scott Aubrey presented nine items. The first was a report of state leases with square foot modifications from July 2012 through September 2012. Eight leases had their square footage modified, but the rental rate per square foot on each lease remains the same. No action was required.

The second item was a lease renewal exceeding \$100,000 for the Cabinet for Health and Family Services in Montgomery County (PR-2829). The Cabinet will renew its existing lease at 108 East Locust Street in Mt. Sterling at an annual cost of \$130,356.

The third item was a lease renewal exceeding \$100,000 for the Cabinet for Health and Family Services in Franklin County (PR-3282). The Cabinet will renew its existing lease at 677 Comanche Trail in Frankfort at an annual cost of \$116,761.

The fourth item was a lease renewal exceeding \$100,000 for the Cabinet for Health and Family Services in Ohio County (PR-4175). The Cabinet will renew its existing lease at 947 West 7th Street in Beaver Dam at an annual cost of \$107,950.

The fifth item was a lease renewal exceeding \$100,000 for the Public Protection Cabinet in Franklin County (PR-4377). The Cabinet will renew its lease at 132 Brighton Park in Frankfort at an annual cost of \$136,769.

The sixth item was a lease renewal exceeding \$100,000 for the Cabinet for Health and Family Services in Letcher County (PR-4487). The cabinet will renew its lease at 415 Highway 2034 in Whitesburg at an annual cost of \$178,579.

The seventh item was a new lease exceeding \$100,000 for the Cabinet for Health and Family Services in Lincoln County (PR-4642). New lease space was sought through a competitive bid process after the owner of the previously leased space sought a rate increase. The cabinet will lease 9,164 square feet at 144 Frontier Boulevard in Stanford at an annual cost of \$127,288.

The eighth item was a new lease exceeding \$100,000 for the Cabinet for Health and Family Services in Scott County. New lease space was sought through a competitive bid process after the owner of the previously leased space sought a rate increase. The Cabinet will lease 13,761 square feet at Lane's Run Business Park in Georgetown at an annual cost of \$127,014.

In response to questions from Representative Rudy, Mr. Aubrey said that the Scott County lease would be a new construction and the lease on the current

space would run through June 30, 2013. Janitorial services are included in the current lease. Both new construction and existing facilities are considered during the competitive bid process.

Senator Carroll made a motion to approve the lease renewals and new leases. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

The ninth item was a report of emergency lease for the Cabinet for Health and Family Services in Kenton County (PR-5304). The Cabinet will lease 7,761 square feet at 19 East Pike Street in Covington at an annual cost of \$93,132 due to damage at the previous location on September 15, 2012, which rendered the space unsuitable. No action was required.

Project reports submitted by the Finance and Administration Cabinet

John Hicks, Deputy Director, Governor's Office for Policy and Management, presented three items. The first item was a new unbudgeted capital project for the Education and Workforce Development Cabinet's Office of Employment and Training. The scope for the Unemployment Insurance Integrity Enhancement – Adjudication project is \$666,200 and is 100-percent federally funded. The project will develop an automated process for determining eligibility for unemployment insurance benefits. Representative Wayne made a motion to approve the project. The motion was seconded by Senator Carroll and passed unanimously by roll call vote.

The second item was also a new unbudgeted capital project for the Education and Workforce Development Cabinet's Office of Employment and Training. The scope for the Unemployment Insurance/Reemployment and Assessment Data Integration Project is \$661,000 and is 100-percent federally funded. The project will organize the data for reporting elements of the Unemployment Insurance program that are currently stored across multiple systems. Representative Wayne made a motion to approve the project. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

The third item was a request for a scope increase on a budgeted project. Morehead State University requested a scope increase of \$264,000 (bond funds) for the Renovate West Mignon Residence Hall project to be used for paving, replacing the roof, and replacing the cooling tower. In July 2012, the university requested, and the committee approved, a scope increase of \$412,000. The total of the two scope increases is 13.7 percent and within the limits established by statute. Senator Carroll made a motion to approve the scope increase. The motion was seconded by Representative Damon and passed unanimously by roll call vote.

Kentucky Infrastructure Authority (KIA) Fund A Loans

John Covington, Executive Director, KIA, presented two Fund A loan requests.

The first request was for a \$1,148,730 increase to a previously approved loan to the City of Barbourville for \$5,651,270 for the Wastewater Treatment Plant Upgrade – Phase 1 project. Design changes resulted in the addition of a new blower, electrical building, removal and installation of clarifier equipment, thicker concrete walls, and a change to the feed system.

In response to a question from Senator Leeper, Mr. Covington said the need for design changes became apparent only after work had begun on the project.

The second loan request was a new loan to the City of Jackson. The \$700,000 loan will be used to rehabilitate ten lift stations throughout the city's system. The lift stations range in age from 5 to 30 years, and the city is under an agreed order to remediate numerous operation and maintenance issues.

Representative Wayne made a motion to approve both Fund A loan requests. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

KIA Fund B Loan

Mr. Covington presented one Fund B loan request, for a loan to the city of Mount Olivet in the amount of \$350,000 for the elevated Water Tank project. This project will replace an existing 100,000-gallon standpipe that has been in place since 1955 with a new 100,000-gallon elevated tank.

Representative Wayne made a motion to approve the loan. The motion was seconded by Senator Carpenter and passed unanimously by roll call vote.

KIA fund F loans

Mr. Covington presented three Fund F loan requests. The first was a loan assumption for the Adair County water district d/b/a Columbia/Adair Utilities District. The Adair County Water District is seeking to assume \$5,382,822 of outstanding Fund F loans of the Columbia/Adair County Water Commission in anticipation of the merger of the commission's assets into the district. The merger is expected to close in late 2012 or early 2013.

The second loan request was for a loan to the Adair County Water District in the amount of \$4,000,000 for Phase I of the Downtown System Improvements project. The project consists of installation of approximately 5,400 linear feet of eight-inch and 38,000 linear feet of six-inch waterline to replace existing undersized and asbestos-cement water lines.

The third loan request was for a loan for the City of Hartford in the amount of \$564,150 for the Pretreatment Basin and System Improvements project. The project involves modifications and rehabilitation of an existing settling basin as well as repainting and repairing the city's one-million-gallon storage tank.

Representative Damron made a motion to approve the Fund F loan requests. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

KIA Grants

Ms. Culpepper said that the committee had received information from KIA on several grants for coal and non-coal counties. No action was required.

Economic Development Bond Grant submitted by the Cabinet for Economic Development

Katie Smith, Executive Director, Office of Compliance, Financial, and Administrative Services at the Cabinet for Economic Development, presented an Economic Development Bond grant. The \$400,000 grant was made to the Crittenden County Fiscal Court for the benefit of Invensys Rail Corporation. The company agreed to create 50 new full-time jobs for Kentucky residents with an average hourly wage on \$14.00, including benefits within three years of the date of KEDFA approval and to maintain those jobs for three additional years.

In response to a question from Representative Wayne, Ms. Smith said that it had been more than three years since the last approval for this company and that they had met the terms and conditions of their previous grant.

Senator Carpenter made a motion to approve the grant. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Follow-up report for previously approve bond issue

Ms. Brewer presented a follow-up report on a previously approved bond issue for the Kentucky Economic Development Finance Authority Healthcare Facilities and Revenue Refunding Bonds, Series 2012 (Masonic Homes of Kentucky). The bond proceeds totaled \$49,655,000 and the costs of issuance totaled \$442,691. No action was required.

New school bond issues with School Facilities Construction Commission debt service participation

Ms. Brewer said there were nine school district bond issues being reported with SFCC debt service participation. Seven were refundings and two were for new schools and school improvements. None of the projects involve tax increases. Representative Wayne made a motion to approve the bond issues. The motion was seconded by Senator Carpenter and passed unanimously by roll call vote.

New school bond issues with 100 percent locally-funded debt service participation

Ms. Culpepper said there were five local school bond issues reported to the committee this month. The bond issues have 100 percent local debt service support and none of the bond issues involved a tax increase. No action was required.

With there being no further business, the meeting adjourned at 2:45 p.m.

**ADMINISTRATIVE
REGULATION REVIEW
SUBCOMMITTEE**
Minutes of the November Meeting
November 13, 2012

Call to Order and Roll Call

The November meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, November 13, 2012, at 1:00 PM, in Room 149 Annex of the Capitol. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Johnny Bell, Co-Chair; Senators David Givens, and Joey Pendleton; Representatives Robert R. Damron and Jimmie Lee.

Guests: Joe Cowles, Personnel Cabinet; DeVon Hankins, Kim Bechtel, Steven Jones, Dwight Price, Finance and Administration Cabinet; Karen Greenwell, Hartsel Stovall, Board of Barbering; Scott D. Majors, Board of Physical Therapy; Margaret Everson, Jeff Ross, Karen Waldrop, Department of Fish and Wildlife; Peter Goodmann, Division of Water; Kevin Brown, Robin Chandler, Johnny W. Collett, Kentucky Department of Education; Stephanie Bell, Jeff Derooven, Daniel Hinton, Allyson Honaker, Brent Kirtley, Gerald Wuetcher, Public Service Commission; Dawn Bellis, Ann Ramser, William Swope, Department of Housing, Buildings and Construction; Jeff Jagnow, Kevin Mudd, Ray Peters; Diana Mullins, Chandra Venettozzi; Stuart Owen, Phyllis Sosa, Morallia Tran, Cabinet for Health and Family Services.

LRC Staff: Dave Nicholas, Emily Caudill, Donna Little, Sarah Amburgey, Karen Howard, Betsy Cupp, and Laura Napier.

The Administrative Regulation Review Subcommittee met on Tuesday, November 13, 2012, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

PERSONNEL CABINET: Office of the Secretary: Personnel Cabinet, Classified

101 KAR 2:210 & E. 2013 Plan Year Handbook for the Public Employee Health Insurance Program. Joe Cowles, general counsel, represented the department.

FINANCE AND ADMINISTRATION CABINET: Department of the Controller: Office of Financial Management: State Investment Commission

200 KAR 14:011. Qualified investments. Devon Hankins, policy advisor; Kim Bechtel, financial specialist; Steven Jones, portfolio manager; and Dwight Price, portfolio manager, represented the office.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph, Sections 1, 2, 3, 6, 7, 9, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A and for specificity. Without objection, and with agreement of the agency, the amendments were approved.

200 KAR 14:081. Repurchase agreement.

A motion was made and seconded to approve the following amendment: to amend Section 8 to make a technical correction. Without objection, and with agreement of the agency, the amendment was approved.

200 KAR 14:091. Guidelines for money market instruments.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 1 to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Board of Barbering: Board

201 KAR 14:105. Barbering school enrollment and postgraduate requirements. Karen Greenwell, administrator, and Hartsel Stovall, chair, represented the board.

A motion was made and seconded to approve the following amendments: to amend Section 3 to clarify when a barber school employee is prohibited from also enrolling in the school as a student. Without objection, and with agreement of the agency, the amendments were approved.

Board of Physical Therapy: Board

201 KAR 22:001. Definitions for 201 KAR Chapter 22. Scott D. Majors, executive director, represented the board.

201 KAR 22:053. Code of ethical standards and standards of practice for physical therapists and physical therapist assistants.

A motion was made and seconded to approve the following amendments: to amend Sections 4 and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

301 KAR 1:015. Boat and motor restrictions. Jeff Ross, assistant director of fisheries; Margaret Everson, general counsel; and Dr. Karen Waldrop, division director, represented the department.

301 KAR 1:146. Commercial fishing gear.

301 KAR 1:155. Commercial fishing requirements.

Game

301 KAR 2:225 & E. Dove, wood duck, teal, and other migratory game bird hunting.

Wildlife

301 KAR 4:070. Scientific and educational collecting permits.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: Office of Instruction

704 KAR 3:305. Minimum requirements for high school graduation. Kevin C. Brown, general counsel; Robin

Chandler, policy advisor; and Johnny W. Collett, director, Division of Learning Services, represented the department.

In response to a question by Senator Givens, Ms. Chandler stated that students were required to take a math course each year of high school, including three specific courses and an elective in math. Students who completed all high school graduation requirements early could graduate in three years.

Mr. Collett stated that there had been confusion about the certificate of attainment's effect on the drop-out numbers. A student who received a certificate of attainment was not technically a drop-out but was not counted as a graduate as that category only included those students who completed the requirements leading to a regular diploma fully aligned to the state's standards. Each student's means of exit is reported. Mr. Brown stated that the federal No Child Left Behind law established requirements on how to count alternative assessments with the high school graduation rate.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 3, 4, 6, and 7 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 1 to clarify that a student is required to take three specified math courses and a fourth class in mathematics that counts as an elective. Without objection, and with agreement of the agency, the amendments were approved.

ENERGY AND ENVIRONMENT
CABINET: Public Service Commission: Utilities

807 KAR 5:001. Rules of procedure. Jeff Deroen, executive director; Stephanie Bell, deputy executive director; Daniel Hinton, public utility rate analyst; Allyson Honaker, staff attorney; Brent Kirtley, branch manager; and Gerald Wuetcher, executive advisor, represented the commission.

Co-Chair Bowen stated that he appreciated the commission's process in formulating these administrative regulations, which included working with stakeholders and meeting with utilities to resolve potential conflicts.

In response to a question by Senator Givens, Mr. Deroen stated that maintaining the integrity of data was important, and that technical upgrades were still needed in order to achieve the commission's goal of paperless record-keeping. It was projected to take another six years before the commission fully implemented electronic filing by all utilities in Kentucky since the transition was occurring in stages. The largest utilities converted to electronic filing initially. Other utilities may request permission to file electronically by submitting one copy on paper along with the electronic submission. As the transitions occur, the commission will amend the administrative regulations to enable to next stage of the

transition process.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 1 to add definitions previously defined in the body of this administrative regulation to this section; (4) to amend Sections 1 through 20 and 22 to comply with the drafting and formatting requirements of KRS Chapter 13A; (5) to amend Section 8(4) to establish provisions for submission of electronic audio or video files to the commission; (6) to amend Section 13(3)(e) to clarify provisions regarding confidential material; and (7) to update material incorporated by reference commensurate with forms currently in use. Without objection, and with agreement of the agency, the amendments were approved.

807 KAR 5:006. General rules.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE and the RELATES TO and STATUTORY AUTHORITY paragraphs to make technical corrections for consistency among administrative regulations; (2) to amend the RELATES TO paragraph to add statutory citations; (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; (4) to amend Sections 1 through 29 to comply with the drafting and formatting requirements of KRS Chapter 13A; (5) to amend Section 29 to include forms the commission is using that were inadvertently not previously incorporated by reference; and (6) to amend Sections 7 and 26 to clarify provisions regarding the frequency of meter inspections and the records required to be kept regarding inspections. Without objection, and with agreement of the agency, the amendments were approved.

807 KAR 5:011. Tariffs.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; and (2) to amend Sections 1 through 4 and 6 through 14 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

807 KAR 5:076. Alternative rate adjustment procedure for small utilities.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 7, 9 through 13, and 16 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET:
Department of Housing, Buildings and Construction: Division of Building Codes Enforcement: Elevator Safety

815 KAR 4:030. Elevator contractor licensing requirements. Dawn Bellis, general counsel; Ann Ramser, staff attorney; and William Swope, state fire marshal, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 4 to re-insert experience requirements which had been deleted in error; and (2) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and 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.

815 KAR 4:040. Elevator mechanic licensing requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 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.

815 KAR 4:060. Requirements for approval of continuing education courses and providers.

Fire Protection, Sprinkler Contractors, and Inspectors

815 KAR 22:010. Requirements for approval of continuing education courses and providers.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 5, and 6 to clarify provisions; and (2) to amend Sections 1, 2, and 3 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Health Policy: Certificate of Need

900 KAR 6:030. Certificate of need expenditure minimums. Chandra Venettozzi, health data administrator, and Diana Mullins, policy advisor, represented the office.

900 KAR 6:125. Certificate of Need annual surveys, and registration requirements for new Magnetic Resonance Imaging units.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 4, 8, 11, and 12 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Medicaid Services: Commissioner's Office: Health Care-

Acquired Conditions and Provider Preventable Conditions

907 KAR 14:005 & E. Health care-acquired conditions and other provider preventable conditions. Stuart Owen, regulation coordinator, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; and (2) to amend Sections 2 and 5 to correct two typographical errors. Without objection, and with agreement of the agency, the amendments were approved.

Department for Aging and Independent Living: Division of Quality Living: Aging Services

910 KAR 1:260. Kentucky Family Caregiver Program. Phyllis Sosa, assistant director, and Morallia Tran, program coordinator, represented the department.

Representative Lee stated that he was glad the \$1,500 cap for reimbursement was removed for a family member caring for five or more children. The rate is now \$500 per child. He also stated that it would be beneficial to provide a computer for each child, whether the school stated there was a need or not, as children without in-home computer access did not have equal opportunity to achieve in school.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 7, 8, and 11 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the December 17, 2012, meeting of the Subcommittee:

GENERAL GOVERNMENT
CABINET: Board of Pharmacy: Board

201 KAR 2:020 & E. Examination.

201 KAR 2:030 & E. License transfer.

201 KAR 2:050 & E. Licenses and permits; fees.

201 KAR 2:061 & E. Procedures followed by the Kentucky Board of Pharmacy in the investigation and hearing of complaints.

201 KAR 2:205 & E. Pharmacist-in-charge.

Board of Optometric Examiners: Board

201 KAR 5:010 & E. Application for licensure; endorsement.

201 KAR 5:030 & E. Annual courses of study required.

201 KAR 5:130 & E. Controlled substances.

Board of Dentistry: Board

201 KAR 8:520. Fees and fines.

201 KAR 8:532 & E. Licensure of dentists.

201 KAR 8:540 & E. Dental practices and prescription writing.

Board of Medical Licensure: Board

201 KAR 9:081 & E. Disciplinary proceedings.

201 KAR 9:200 & E. National Practitioner Data Bank reports.

201 KAR 9:210 & E. Criminal background checks required for all new applicants.

201 KAR 9:230 & E. Required registration in the KASPER system; legal requirements for prescribing controlled substances in the Commonwealth of Kentucky; enforcement.

201 KAR 9:240 & E. Emergency orders and hearings; appeals and other proceedings.

201 KAR 9:310 & E. Continuing medical education.

Board of Nursing: Board

201 KAR 20:056 & E. Advanced practice registered nurse licensure, program requirements, recognition of a national certifying organization.

201 KAR 20:161 & E. Investigation and disposition of complaints.

201 KAR 20:215 & E. Continuing competency requirements.

Board of Podiatry: Board

201 KAR 25:011 & E. Approved schools; examination application; fees.

201 KAR 25:021 & E. Annual renewal of licenses, fees.

201 KAR 25:031 & E. Continuing education.

201 KAR 25:051 & E. Procedure for complaints and hearings involving licensees: temporary suspension.

201 KAR 25:090 & E. Prescribing and dispensing controlled substances.

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

401 KAR 5:055. Scope and applicability of the KPDES Program. Peter Goodmann, assistant director, represented the department.

In response to a question by Senator Pendleton, Mr. Goodmann stated that these administrative regulations applied to industrial waste products, not to post-storm or other naturally-produced waste, and did not have new impacts on quarries, concrete, asphalt, or other industries and the holding structures built to contain waste products.

In response to questions by Senator Pendleton and Co-Chair Bell, Mr. Goodmann stated that the state had discretion relating to permit requirements, issuance, and enforcement, even though federal requirements also needed to be met in Kentucky.

A motion was made and seconded to request deferral of consideration of this administrative regulation and 401 KAR 5:060 to the December 17 Subcommittee meeting. Mr. Goodmann stated that the department agreed to the deferral request. Without objection, and with agreement of the agency, this administrative regulation and 401 KAR 5:060 were deferred.

401 KAR 5:060. KPDES application requirements.

Department for Natural Resources: Division of Technical and Administrative Support: General Administrative

Procedures

418 KAR 1:010. Definitions for 418 KAR Chapter 1.

418 KAR 1:031. Repeal of 418 KAR 1:030.

418 KAR 1:040. Grant applications.

418 KAR 1:070. Remedies.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Mental Health and Mental Retardation Services: Division of Administration and Financial Management: Institutional Care
908 KAR 3:050. Per diem rates. Jeff Jagnow, regulation coordinator; Ray Peters, program administrator, and Kevin Mudd, director, represented the department.

In response to a question by Representative Lee, Mr. Mudd stated that the annual adjustments made by this administrative regulation were based on each institution's annual cost reports.

Co-Chair Bell stated that the top three facilities charged a per diem of \$1,430, \$1,370, and \$1,345, averaging \$1,400 as the cost per day among the top three facilities. Neither Medicare or Medicaid would cover the full cost per diem at the facilities. He stated that more should be done to help patients remain at home, thereby saving money for the state and the families involved, and that Medicare and Medicaid funds should be more directed to home-based care than facility-based care.

In response to questions by Co-Chair Bell, Mr. Mudd stated that the department requested the increases at seven facilities based on the costs at those facilities. Even though facilities had been working to transition patients to other placements, each facility still had fixed costs that did not fluctuate based on population changes at the facility and many of the remaining residents required higher medical care. As the department worked to reduce placements at each facility, the facility's resources were also transitioning to better help the communities. He stated that he did not know the exact costs at each facility. However, since the cost of services and procedures increased annually, increases in reimbursement rates were also an annual necessity.

In response to a question by Senator Pendleton, Mr. Jagnow stated that it cost much more for a facility to provide care than was covered by Medicare or Medicaid reimbursement. He stated that it would be difficult to provide overall estimates of costs since different facilities offer different services at varying rates.

In response to questions by Senator Givens, Mr. Mudd stated that there was not currently a plan in place to consolidate facilities as the patient populations declined. Overall, the facilities have not uniformly declined since the Oakwood facility has moved out more patients than the other facilities. The goal was to move all patients now in facilities into communities and to offer clinic-like services at the facilities once patients have been transitioned to other placements. The

Cabinet for Health and Family Services and the Governor oversaw the department.

Representative Lee stated that for an ICFMR the quoted price was all-inclusive, including the patient's room and board, food, and medical treatment. Estimates for the cost of care at home were hard to obtain because the family would be responsible for the costs currently included in the all-inclusive facility rate. Currently, a patient's costs were covered by Social Security plus \$35 a day. He stated that it would be worthwhile to discuss bringing a private facility into Medicare and Medicaid eligibility since this would cover all services and be less costly for the state.

Senator Givens stated that he wanted to know information regarding each facility's census, the total amount of money needed to operate each facility, the per diem rate charged by the facility, the actual amount paid by Medicaid, private health insurance, or others on a per diem basis at each facility, the plan for consolidation and closure (or transition) at each facility, and the Supports for Community Living money and population numbers statewide and regionally. He wanted the information for each item to cover fiscal years 2009 through 2012 and the projections for 2013. Mr. Mudd stated that the department would provide the requested information to the Subcommittee for its December meeting.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs 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.

A motion was made and seconded to request deferral of consideration of this administrative regulation as amended to the December 17 Subcommittee meeting. Mr. Mudd stated that the department agreed to the deferral request. Without objection, and with agreement of the agency, this administrative regulation as amended was deferred.

Department for Community Based Services: Division of Child Care: Day Care

922 KAR 2:090. Child-care center licensure.

922 KAR 2:100. Certification of family child-care homes.

922 KAR 2:110. Child-care center provider requirements.

922 KAR 2:190. Civil penalties.

The Subcommittee adjourned at 2:52 p.m. until December 17, 2012.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

November 13, 2012

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, November 13, 2012, at 10:00 AM, in Room 131 of the

Capitol Annex. Senator Vernie McGaha, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, Carroll Gibson, and Paul Hornback; Representatives Jesse Crenshaw, Brent Housman, and Brent Yonts.

Guests: Jerry Frantz, Ellen Benzing, Jeff Strunk, Carole Beere, Bryan Russell, Kevin Mudd, Kathy Burke, Mike Haines, Amy Monroe, Tom Stratton, Jennifer Baker, Toyah Robey, Russ Salsman, Andrew Hartley, Kathy White, Carol Weber, Patrick Shirley, and Cindy Parker.

LRC Staff: Kim Eisner, Holly Harrod, and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the October 2012 meeting of the committee. Representative Housman 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.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF CLAIMS & CRIME VICTIMS COMPENSATION:

Florence Sue Huffman, 1300000872.

CORRECTIONS, DEPARTMENT OF:

Correctional Healthcare Companies Incorporated 1300000896; Maddox & Associates, 1300000983; Glenn Stuart Minor, 1300001052; The Kentucky Foundation for Women Incorporated, 1300001098.

DEPARTMENT FOR PUBLIC HEALTH:

Julia Rodriguez Cervera, 1300000975.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL:

River Valley Behavioral Health, 1300000866.

EASTERN KENTUCKY UNIVERSITY:

James L. Fisher, 14-021; Academic Search Incorporated 14-023.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

EOP Architects, P.S.C., 1300001016.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Ivy Tech Community College of Indiana-Bloomington, 552; Jackson State Community College, 553.

POST SECONDARY EDUCATION, COUNCIL ON:

CBW Associates, 1300000989; Collaborative for Teaching, 1300000995.

STATE POLICE, DEPARTMENT OF:

Steve Thomas, 1300000903.

TRANSPORTATION CABINET:

American Engineers Incorporated, 1300000977; Municipal Engineering Company, 1300000984; Municipal Engineering Company, 1300000985; Woolpert Incorporated, 1300000990; J. M. Crawford & Associates Incorporated, 1300001011; American Engineers Incorporated, 1300001078.

UNIVERSITY OF KENTUCKY:

Ross Tarrant Architects Incorporated, A131090; WorleyParsons Group Incorporated, K13-166; Commonwealth Economics, K13-167.

UNIVERSITY OF LOUISVILLE:

Environ International Corporation, 13-135.

VETERANS AFFAIRS, DEPARTMENT OF:

Hargis & Associates, LLC, 1300001002.

WESTERN KENTUCKY UNIVERSITY:

Multi, 121339; Stokes Production Services Incorporated, 121340; Active Learning Abroad (ALA), 121344; O’Brien & Gere Engineers Incorporated, 121432.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL, OFFICE OF THE:

Miner Barnhill & Galland, PC, 1200002081; Miner Barnhill & Galland, PC, 1200003616.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Tetra Tech Incorporated, C-05120724-1.

DEPARTMENT FOR NATURAL RESOURCES:

Tee Engineering Company Incorporated, 1100000440.

EDUCATION, DEPARTMENT OF:

Kentucky Clean Fuels Coalition, 1200003824.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Rosser International Incorporated,

0900012990; HDR Engineering Incorporated, 1000000939; Staggs & Fisher Consulting Engineers Incorporated, 1200000308; Michael Baker Jr. Incorporated, 1200002777; Omni Architects, C-02043629-3.

KY HORSE RACING AUTHORITY:

Joseph B. Henderson, 1200001643.

MEDICAL LICENSURE, BOARD OF:

Multi, 1200002107.

NORTHERN KENTUCKY UNIVERSITY:

Sherman Carter Barnhart Architects, 2013-604.

REAL ESTATE APPRAISERS BOARD:

Dennis Badger & Associates Incorporated, 1200002961.

TRANSPORTATION CABINET:

Burgess & Niple Incorporated, 0700003887; American Engineers Incorporated, 0700006583; Corradino Group, 1100000499; PB Americas Incorporated, 1100000527; Jordan, Jones & Goulding Incorporated, 1100001184; Strand Associates Incorporated, 1200000958; HMB Professional Engineers Incorporated, 1200000964; Stantec Consulting Services Incorporated, 1200001642; Strand Associates Incorporated, 1200001779; Dr. Alan Joe Hyden, 1200001967; Florence & Hutcheson, C-01063751-3; Florence & Hutcheson, C-01209283-2; W M B Incorporated, C-99005607-6.

UNIVERSITY OF KENTUCKY:

R.V. Kuhns & Associates Incorporated, K13-101.

WESTERN KENTUCKY UNIVERSITY:

David Dorris, 121313.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

CORRECTIONS, DEPARTMENT OF:

Administrative Office of the Courts, 1300000869; University of Kentucky Research, 1300000957.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Louisville / Jefferson County Metro Govt-Department of Public Health/Wellness, 1200001210.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Treasurer Jefferson County Board of Education, 1300000229.

DEPARTMENT FOR NATURAL RESOURCES:

University of Kentucky Research Foundation, 1300000613.

DEPARTMENT FOR PUBLIC HEALTH:

Whitaker Food Stores Incorporated, 1200002995-1; University of Kentucky Research Foundation, 1300000784.

EDUCATION, DEPARTMENT OF:

Research Foundation of State University of New York, 1200003196; Kentucky Association of School Administrators, 1300000380; Kentucky Educational Development Corporation, 1300000762; Kentucky Science & Technology Corporation, 1300000875; Madison County Board of Education, 1300001008.

EDUCATION, OFFICE OF THE SECRETARY:

Ohio Valley Education Cooperative, 1300000904.

INFRASTRUCTURE AUTHORITY:

Prestonsburg City’s Utilities Commission, 1300001044; Letcher County Fiscal Court, 1300001081.

MILITARY AFFAIRS, DEPARTMENT OF:

Kentucky Community & Technical College System (Pa), 1300000004; Multi, 1300000671.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Martin County Fiscal Court, 1300000928; Martin County Fiscal Court, 1300000929; Martin County Fiscal Court, 1300000931; Martin County Fiscal Court, 1300000934; Letcher County Fiscal Court, 1300000935; Leslie County Fiscal Court, 1300000937; Martin County Fiscal Court, 1300000938; City of Henderson, 1300000940; Breathitt County Fiscal Court, 1300000944; Breathitt County Fiscal Court, 1300000945; Ohio County Fiscal Court, 1300000947; Henderson County Fiscal Court, 1300000991; Christian County Fiscal Court, 1300001000; City of Carlisle, 1300001005; Leslie County Fiscal Court, 1300001012; Letcher County Fiscal Court, 1300001015; Union County Fiscal Court, 1300001018; City of Sturgis, 1300001019; Jackson County Fiscal Court, 1300001027; Whitley County Fiscal Court, 1300001038; City of Water Valley, 1300001051; City of Covington, 1300001091; Wayne County Fiscal Court, 1300001118; City of Whitesburg, 1300001153.

PARKS, DEPARTMENT OF:

Breaks Interstate Parks Commission, 1300000311; Dry Stone Conservancy, 1300001089.

POST SECONDARY EDUCATION, COUNCIL ON:

Washington Center for Internships & Academic, 1300000993.

STATE POLICE, DEPARTMENT OF:

Kentucky Medical Service, 1300001045.

WORKFORCE INVESTMENT, OFFICE OF:

Kentucky Community & Technical College System, 1300000823; Center for Accessible Living, 1300000955; Independence Place, 1300000956; Independence Place, 1300000958; Disability Resource Initiative Incorporated, 1300000959.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 0900011666.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Northern Kentucky Cooperative for Education Services, 1200001086.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Seven Counties Services, 1200001163.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Tri County Community Action Agency, 1200001508; Bluegrass Regional MHMR Board Incorporated, 1200002058.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Banklick Watershed Council, 0700006624.

DEPARTMENT FOR NATURAL RESOURCES:

Kentucky Waterways, 1100001133.

DEPARTMENT FOR PUBLIC HEALTH:

Eastern Kentucky University, 1200002379; Food World Incorporated, 1200002995.

FISH & WILDLIFE, DEPARTMENT OF:

University of Kentucky Research Foundation, 1300000225.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Purchase Area Housing Corporation, 1000000751; Ashland Independent Board of Education, 1000003103; Hancock County Fiscal Court, 1100001968; City of Campton, 1100002326; Ashland Independent Board of Education, 1200000581; City of Middlesboro, 1200001264.

POST SECONDARY EDUCATION, COUNCIL ON:

Northern Kentucky Education Cooperative, 1200003668.

WESTERN KENTUCKY UNIVERSITY:

City of Bowling Green Police Department, 2013-002.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

FAIR BOARD:

Dinsmore & Shohl, 1300000868.

Jerry Frantz & Ellen Benzing discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed with Senator McGaha voting NO.

NORTHERN KENTUCKY UNIVERSITY:

Witt/Kieffer, 2013-620. Jeff Strunk and Carole Beere discussed the contract

with the committee. A motion was made by Representative Housman to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

WESTERN KENTUCKY UNIVERSITY:

Ross Tarrant Architects, 121431. Bryan Russell discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed with Representative Housman voting NO.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

AMS Temporaries Incorporated, 1200003784; Guardian Angel Staffing Agency, 1200003785; Nursestaffing Group Kentucky, LLC, 1200003786. Kevin Mudd and Kathy Burke 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 without objection.

DEPARTMENT FOR NATURAL RESOURCES:

Urgent Treatment Centers, 1200003458. Mike Haines and Amy Monroe discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed without objection.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:
Morehead State University, 1300000516; Northern Kentucky University Research Foundation, 1300000602. Tom Stratton and Jennifer Baker 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 without objection.

EDUCATION, DEPARTMENT OF:
Kentucky Educational Development Corporation, 1300000971; Kentucky Valley Educational Cooperative, 1300000999. Toyah Robey and Tom Stratton 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 without objection.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Appalachian Artisan Center of Kentucky Incorporated, 1300000867. Russ Salsman and Andrew Hartley discussed

the contract with the committee. A motion was made by to consider Representative Yonts to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed with Senators Carroll, Hornback and McGaha voting NO and Representative Housman voting NO.

A motion was made by Senator Carroll to reconsider the previous vote. Representative Housman seconded the motion, which passed with Representatives Yonts and Horlander voting NO and Representative Crenshaw electing to abstain (PASS).

A motion was made by Senator Carroll to disapprove the contract. Senator Hornback seconded the motion, which did not pass with Representatives Crenshaw, Horlander and Yonts voting NO. The contract moves forward.

THE FOLLOWING MEMORANDA OF AGREEMENTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:
Kentucky Association of School Administrators, 1200000397. Kathy White and Tom Stratton discussed the contract with the committee. A motion was made by Representative Housman to defer the contract to the December 2012 meeting of the committee. Senator Carroll seconded the motion, which passed without objection.

WORKFORCE INVESTMENT, OFFICE OF:

University of Kentucky Research Foundation, 1200002711. Carol Weber and Patrick Shirley discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50,000 & UNDER WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:
University of Louisville Research Foundation, 1300000390; University of Louisville Research Foundation, 1300000392. Cindy Parker and Tom Stratton discussed the contracts with the committee. A motion was made by Representative Housman to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

ADDITION ITEM: CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:

National Institute of Crime Prevention, 1300000821. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Housman seconded the motion, which passed without objection.

With no further business before the committee, the meeting adjourned at

11:45 AM.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE Minutes

December 13, 2012

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, December 13, 2012, at 10:00 AM, in Room 131 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 Tom Buford, Perry B. Clark, Vernie McGaha, and Brandon Smith; Representatives Dwight D. Butler, Leslie Combs, Jim DeCesare, Terry Mills, Ruth Ann Palumbo, Rick Rand, and Arnold Simpson.

Guests: Eric Friedlander, Deputy Secretary, Cabinet for Health and Family Services. John Steffen, Executive Director, Executive Branch Ethics Commission. T.J. Carlson, Chief Investment Officer, Kentucky Retirement Systems. Robert Barnes, Deputy Executive Secretary of Operations and General Counsel, Kentucky Teachers' Retirement System. Geoffrey Dunn, Executive Director; Kelly Childers, Administrative Assistant; Governor's Office of Boards and Commissions. Hollie Hopkins, General Counsel, Office of the Governor.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Colleen Kennedy; Katie Kirkland; Van Knowles; Lora Littleton; Jean Ann Myatt; William Spears; Joel Thomas; Leonard Evans, Graduate Fellow; Jenna Skop, Graduate Fellow; Stella Mountain, Committee Assistant.

Response to recommendation in report *Governance, Funding, and Investments of the Kentucky Retirement Systems and the Kentucky Teachers' Retirement System* (adopted at September 13 meeting)

Mr. Steffen said that changes had been made to the executive branch code of ethics to ensure that placement agents registered as lobbyists. After conferring with officials from the Kentucky Retirement Systems (KRS) and the Kentucky Teachers' Retirement System (KTRS), he is recommending two changes to KRS 11A.201(17) because the existing language is confusing. "Third party" is added to describe the individuals hired or compensated. The entity doing the hiring would be an "investment manager," which would replace "employer or other real party in interest" in the statute.

Mr. Carlson said that part of the confusion is due to the use of different terms in the investment statutes and the statutes related to the executive branch code of ethics. Currently, it can be unclear who is to register as a placement agent and how many people from an organization have to register. Mr. Barnes agreed. He said the statute was not intended to cover

internal business staff.

Representative Steele asked whether the sponsor of the placement agent legislation had been contacted, whether there was a suggestion for changing the statute, and whether a bill had been prefiled. Mr. Steffen said that language has been suggested, but no bill has been prefiled.

Mr. Carlson described what KRS has been doing to comply with the statute on placement agents, which includes posting its placement agency policy and requiring completion of a questionnaire that has items related to placement agents. KRS staff have written a white paper on placement agents that can be provided to the committee.

In response to a question from Representative DeCesare, Mr. Carlson said that before KRS has meaningful discussions with anyone, they are required to be registered as lobbyists.

Mr. Barnes said that KTRS adheres to the executive branch code of ethics. KTRS does not use money managers who use placement agents.

Approve Minutes for November 8, 2012

Upon motion made by Representative Simpson and a second by Representative DeCesare, the minutes of the November 8, 2012 meeting were approved by voice vote, without objection.

Selection of Study Topics for 2013

Upon motion by Representative Simpson and second by Senator McGaha, six topics were selected by roll call vote for study by staff:

Department of Fish and Wildlife Resources: independence from state government based on behavior and funding, needed structural changes, review of organizational structure as a commission

Kentucky Vehicle Enforcement: accountability, duties, possible duplication of effort with State Police

Breakdown of all agencies to which coal severance money goes

Number and cost of nonmerit employees

Personal service contracts

Special taxing districts: qualifications, staffing, salaries

Consideration of Staff Report:

Personal Care Homes in Kentucky (presented at November 8 meeting)

Upon motion by Representative Simpson and second by Representative Mills, the report was adopted by roll call vote.

Staff Report: Kentucky's Boards, Commissions, and Similar Entities

Lora Littleton, Jean Ann Myatt, and Colleen Kennedy presented the report. Ms. Littleton thanked staff of the Governor's Office of Boards and Commissions (GOBC), which is responsible for coordinating gubernatorial appointments to boards, commissions, and similar entities. The office maintains a database with active and inactive entities; it posts active entities on the website. The

office is not required to collect particular information from boards, commissions, and similar entities, nor are these entities required to supply the office with specific information. There is no central repository of information for all entities.

The exact number of boards, commissions, and similar entities is unknown. Staff identified 571 entities through communication with GOBC and review of Kentucky Revised Statutes and Kentucky Administrative Regulations. Additional information was gathered by reviewing other enabling authorities and through responses to a questionnaire sent to nearly 400 entities.

Staff categorized entities into 18 types, based on the primary subject matter each addresses. More than 40 percent of the total is made up of three types: judicial (84 entities), health and welfare (82), and professional and occupational (74).

Some entities have their own budget; others operate within another entity's budget. Approximately 85 percent of entities reporting funding sources indicated state funds as a source. Other reported sources were federal (15 percent), private (9 percent), and other (8 percent).

Members of entities may be compensated and reimbursed. Eighty entities reported paying members a per diem amount, 15 reported paying a salary, and eight reported other forms of compensation. There were 251 entities that reported paying some form of reimbursement to members. Of those, 94 percent responded that travel expenditures were reimbursed and nearly 60 percent indicated lodging and food reimbursements. In total for fiscal year 2011, respondents reported paying members of entities nearly \$6.6 million in compensation and reimbursement. Salaried compensation was reported by 15 entities for a total of over \$4 million. Reimbursement amounts were reported by 251 entities for a total of nearly \$1.5 million.

Entities have varying staffing arrangements. Of the 290 entities reporting use of staff, 87 reported use of exclusive staff who worked only for the entity, which ranged from 1 to 275 per entity. Of those 87 entities, 75 reported having an executive director or equivalent position. Among entities reporting use of exclusive staff, a total of 1,863 staff were reported. The 201 entities that reported using staff who did not work solely for the entity had 738 shared staff. Based on the reported number of hours worked per month, this represents a full-time equivalency of approximately 104 staff.

Members of entities are unlikely to work enough hours monthly to gain service credit in the retirement system. Retirement systems staff could not definitively determine whether a particular board or commission member participated in the retirement system due to the board membership position or due

to state government employment. KRS could definitively report only two entities that had members participating by virtue of their board membership.

Of the 87 surveyed entities that reported having exclusive staff, nearly 72 percent of employees participate in the retirement system. Of shared staff, 163 entities reported having 602 shared staff participating. Based on the reported hours worked per month, this was equivalent to 90 full-time employees. For comparison, the retirement system has nearly 325,000 members and beneficiaries.

As most members of boards, commissions, and similar entities are part-time, they are unlikely to meet eligibility requirements for health insurance benefits by virtue of their board membership position. Kentucky Employees' Health Plan staff reported that 36 full-time board members were eligible for health insurance. For comparison, there are 156,045 state health insurance plan holders. Approximately 72 percent of exclusive staff were reported as participating in the Kentucky Employee's Health Plan. Of the shared staff, the equivalent of 88 full-time employees participate.

Entities may be audited because the enabling legal authority requires it or for Kentucky's Comprehensive Annual Financial Report (CAFR). Some entities are audited even though it is not required. Nearly 30 percent of the entities responding to the questionnaire reported conducting an annual audit. Additionally, 11 percent reported an audit that is done periodically. Of the entities not reporting an annual audit, approximately 17 percent appear in the CAFR. Approximately 50 percent of entities did not report an annual audit, did not provide a date of a periodic audit, or were not identified in the CAFR. Some may be in the CAFR as part of a larger entity.

Membership numbers vary and include a mix of appointed and ex officio members. The most common size of entities is 6 to 10 members with more than 40 percent of entities falling into this category. One-fourth of the entities have 11 to 15 members. Most entities have gubernatorial appointments, ranging from 1 to 32 per entity.

Sixty-nine entities reported vacancies. Less than 1 percent of seats were vacant for more than 1 year. Nearly 3 percent of seats were vacant for less than 6 months.

Among entities for which the frequency of meetings was noted in an entity's enabling authority, nearly 80 percent appeared to meet or exceed requirements for holding meetings. During one or both years for which meeting dates were requested, 15 entities did not appear to meet requirements for the necessary number of meetings. In some cases, entities noted there is not a need to meet as frequently as is required in the entity's enabling authority.

Some entities' enabling authorities have language that is unclear regarding

meeting requirements. An example is when a statute indicates that an entity shall meet quarterly or upon the call of the chair or other party. Other statutes do not mention a requirement for number of meetings.

Recommendation 1.1 is that "Boards, commissions, and similar entities should comply with statutory requirements for frequency of meetings. If an entity perceives that requirements are unduly burdensome or an impediment to fulfilling its duties, it should request that the General Assembly modify the statute."

Recommendation 1.2 is that "The General Assembly, when enacting an entity's enabling statute, may wish to consider specifying how often the entity must meet or including language to the effect that meetings are to be held at the discretion of the entity's governing body."

Ms. Myatt said that Program Review staff identified 82 inactive entities through communication with GOBC and administrative bodies associated with the entities. In addition, from questionnaire responses, Program Review staff identified 11 entities that had not met since 2009 or before. GOBC includes inactive entities in its database. The office's examples of why an entity would be considered inactive include that no appointments were ever made, no meetings were ever held, or the entity accomplished its function.

There does not appear to be a formal process in place whereby staff of that office inform the General Assembly of entities listed in its database as inactive yet have an active statute.

Recommendation 2.1 is that "Staff of the Governor's Office of Boards and Commissions should implement a formal process for notifying members of the General Assembly before each legislative session, of boards, commissions, and similar entities listed in the office's database as being inactive but with an active Kentucky statute."

There are no objective standards for determining the appropriate number and responsibilities of boards, commissions, and similar entities. As with the decisions to create them, deciding which ones to either eliminate, consolidate, revise, or continue are policy decisions for the General Assembly.

Ms. Kennedy said it took staff months to identify the 571 entities within Kentucky; the same could not be done for other states. Twenty other states had directories on their governors' web sites, which contained a list of entities similar in comprehensiveness to that of GOBC. The listing from that office was used in comparison to the 20 states identified. New Jersey has the greatest number of entities, with Kentucky second highest with 398. The median state has just over 200 entities, approximately half the Kentucky total.

Program Review staff assigned the entities listed in the 20 comparison states to the same 18 subject types used to describe Kentucky's entities. Kentucky's relatively

high number of entities is reflected across most types, with significantly higher numbers of entities within some types. Kentucky has a higher number of entities than the median for other states in all but four of 18 types of entities.

Some states have made a special effort to abolish and consolidate entities. The reported fiscal impacts are usually small. Some states have abolished entities directly through legislative or executive action with discontinuance of funding. Some of these abolished entities are similar to ones that Kentucky has. For example, Rhode Island discontinued funding for the Commission on Women. Some entities are merged, or consolidated, into other entities. In New York, the Consumer Protection Board was merged into the Department of State.

According to a National Conference of State Legislatures review, 19 states eliminated or consolidated state entities between 2009 and 2011. Savings from these actions were not significant. Some states eliminated entities regardless of any perceived savings, such as New Jersey, which eliminated numerous inactive entities.

When entities share related functions, such as licensing or regulating professions and occupations, greater efficiency may be achieved by having one umbrella agency handle administrative tasks for entities. Kentucky's Office of Occupations and Professions does this for some professional entities. Illinois and Indiana have similar agencies.

Sunset review sets an end date for entities and follows a review process by which an entity is either abolished or continued. A fixed review cycle, along with the types of entities to be reviewed, is specified in the state's sunset law.

Kentucky has no general sunset review process for its entities. Staff identified nine boards, commissions, and similar entities with sunset provisions in their enabling statutes.

Of the eight states examined that have sunset review bodies, four review a specified list of entities, one reviews all entities created by its General Assembly, one reviews only licensing boards, and two review all boards, commissions, and similar entities. The states have varying frequencies of review. For Missouri, the first sunset date is not more than 6 years after the entity is established, with up to 12-year reauthorizations. Ohio has established a review committee for calendar years 2015 and 2016 to evaluate each state agency in existence on January 1, 2015. In West Virginia, all entities except licensing and occupation boards are reviewed every 6 years, while licensing and occupation boards are reviewed every 12 years.

Texas has abolished 78 entities since 1977. Its review commission reports savings of \$945.4 million since 1982; the commission's total expenditures for this period were \$32.8 million.

Recommendation 3.1 is that "The

General Assembly may wish to consider implementing a periodic review of all or selected boards, commissions, and similar entities to determine whether each entity should be continued, consolidated, or abolished.”

Sunrise review is conducted when an entity that proposes to be licensed must prove that regulation is needed for the health, safety, and welfare of the public. Kentucky does not have sunrise review. Most states that have sunrise review use the term only in reference to professional or occupational licensing boards. Oregon and Washington use sunrise review for all entities.

Recommendation 3.2 is that “For bills creating new boards, commissions, or similar entities, the General Assembly may wish to implement a process to determine potential overlap with existing entities and potential impact to the retirement systems and health plan.”

In response to a question from Representative Simpson, Ms. Littleton said that not all boards have staff.

Representative Simpson asked if any boards have been abolished in the past 20 years. Ms. Littleton said that some have been repealed. For example, the Dental Laboratory Advisory Commission was repealed in 2010.

Mr. Dunn said that the Governor’s Office of Boards and Commissions has three full-time staff. Among other duties, the office handles all administrative aspects of gubernatorial appointments to 398 boards and commissions and to other vacancies, including judgeships. The office maintains a database that holds information relevant to each board or commission with gubernatorial appointments. Mr. Dunn responded to Recommendation 2.1 that the office formally notify the General Assembly of inactive entities in the office’s database. He said that the office regularly communicates with LRC on issues related to boards and commissions. When new appointments are made, a revised membership listing is sent to two staff in the LRC front office. Senate confirmation information is sent to two Senate majority staff. The office would be happy to provide information on inactive boards but suggests that a definition of inactive should be agreed upon. The recommendation is that the office communicate with “members of the General Assembly.” The office requests to communicate as it currently does.

In response to questions from Representative Steele, Mr. Dunn said that 25 boards require Senate approval for appointments. The turnaround time if the Senate rejects an appointment depends on the situation. The office’s goal is to not leave any vacancies.

Representative Simpson asked if it is within the purview of GOBC to provide information on boards that are inactive. He said that he is a member of an entity for which his only contact is receiving a certificate. Mr. Dunn said that the office would be glad to work with staff to provide

any information needed. However, GOBC is the appointing authority; it does not always find out about inactive entities.

In response to a question from Representative Simpson, Mr. Dunn said that GOBC does get information on activity of entities as appointments are made. Representative Simpson asked if GOBC consults with cabinets on appointments and whether cabinets make recommendations. Mr. Dunn responded that if a cabinet makes a recommendation, this is taken as indication that the board is needed.

Representative Steele requested that any information provided by GOBC go to all Program Review and Investigations Committee members.

Representative Palumbo said that based on her service on the Licensing and Occupations Committee, there are boards that could be combined. She would like to work with GOBC on this.

Representative Mills said he will review legislation that he is working on to make sure that a board does not already do what is in the bill. He asked how difficult it would be to put more information on the GOBC website, specifically links to lists of board members. Mr. Dunn said that this would not be a problem in terms of technology. Ms. Hopkins said that such information is a matter of public record, so there would not be a legal impediment to doing this. Representative Mills said that he would like the posted information to include board members and vacancies. He concluded by saying that he is impressed with how few vacancies there are.

Upon motion by Representative Simpson and second by Representative Palumbo, the report was adopted by roll call vote.

Representative Steele said that he and the committee appreciate the service of Senator McGaha and Senator Pendleton, committee members who are leaving the Senate this year.

The meeting adjourned at 11 a.m.

TASK FORCE ON KENTUCKY PUBLIC PENSIONS

Minutes of the 6th Meeting
of the 2012 Interim
November 20, 2012

Call to Order and Roll Call

The sixth and final meeting of the Task Force on Kentucky Public Pensions was held on Tuesday, November 20, 2012, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Mike Cherry, Co-Chair; Senators Jimmy Higdon, Paul Hornback, Joey Pendleton, Dorsey Ridley, and Mike Wilson; Representatives Derrick Graham, Keith Hall, Brad Montell, Marie Rader, Rick Rand, and Brent Yonts.

Guests: Representatives Jim Gooch, Adam Koenig, and Arnold Simpson; David Draine, Pew Center on the States;

William Thielen, Kentucky Retirement Systems; and Chris McDaniel.

LRC Staff: Judy Fritz, Brad Gross, Kevin Devlin, Jennifer Hays, Frank Willey, Greg Woosley, and Peggy Sciantarelli.

Approval of Minutes

The minutes of the October 29, 2012, meeting were approved without objection, upon motion by Representative Yonts.

Introductions

Senator Higdon introduced Senator-elect Chris McDaniel, who will represent Kenton County (Senate District 23) beginning in January 2013.

Proposals for Task Force Final Consideration

The co-chairs presented the package of proposed recommendations to be voted on by the members. A motion by Representative Cherry to formally place the proposals before the task force for consideration was seconded by Senator Hornback. Senator Thayer said that a vote whether to adopt the task force recommendations would be taken upon conclusion of discussion. He also reminded everyone that the task force did not focus on the Kentucky Teachers Retirement System.

The proposed changes, outlined in a matrix style document, apply to the systems administered by KRS (Kentucky Retirement Systems)—Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS), State Police Retirement System (SPRS)—and the Judicial Form Retirement System, which includes the Legislators Retirement Plan (LRP) and the Judicial Retirement Plan (JRP). Representative Cherry summarized the proposed changes and how they differ from what is currently in place. He was assisted by Brad Gross, LRC staff. The overview was accompanied by a slide presentation entitled “Funding and Plan Design Changes for Kentucky Retirement Systems.” Representative Cherry said that the recommendations were drafted with compromise, and that the final vote hopefully will reflect a bipartisan consensus on what members believe can be passed by the General Assembly in 2013.

Proposed changes to KRS:

Begin paying the full actuarially required contribution (ARC) beginning in FY 2014-2015 for KERS and SPRS;

Repeal cost-of-living adjustment (COLA) provisions;

Reset the amortization period to 30 years for KERS, CERS, and SPRS;

Reemployment after retirement option: Extend required break in employment to two years for retirees who are reemployed on or after July 1, 2013, except require only a one year break for full-time retired hazardous employees who are returning to full-time hazardous employment;

Pension spiking: Require employers to pay any additional actuarial costs for salary increases greater than 10 percent

during the last five years of employment;

Transparency: Require KRS to establish a web page(s) with information that is easily available and understood by the public regarding its financial and actuarial condition;

Increase KRS Board membership to 11 (currently nine members): five elected (two from KERS, two from CERS, one from SPRS); five appointed by the Governor (two must have 10 years of “investment experience” as defined by statute and cannot be participating or retired from KERS, CERS, or SPRS); one appointed from a list of three recommended by the Kentucky League of Cities; one appointed from a list of three recommended by the Kentucky Association of Counties; one from a list of three recommended by the Kentucky School Boards Association; and the Secretary of State Personnel Cabinet;

New plan: Effective July 1, 2013, new hires in KERS, CERS, and SPRS would participate under a new hybrid cash balance plan.

Proposed changes to Judicial Form Retirement System:

Repeal COLA provisions;

New Hires: Close LRP and JRP to new participants. Effective July 1, 2013, new legislators and judges would participate in KERS under a new hybrid cash balance plan.

The slide presentation included charts showing the 20-year projected impact on employer contributions (in millions of dollars or percentage of payroll) by retaining the current phase-in schedule and continuing COLAs for KERS-nonhazardous; making the full ARC payment for KERS-nonhazardous with COLAs repealed; and by the continuation or repeal of COLAs in CERS. When explaining elements of the hybrid cash balance plan proposed for new hires, Representative Cherry said that accrued benefits would remain protected by the inviolable contract but that the General Assembly could change prospective benefits if fiscal circumstances call for it. Upon retirement, employees would be able to purchase an annuity based on the contents of their account.

David Draine, lead researcher on public sector retirement systems, Pew Center on the States (PEW), spoke next. Mr. Draine said the proposals reflect a real attempt by the task force to address the Commonwealth’s pension problems. They include commitment to pay the pension debt owed to Kentucky’s public employees and a new plan that would provide retirement security for workers and greater cost certainty for Kentucky taxpayers. Having the state start to pay the actuarially appropriate employer contribution in the next budget cycle is critical to getting Kentucky’s pensions well funded and closing the funding gap. Not providing employer-paid COLAs until the plans are well funded is key to ensuring that the gap does not widen. Extending the amortization period to 30 years will increase total cost over time

but will provide much needed short term relief to cities and counties. Paying off the unfunded liability will require tough choices about finding new revenue or ways to reduce spending in other areas. Kentucky stakeholders have exhibited a willingness to hold policymakers accountable, and their vigilance will be needed when the next budget process commences to ensure that Kentucky adheres to the payment schedule. The proposed hybrid cash balance plan will offer advantages to both workers and taxpayers. Costs will be more predictable, funding crises will be less likely to happen as risks are reduced to more manageable levels, and it will be harder for policymakers to skip contributions. Because benefits will be more portable, retirement security for public workers will not depend on their staying in the same job for the bulk of their working lives. Overall, the task force proposals outline key steps to improve Kentucky's fiscal footing, offer workers retirement security with a more portable benefit, and ensure that benefits being offered will be sustainable and affordable.

When Senator Higdon asked about the possible prefunding of COLAs in the proposed cash balance plan for new hires, Representative Cherry said it would be up to the legislature to decide whether to set aside funds for COLAs; however, the proposed recommendation is to not provide COLAs until the funding situation improves. Mr. Draine said that given the challenge of paying for the current unfunded liability and that contribution rates already burden state and local governments, it may not make sense to offer employer-paid colas. It might make sense for the legislature to consider an employee-provided cola if it can be offered in a fair and sustainable way. Electing to offer COLAs could be part of the design parameters of a cash balance plan. The co-chairs said that all new legislators and judges would be subject to the hybrid cash balance plan.

Responding to a question from Representative Rand, William Thielen, Kentucky Retirement Systems Executive Director, said that based on conversations he has had with the KRS actuary, it is anticipated that for the foreseeable future the current method of determining the ARC would remain in place. Representative Rand said that the assumptions used in the budget process are critical and that the ARC will significantly impact the budget. Paying 100 percent of the ARC will require a significant amount of growth in revenue—probably the vast majority that can be expected, at least in the short term. The Commonwealth's budget process currently relies heavily on revenue forecasting provided by the nonpartisan Consensus Forecasting Group that works with the legislature and the executive branch. He suggested that the proposed changes to Kentucky's pension system include use of an independent entity for determining the actuarial assumptions

before they are presented for budgeting purposes. Mr. Draine noted that there is less risk and more certainty when making future projections under a hybrid cash balance design. The co-chairs agreed that Representative Rand's suggestion has merit and should be considered.

Senator Thayer said he is having the task force recommendations drafted as legislation that he hopes to prefile. Representative Cherry said he would have an opportunity to sign on to the legislation before he leaves the General Assembly.

With respect to double dipping, Representative Montell asked whether consideration had been given to suspending the pension of retirees who return to work. Representative Cherry said it had been discussed, and no consensus could be reached. PEW and LJAF recommended requiring a two-year break in employment, but he would be open to the concept of temporarily suspending the pension.

Representative Montell said he supports the hybrid cash balance concept but has concern about the guaranteed return feature. He suggested capping the employer contribution—as the state of Utah did—at perhaps 10 percent of payroll. If the cost of the guarantee exceeded 10 percent of payroll, the guaranteed return could be reduced accordingly but not go below zero. This would guarantee against a loss and provide a cushion for the system. Representative Cherry said he understands the concern but feels the state is more likely to profit than lose under the hybrid cash balance plan, which is a compromise proposal designed to share risk between employee and employer. Mr. Draine said that if the plan is well funded, there should be thoughtful ways to ensure that employee accounts receive dividends for any excesses, without threatening solvency of the system; conversely, if funding is worse than expected, there should be thoughtful ways to ensure that taxpayers are not overly burdened and employee security is not impaired. Features of the hybrid cash balance plan that are not included in the protected benefit could be modified by the legislature. Senator Thayer said that he had proffered both of Representative Montell's suggestions in negotiations, but there was no consensus.

Representative Yonts emphasized the need to address the huge unfunded liability and to consider the forthcoming recommendations of the Governor's Blue Ribbon Commission on Tax Reform. Senator Thayer said the task force recommendation to pay 100 percent of the ARC is aimed at reducing the unfunded liability. He and Representative Cherry explained that a consensus could not be reached with respect to raising revenue through bonding, reducing or eliminating tax exemptions, or increasing employee contributions.

Representative Graham said he believes the proposed KRS board structure should be reexamined. He is concerned

that CERS will be represented by four of the 11 KRS board members under the new structure and also feels that selection of board members should be more diverse regionally. Representative Cherry said those ideas are viable. He noted that language regarding the gubernatorial appointees that must have 10 years of investment experience will stipulate that those members come from nonemployer sources. Answering another concern of Representative Graham, he said that the legislation would include language to protect funds designated for pension reform.

Representative Graham said he views the recommendations as a guideline for pension reform and that voting for them today would not necessarily infer support as they proceed in the legislative process. He also stated that creation of the hybrid cash balance plan should include a program to educate employees about the annuity benefit before they near retirement age. Representative Cherry agreed and suggested that employees should be incentivized to choose the annuity option. Mr. Draine said that the annuity is core to the hybrid cash balance plan design but that other ways of withdrawing benefits could be decided by the legislature.

When Senator Wilson asked about pension spiking with respect to legislators who leave the General Assembly for jobs in state or local government, Senator Thayer said it is the task force's recommendation that all new legislators and judges be required to participate in the new hybrid cash balance plan. However, this would not preclude consideration of separate legislation that might go beyond what the task force is recommending.

Vote of the Members

The task force voted to adopt the recommendations, as presented by Representative Cherry and outlined in the aforementioned matrix document, by a roll call vote of 11 yeas and one nay. As a nonvoting ex officio member of the task force, Representative Rand did not vote.

Explaining his yes vote, Representative Graham said he does not agree with all the recommendations but views them as a working document that can be improved during the legislative process. Some of his concerns relate to funding and KRS board membership.

Explaining his nay vote, Senator Pendleton said he understands that the recommendations are a work in progress, but he is concerned about eliminating retiree COLAs. If he were not leaving the General Assembly in January, he would probably vote to move the document on for further consideration. However, based on his concerns and input from his constituents, he feels he must vote no at this time.

Senator Ridley explained his yes vote. He said that pension reform is a complicated issue affecting many lives. The recommendations attempt to protect current retirees and employees, while also creating a hybrid cash balance plan for

future hires. The task force report is a bold statement that addresses what he would term as Kentucky's version of the "fiscal cliff."

Explaining his vote, Representative Cherry said he had received many e-mails with the primary message being "protect my pension." In his opinion, that is what his yes vote does, and he feels, without a doubt, that passage of the task force recommendations will protect the pensions of employees and retirees.

Senator Thayer explained his yes vote. He said this is a red letter day for Kentucky because the task force is taking action that has not been done before. He has received many messages from state employees and retirees and the taxpayers who fund public pensions. He believes there is general understanding that changes are necessary to prevent the system from becoming insolvent within the next four or five years. The recommendations do not go as far as he would like, but it is a consensus plan. It is the result of compromise, developed by the co-chairs with direct input from members of the task force. It is his fervent hope that there will be a serious attempt to implement the reforms in the 2013 regular session, without acrimony or divisiveness. It is imperative that pension reform be addressed without delay.

Closing Statements

Senator Thayer expressed appreciation to the staff of PEW and LJAF for their continuing assistance and commended the task force staff. He thanked the individuals and organizations who testified, members of the task force, and also other members of the General Assembly who participated in the meetings. He thanked his co-chair and friend Mike Cherry for working in a bipartisan and consensus-building fashion and for his serious commitment to pension reform throughout his career as a legislator.

Senator Thayer said the adopted recommendations will be presented at the next meeting of the Kentucky Association of Counties and to the Interim Joint Committee on State Government and the Interim Joint Committee on Appropriations and Revenue.

Without objection, Senator Thayer declared that task force staff is authorized to include the recommendations in the final report of the task force, subject to review and approval by the co-chairs; and the co-chairs are authorized to sign off on the final report, to be published and delivered to the Legislative Research Commission by the mandated deadline of December 7.

Adjournment

With business concluded, the meeting adjourned at 2:48 p.m.

**TASK FORCE ON STUDENT
ACCESS TO TECHNOLOGY**
Minutes of the 5th Meeting
of the 2012 Interim
November 27, 2012

Call to Order and Roll Call

The 5th meeting of the Task Force on Student Access to Technology was held on Tuesday, November 27, 2012, at 10:00 a.m., in Room 149 of the Capitol Annex. Representative Carl Rollins II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Katie Stine, Co-Chair; Representative Carl Rollins II, Co-Chair; Senators Jared Carpenter, David Givens, Dennis Parrett, and Mike Wilson; Representatives John “Bam” Carney, and Derrick Graham.

Guests: Tim Bobrowski, Superintendent, Owsley County Schools; Paul Green, Chief Academic Officer and Director of Pupil Personnel, Owsley County Schools; and Tina Bobrowski, Owsley County High School Media Specialist and Spanish Instructor, Owsley County Schools.

Guest List: Clyde Caudill, Jefferson County Public Schools, KASA and Marty White, CLC.

LRC Staff: Jo Carole Ellis, Sarah Kidder, Perry Papka, and Ashlee McDonald.

Approval of Minutes

Senator Wilson moved to approve the minutes of the October 22, 2012 meeting, and Representative Carney seconded the motion. The motion carried.

Snow Bound Pilot Project and Innovative Learning Opportunities

The Snow Bound Pilot initiative was brought about by legislative changes. Owsley County is one of the poorest counties in Kentucky. Owsley County schools miss 20 days of school per year, on average. The Owsley County school district is a small district of less than 800 students. The district lacks personnel and resources to compete with course offerings of those larger surrounding districts, therefore, resulting in low performing test scores.

When looking at the state and the districts that surround Owsley County, the average number of days missed due to inclement weather is 23.27, indicating that it is not just Owsley County that is affected by weather cancellations.

Census data from 2010 reveals that of the county’s population aged 25 and older, 22 percent has less than a ninth grade education. The percentage with a high school degree hovers near half at 57.7 percent. Only 2.9 percent of the same population has a graduate or professional degree. Of the total estimated population of 4,671, 41.5 percent live below poverty level. A report published in February of 2012 by the NY Times entitled *The Geography of Government Benefits* indicates that 53.07 percent of the county’s total individual income is the result of government assistance.

Mr. Bobrowski explained that the infrastructure contributes to a lot of the county’s issues. Highway 30 is the only state primary road, and Highway 28 and Highway 11 are the county’s secondary

roadways.

Mr. Bobrowski referred to HB 427 that stated “... school districts that have missed an average of 20 or more days in the previous three years can use alternative methods of instruction, including virtual learning, on days when the school district is closed for health or safety reasons, on nontraditional time...” Kentucky school districts can overcome barriers to learning created by unscheduled school closures by utilizing the technology infrastructure, software, and hardware to promote learning for students when school is not in session.

Mr. Bobrowski stated that one of the positive aspects that Owsley County has is that a wide percentage of its community has access to the internet. This is a great platform opportunity for the teachers to reach their students on days when they are not able to be physically in class.

Paul Green, Chief Academic Officer and Director of Pupil Personnel, explained that the snow pilot project program with Owsley County began as a hybrid program. Owsley County used parent, teacher, and students’ surveys as their feedback for this program. The district conducted a pre-test/post-test model in which students were pre-tested, given at-home lessons, and then post-tested. The district wanted statistical data to show the effectiveness of the Snow Bound Pilot program. This testing showed that learning was taking place, the lessons were structured, and new material was being taught. There have been some minor issues with the pilot program, but the district is trying to streamline with a true focus on reading and math that is cross-curriculum. This would eliminate the need to do the pilot program for all the classes separately.

Owsley County is looking to partner with colleges and universities and other school districts to expand course offerings. The technology allows the students to take courses and classes that would not be able to be offered at Owsley County otherwise. Owsley County is also sharing two dual credit college courses. The district is trying to break down the barriers that students in Owsley County face due to weather, financial resources, and the small district size.

Owsley County wants to be a school of innovation and offer the 24/7 model. Mr. Green said that Owsley County wants to expand education to reach outside of the school building and school hours. Many teachers’ record or videotape their lectures to help a student who is unable to attend school or who wants to take a course that is being offered at another partner school.

Superintendent Bobrowski said that he is impressed with how the morale of the students in Owsley County has improved since the struggles and barriers that had previously held the district back have been overcome.

Tina Bobrowski, Owsley County High School Media Specialist and Spanish Instructor, explained that students are responding well to the program

because help is right at their fingertips, whether they are at school or at home. For example, in their Spanish class, students can click on an audioclip to hear how the word should be pronounced properly. She is also able to listen to the students and their pronunciation and correct them, if needed, in real time.

Mrs. Bobrowski has a library of online e-books that her students can access at anytime. The students and teachers are able to post books they are reading or have read and discuss with other students. The students can check-out books and read them online without having to physically go to the library.

Mrs. Bobrowski uses Jing, a video capture software that allows teachers to capture anything they see on the computer screen, as an image or short video, and share it instantly. The teachers use this on their blackboards for instructional teaching.

Mr. Bobrowski said that creating equal access to courses is critically important in the effort to raise test scores, especially in Owsley County. It is imperative that the district continues to fund this project to provide other resources to help the Owsley County students.

In response to a question from Chairman Rollins regarding the percentage of students with computer access at home, Mr. Bobrowski explained that those students that fall within the 15 percent category of not having internet access at home can use the surplus computers from school that have been updated. Mr. Green added that Owsley County has created partnerships within the community so that the student population that does not have access at home are able to have access elsewhere, even on days that school is not in.

Responding to Senator Stine’s question regarding partnerships with libraries for access to e-books, Mrs. Bobrowski stated that Owsley County did not have that type of partnership at this time but they are considering that as an option.

In response to Senator Wilson, Mr. Bobrowski explained that the partnering districts work together to meet the needs of each school if a teacher is not available in a particular district. For example, Madison County had a few teachers that were willing to prepare lessons for the use of surrounding counties. This is a great opportunity when a district is unable to hire a specific teacher.

Chairman Rollins introduced a guest, Senator Stivers, who commented on the progress of Owsley County and was impressed at the district’s innovation to meet students’ needs.

Responding to Representative Carney’s concerns over homebound versus snowbound, Mr. Bobrowski explained that the district’s main concern is not letting students fall behind, while keeping the burden of the cost of this project to a minimum. He wants to focus on what is the most efficient way to provide services

to students without having to eliminate anything.

Representative Carney suggested the possibility of a virtual curriculum that districts could refer to and use as a resource for additional instructional purposes. Mr. Bobrowski said this was an idea that had been discussed but that the district needed more than the online support. The district would need the facilitators as well.

Responding to Senator Givens, Mr. Bobrowski explained how the district quantifies a school day for the snow bound project. Each class period was asked to provide assignments that would be equivalent to their class time. These are the lessons that would be used on the days students were not in class because of weather.

Responding to Senator Parrett regarding the snow bound project and recommendations to make it work better, Mr. Bobrowski explained that funding is an issue that affects the district tremendously.

Responding to Senator Carpenter’s compliments on the innovations on this project, Mr. Bobrowski said that there have been several districts that are willing to work together to make this possible.

Senator Stivers made several comments regarding federally funded roads and payments that could potentially help lessen the amount of days missed.

Responding to Representative Graham regarding home schooling, Mr. Bobrowski said that in Owsley County there are several home schooled students. He said those students would benefit more from participating in the public school system. Owsley County is above the state’s average in regards to the drop-out rate.

Task Force Report and Recommendations

Chairman Rollins advised the members to look over the draft recommendations and suggest any changes.

Representative Carney suggested a recommendation be drafted to address school funding for non-traditional learning.

Senator Wilson suggested that on pages 8 and 9, last 3 bullets points, “should” might need to be changed to “could” due to discussion regarding the wording of recommendations for the middle school athletics task force. A motion was made by Senator Carpenter and seconded by Senator Parrett. The motion carried.

Staff said they would draft a recommendation per Representative Carney’s suggestion and confirm the appropriate wording to address Senator Wilson’s concern.

Representative Rollins moved to approve the report and authorize the chairs to work with staff to incorporate any additional information that might be needed to finalize the report and conform to LRC requirements. The motion was seconded by Senator Parrett. The motion carried.

Adjournment

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

TASK FORCE ON THE UNIFIED JUVENILE CODE

Minutes of the 5th Meeting
of the 2012 Interim
November 13, 2012

Call to Order and Roll Call

The 5th meeting of the Task Force on the Unified Juvenile Code was held on Tuesday, November 13, 2012, at 1:00 PM, in Room 129 of the Capitol Annex. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Katie Stine, Co-Chair; Representative John Tilley, Co-Chair; Hasan Davis, Teresa James, Lisa P. Jones, Robert D. Neace, Pamela Priddy, Peter Schuler, and Steve Trimble.

Guests: Patrick Yewell, Administrative Office of the Courts; Kari Collins, Dr. Vestena Robbins, and Michelle Kilgore, Department of Behavioral Health; Whitney Wright, St. Catherine College; and Ronnie Nolan, Kentucky Educational Collaborative for State Agency Children.

LRC Staff: Joanna Decker, Jonathan Scott, Mike Clark, and Rebecca Crawley.

The minutes of the October 25, 2012 meeting were approved without objection.

Presentation and Discussion of Working Group Reports

Judge Lisa Jones presented the findings and recommendations of the Jurisdiction Working Group. Other members include Deputy Chief Justice Mary Noble, Commissioner Hasan Davis, Commissioner Teresa James, and Boone County Attorney Robert Neace. They concluded that financial mapping is key to developing a system of services for juveniles and families; services must include the whole family possibly utilizing Medicaid funds; information must be shared between all agencies; and no child under 12 should be incarcerated.

The Jurisdiction working group recommendations include statutory changes to specifically define when Family Court has jurisdiction and when District Court has jurisdiction in a juvenile matter; including a definition of “family in need of services” (FINS) to include children and families currently designated by statute as status offenders; a prohibition against the incarceration of children age twelve and under; a definition of which agency and procedure is appropriate when a child has committed a violent crime but is otherwise incompetent based on age, IQ or mental health; status offenses should be decriminalized and removed from the court system entirely, made a social service issue and included in a new classification of FINS; the statutes should be more intentional regarding which agency is more appropriate for handling the needs of a particular child and placement should be designed according to the services

provided; school districts should exhaust all community resources before bringing a child to court, with a designated person in each school district to handle children who are status offenders; a bright line rule is needed to define when to incarcerate a child, with some exceptions such as any child charged with a Class C felony or above to protect public safety, a mandated mental health assessment or if the child appears to be at risk for a mental health problem; a common screening tool should be used by the Cabinet for Health and Family Services, the Court Designated Worker, and the Department of Juvenile Justice, and deeper assessments should be made by a qualified professional; and every community should have a local emergency holding shelter for placement of a child pending court appearances.

In response to a question from Senator Stine about the minimum age for incarceration, Judge Jones said initially the group felt age ten and under was appropriate, but after learning from the Administrative Office of the Courts that 119 children under age ten had been charged with public offenses in the last ninety days, they concluded age twelve and under was more appropriate.

Superintendent Trimble presented the findings and recommendations of the Truancy working group. Hardin County Judge-Executive Harry Barry was also a member of this working group. Superintendent Trimble said the group looked at the definition of truancy, truancy reporting procedures, requirements for children with habitual truancy problems, intervention methods to return the student to the classroom, safety issues relating to forcing unwilling students to return to school, and alternative schools and programs. They concluded schools and community agencies currently exhaust all available means before placing students in juvenile detention. He stated that three unexcused absences make the student truant, and six unexcused absences make the student a habitual truant. A student is reported to the court designated worker after seven unexcused absences. He agreed with the Jurisdiction working group that age 12 and under is appropriate for incarcerating children. The last thing they want is to see a student placed in detention, but agreed taking detention off the table as a last resort is detrimental to all programs. Superintendent Trimble said children are not placed in detention for truancy, out of control behavior or other status offenses, but as a result of the contempt order by the family court judge.

Peter Schuler presented the findings of the Assessment working group. He said he wished he could have served on the Truancy working group because he disagreed with everything in Superintendent Trimble’s statement. Their recommendations include using a uniform assessment tool which is juvenile specific; it should be administered by a qualified person using evidence-based practices; KRS Chapter 630 should be

amended to give court designated workers the authority and funding to handle status offenders; status offenses should be removed completely from the court system and because under the current system, prosecutors send too many status offenders to court; and all agencies must be able to share information about juvenile status offenders from a central database run by the courts with the judge acting as the gatekeeper because of confidentiality concerns. No conclusion was reached regarding confidentiality of juvenile court proceedings.

Ms. Priddy said it is very important to include a family assessment to see the entire picture of why the student is having problems in school, and strongly recommended a family context should be included in the Assessment working group recommendations.

Commissioner James said everyone now recognizes it is critical to include the entire family as well as the troubled child. She said Kentucky needs a system designed to offer up-front services, based on a good assessment, with referrals to services for the entire family.

Commissioner Davis said there are huge barriers between all the agencies involved with juveniles and financial mapping is crucial to creating a unified system of services to better serve children and their families. He agreed it is critical to eliminate information silos so everyone has access to all the information about the child.

Program Mapping: An Overview of Juvenile Service Agencies

Commissioner Teresa James, Commissioner Hasan Davis, and Patrick Yewell, Administrative Office of the Courts, discussed how a status offender moves through the juvenile justice system.

Mr. Yewell said the court designated worker (CDW) is the intake agent for all juvenile offenses. CDWs process nearly 60,000 public and status offense complaints and pre-complaints annually. During any given year, CDWs divert 40-50 percent of all complaints from formal court. Eighty-five percent of diverted cases are closed successfully and do not enter a formal court setting, and as a result do not have interaction with the Department of Juvenile Justice (DJJ) or the Department of Community Based Services (DCBS) as public or status offense cases. He said CDWs assist law enforcement with custody situations if an officer is uncomfortable releasing a child after arrest, and although judges make the final decision on detention, CDWs gather information for the least restrictive placement available. He said he would like to see more truancy diversion, which has been shown to increase school attendance by one to two percent. He agreed financial mapping will make the juvenile justice system more efficient and cost-effective. In response to a question from Ms. Priddy about family assessments, Mr. Yewell said CDWs do everything they can not to fail a child because of actions of the parents.

Judge Jones said the courts can ask DCBS to investigate if they suspect abuse or neglect is taking place in the home, and DCBS will share its findings with the court.

Commissioner James discussed the role of the Department for Community Based Services (DCBS) in the juvenile justice system. In 2011, 9,173 youth were in court for being charged with status offenses. Ninety-three percent were habitual truancy, beyond control, and running away. DCBS provides services to children adjudicated as status offenders by the court having been placed on supervision or committed. Children appear in court most often for habitual truancy. The school system is mandated by statute to address truancy with interventions by DCBS after those are exhausted. When a status offender is also charged with a public offense, such as assault of a family member, and that charge is amended down to a status offense, such as beyond control, this creates a challenge for DCBS in determining proper placement because DCBS does not have locked facilities.

Commissioner Davis discussed the role of the Department of Juvenile Justice (DJJ), which includes prevention programs for at-risk youth, pre-trial detention, residential placement/treatment services, probation, community aftercare/reintegration programs, and youth awaiting adult placement or court. DJJ operates eight of the nine regional juvenile detention centers, with Jefferson County operating a detention center independently. Juvenile detention centers only accept youth through Orders of the Court. In 2011, over 6,000 youth were placed in one of the eight DJJ detention centers. DJJ provides a variety of alternatives to detention for public and status offenders, including home detention, short-term emergency shelter, and foster care placements. He said detention creates a greater risk of further involvement with the justice system. Detention Alternatives Coordinators work in the regional detention centers and serve as gatekeepers for court referrals of juveniles to alternatives to detention programs. In 2011, over 4,000 youth were placed on community supervision where they received a variety of services, including case management support from their DJJ worker, family support, home/school visits and treatment provider referrals and contacts.

Commissioner James, Commissioner Davis, and Mr. Yewell tracked the case of Darren, who began his involvement with DCBS, DJJ and the court system in 2001 with a report of neglect. His mother had mental health problems and his father was in prison. Each agency worked with Darren and his siblings over the years and provided services when appropriate. When he was 14 years old, Darren became aggressive and was assigned to a CDW with a beyond control complaint. Following two unsuccessful attempts at diversion, Darren was still habitually

truant and charged with several criminal offenses, which landed him in the custody of DJJ. He was placed in a group home for seven months and when he was released, he continued to have problems such as positive drug screens. He spent time at Rivendell and when released attended alternative school. He violated sanctions, was placed on ankle monitoring, left court and removed his ankle monitor and was AWOL for two weeks. When apprehended by the Kentucky State Police, he was placed in a DJJ residential facility. All agencies tried to help this troubled child and their efforts were unsuccessful. All three speakers agreed that financial mapping is crucial to building a better system for juvenile justice and if better and more effective services had been available to Darren and his family upfront, the outcome might have been successful.

In response to a question from Mr. Schuler about the advantages of DCBS over CDW, Mr. Yewell said DCBS has more intensive care and more in-home services. He expressed the opinion that there should be more services available without having to refer the case to DCBS. Courts often refer cases to DCBS because the parents do not have the ability to provide the services. Commissioner James said DCBS has the residential care option using Medicaid funds, and a range of in-home services. She said it would be nice if it did not require commitment to access services, such as psychiatric treatment, which has no waiting list if the child has been committed.

Judge Jones said another advantage is that DCBS can also bring in the parent and family, whereas a CDW cannot. DCBS files a case plan with the court, and the court can require participation from the family.

Judge Jones was also concerned about children with low IQs or mental health problems. Commissioner James said many times children with special needs or autism come into the DCBS system just to get services. Commissioner Davis agreed and said when a child is committed to DJJ, they get the full range of services and there is no waiting list.

Financial Mapping

Commissioner Hasan Davis, Department of Juvenile Justice (DJJ), and Kari Collins and Dr. Vestena Robbins, Department for Behavioral Health (DBH), discussed financial mapping, a process of identifying public funds that are expended during a particular timeframe, addressing a certain population or issue. The completed map informs decisions about the use of these funds in the most efficient and effective ways. Ms. Collins said the DBH is working with Doreen Cavanaugh at the Georgetown University Public Policy Institute seeking a federal SAMHSA grant to develop a financial map for a system of care for children and adolescents with behavioral health disorders and their families.

Dr. Robbins reviewed the University of South Florida Self-Assessment

and Planning Guide: Developing a Comprehensive Financing Plan, which will be used as a framework to develop a financial map for Kentucky. The guide details seven strategies that have been empirically validated for developing a financial plan. These strategies include the identification of current spending and utilization patterns across agencies, the realignment of funding streams and structures, financing of appropriate services and supports, financing to support family and youth partnerships, financing to improve cultural/linguistic competence and reduce disproportionality in care, financing to improve workforce and provider networks for behavioral health services for children and families, and financing for accountability.

In response to a question from Commissioner James, Ms. Collins said if data and program people are dedicated to the process, the financial map could be ready in about one year. First, a policy group would need to determine the population of focus and the funding stream.

Representative Tilley announced the next meeting will be December 19, when the task force will review and approve final recommendations for the 2013 General Assembly. He thanked everyone on the task force for their interest and hard work.

The meeting adjourned at 3:05 p.m.

TASK FORCE ON MIDDLE SCHOOL INTERSCHOLASTIC ATHLETICS

Minutes of the 5th Meeting of the 2012 Interim November 26, 2012

Call to Order and Roll Call

The 5th meeting of the Task Force on Middle School Interscholastic Athletics was held on Monday, November 26, 2012, at 1:00 PM, in Room 129 of the Capitol Annex. Representative Carl Rollins II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Carl Rollins II, Co-Chair; Senator Joe Bowen, Representatives Tom Burch and Keith Hall; Kevin Brown, Adam Lantman, Barry Lee, Elizabeth Miles, Wilson Sears, Dan Seum, Jr., Julian Tackett, and Dan Volpe.

Guests: Jack Givens and Representative Horlander, among others.

LRC Staff: Janet Stevens, Bryce Amburgey, Greg Hager, and Marlene Rutherford.

Approval of the Minutes from October 15, 2012, Meeting

Upon motion made by Representative Hall and second by Senator Bowen, the minutes of the October 15, 2012, meeting was approved by voice vote, without objection.

Discussion of Draft of Report of the Task Force on Interscholastic Athletics at the Middle School Level

Chair Rollins noted that comments

and suggestions were received from Greg Mitchell and that he and Co-Chair Wilson had reviewed those suggestions and made minor changes not contained in the report before the task force. Chair Rollins then opened the floor for discussion of changes to the report and its policy considerations. He said that a cover page and final summary will be added along with additional action from today, and that the final draft would be approved by himself and Co-Chair Wilson.

Senator Wilson said a suggestion made by Mr. Mitchell was discussed. It was important to include the suggestion in the final report that the General Assembly could consider amending the statutes, and that this was one of the changes made as alluded to by Chair Rollins. Any member of the General Assembly in reviewing these task force policy considerations could file legislation. Chair Rollins indicated that the language that would be included in the final report regarding this suggestion would be "that the General Assembly could consider limited provisions to KRS 156.070 to clarify responsibility of high school interscholastic athletics from middle and elementary interscholastic athletics except to the extent a middle school student participates on a high school team." Chair Rollins stated that the value of the task force's work and the report is that each legislator will receive a copy of the report and any legislator may choose to propose legislation.

In response to a comment by Representative Burch regarding academic eligibility, Chair Rollins indicated that academic eligibility standards are set at the local school board level. Representative Burch said that his purpose in raising this issue was that many college athletes never graduate since there are no requirements that they have passing grades. He said that the legislature needs to do something in that particular area so that athletics have to maintain an academic standing. Chair Rollins indicated that every local district of which he was aware has standards that may vary from district to district and further that the NCAA has strict standards that an athlete attend a certain number of course credit hour classes and maintain a certain grade point average although there are schools where students leave early to be professional athletes.

Mr. Sears asked whether it could be assumed that the State Board of Education would act on these policy considerations right away and be in place by the 2013-2014 school year. Chair Rollins indicated that he hoped the board would address the considerations. Mr. Brown indicated that the Board of Education would be briefed on the policy considerations at its next meeting and anticipated that they will be on the board's agenda in February.

Mr. Tackett addressed the issue raised by Representative Burch concerning the academic requirements on the high school statewide. On the first day of school, students must be on schedule to graduate on time, and the athlete must pass a

minimal number of courses throughout the year. Local districts can make those requirements more stringent but must follow the minimum standard. In response to a question from Representative Burch concerning the graduation rate for athletes, Mr. Tackett stated that Indiana is in the process of finalizing a study on participation, grade point averages, and graduation rates, participants in athletics versus nonparticipants, but statewide there has not been that kind of tracking. Studies have shown that athletes do better than the general student body in terms of participation and grade point. In states that tried an arbitrary grade point requirement, the schools and districts shifted what qualified for that grade.

Representative Hall inquired of the co-chairs whether the task force will allow the State Board of Education to take action without legislation. Chair Rollins stated that the statutes allow the State Board of Education to control interscholastic athletics at all levels, and some of these considerations should be addressed by the State Board of Education so that there are uniform requirements. Representative Hall indicated that it would be helpful to have feedback from the State Board of Education when the legislature convenes Part II of the 2013 Session in February and that he would be willing to sponsor legislation. Mr. Brown reiterated that the task force's considerations will be provided to the board next week, that preparations for the board's February meeting will begin immediately after the December meeting, that the board will begin looking over these considerations, and that the legislature will be aware before the board meets in February whether some of the considerations will need statutory assistance.

Representative Hall expressed appreciation for the assistance from Mr. Tackett. Representative Hall introduced Jack Givens and welcomed him back to Kentucky.

Chair Rollins stated that the not-for-profit organizations in basketball, football, and wrestling have done well, and that students who participate in athletics and other activities are better students academically and are more likely to graduate, and that middle school is where schools lose students and part of that is because students are not challenged. Chair Rollins indicated that all testimony received by the task force had been excellent.

Representative Burch moved that the Draft Report of the Task Force on Interscholastic Athletics at the Middle School Level as written be approved, seconded by Representative Hall. Chair Rollins said this approval is with the understanding that Co-Chair Wilson and he will approve the final report following minor edits. The report was adopted unanimously by voice vote.

Chair Rollins reminded members to complete their expense reports, including mileage and meals if appropriate, and

thanked the task force members for their participation and attendance.

Adjournment

The meeting was adjourned at about 1:25 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes

December 12, 2012

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, December 12, 2012, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Wilson Stone, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Vernie McGaha, Dennis Parrett, and Joey Pendleton; Representatives Royce W. Adams, Tom McKee, Terry Mills, Ryan Quarles, and Tommy Turner.

Guests: Mr. Roger Thomas, Mr. Joel Neaveill, Mr. Bill McCloskey, Ms. Angela Blank, Mr. Brian Murphy, and Mr. Biff Baker, Governor's Office of Agricultural Policy; Ms. Heather Wainscott, Ms. Amy Andrews, and Ms. Marilyn Sink, Kentucky Agency for Substance Abuse Policy; Mr. Jeff Harper, Kentucky Farm Bureau; and Mr. Tim Hughes, Energy and Environment Cabinet.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

The November 7, 2012, minutes were approved, without objection, by voice vote, upon a motion by Senator Pendleton and second by Senator Parrett.

Prior to receiving testimony, the committee acted on a resolution honoring three committee members who will be leaving the General Assembly at the end of the year: Senators Vernie McGaha and Joey Pendleton, and Representative Royce Adams.

Governor's Office of Agricultural Policy

Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief of Staff, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy (GOAP), testified about project funding decisions made by the Agricultural Development Board (ABD) during its November meeting.

GOAP officials summarized funding allocations for the previous month under the County Agricultural Improvement (CAIP), Deceased Farm Animal Disposal Assistance, and Shared-Use Equipment programs.

GOAP staff provided details on the statewide and regional projects, which included: University of Kentucky Research Foundation, \$53,875 approved for a study on the benefits of using a compost bedded pack system in dairy barns; Kentucky Department of Agriculture, \$2,830,000 in state funds

for two years as a part of the continuation of the Kentucky Proud agricultural marketing and promotion program; Taylor County Cattlemen's Association, \$15,000 for a youth livestock breeding program; Clinton County High School Agriculture Department, \$2,041 for equipment for the high school agriculture shop; Solidagex Inc., \$55,000 for a goldenrod propagation program.

Mr. Neaveill indicated to Co-chair Hornback that the "restaurant rewards" part of Kentucky Proud has been increasing to the point the board is considering a reallocation, putting additional funding into the restaurant rewards program. Under restaurant rewards, participating restaurants may be reimbursed for up to 20 percent of the value of their Kentucky Proud purchases.

Mr. Thomas responded to Senator Pendleton that the Tourism, Arts, and Heritage Cabinet continues to look for ways to introduce Kentucky products into the parks system. Both Mr. Thomas and Representative McKee mentioned the requirements of HB 166, passed in the 2011 legislative session, which related to the use of Kentucky-grown agricultural products in state parks.

Responding to Co-chair Stone, Mr. McCloskey indicated that Solidagex will be providing planting, harvest, and sales data to the board on a periodic basis. The project will involve several farms in the Hart County area that will be growing goldenrod for potential use in such things as nutrition products, cosmetics, insecticides.

Responding to Senator Hornback, the officials said Solidagex, has been involved in research on the goldenrod plant. Solidagex have offices on the University of Kentucky campus in Lexington. GOAP officials later described to Representative Mills the uses of the plant derivatives, which include nutraceuticals.

GOAP indicated to Senator Parrett that, while no county agricultural councils committed funds to the endeavor, farmers themselves could be eligible for CAIP funds.

Mr. Thomas responded to Senator Gibson that he believed farmers were satisfied with growing goldenrod. According to Mr. Thomas, the goldenrod propagation will not result in noxious weed problem experienced in some areas as a result of the federal Conservation Reserve Program.

GOAP officials outlined the recent changes to Agricultural Development Fund policies, and responded to committee members' questions regarding the on-farm energy program and the farmer's market funding program.

KY-ASAP Report

The committee received the annual report from the Kentucky Agency for Substance Abuse Policy (KY-ASAP) on the agency's use of tobacco settlement funds. Testifying to the committee were: Ms. Heather Wainscott, Branch Manager, Kentucky Office of Drug Control Policy,

Ms. Amy Andrews, KY-ASAP Program Coordinator, and Ms. Marilyn Sink, KY-ASAP Project Director for Barren, Hart, and Metcalfe counties.

Ms. Wainscott gave an overview of the program, noting that KY-ASAP currently has 78 local boards covering 116 counties. The agency awarded a total of \$1,740,200 to those boards in FY 2012; most single-county awards totaled \$15,400. She said that an on-going challenge is limited funding and shrinking resources.

Ms. Andrews described how boards go about dealing with tobacco, alcohol, and drug use. KY-ASAP is being used in many communities as the primary source for drug education and information on prevention and treatment. Ms. Andrews said she is continually impressed by the work being done by the local boards. KY-ASAP grants are the primary source of funding for many local boards. Ms. Andrews discussed some of the KY-ASAP endeavors, including the take-back drives for unused prescription drugs, and drug "drop boxes."

Responding to Co-chair Stone, Ms. Andrews indicated that, while local boards are not audited, the agencies to which KY-ASAP are affiliated, such as fiscal courts, are audited.

In her remarks, Ms. Sink described her experiences with the Barren-Hart-Metcalfe board. The focus on how to combat tobacco, alcohol, and drug use should be in the hands of local boards. Her board's original drug take-back effort has been replicated elsewhere. She lauded the state KY-ASAP office and talked about the importance of the KY-ASAP grant.

Responding to Representative Quarles, Ms. Wainscott said she would ask her supervisor to review the law as it relates to synthetic drugs.

Ms. Wainscott indicated to Representative McKee that she could provide additional data on the use of hydrocodone in the state. The representative said it is unfortunate those drugs "are out there."

Ms. Andrews responded to Co-Chair Stone that the drug drop boxes must follow U.S. Drug Enforcement Administration protocols, which include monitoring and placement at law enforcement agencies.

Senator Hornback described a problem with the way identification is obtained under the requirements of HB 1, which enhanced the state's prescription drug monitoring system. Representative Mills commented on the marketing of prescription drugs through television commercials.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11:45 a.m.

HB 1, **from page 3**

trolled substances, providers would only be required to run an initial KASPER report and "practice quality medicine," he said. That means a physician or health care provider must know a patient's medical history and ensure medication prescribed to that patient is justified.

Other regulatory changes recommended include allowing non-physicians who owned a state-regulated pain clinic prior to HB 1's July 20, 2012 effective date to retain ownership. HB 1 requires that pain clinics in the state be operated and owned by a state board-certified physician.

"We want to stop prescription drug abuse, but we don't want to stop people from getting pain medicine. A lot of people need that, they deserve that, and we want to make sure We give them the right to get good quality health care," said Nunnelley.

"We don't feel (the changes being made) would in any way harm our ability to peer and make recommendations on these people," he added.

In regards to recommended changes in the pediatric prescribing language in HB 1, Sen. Jimmy Higdon, R-Lebanon, said he has also heard of problems that senior citizens have had with the law. Nunnelley said the KBML's recommended changes to drug screening under HB 1 (the urine drug screens can cost up to \$400 every three months, he explained) would help.

"(Beyond) that, only if you suspect something would you do a drug screening ... but we're not mandated beyond the initial screen," said Nunnelley.

Regarding the Schedule V drug regulatory change, committee co-chairman Rep. John Tilley, D-Hopkinsville, asked Nunnelley the probability of a Schedule V drug being addictive. Nunnelley said the probability is "very, very low...

"This goes through the FDA and drug controls to establish incidence of addiction. It's very, very, very low in the Vs," he said.

Testimony from the CHFS, Board of Nursing and others regarding final revised regulations from their administrative agencies was also received by the committee, as was a report from Rep. Addia Wuchner, R-Burlington, on tamper resistant drug technology.

2013 Prefiled Bills

For waterways—of which Kentucky has over 1,250 navigable miles—Crabtree said the state could establish a dedicated water transport or maritime unit at the state level, amend state law to provide support and funding for infrastructure improvements and waterway transport using fuel tax revenue, dedicate state funds for projects at inland ports, or allow state tax credits for companies that use waterborne transport, among other possibilities.

None of the opportunities he shared with the subcommittee are to be considered legislative recommendations, Crabtree clarified.

BR 1 - Representative Reginald Meeks (11/29/12)

AN ACT relating to the provision of services by county interlocal agreements, making an appropriation therefor, and declaring an emergency.

Amend KRS 65.250 to specify certain criteria for the approval of interlocal agreements; amend KRS 65.260 to grant the Governor's Office for Local Development the right to review all interlocal agreements; amend KRS 311A.155 to require the board to grant preference to a county that has entered into a valid interlocal agreement for the provision of emergency services across county boundaries; increase the reimbursement to a county for lost equipment for a county that has entered into a valid interlocal agreement for the provision of emergency services across county boundaries; reduce the deduction from state aid for reimbursement of lost equipment to a county for lost equipment for a county that has entered into a valid interlocal agreement for the provision of emergency services across county boundaries; amend KRS 39C.020 to increase supplementary state funds for those regional emergency management districts created through valid interlocal agreements; amend KRS 258.119 to require the Commissioner of Agriculture to grant preference to a county that has entered into a valid interlocal agreement for the provision of animal control services across county boundaries; amend KRS 224.43-505 to grant preference to a county that has entered into a valid interlocal agreement for the elimination of illegal open dumps or establishing recycling services across county boundaries, provided other criteria are met; reduce the matching grant requirement for a county that has entered into a valid interlocal agreement for the elimination of illegal open dumps or establishing recycling services across county boundaries; amend KRS 138.220 to appropriate \$960,000 from any gasoline tax increase for the counties that have entered into valid interlocal agreements concerning road projects; amend KRS 177.320 for the allocation of tax revenues to counties that have

entered into valid interlocal agreements for the provision of road and bridge construction and maintenance across county boundaries; establish a formula for the distribution of this revenue; set conditions for the use of this revenue by counties that have entered into valid interlocal agreements for the provision of road and bridge construction and maintenance across county boundaries; provide for the lapsing of unused funds; require the Department of Criminal Justice Training to study costs of supplemental aid to county police departments and sheriffs that enter into valid interlocal agreements for the provision of police or tax collection services across county boundaries; establish a reporting date for the department; require the Commission on Fire Protection Personnel Standards and Education to examine costs of supplemental aid to fire departments that enter into valid interlocal agreements for the provision of fire protection services across county boundaries; establish a reporting date for the commission; EFFECTIVE July 1, 2013.

BR 8 - Representative Fitz Steele (11/27/12)

A JOINT RESOLUTION designating the bridge on Kentucky Route 3459 in Harlan County in honor and memory of Lester Phillips.

Direct the Transportation Cabinet to designate the bridge on Kentucky Route 3459 in Harlan County as the "Lester Phillips Memorial Bridge."

(Prefiled by the sponsor(s).)

BR 9 - Representative Steve Riggs (12/13/12)

AN ACT relating to the taxation of food sold through vending machines.

Amend KRS 139.485 to exempt from sales and use tax food and food ingredients sold through a vending machine; EFFECTIVE July 1, 2013.

(Prefiled by the sponsor(s).)

BR 11 - Representative Addia Wuchner (12/14/12)

AN ACT relating to the substitution of opioids in pharmacies.

Allow a practitioner to prohibit substitution when the practitioner determines that substitution is not in the best interest of the patient; exempt drugs prescribed or dispensed for patients in a nursing home or hospice care setting; prohibit substitution or interchange of those drugs without the pharmacy verifying that the substitute provides substantially similar tamper-resistance properties as determined by the board or without obtaining written consent of the prescriber; require the Kentucky Board of Pharmacy to publish and, in some cases, determine qualifying drugs for a list of opioid analgesics that incorporate tamper-resistance technologies; exempt pharmacists in hospital-based pharmacies filling prescriptions for inpatient care from compliance; Name this bill the STOPP in Kentucky Act of 2013; create a new section of KRS Chapter 218A to define terms.

(Prefiled by the sponsor(s).)

BR 17 - Representative Mike Harmon (06/08/12)

AN ACT relating to driving under the influence.

Amend various sections in KRS Chapter 189A, relating to driving under the influence, to restructure the existing penalties from a four-tiered structure to a three-tiered structure;

expand the look-back window for prior offenses from five years to ten years, and to

allow forfeiture of motor vehicles used in a DUI if the operator's license had been

previously suspended; amend KRS 281A.2102 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 25 - Representative Steve Riggs (11/28/12)

AN ACT relating to interlocal agreements.

Amend KRS 64.5275 to require county judges/executive, county commissioners, and justices of the who are eligible for the training incentive payments in accordance with this section and who participate in the training incentive program to

complete two hours of training in interlocal agreements each year in order to receive the training incentive payment.

(Prefiled by the sponsor(s).)

BR 26 - Senator Denise Harper Angel (06/20/12)

AN ACT relating to dating violence.

Amend KRS 403.720 to include persons in dating relationships within the coverage of Kentucky's domestic violence laws.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 40 - Representative Arnold Simpson (08/22/12)

AN ACT relating to the sale of alcoholic beverages on election days.

Amend KRS 244.290 to permit the sale of distilled spirits and wine on any primary, or regular, local option, or special election day; authorize the legislative body or fiscal court of a first through fourth class city or the legislative body of any form of county government to adopt an ordinance to prohibit or limit the hours and times of distilled spirits and wine sales within its boundaries on any primary, or regular, local option, or special election day; limit the changes regarding election day sales to territories that already allow some form of alcohol sales; forbid the fiscal court of a county containing a first through fourth class city from changing an election day sales decision made by a first through fourth class city within that county; preclude the county from imposing an action on a first through fourth class city if that city has taken no formal action regarding election day sales; amend KRS 244.295 to remove the prohibition against the sale of distilled spirits and wine on a primary or election day in an urban-county government; amend KRS 244.480 to permit the sale of malt beverages on any primary, or regular, local option, or special election day; authorize the legislative body or fiscal court of a first through fourth class city or the legislative body of any form of county government to adopt an ordinance to prohibit or limit the hours and times of malt beverage sales within its boundaries on any primary, or regular, local option, or special election day; establish malt beverage territorial limitations and county government restrictions identical to

those for distilled spirits and wine; make technical changes; amend KRS 119.215 to conform; repeal KRS 242.100.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 45 - Representative David Floyd (07/12/12)

AN ACT relating to fire protection services.

Create a new section of KRS Chapter 75 to define "city" and "fire district"; grant cities the primary right to provide fire protection services for city territory, subject to certain limitations; create a process for the provision of fire protection services to newly annexed territory; create a formula to determine the proportion of fire district indebtedness owed by the city and allow three years to pay this indebtedness; allow a fire district to continue to provide fire protection services in certain situations if written agreements are entered into with the city; amend KRS 75.010, 75.020, and 75.040 to conform.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Local Government

BR 47 - Senator John Schickel (10/03/12)

A RESOLUTION in honor and loving memory of Duane Ray Skavdahl.

Adjourn in honor and loving memory of Duane Ray Skavdahl.

(Prefiled by the sponsor(s).)

BR 48 - Senator John Schickel (10/03/12)

A RESOLUTION adjourning the Senate in loving memory and honor of Michael E. Apgar.

Adjourn in loving memory and honor of Michael E. Apgar.

(Prefiled by the sponsor(s).)

BR 49 - Senator John Schickel (10/03/12)

A RESOLUTION adjourning the Senate in honor and loving memory of Albert "Butch" Arlinghaus.

Adjourn in honor and loving memory of Albert "Butch" Arlinghaus.

(Prefiled by the sponsor(s).)

BR 50 - Senator Alice Forgy Kerr (09/17/12)

AN ACT relating to violent offenders.

Amend KRS 439.3401 to provide that persons convicted of criminal homicide under KRS Chapter 507 shall be classified as a violent offender and subject to mandatory service of time and all applicable restrictions on parole and service credits.

(Prefiled by the sponsor(s).)

BR 54 - Representative Dennis Keene (08/14/12)

AN ACT relating to dogs.

Amend KRS 258.095 to amend the definition of who qualifies as the owner of a dog to include persons permitting the dog to remain on or about premises owned and occupied by the person.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Agriculture

BR 55 - Senator Perry B. Clark (08/15/12)

AN ACT relating to medical marijuana.

Create various new sections of KRS Chapter 218A to establish a comprehensive system for medical marijuana in Kentucky, including provisions for medical verification of need, persons allowed to cultivate, use, and possess the drug, organizations allowed to assist in providing the drug, regulation by the state Department for Public Health, the interaction with state and local governments, including law enforcement, with persons and entities coming within the purview of the Act, and establishing required reporting and review procedures; amend KRS 218A.040 to conform; name the Act the Gatewood Galbraith Medical Marijuana Memorial Act.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 64 - Senator Robin L. Webb (10/12/12)

AN ACT relating to controlled substances.

Amend KRS 218A.205 to replace the requirement that various medical licensing boards promulgate administrative regulations establishing mandatory prescribing and dispensing standards related to controlled substances with a requirement for the promulgation of recommended guidelines.

(Prefiled by the sponsor(s).)

BR 65 - Representative Kim King (08/02/12)

AN ACT relating to legislative procedures for state fiscal measures.

Create a new section of KRS Chapter 6 to require roll call votes on any appropriation or revenue raising measure voted upon in the Senate or House or a committee thereof; require identification of appropriation or revenue measures as state fiscal measures by the Director of the Legislative Research Commission, or upon a determination by the Senate or House or a committee of either; require separate votes for appropriations or revenue measures; require committees to vote on appropriation and revenue measures by roll call votes.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 66 - Representative Kim King (08/02/12)

AN ACT relating to foreign law.

Create new sections of KRS Chapter 454 to establish legislative intent that the rights of an individual afforded under the Constitutions of the Commonwealth and the United States take precedence over the application of any foreign law in any judicial or quasi-judicial proceeding; define specific terms; strictly construe waivers of constitutional rights; provide exceptions for corporate entities; prohibit choice of venue outside of the Commonwealth or United States to preserve the constitutional rights of the person against whom enforcement is sought.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 68 - Representative Kim King (08/02/12)

AN ACT relating to school notification of persons authorized to contact or remove a child.

Create a new section of KRS Chapter 620 to require the Cabinet for Health and Family Services, if the cabinet is granted custody of a dependent, neglected, or abused child, to notify the school in which the child is enrolled of persons authorized to contact the child or remove the child from school grounds.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 77 - Representative Arnold Simpson (08/14/12)

AN ACT relating to the angel investor tax credit.

Create new sections of Subchapter 20 of KRS Chapter 154 to establish the angel investor tax credit program for certain investments in small businesses; define terms; state Act's title and purposes; list requirements for small businesses and investors to qualify for participation; require the Kentucky Economic Development Finance Authority (KEDFA) to establish the application process; cap the total amount of angel investor and Kentucky Investment Fund Act tax credits available in all years at \$40,000,000; require KEDFA to maintain a Web site listing all businesses and investors certified and all credits awarded; require small businesses to report annually and allow for tax credit recapture in certain circumstances; amend KRS 152.20-255 to provide that the total amount of tax credits available in the Kentucky Investment Fund Act program and the angel investor program is \$40,000,000 in all years; create a new section of KRS Chapter 141 to establish the credit; amend KRS 141.0205 to provide the ordering of the credit.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 80 - Senator Robin L. Webb (12/14/12)

AN ACT relating to scrap metal recycling.

Amend KRS 433.900 to include construction, industrial, lawn and landscape, and farm equipment to the definition of restricted metals; amend KRS 433.902 to prohibit a secondary metals recycler from conducting business without a certificate of registration issued by the Office of Occupations & Professions; grant the Attorney General authority to enforce provisions of chapter; amend KRS 433.904 to require a secondary metals recycler to send a daily report to an online database pursuant to the requirements of the Department of Kentucky State Police; assessing a fee on a secondary metals recycler for complying with reporting requirements; create new sections of KRS Chapter 433 to require the department to establish or contract

with an outside vendor for the secondary metals recycler database; limit access to the database to only a permitted user; forbid a secondary metals recycler from purchasing a motor vehicle without a valid title from owner of the vehicle or unless the sale meets criteria of KRS 186A.295 or 186A.215.

(Prefiled by the sponsor(s).)

BR 82 - Senator Dennis Parrett (08/22/12)

AN ACT relating to retirement.

Amend KRS 6.505 to close the Legislators' Retirement Plan to new participants effective August 1, 2013; amend KRS 6.515 to increase the cost of purchasing active duty military service to the full actuarial cost in the Legislators' Retirement Plan, to prohibit service purchases made on or after August 1, 2013, from being used to vest for retiree health benefits in the Legislators' Retirement Plan, and to require service purchased on or after August 1, 2013, in the Legislators' Retirement Plan to assume the earliest retirement date and cost-of-living adjustments in determining the appropriate actuarial cost; amend KRS 6.525 to prohibit salary earned in another state-administered system from being used to determine benefits in the Legislators' Retirement Plan if the member does not have service in the other state-administered retirement systems prior to August 1, 2013; amend KRS 61.680 to conform and to make technical amendments; EFFECTIVE August 1, 2013.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 83 - Senator Carroll Gibson (12/13/12)

AN ACT relating to uniforms acquired by and on behalf of public employers.

Create a new section of KRS Chapter 45A to prohibit public employers in the Commonwealth from purchasing, acquiring, furnishing, or requiring an employee to purchase or acquire uniforms, wearing apparel, safety equipment, or protective accessories not manufactured in the United States of America, unless such items are not manufactured or available for purchase in the United States; permit public employers to purchase uniforms and safety equipment manufactured outside

the United States if similar items are only available from one United States manufacturer and the price is substantially higher than comparable foreign-made items; require public employers who provide stipends to employees to purchase uniforms or safety equipment to encourage employees to purchase items made in the United States; require public employers that produce an annual report or audit to include information about the purchase of uniforms or safety equipment made in the United States in those documents; require the Department for Local Government to develop and publish guidelines for local governments regarding the purchase of uniforms and safety equipment made in the United States.

(Prefiled by the sponsor(s).)

BR 84 - Senator John Schickel (08/23/12)

AN ACT relating to the sale of alcoholic beverages on election days.

Amend KRS 244.290 to permit the sale of distilled spirits and wine on any primary, or regular, local option, or special election day; authorize the legislative body or fiscal court of a first through fourth class city or the legislative body of any form of county government to adopt an ordinance to prohibit or limit the hours and times of distilled spirits and wine sales within its boundaries on any primary, or regular, local option, or special election day; limit the changes regarding election day sales to territories that already allow some form of alcohol sales; forbid the fiscal court of a county containing a first through fourth class city from changing an election day sales decision made by a first through fourth class city within that county; preclude the county from imposing an action on a first through fourth class city if that city has taken no formal action regarding election day sales; amend KRS 244.295 to remove the prohibition against the sale of distilled spirits and wine on a primary or election day in an urban-county government; amend KRS 244.480 to permit the sale of malt beverages on any primary, or regular, local option, or special election day; authorize the legislative body or fiscal court of a first through fourth class city or the legislative body of any form of county government to adopt an ordinance to prohibit or limit the hours and times of malt beverage sales within its boundaries on any primary, or regular, local option, or special

election day; establish malt beverage territorial limitations and county government restrictions identical to those for distilled spirits and wine; make technical changes; amend KRS 119.215 to conform; repeal KRS 242.100.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 88 - Representative Fitz Steele (08/14/12)

AN ACT relating to sales and use tax holidays and declaring an emergency.

Create a new section of KRS Chapter 139 to establish a three day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 89 - Representative Fitz Steele (08/29/12)

AN ACT relating to dextromethorphan abuse.

Create new sections of KRS Chapter 218A to prohibit any person from possessing one gram or more of pure dextromethorphan or dextromethorphan that has been extracted from solid or liquid form; prohibit sale of products containing dextromethorphan as the only active ingredient to individuals younger than 18; require any person selling a product containing dextromethorphan to require that prospective buyers show a photo ID and sign a document stating the customer is older than 18 before purchase; create an affirmative defense for the retailer if a minor utilizes a fraudulent ID; prohibit individuals younger than 18 from possessing a product that contains dextromethorphan as the only active ingredient; prohibit individuals younger than 18 from misrepresenting their age and from utilizing a fraudulent ID to purchase or obtain dextromethorphan; establish penalties for violation.

(Prefiled by the sponsor(s).)

BR 90 - Senator Tom Buford (09/19/12)

AN ACT relating to exemption of religious organizations from the

<p>insurance code.</p> <p>Amend KRS 304.1-120, containing exclusions from the insurance code, to delete the religious publication exclusion and substitute a religious organization exemption; require notice for delivery to all participants that sharing of medical expenses is not insurance and establish notice requirements; delete the requirements that payments shall be made directly from one subscriber to another, that subscriber amounts are voluntary with no assumption of risk or promise to pay, and the verbatim disclaimer statement.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 91 - Representative David Floyd (09/04/12)</p> <p>AN ACT relating to retirement.</p> <p>Create a new Section of KRS 61.510 to 61.705 to prohibit future members of the General Assembly from participating in the Kentucky Employees Retirement System unless they participated in the Kentucky Employees Retirement System as a member of the General Assembly prior to August 1, 2013; allow current members of the General Assembly participating in the Kentucky Employees Retirement System to make a one-time election to discontinue participation; amend KRS 6.505 to close the Legislators' Retirement Plan to new members effective August 1, 2013, and to allow current members of the General Assembly participating in the Legislators' Retirement Plan to make a one-time election to discontinue participation; amend KRS 61.510 and 61.680 to conform.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 92 - Representative David Floyd (09/04/12)</p> <p>AN ACT relating to retirement.</p> <p>Amend KRS 6.525 to prohibit members of the Legislators' Retirement Plan, who begin contributing on or after August 1, 2013, from using salary earned in another state-administered retirement system or plan to calculate benefits in the Legislators' Retirement Plan; allow members of the Legislators' Retirement Plan contributing to the plan prior to August 1, 2013, to make a one-time election to have their benefits from the Legislators' Retirement Plan based solely on their legislative salary.</p> <p>(Prefiled by the sponsor(s).)</p>	<p>BR 96 - Representative Kevin Sinnette (12/05/12)</p> <p>AN ACT relating to child pornography.</p> <p>Amend KRS 531.355 to criminalize the intentional viewing of child pornography where the viewing is deliberate, purposeful, and voluntary and not accidental or inadvertent.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 97 - Representative Kevin Sinnette (12/05/12)</p> <p>AN ACT relating to utility franchises.</p> <p>Amend KRS 96.010 to prohibit bidders for city utility franchises from recovering the franchise fee from ratepayers through fees or surcharges on their bills.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 99 - Senator Tom Buford (09/11/12)</p> <p>AN ACT relating to retirement.</p> <p>Amend KRS 6.505 to close the Legislators' Retirement Plan to new members who take office on or after August 1, 2013; amend KRS 61.510 to close the Kentucky Employees Retirement System to members of the General Assembly who take office on or after August 1, 2013; amend KRS 61.680 to conform.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 103 - Representative Stan Lee (09/24/12)</p> <p>AN ACT relating to abortions.</p> <p>Create a new section of Subtitle 17A of KRS Chapter 304 to define "health benefit exchange" and "small employer" for the purposes of health benefit exchange group health plans; prohibit abortion coverage by a qualified health benefit plan through a health benefit exchange in accordance with the opt-out provision of the federal Patient Protection and Affordable Care Act; amend KRS 304.5-160 to conform; amend KRS 311.800 to provide that the amendments to KRS Chapter 304 contained in this Act shall not limit or amend the provisions of this statute, which shall remain in full force and effect.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 105 - Representative Carl Rollins</p>	<p>II (12/10/12)</p> <p>AN ACT relating to state government.</p> <p>Amend KRS 205.470, relating to aging caregivers, to provide for special needs trust assistance for eligible beneficiaries, either as a state trust with individual accounts and pooled investment or a separately established account for an individual beneficiary.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 116 - Senator Jimmy Higdon (12/14/12)</p> <p>A JOINT RESOLUTION designating the "Mike Haydon Memorial Highway" in Washington County.</p> <p>Designate the "Mike Haydon Memorial Highway" in Washington County.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 124 - Representative Bart Rowland (12/06/12)</p> <p>A RESOLUTION adjourning the House of Representatives in honor and loving memory of Herbert D. "Sprocket" Proffitt and Bernice Cupp Proffitt.</p> <p>Adjourn the House of Representatives in honor and loving memory of Herbert D. "Sprocket" Proffitt and Bernice Cupp Proffitt.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 130 - Representative Darryl T. Owens (12/11/12)</p> <p>AN ACT relating to misdemeanor or violation expungement.</p> <p>Amend KRS 431.078 to provide that "violation" does not include motor vehicle violations, except for violations of KRS 189.520 or 189A.010.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 131 - Representative Darryl T. Owens (12/11/12)</p> <p>AN ACT relating to expungement.</p> <p>Amend KRS 431.078 to allow a Class D felony record to be expunged under specified circumstances; create a new section of KRS Chapter 431 to require the Administrative Office of the Courts to keep a confidential index of expungement orders for the preparation of presentence investigations; amend KRS 527.040,</p>	<p>relating to possession of a firearm by a felon, to exempt individuals who have had their felony records expunged.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 139 - Representative Mary Lou Marzian (11/27/12)</p> <p>A CONCURRENT RESOLUTION urging the United States Congress to propose an amendment to the Constitution of the United States of America to establish reasonable limits on contributions and expenditures in political campaigns and to prohibit contributions and expenditures in political campaigns by persons or groups that are not citizens of the United States of America.</p> <p>Urge Congress to propose an amendment to the Constitution of the United States of America to establish reasonable limits on contributions and expenditures in political campaigns and to prohibit noncitizen contributions and expenditures.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 145 - Representative John Will Stacy (12/11/12)</p> <p>AN ACT relating to disaster relief funding.</p> <p>Amend KRS 273.161 to include definition of "disaster"; create a new section of KRS Chapter 273 to require any entity that is organized for charitable purposes according to Section 501(c)(3) of the Internal Revenue Code that raises more than \$25,000 for a charitable purpose related to a disaster in Kentucky to provide quarterly financial reports to the Secretary of State and require them to provide a financial report to the Secretary of State for contributions received in excess of \$25,000 between January 1, 2012 and the effective date of this Act related to a disaster in Kentucky; amend KRS 68.200 to conform.</p> <p>(Prefiled by the sponsor(s).)</p> <p>BR 149 - Representative Brent Yonts (09/19/12)</p> <p>AN ACT relating to non-felony expungements.</p> <p>Amend KRS 431.078, relating to expungement of misdemeanor and violation arrest records, to clarify that the term "violation" as used in that statute has the same meaning as set out in the Kentucky Penal Code.</p> <p>(Prefiled by the sponsor(s).)</p>
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BR 152 - Representative John Tilley (12/14/12)

AN ACT relating to domestic relations.

Amend KRS 403.320, relating to child visitation, to include language relating to the temporary nature of visitation orders in cases of the military deployment of an affected party, similar to that presently allowed for modifications of child custody decrees under KRS 403.340.

(Prefiled by the sponsor(s).)

BR 155 - Senator John Schickel (11/28/12)

AN ACT relating to sales and use tax.

Amend KRS 139.480 to exempt from sales and use tax legal tender, currency, medallions, gold or silver coins issued by the Commonwealth, the United States government, or the government of a foreign country, and bullion; make technical correction; EFFECTIVE July 1, 2013.

(Prefiled by the sponsor(s).)

BR 159 - Representative Julie Raque Adams (10/24/12)

AN ACT relating to shock probation.

Amend KRS 439.265, relating to shock probation, to prohibit shock probation if a person is convicted of violating KRS 507.040, relating to manslaughter in the second degree, or KRS 507.050, relating to reckless homicide, and a violation of KRS 189A.010, relating to driving under the influence, arising from the same incident; permit the victim's next of kin to ask the court to permit shock probation.

(Prefiled by the sponsor(s).)

BR 160 - Representative Carl Rollins II (12/14/12)

AN ACT relating to the protection of adults and making an appropriation therefor.

Amend and create various sections of KRS 216.785 to 216.793 to define terms; require the Cabinet for Health and Family Services (CHFS) to establish a National and State Background Check Program for prospective employees of long-term-care facilities and providers and representatives of the cabinet who perform inspections of long-term-care facilities or providers; require a registry

check of the nurse aide abuse registry and any other registry identified in administrative regulations; permit queries of available information by certain licensing bodies; require the cabinet to implement the program in phases by provider category; require each nursing facility, nursing pool providing staff to a nursing facility, assisted-living community, long-term-care facility owned, managed, or operated by the CHFS, and personal services agency to continue to request conviction information; require the cabinet to use grant moneys or other funding to cover long-term-care facilities or providers to the extent that funds are available until at least May 19, 2014; require the cabinet to promulgate regulations relating to the program, including requirements to check registries, a schedule of dates for compliance, processing of registry and background checks, and fees; require the CHFS to collaborate with the Justice and Public Safety Cabinet on continuous employment assessment following an initial background check; permit the Department of Kentucky State Police and the FBI to charge for the actual cost of processing criminal background checks and assessments; require the Kentucky State Police to promulgate regulations relating to retaining of applicant fingerprints and to immediately inform the inspector general if an employee is arrested or convicted of a crime following his or her initial criminal background check; require applicants to submit to background and registry checks; prohibit long-term-care facilities or providers, or agencies within the cabinet responsible for conducting inspections, from employing individuals listed on the registry; permit a provisional period of employment; establish an informal review process; establish a formal review process; outline notification procedures for the cabinet and procedures to be followed by a long-term-care facility or provider if an employee has a disqualifying offense; establish independent review or appeal procedures; establish a fine for continuing to employ an individual with a disqualifying offense; establish an independent review process to allow for rehabilitation of a disqualifying offense, with requirements to include a written explanation of each disqualifying offense and employment and character references; require a rehabilitation review committee to review evidence and mitigating circumstances and make a recommendation to the

secretary; remove civil liability for actions taken in good faith by the cabinet, the Justice and Public Safety Cabinet, a long-term-care facility or provider, or an individual acting on behalf of any of these entities; establish the National and State Background Check Program fund and provide for its operation; require prospective providers to establish an individual provider's responsibilities and rights in this process; prohibit agencies providing services to senior citizens from employing an applicant with a disqualifying offense; require agencies to request a registry check; prohibit a long-term-care facility or provider from hiring an applicant if an individual has a disqualifying offense; require a long-term-care facility or provider to request a registry and background check for each applicant; require application forms for initial employment by a long-term-care facility or provider to have certain information and statements; regulate employment of individuals with certain offenses in family-care and personal care homes; amend KRS 216.533 to require long-term-care facilities operated by the Department for Behavioral Health, Developmental and Intellectual Disabilities to require applicants to submit to registry and background checks; prohibit individuals from being hired if they have a previous disqualifying offense; permit the hiring of pardoned individuals; amend KRS 216.712 to require personal services agencies to request registry checks and criminal background checks; provide for notice of fingerprint retention; prohibit an individual from owning or working for a personal services agency if he or she has a disqualifying offense; require the secretary to promulgate administrative regulations; establish procedures for background and registry checks; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR 165 - Representative Carl Rollins II (12/10/12)

AN ACT relating to healthy food choices in school cafeterias.

Create a new section of KRS Chapter 158 to encourage schools to use strategic placement of food in cafeterias to promote healthy food choices by students; name the act "The Smarter Lunchroom Act."

(Prefiled by the sponsor(s).)

BR 166 - Representative Jesse Crenshaw (10/01/12)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a felony other than treason, intentional killing, a sex crime, or bribery the right to vote after expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

BR 167 - Representative Steve Riggs (10/05/12)

AN ACT relating to retirement benefits for legislators.

Amend KRS 6.505 to close the Legislators' Retirement Plan to legislators who have not previously participated in the plan and who begin their first term of office on or after the effective date of the Act; amend KRS 6.520 to provide that retirement benefits in the Legislators' Retirement Plan shall be based upon the legislator's highest 5 years of salary rather than his or her highest 3 years of salary; amend KRS 6.525 to prohibit salary earned in another state-administered system from being used to determine benefits in the Legislators' Retirement Plan if the member does not have service in the other state-administered retirement systems prior to the effective date of the Act; limit the use of salary credited to other retirement systems in calculating benefits in the Legislators' Retirement Plan if the member does have service in the other state-administered systems prior to the effective date of the Act; create new sections of KRS Chapter 6 to establish the Legislators' Defined Contribution Plan for legislators who begin their first term of office on or after the effective date of the Act; provide that the plan shall be administered by the Kentucky Deferred Compensation Authority; allow the authority to utilize plans already established or to establish new plans to administer the Legislators' Defined Contribution Plan; provide an employer match of up to 5 percent of the legislator's wages; provide that a legislator participating in the plan shall be vested for employer contributions on a sliding scale that fully vests the legislator for the employer contributions at six years; provide that the benefits under the Legislators' Defined Contribution Plan shall not constitute an inviolable contract of

the Commonwealth; amend KRS 18A.245 to establish responsibilities of the board of the Kentucky Deferred Compensation Authority to administer the Legislators' Defined Contribution Plan; amend KRS 61.510, governing the Kentucky Retirement Systems, to clarify that a legislator who begins his or her first term of office on or after the effective date of the Act shall not participate in these plans as a result of service in the General Assembly; amend KRS 61.680 to conform.

(Prefiled by the sponsor(s).)

BR 168 - Representative Ron Crimm (09/28/12)

AN ACT relating to retirement.

Amend KRS 6.525 to prohibit salary earned in another state administered system from being used to determine benefits in the Legislators' Retirement Plan if the member does not have service in the other state-administered retirement systems prior to August 1, 2013.

(Prefiled by the sponsor(s).)

BR 176 - Representative Ruth Ann Palumbo (12/14/12)

AN ACT relating to reemployment after retirement.

Amend KRS 61.637 to provide that local school districts shall not be required to reimburse Kentucky Retirement Systems for retiree health care premiums on reemployed retirees who work less than 80 days a year.

(Prefiled by the sponsor(s).)

BR 183 - Representative Steve Riggs (12/14/12)

AN ACT relating to elections.

Amend KRS 117.077 to allow a registered voter and registered voter's spouse to apply for an absentee ballot in the case of an injury, illness, or other disabling condition within 14 days or less of an election.

(Prefiled by the sponsor(s).)

BR 194 - Representative Rick G. Nelson (12/13/12)

AN ACT relating to the Judicial Retirement and Removal Commission.

Create a new section of KRS Chapter 48 to require the Administrative Office of the Courts to make a separate budget request for the Judicial Retirement and Removal

Commission; amend KRS 34.320 to make the executive secretary of the Judicial Retirement and Removal Commission responsible for the expenditures of the commission and to require the commission to use contracting procedures under KRS Chapter 45A; amend KRS 26A.260 to require the Administrative Office of the Courts to display information on its Web site distinguishing expenditures of the Judicial Retirement and Removal Commission from other judicial branch expenditures; request that the American Bar Association perform a study of the commission.

(Prefiled by the sponsor(s).)

BR 202 - Representative Keith Hall (12/14/12)

AN ACT relating to dental examinations for Medicaid applicants.

Create a new section of KRS Chapter 205 to require that the Cabinet for Health and Family Services create a program to provide dental examinations for pregnant women before or during their second trimester.

(Prefiled by the sponsor(s).)

BR 204 - Representative Kim King (12/06/12)

A JOINT RESOLUTION designating the United States Highway 127 bypass in Mercer County as the "Bataan Memorial Bypass."

Direct the Transportation Cabinet to designate the U.S. Highway 127 bypass in Mercer County as the "Bataan Memorial Bypass."

(Prefiled by the sponsor(s).)

BR 215 - Representative Darryl T. Owens (12/13/12)

AN ACT relating to reporting of school safety incidents.

Amend KRS 158.154 to require local school districts to report incidents on school property involving law enforcement to the Department of Education within five calendar days; require the Department of Education to report the data to the Center for School Safety; amend KRS 158.442 to require the Center for School Safety to include the data in its annual report.

(Prefiled by the sponsor(s).)

BR 219 - Representative Darryl T. Owens (10/25/12)

AN ACT relating to information used in redistricting.

Create a new section of KRS Chapter 196 to require the Department of Corrections to create and maintain a database of information on incarcerated persons, including last known address, and to report that information to the Legislative Research Commission following the decennial census; amend KRS 7.550 to require the Legislative Research Commission to receive prisoner population data, including last known address, from the Department of Corrections and to request the same information from federal facilities, and to allocate prisoners to their last known address; create a new section of KRS Chapter 5 to require that the adjusted prisoner population data be used in redistricting Kentucky's Senatorial and Representative districts; create a new section of KRS Chapter 118B to require that the adjusted prisoner population data be used in redistricting Kentucky's Congressional districts.

(Prefiled by the sponsor(s).)

BR 220 - Senator Jimmy Higdon (11/08/12)

AN ACT relating to preschool for children with disabilities.

Amend KRS 157.226 to count the average number of identified children with disabilities on December 1 and March 1 of the prior academic year to calculate preschool funding.

(Prefiled by the sponsor(s).)

BR 226 - Representative Rita Smart (11/30/12)

AN ACT related to anti-bullying.

Create a new section in KRS Chapter 2 to designate October as Anti-Bullying Month in Kentucky and to designate a purple and yellow ribbon as the symbol for anti-bully awareness.

(Prefiled by the sponsor(s).)

BR 228 - Representative Fitz Steele (12/14/12)

AN ACT relating to recycling scrap metal.

Amend KRS 433.890 to prohibit a secondary metals recycler from using his own identification in the record required to be kept for metal purchases; repeal, reenact, and amend KRS 433.900 to add to the definition of restricted metals roofing materials, metal fencing, and equipment used in construction, agricultural, industrial, or lawn and landscaping operations;

amend KRS 433.902 to authorize the Attorney General to enforce KRS Chapter 433; amend KRS 433.904 to require end of business day report to be detailed and include the required information; amend KRS 15.232, 65.871, and 512.090 to conform.

(Prefiled by the sponsor(s).)

BR 230 - Representative Carl Rollins II (12/10/12)

AN ACT relating to postsecondary financial aid for students with intellectual disabilities.

Amend KRS 164.740 to define a comprehensive transition and postsecondary program; amend KRS 164.7535 and 164.785 to provide grants to students enrolled in a comprehensive transition and postsecondary program; create a new section of KRS 164.7874 to 164.7885 to provide Kentucky Educational Excellence Scholarships to students enrolled in a comprehensive transition and postsecondary program.

(Prefiled by the sponsor(s).)

BR 233 - Representative Jim Wayne (10/31/12)

AN ACT relating to public financing for judicial campaigns and making an appropriation therefor.

Create new sections of KRS Chapter 118A to establish the clean judicial elections fund; define terms; establish fund to distribute transfers to certified judicial candidates; provide that the Kentucky Registry of Election Finance administer the fund and promulgate necessary administrative regulations; designate that moneys in the fund be invested in accordance with regulations developed by the State Investment Commission; require the registry to publish information about campaign expenditures in the judicial campaigns of the previous year; establish requirements to be designated a certified judicial candidate and gain access to the fund; provide guidelines for distribution of funds to certified judicial candidates; direct that judicial review of any final action of the registry be expedited by the court; provide for a civil penalty up to \$10,000 for an actual violation of these provisions, and a Class D felony for any knowing violation of these provisions; create a new section of KRS Chapter 141 to provide that a person entitled to a state tax refund may designate on their income tax return an amount to be credited to the fund; amend KRS 21A.140 to permit

the Supreme Court to allow members of the Kentucky Bar Association to contribute to the clean judicial elections fund with their bar dues; EFFECTIVE JANUARY 1, 2014.
(Prefiled by the sponsor(s).)

BR 238 - Senator Jared Carpenter (12/14/12)

A JOINT RESOLUTION directing the Transportation Cabinet to erect signs on United States Highway 25 in Madison County that proudly proclaim Madison County as the “Home of the B. Michael Caudill Middle School 2012 World Championship Archery Team.”

Direct the Transportation Cabinet to erect signs on United States Highway 25 in Madison County that read, “Home of the B. Michael Caudill Middle School 2012 World Championship Archery Team.”
(Prefiled by the sponsor(s).)

BR 240 - Representative Keith Hall (12/14/12)

A CONCURRENT RESOLUTION urging the Energy and Environment Cabinet to vigorously develop and implement an action plan for energy efficiency.

Urge the Energy and Environment Cabinet to develop an action plan for energy efficiency with a voluntary minimum goal of one percent per year energy- use reduction through 2025; request reports to the Special Subcommittee on Energy.
(Prefiled by the sponsor(s).)

BR 241 - Representative Jim DeCesare (10/31/12)

AN ACT relating to designating a surrogate on a living will directive.

Amend KRS 311.625 to add that an employee, owner, director, or officer of a health care facility where a grantor is a resident or patient may be designated or act as surrogate if the person is a member of the same fraternal order.
(Prefiled by the sponsor(s).)

BR 243 - Representative Johnny Bell (12/13/12)

AN ACT relating to police officers.

Amend KRS 95.497 to allow police officers in cities of the third class to work schedules equivalent to those allowed police officers in cities

of the second class.
(Prefiled by the sponsor(s).)

BR 248 - Representative Fitz Steele (12/05/12)

AN ACT relating to coal severance revenues.

Amend various sections in KRS Chapter 42 to distribute coal severance revenues among the coal producing counties on the basis of the tax collected on coal severed or processed in each respective county; amend KRS 143.090 and 164.7891 to make conforming changes.
(Prefiled by the sponsor(s).)

BR 251 - Representative Jim Glenn (12/11/12)

A RESOLUTION urging state police, city police, county sheriffs, firefighters, and emergency medical services personnel in cities of 25,000 or more to receive one hour of training annually on Alzheimer’s disease and other forms of dementia.

Urge state police, city police, county sheriffs, firefighters, and emergency medical services personnel in cities of 25,000 or more to receive one hour of training annually on Alzheimer’s disease and other forms of dementia.
(Prefiled by the sponsor(s).)

BR 253 - Representative Joni L. Jenkins (11/28/12)

AN ACT relating to crimes and punishments.

Amend KRS 508.025, relating to third degree assault, to include an assault on an operator or passenger of a taxi, bus, or other passenger vehicle for hire within that offense; amend KRS 508.050 and 525.060, relating to menacing and disorderly conduct, to increase the penalty for those offenses if the offense is committed against an operator or passenger of a taxi, bus, or other passenger vehicle for hire.
(Prefiled by the sponsor(s).)

BR 255 - Representative Stan Lee (12/12/12)

A RESOLUTION opposing the United States’ participation in the United Nations’ Arms Trade Treaty.

Oppose the United States’ participation in the United Nations’ Arms Trade Treaty.
(Prefiled by the sponsor(s).)

BR 260 - Senator John Schickel (12/14/12)

AN ACT relating to DNA.
Amend KRS 422.285 and 17.176 to expand the availability of post-conviction DNA testing; amend KRS 524.140 to conform.
(Prefiled by the sponsor(s).)

BR 261 - Representative Johnny Bell (12/06/12)

AN ACT relating to DNA.
Amend KRS 422.285 and 17.176 to expand the availability of post-conviction DNA testing; amend KRS 524.140 to conform.
(Prefiled by the sponsor(s).)

BR 263 - Senator John Schickel (11/27/12)

A RESOLUTION adjourning the Senate in honor and loving memory of Margot E. Cahill.
Adjourn in honor and loving memory of Margot E. Cahill.
(Prefiled by the sponsor(s).)

BR 265 - Representative Mike Denham (11/29/12)

AN ACT relating to the Kentucky Higher Education Student Loan Corporation educational loan program.

Amend KRS 164A.240 to allow the Kentucky Higher Education Student Loan Corporation to establish an administrative garnishment process for the collection of defaulted educational loans made pursuant to KRS 164A.240(2)(a); limit the garnishment amount to 10% of disposable pay.
(Prefiled by the sponsor(s).)

BR 267 - Representative Hubert Collins (12/13/12)

AN ACT relating to retirement.
Amend KRS 21.540 to clarify the prohibitions established for trustees and employees of the board of the legislative and judicial retirement system and to define “de minimus”.
(Prefiled by the sponsor(s).)

BR 274 - Representative Terry Mills (12/12/12)

A RESOLUTION adjourning the House of Representatives in loving memory and honor of Marion County Sheriff’s Deputy Carl Anthony Rakes.

Adjourn in honor and memory of Marion County Sheriff’s Deputy Carl Anthony Rakes.
(Prefiled by the sponsor(s).)

BR 275 - Senator Jimmy Higdon (12/10/12)

A RESOLUTION adjourning the Senate in loving memory and honor of Marion County Sheriff’s Deputy Carl Anthony Rakes.
Adjourn in honor and memory of Marion County Sheriff’s Deputy Carl Anthony Rakes.
(Prefiled by the sponsor(s).)

BR 279 - Representative Brent Yonts (12/12/12)

AN ACT relating to non-felony expungements.
Amend KRS 431.078 relating to expungement of misdemeanor and violation arrest records to clarify that a traffic infraction does not disqualify a person from seeking such an expungement.
(Prefiled by the sponsor(s).)

BR 280 - Representative Terry Mills (11/28/12)

AN ACT relating to industrial hemp and making an appropriation therefor.

Create new sections of KRS Chapter 260 to define “department,” “industrial hemp,” and “THC”; require persons wanting to grow or process industrial hemp to be licensed by the Department of Agriculture; require criminal history checks by local sheriff; require the department to promulgate administrative regulations to carry out the new sections; require the sheriff to monitor and randomly test industrial hemp fields; assess a fee of \$5 per acre for every acre of industrial hemp grown, with a minimum fee of \$150, to be divided equally between the department and the appropriate sheriff’s department; require licensees to provide the department with names and addresses of any grower or buyer of industrial hemp, and copies of any contracts the licensee may have entered into relating to the industrial hemp; clarify that the Act does not authorize any person to violate federal law; require Kentucky to adopt any federal rules or regulations relating to industrial hemp; amend KRS 218A.010 to conform.
(Prefiled by the sponsor(s).)

BR 281 - Representative Terry Mills

(12/12/12)

AN ACT relating to problem, compulsive, or pathological gambling and making an appropriation therefor.

Amend KRS 222.005 to define “pathological gambling” and “problem gambling”; create new sections of KRS Chapter 222 to establish the Problem and Pathological Gamblers Awareness and Treatment Program; direct the use of funds and limit annual administrative costs to \$200,000; establish the Gamblers Awareness and Treatment Program Advisory Council; establish the council’s membership and responsibilities; require the Cabinet for Health and Family Services to promulgate administrative regulations in collaboration with the council; establish a funding and application process, certify disbursement of funds, and require reports annually; assign responsibilities to the director of the Division of Behavioral Health; amend KRS 222.001 and 222.003 to conform; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR 284 - Representative Brad Montell (12/12/12)

AN ACT relating to early high school graduation.

Create a new section of KRS Chapter 158 to be numbered KRS 158.142 to establish the option for early high school graduation beginning in the 2014-2015 school year; define the curriculum requirements for early graduation and conditional admission into a Kentucky public two-year institution or four-year university; specify that students shall obtain a qualifying benchmark score on each of the end-of-course examinations that make up the high school achievement portion of the accountability system under KRS 158.6453 and that students shall obtain a qualifying benchmark score on a world language proficiency assessment approved by the Kentucky Board of Education; establish the Early Graduation Certificate and the processes for awarding it; amend KRS 158.140 to restrict the Kentucky Board of Education or a local board from imposing graduation requirements that would prohibit a student from pursuing an early graduation program; amend KRS 164.7879 to prescribe how an annual KEES award for an early graduate would be calculated.

(Prefiled by the sponsor(s).)

BR 285 - Representative Fitz Steele

(12/13/12)

AN ACT relating to hunting coyotes.

Create a new section of KRS Chapter 150 to allow hunters to take coyotes without bag limitation year round; allow hunters to hunt coyotes at night using shotguns that are 10-gauge or smaller and bait or electronic calls to attract the coyotes.

(Prefiled by the sponsor(s).)

BR 289 - Representative Rick G. Nelson (12/07/12)

AN ACT relating to Medicaid managed care and declaring an emergency.

Create a new section of KRS Chapter 205 to define “breach of a contract”; provide that if any breach of a contract occurs or has occurred between a Medicaid managed care organization and any agency, department, or cabinet of the Commonwealth, then services to the Medicaid members served under the contract shall immediately cease and members shall be transitioned to a Medicaid fee-for-service program; clarify that any provider of services who is due funds as a result of a contract between a Medicaid managed care organization and the Commonwealth shall still be able to recover them; exempt any Medicaid managed care organization operating in the Commonwealth pursuant to a Section 1115 waiver on January 1, 2011; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 298 - Representative Steve Riggs (12/14/12)

AN ACT relating to radon contractors.

Amend KRS 211.9109, 211.9111, and 211.9113 to delete the requirement for a radon measurement contractor to maintain errors and omissions coverage in an amount of \$500,000 at all times during the certification period; enable a radon mitigation or measurement contractor to become certified without filing a license and permit bond; amend KRS 211.9117 to remove the diagnostic-purposes-only exemption from the prohibition on a person dually certified as both a measurement and mitigation contractor conducting mitigation on a residential or commercial building from conducting measurement on that same structure to determine the need for the mitigation; amend KRS

211.9121 to conform.

(Prefiled by the sponsor(s).)

BR 300 - Representative Arnold Simpson, Representative John “Bam” Carney (12/14/12)

AN ACT relating to criminal record expungement.

Create new sections of KRS Chapter 431 to allow a felony record to be expunged under specified circumstances; require the Administrative Office of the Courts to keep a confidential index of expungement orders for the preparation of presentence investigations; amend KRS 431.078, relating to misdemeanor expungement, to begin the five-year waiting period from the date of adjudication of the offense; amend KRS 527.040, relating to possession of a firearm by a felon, to exempt individuals who have had their felony records expunged.

(Prefiled by the sponsor(s).)

BR 311 - Representative Fitz Steele, Representative Keith Hall (12/13/12)

A JOINT RESOLUTION designating Kentucky Route 15/South Bypass in Breathitt County as the “Representative Teddy Edmonds Highway.”

Direct the Transportation Cabinet to designate Kentucky Route 15/South Bypass in Breathitt County as the “Representative Teddy Edmonds Highway” and to erect the appropriate signage.

(Prefiled by the sponsor(s).)

BR 314 - Representative Carl Rollins II (12/10/12)

AN ACT relating to the Council on Postsecondary Education.

Amend KRS 164.011 to add the executive director of the Kentucky Higher Education Assistance Authority to the Council on Postsecondary Education; provide that ex officio members or their designees are voting members.

(Prefiled by the sponsor(s).)

BR 315 - Representative Mike Denham (12/03/12)

AN ACT relating to property leased by the state.

Amend KRS 56.813 to increase from \$1,000 to \$10,000 the threshold amount for improvements of space leased by an agency to be

amortized over the remaining term of the lease.

(Prefiled by the sponsor(s).)

BR 324 - Representative Reginald Meeks (12/12/12)

AN ACT relating to the definition of “American Indian.”

Amend KRS 446.010 to define “American Indian” to mean a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment to the tribe of origin or to the community of original peoples.

(Prefiled by the sponsor(s).)

BR 325 - Representative Reginald Meeks (12/12/12)

AN ACT designating the Kentucky Long Rifle as the official gun of the Commonwealth of Kentucky.

Create a new section of KRS Chapter 2 naming and designating the Kentucky Long Rifle as the official gun of the Commonwealth of Kentucky.

(Prefiled by the sponsor(s).)

BR 335 - Representative Dennis Keene (12/11/12)

AN ACT relating to the expansion of gaming and making an appropriation therefor.

Create a new section of KRS Chapter 154A to set forth legislative findings; amend KRS 154A.010 to define “authorizing county,” “casino,” “casino gaming,” “county,” “county legislative body,” “department,” “full casino gaming,” “gaming licensee,” “gross gaming revenue,” “handle,” “licensee,” “limited casino gaming,” and “principal”; amend KRS 154A.030 to increase the board to twelve members, including the executive director of the Kentucky Horse Racing Commission and the Auditor of Public Accounts, and prohibit directors or their family members from holding significant interest in a gaming licensee; amend KRS 154A.040 to exempt trade secrets of a licensee; amend KRS 154A.063 to conform; create new sections of KRS Chapter 154A to require local option elections for the approval of casino gaming in counties with a population in excess of 90,000 or in cities of the fourth class or greater with a horse racing track; specify procedure for petition of election; specify that the corporation is the only government agency

authorized to solicit bids for casino licensure and provide requirements for invitations to bid; specify factors to be considered when considering a bid; specify initial licensing fee and annual licensing fee; stipulate requirements for licensing of horse racing tracks for casino gaming; require tracks with a casino license to continue to run at least as many live races as were run in 2012, and provide exemptions; establish requirements and procedures for applying for supplier's licenses; prohibit any unlicensed person from furnishing gaming supplies and equipment; prohibit anyone under 21 years of age from participating in casino gaming; establish procedure for licensing of occupations related to casino gaming; grant the corporation the authority to initiate disciplinary action; establish procedure for review and appeal of actions by the corporation; establish problem gamblers awareness and treatment trust fund; require the Cabinet for Health and Family Services to promulgate regulations to address the expenditure of funds from the problem gamblers awareness and treatment trust fund and require an annual report on expenditures; establish 31% tax on gross gaming revenue, allow the corporation to recoup operating costs from tax for first 24 months, and cap corporation's deduction at \$2 million per year thereafter; require 15% of each gaming licensee's revenue to be paid to the Kentucky equine industry enhancement fund; impose admission tax of \$3 per person and dedicate funds to the regional tourism and infrastructure development fund; establish gaming revenue distribution trust fund; establish the Kentucky equine industry enhancement trust fund and stipulate uses for funds; create the regional tourism and infrastructure development fund and specify uses for funds; create the childhood education excellence development fund; create the Kentucky job creation development fund; allocate funds paid from the tax on gross gaming revenue to trust funds established by the bill; exempt gaming devices in compliance with the chapter from the provisions of 15 U.S.C. sec. 1172 and exempt shipments to Kentucky gaming licensees from 15 U.S.C. secs. 1173 and 1174; require the corporation to promulgate administrative regulations to define the types of games and the method of operation; permit the exclusion of certain persons from licensed casinos, exclusion may not be based on race, color, creed, national

origin, ancestry, religion, gender, or the amount won at a casino; define "cheat" and provide penalties for violation; amend KRS 243.500 to exempt the conduct and operation of authorized casino gaming; amend KRS 243.505 to exempt the operation of casino gaming licensed under this Act; amend KRS 525.090 to exempt those engaged in casino gaming licensed under KRS Chapter 154A; amend KRS 528.010 to exempt activities or devices licensed under this Act; amend KRS 528.020 to exempt those licensed under this Act; amend KRS 528.070 to exempt those licensed under this Act; amend KRS 528.080 to exempt those licensed under this Act; amend KRS 528.100 to exempt casino gaming as defined under Section 2 of the Act.

(Prefiled by the sponsor(s).)

BR 339 - Senator John Schickel (12/13/12)

A RESOLUTION adjourning the Senate in loving memory and honor of our friend, Representative Paul H. Marcotte.

Adjourn the Senate in loving memory and honor of former Representative Paul H. Marcotte.

(Prefiled by the sponsor(s).)

BR 342 - Representative Jimmie Lee (12/11/12)

A JOINT RESOLUTION designating the "Fire Chief Louis Crosier Highway" in Hardin County.

Direct the Transportation Cabinet to erect signs on Kentucky Route 86, from mile point 12 west to the Hardin County line, that read "Fire Chief Louis Crosier Highway."

(Prefiled by the sponsor(s).)

BR 343 - Representative Tommy Thompson (12/12/12)

AN ACT relating to money transmitters.

Create a new section of Subtitle 11 of KRS Chapter 286, relating to money transmitters, to authorize the commissioner of the Department of Financial Institutions to require, by rule or order, submission of an application, report, or approval request to the State Regulatory Registry, LLC, or its successor, parent, affiliate or operating subsidiary, or to other agencies or authorities as part of a nationwide licensing system; authorize the commissioner, as he or she deems necessary, to establish

relationships or contracts with and to report violations, enforcement actions, and other relevant information to other governmental agencies, the Registry, or affiliated agencies of the Registry; authorize the commissioner to use other governmental agencies, the Registry, or entities affiliated with the Registry as agents for requesting information from and distributing information to the United States Department of Justice or other governmental agencies.

(Prefiled by the sponsor(s).)

BR 344 - Representative Tommy Thompson (12/14/12)

AN ACT relating to city-operated natural gas distribution systems.

Create a new section of KRS Chapter 96 to address extension, acquisition, and condemnation by city-operated natural gas distribution systems.

BR 346 - Senator John Schickel (12/13/12)

A RESOLUTION honoring Randolph J. Poe upon being named 2013 Kentucky Superintendent of the Year.

Honor Randolph J. Poe upon being named 2013 Kentucky Superintendent of the Year.

(Prefiled by the sponsor(s).)

BR 347 - Senator John Schickel (12/13/12)

A RESOLUTION honoring Florence Mayor Diane Whalen upon being named Outstanding Elected Official for 2012 by the Municipal Government League of Northern Kentucky.

Honor Mayor Diane Whalen of Florence for being named the 2012 Elected Official of the Year by the Municipal League of Northern Kentucky.

(Prefiled by the sponsor(s).)

BR 349 - Representative Carl Rollins II (12/13/12)

A CONCURRENT RESOLUTION directing the Legislative Research Commission to establish a task force to study issues related to postsecondary education appropriations and student financial aid.

Direct the Legislative Research Commission to establish a task force to study postsecondary

education appropriations and student financial aid; identify areas to be studied and task force membership; require findings and recommendations to be reported by November 29, 2013.

(Prefiled by the sponsor(s).)

BR 356 - Representative Rick G. Nelson (12/11/12)

AN ACT relating to consumer protection.

Amend KRS 278.543 to establish service targets for telephone utilities to repair certain outages and submit reports to the Public Service Commission.

(Prefiled by the sponsor(s).)

BR 358 - Representative Carl Rollins II (12/11/12)

AN ACT relating to the abolition of the death penalty.

Create a new section of KRS Chapter 532 to abolish the death penalty and replace it with life imprisonment without parole for inmates presently sentenced to death; amend various sections of the Kentucky Revised Statutes to eliminate the term "capital offense" and replace it with Class A felony; amend KRS 532.030, relating to authorized dispositions for felony offenses to permit imprisonment for life without parole and imprisonment for life without parole for 25 years for offenses formerly denominated as capital offenses; amend KRS 532.050 to require a presentence investigation in all felony cases; amend KRS 533.010, relating to probation, to prohibit probation for a person sentenced to life without parole or life without parole for 25 years; amend KRS 640.040, relating to penalties for juveniles convicted of felony offenses to authorize imprisonment for life without benefit of parole for 25 years, but not life imprisonment without benefit of parole, for a Class A felony which was formerly a capital offense; repeal various statutes relating to imposition of the death penalty.

(Prefiled by the sponsor(s).)

BR 373 - Senator John Schickel (12/13/12)

AN ACT relating to library district boards.

Amend KRS 173.480, relating to public library districts' initial board appointments, to allow a county judge/executive with the approval of the fiscal court to appoint

the first members of the newly created library board when any of the prospective appointees presented to the judge, in the judge’s opinion, are not suitable; amend KRS 173.490, relating to public library districts, to allow a county judge/executive with the approval of the fiscal court to appoint members or fill vacancies of the library board when any of the prospective appointees presented to the judge, in the judge’s opinion, are not suitable; amend KRS 173.725, relating to library districts created by petitions’ initial board appointments, to allow a county judge/executive with the approval of the fiscal court to appoint the first members of the newly created library board when any of the prospective appointees presented to the judge, in the judge’s opinion, are not suitable; amend KRS 173.730, relating to library districts created by petition, to allow a county judge/executive with the approval of the fiscal court to appoint members or fill vacancies of the library board when any of the prospective appointees presented to the judge, in the judge’s opinion, are not suitable.

(Prefiled by the sponsor(s).)

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